

Unit 1: Fundamentals of Economics

I. Intro to Economics

A. TINSTAAFL

B. Three Fundamental Questions of Economics

- 1.
- 2.
- 3.

C. Three Basic Human Needs

- 1.
- 2.
- 3.

D. Need vs. Want

1. Need:
2. Want:

E. It's Safe to Assume This:

- 1.
- 2.

F. Resources: Factors of Production

1. Land

2. Labor

3. Capital

4. Entrepreneurship

5. Technology

G. The Biggest Challenge of Economics: SCARCITY

H. Allocation

I. So What Exactly is Economics?

II. Basic Economic Concepts

A. Goods

1. Consumer Goods:

2. Capital Goods:

B. Services

C. Value and Paradox of Value

1. Value:

2. Paradox of Value

D. Utility

E. Wealth

III. Economic Systems

A. Economic Systems

1. Traditional Economy

2. Command Economy

3. Market Economy

4. Mixed Economy

B. Traditional Economy

1.

2. Pros

3. Cons

C. Command Economy

1.

2. Pros

3. Cons

D. Market Economy

1.

2. Laissez-Faire: Hands Off!

Producers/Sellers	Consumers/Buyers
1)	1)
2)	2)
3)	3)

3. Pros

4. Cons

E. Mixed Economy

What to Produce	
How to Produce	
For Whom to Produce	

IV. Production Possibilities

A. Trade-Offs

B. Opportunity Cost

C. Opportunity Benefit

D. Production Possibilities

E. Production Possibilities Curve

F. Production Possibilities and Opportunity Cost

1. PPC: Increasing Opportunity Cost

G. PPC

1. Producing Efficiently

2. Producing Inefficiently

Draw the PPC Here:

3. PPC: Producing Efficiently

4. PPC: Producing Inefficiently

5. Movement Toward Efficiency

6. Producing Beyond PPC

H. Economic Growth

1.

2. Shifts in PPC

V. Economic Performance & Economic Growth

A. Economic and Social Goals

1. Economic Freedom

2. Economic Efficiency

3. Economic Equity

4. Economic Security

5. Full Employment

6. Price Stability

7. Economic Growth

B. Capitalism and Economic Freedom

1. Capitalism and Free Enterprise

2. Characteristics of Free Enterprise

a. Economic Freedom

b. Voluntary Exchange

c. Private Property Rights

d. Profit Motive

e. Competition

3. Role of the Entrepreneur

4. Role of the Consumer

5. Role of the Government

VI. Circular Flow of the Economy