**Unit 8 Review – Economics Fundamentals**

Objectives:

* Analyze how scarcity impacts consumer and producer decisions.
* Demonstrate the idea that incentives and profits influence what is produced and distributed.
* Compare and contrast mixed, market, traditional, and command economies.
* Show the role of individuals, businesses, and the government in the marketplace.
* Compare national, state, and local economic activity.
* Explain the relationship between supply, demand, and the price of the product.
* Analyze the impact price has on both production and consumption.
* Analyze the impact of competition on production and consumption.

Essential Questions that promote Critical Thinking:

* What level of control should government have over the decisions people make?
* Since resources are scarce, what is this best way to distribute these resources?
* Compare scarcity at the personal level with scarcity at a national or international level.
* How do the goals of consumers differ from the goals of producers?
* What positive and negative effects come from people using markets to make their decisions?
* What are the similarities and differences between traditional, market, mixed, and command economies?
* What factors affect the decisions that consumers and producers make?
* How do we make sure that the price is law enough so that people can afford the product but high enough for the business to make a profit?
* How do producers and consumers work together?
* How does competition affect producers, workers, and consumers?

Be able to apply these concepts to your Mosleytown Marketplace project:

* Basic Questions that result from Scarcity
* Factors of Production for Goods and Services
* Circular Flow of Economic Activity
* Productivity
* Aspects of Capitalism
* Supply and Demand

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| **Economic Term** | **Definition** |
|  | money or other finished goods used to produce goods/services |
|  | buys goods or services |
|  | the study of choices |
|  | when a person creates a business or has a new idea |
|  | work from people needed to produce goods/services |
|  | resources that came from land used to create products and services |
|  | things you have to have versus things you would like to have |
|  | things you give up when you make a trade-off |
|  | creates products or services |
|  | not enough resources to meet wants and needs |
|  | actively choosing between two different things |
|  | when multiple businesses improve quality and/or decrease prices to increase sales |
|  | two products that are generally used together; examples include peanut butter and jelly and cars and gasoline |
|  | the quantity of products consumers are willing and able to buy at a certain price |
|  | the price at which the quantity demanded equals the quantity supplied |
|  | when there is not enough supply to meet the demand |
|  | Products that can be used in place of another; for example, butter and margarine |
|  | the quantity that producers are willing to provide at a certain price |
|  | when the quantity supplied exceeds the demand for that product or service |
|  | portion of the economy that attracts consumers and sells goods or services |
|  | economic model that shows the flow of money, factors of production, goods, and services between sectors and markets |
|  | type of economy that is tightly controlled by the government |
|  | portion of the economy that includes all buyers |
|  | where factors of production are exchanged for wages, salary, etc. |
|  | type of economy where forces of supply and demand interact to set prices |
|  | where goods and services are bought and sold |

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| **Model** | **What does it look like?** | **What does it tell/show?** |
| Production Possibilities  |  |  |
| Cost-Benefit Analysis  |  |  |
| Circular Flow  |  |  |
| Market Demand |  |  |
| Market Supply |  |  |
| Supply and Demand |  |  |