

# Introduction

*Economics Book 1: Microeconomics and the American Economy* introduces high school students to economics through a combination of practical problems, scientific analysis, and political philosophy. The first of a two-book series, it is designed to supplement a basic economic text for the microeconomics portion of the course.

The study of economics is a study of choices, a matter of decision making. While human beings have always made choices, it is only in the past quarter century that we have realized how much of that decision making is by nature economic. Many of the important issues of our country and the world—recession, inflation, urban and ecological decline and decay, racial discrimination and poverty—have economic roots. Economics, perhaps more than any other branch of the social sciences, is about the real world. While economics has systematically developed as a science, it remains firmly rooted in the realm of social values and practical problems. As a science, it tests hypotheses and compares theory to real-life observations, but it is not a pure or value-free subject.

This book presents economics as relevant to the decision making we are compelled to confront daily—as students, workers, supervisors, voters, and consumers. *Economics Book 1* provides more than facts and principles and the explanations and training to use them. It offers skill development in the decision-making process, including critical thinking analysis and evaluation. By developing an awareness and perception of economics as it is interwoven in other areas of existence, students gain insight and understanding of both business and government.

## Objectives

1. To recognize that a knowledge of economics is necessary for development as a responsible citizen, an educated voter, and an intelligent consumer
2. To apply economic understanding to specific issues
3. To develop an awareness of interdependence, recognizing that decisions of one group affect other groups in our country and abroad, so that our economy influences, and is influenced by, other countries
4. To develop critical thinking skills in order to use economic knowledge to make informed choices
5. To practice writing skills enabling students to communicate ideas clearly
6. To integrate the discipline of economics within the framework of other social science studies and the students' personal experiences

## Concepts

1. Scarcity
2. Opportunity Cost and Trade-offs
3. Productivity
4. Economics
5. Economic Institutions and Incentives
6. Exchange, Money, and Interdependence
7. Markets and Prices
8. Supply and Demand
9. Competition and Market Structure
10. Income Distribution
11. Market Failures
12. The Role of Government
13. Gross National Product
14. Aggregate Supply
15. Aggregate Demand
16. Unemployment
17. Inflation and Deflation
18. Monetary Policy
19. Fiscal Policy
20. Absolute and Comparative Advantage and Barriers to Trade
21. Balance of Payments and Exchange Rates
22. Factors of Production
23. Economic Models

## Themes

1. The study of economics focuses on human endeavors in the production, consumption, and use of goods and services.
2. The allocation of human and material resources and the way people organize their energies to supply basic needs are characteristics of economics.
3. Because all societies face the problem of scarcity, decisions must be made which answer these basic economic questions: What goods and services will be produced? How will those goods and services be produced? Who will get them?
4. Knowledge about major economic concepts relating to individuals and society as a whole offers a basis for understanding how individual actions shape, and are shaped by, economic forces.
5. A reasoned approach to personal decision making as well as economic understanding can be developed by mastering basic concepts of economics and learning how they relate to each other through the analysis of real-world problems.

## **Skills**

### **Critical Thinking Skills**

1. Identifying relevant factual materials
2. Evaluating conflicting sources and interpretations
3. Drawing inferences and synthesizing conclusions from data
4. Recognizing, creating, and testing hypotheses
5. Recognizing cause-and-effect relationships
6. Forming and defending an opinion based upon the critical examination of data
7. Interpreting maps, graphs, charts and nonprint media, cartoons, and tables
8. Recognizing bias and stereotyping
9. Recognizing and appreciating different value needs and assumptions
10. Reinterpreting events in terms of what might have happened and showing the possible effects on subsequent events

### **Communication Skills**

11. Reading for a variety of purposes
12. Writing well-developed sentences, paragraphs, and essays, as well as summarizing
13. Summarizing and critiquing resource materials
14. Constructing questionnaires
15. Interviewing
16. Communicating ideas effectively in speech

### **Organizational and Research Skills**

17. Forming a simple organization of ideas relating to a topic
18. Using library materials for research needs