

The Economic Way of Thinking

name: _____

Introduction to Economics

Unit 1

Key Idea:

People have to deal with scarcity.

A) Rewrite the Key Idea as an investigative question.

Essential Question:

What are the important broad economic concepts?

What Is Economics?

If economics is allegedly about money, why is it taught as a social science?

Define **Needs**

- Examples: _____, _____, _____

Define **Wants**

List all the foods you can think of in the circle below.

What are **Trade-Offs**?

When deciding which food to eat, all the different options are _____.

It's All About the ChoicesWhat is **Scarcity**?

Something is Scarce if it is _____ and _____

What are **Opportunity Costs**?

Life is about choices and the choices we make impact us now and in the future.

Basic Principles of Economic Reasoning**1. People Choose (Everything has a cost)**

TINSTAAFL "There is no such thing as a free lunch."

- Every action costs someone _____, _____, or _____
- Remember: *Opportunity Cost* is the value of the **next best choice** you did not make.
- Not all costs are measured in _____ and _____.

2. People choose for good reasons.

People make decisions based on _____

While this may vary from person to person, it is usually _____

_____ involve weighing the benefits against the costs - " _____ "

Production Possibilities Curves

3. Incentives matter.

When people make their _____ and weighing the benefits against the costs, they are comparing the _____ involved in making the decision

- When incentives change, _____
- Incentives can be _____, such as a reward or added benefit, or a _____ or additional cost

Summary: Rewrite the question made from the Key Idea at the beginning and summarize this worksheet by answering it below. IF YOU DO NOT REWRITE THE QUESTION, I WILL NOT READ YOUR ANSWER.

Rewrite your Key Idea as a Question:
