MODULE 1
Economics: the study of how individuals and societies make choices under the condition of scarcity
Scarcity: a condition that exists when there are not enough resources to satisfy all of the competing uses
Resources: things we use to produce goods and services, also called factors of production

1. Labor/Human Resources: the physical and mental effort people use to produce goods and services
2. Land/Natural Resources: all natural resources including physical land, timber, water, oil, minerals, plants, and all other gifts; materials of use to humans, but are independent of human intervention
3. Capital Resources: any manmade assets used in the production of products and/or services
   Ex. factories, computers, copy machines, forklifts, heavy equipment, and trucks
4. Entrepreneurship: the undertaking of an activity of enterprise, the willingness to risk starting a business plus the imagination and ability to make the business successful

Microeconomics: the study of how individuals, households, and businesses make choices
Macroeconomics: the study of the economy as a whole
Economic Assumptions

1. Economics assumes people are rational. In other words, the assumption is that human beings do not intentionally make decisions that make them worse off.
2. Economics assumes that people are self-interested. This second assumption is often misunderstood. Self-interest does not mean that people are motivated only by money. The self-interest assumption also includes motivations related to love, friendship, and helping others

MODULE 2

- Understand the concepts of opportunity cost and trade-offs.
- Apply the concept of opportunity cost to evaluate both the direct and indirect costs of a decision.
- Utilize the PACED decision model to analyze different choices and make a decision.

This module is built upon Module 1: Scarcity, by discussing how it leads to trade-offs. A trade-off occurs when you give something up, to gain something else. Scarcity also forces you to make choices. Understanding the opportunity cost of choices can help you make better decisions that are not always obvious.

Opportunity cost is the value of the next best alternative other than the choice that was made. It can include money, time, or experiences.

MODULE 3

- Understand how choices often have unintended consequences.
- Analyze individual and government actions for unintended consequences.

As a result of scarcity, people are forced to make choices every day. It is important to remember that choices have consequences. Intended consequences are outcomes or results that we expect when a choice is made. Unintended consequences are unexpected outcomes that arise due to a choice. Choices made by individuals, businesses, and governments may have unintended consequences. Unintended consequences can be positive when they result in unexpected benefits. A positive unintended consequence of recess is that it can improve students' attention. Unintended consequences can be negative when they cause unexpected harm. For example, New York City's policy of rent control has led in part to a shortage of apartments. When making decisions, it is important to consider all the potential consequences of your choices-intended and unintended.

MODULE 4

- Understand the concepts of marginal benefit and marginal cost.
- Use marginal benefit/cost analysis to improve decision making.

Decisions that involve doing a little more of something or doing a little less of something are also known as marginal decisions. When you make a marginal decision, it is important to use marginal analysis. A decision maker should take an action only when the marginal benefit of that action is greater than its marginal cost. Remember, the marginal benefit is the additional benefit resulting from an action; marginal cost is the additional cost resulting from an action.For example, if the marginal benefit of studying for an additional hour (increased knowledge and GPA) is higher than the marginal cost (losing an hour of sleep), then you should study for an additional hour. However, if the marginal cost is greater than the marginal benefit, you should NOT take action.