

# UNIT I

## To Do:

- Take a blank sheet of paper.
- Make sure you are sitting next to one (or two) people.
- Signed syllabus in basket.

**ECONOMIC THINKING (CH. 1-3)**



# PAGE 2 – WHAT IS ECONOMICS?

**Directions:** While watching the video, answer the following questions. You will have a group discussion following the video.

## Individual:

1. Explain the following terms in your own words:
  - a. Opportunity Cost
  - b. Scarcity
  - c. Incentives
  - d. Macroeconomics
  - e. Microeconomics



# PAGE 2 – WHAT IS ECONOMICS?

**Directions:** After watching the video, discuss the following questions with your group.

## **Small Group:**

2. Discuss your definitions with your group. Make sure you all are in agreement, and have the definitions copied in your ISN.
3. Complete the following:
  - a. Identify three situations in your life when you analyzed the opportunity cost of a decision.
  - b. Provide three examples of how scarcity has impacted your personal life.
  - c. List three incentives your parents/guardians have used to influence your behavior (*i.e.* \$ for grades).



# PAGE 3 – CAPITALISM, SOCIALISM AND COMMUNISM

## Directions:

1. Divide your page into three sections: Capitalism, Communism, and Socialism.
2. Take several notes on each school of thought.
3. Draw a symbol or picture for each school of thought.
4. Be prepared to contribute to the class discussion in 30 minutes.



# RPS CHALLENGE

**Main Goal: Earn as much candy as possible.**

## **Rules:**

1. You must randomly select your opponents.
2. Shoot after three. Example: “One, two, three, shoot”
3. When all your candy is gone please take a seat.
4. Do not eat your candy until I give the ok.



# REFLECTION

**Directions:** Discuss the following questions with your small groups.

1. How did you feel at the start of the game?
2. How did you feel when you ran out of candy and had to sit down?
3. What tactics could you have used to get back into the game?
4. Was the game fair?
5. What could McClary have done to make it fair? Should he do it?
6. Connect the game to class. Which aspects were capitalistic? Socialist? Communistic?



# PAGE 4 – SMITH AND MARX



## Key Points:

- Influenced by Enlightenment thinkers in France
- Wrote *The Wealth of Nations* (1776)
  - Believed **invisible hand** guides market place
  - Stressed importance of the **free market**
  - Economic Liberty = Economic Progress
  - **Division of Labor** key to economic success



# PAGE 4 – SMITH AND MARX

## 1. Law of Self Interest

- Producers and consumers will each act in their own self interest (*mutually beneficial relationship*)

## 2. Law of Competition

- Competition breeds quality and low prices

## 3. Law of Supply and Demand

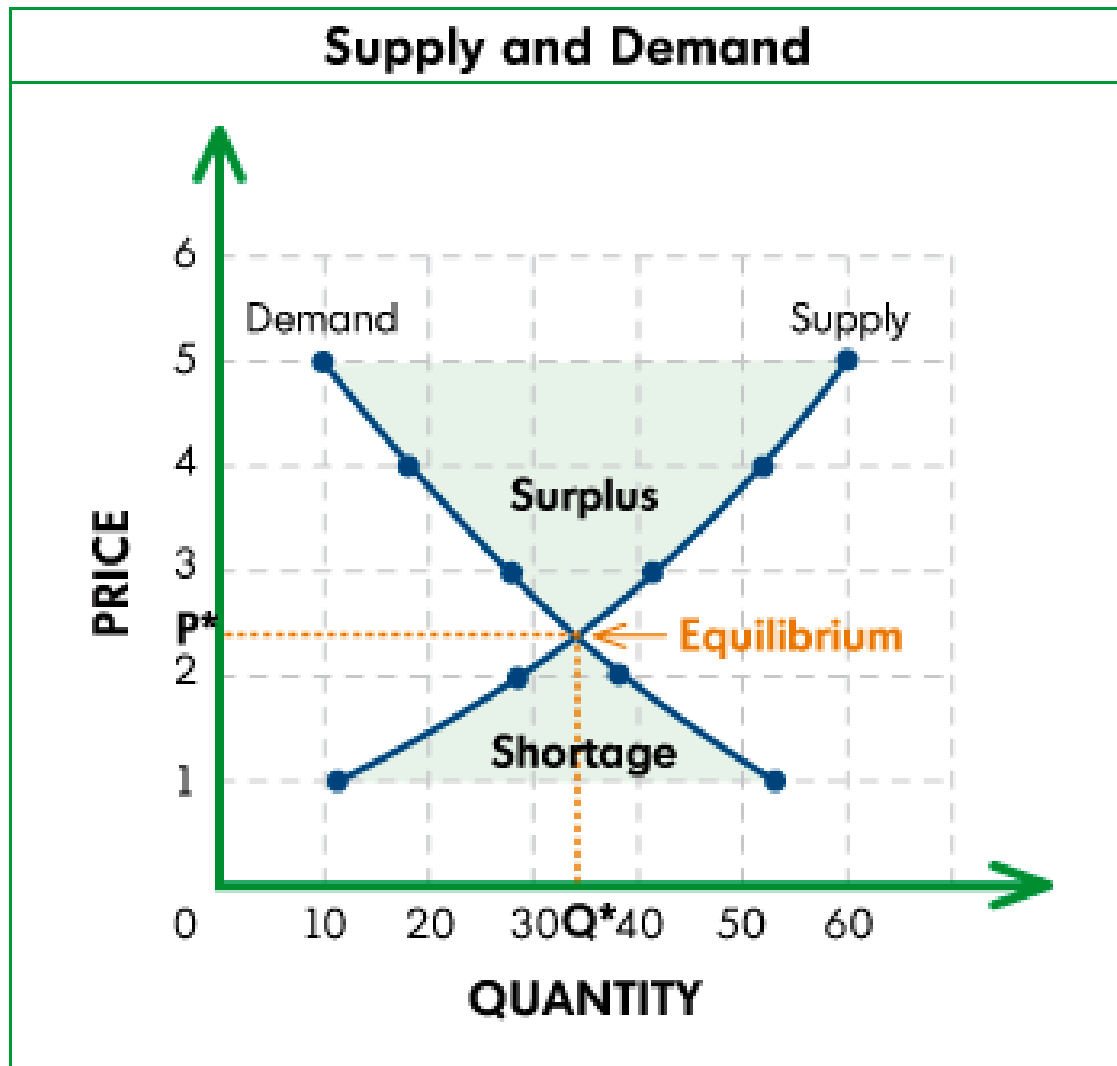
- Market forces constantly work to reach equilibrium; more efficient without outside forces (*laissez faire*)

Trust in the Invisible Hand





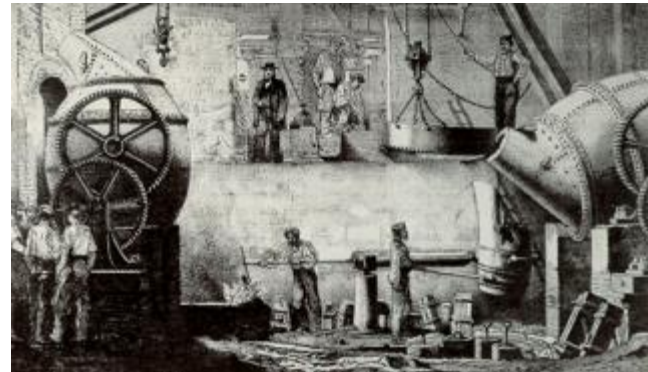
# PAGE 4 – SMITH AND MARX



# PAGE 4 – SMITH AND MARX

## Key Tenets of Capitalism:

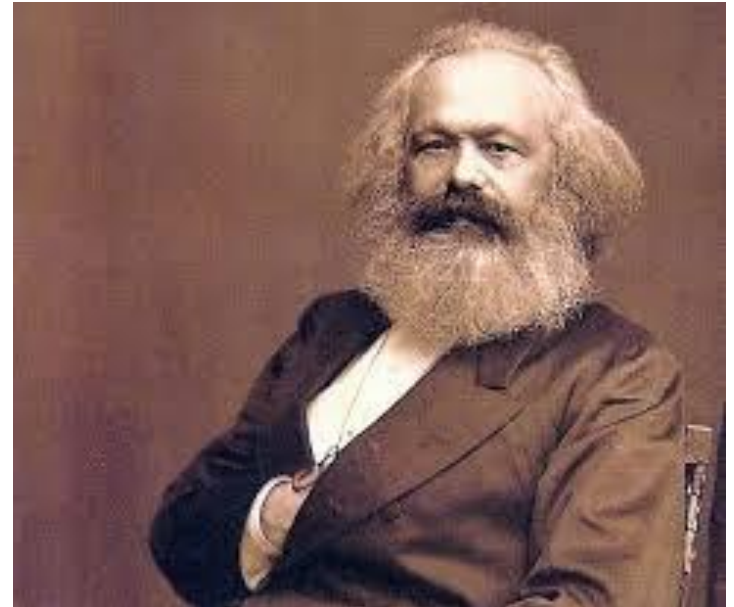
1. Economic freedom
2. Voluntary exchange
3. Private property rights
4. Profit motive
5. Competition
6. Laissez faire – “let it be” or limited government involvement
7. Unequal social classes



# PAGE 4 – SMITH AND MARX

## Key Points:

- Saw disparity of working class first hand
- Wrote *The Communist Manifesto* (1848)
  - **Class struggle**
  - **Bourgeoisie vs. Proletariat**
  - **Revolution**
  - Abolition of private property, free public education, progressive income tax, state controlled resources and banks



# PAGE 4 – SMITH AND MARX

## Key Tenets of Communism:

1. Elimination of private property
2. Progressive income tax
3. Key industries controlled by state (i.e. finance, energy, transportation, communication, etc.)
4. Equal obligation to work
5. Free education for all
6. Equal distribution of land



# REVIEW

System	Means of Production	Competition	Gov't Role	Social Class
<b>Capitalism</b>	Private ownership of industry	Total freedom	Limited – Laissez faire	Unequal social classes
<b>Socialism</b>	Both public and private ownership of industry	Some freedom in the marketplace	Basic role in key industries	Goal is a classless system ( <i>possible or improbable?</i> )
<b>Communism</b>	Government owned	Gov't controlled	Makes all decisions	Goal is a classless system ( <i>possible or improbable?</i> )



# PAGE 5 – WATER SHORTAGE



A well in the western Indian state of Gujarat is mobbed during a 2003 drought. (Reuters/Amit Dave)



# PAGE 5 – WATER SHORTAGE

**To Do (15 mins):**

- 1. Find and list 5 interesting facts related to the current U.S. drought.**
- 2. Record the source of each of your facts.**



A farmer in Nebraska stares at an unusable field that once produced plentiful crops..



# PAGE 5 – WATER SHORTAGE

**Directions:** Find a partner and share your facts. You have 2 minute with each partner. Groups of two (*three at most*), and you can't have the same partner twice!

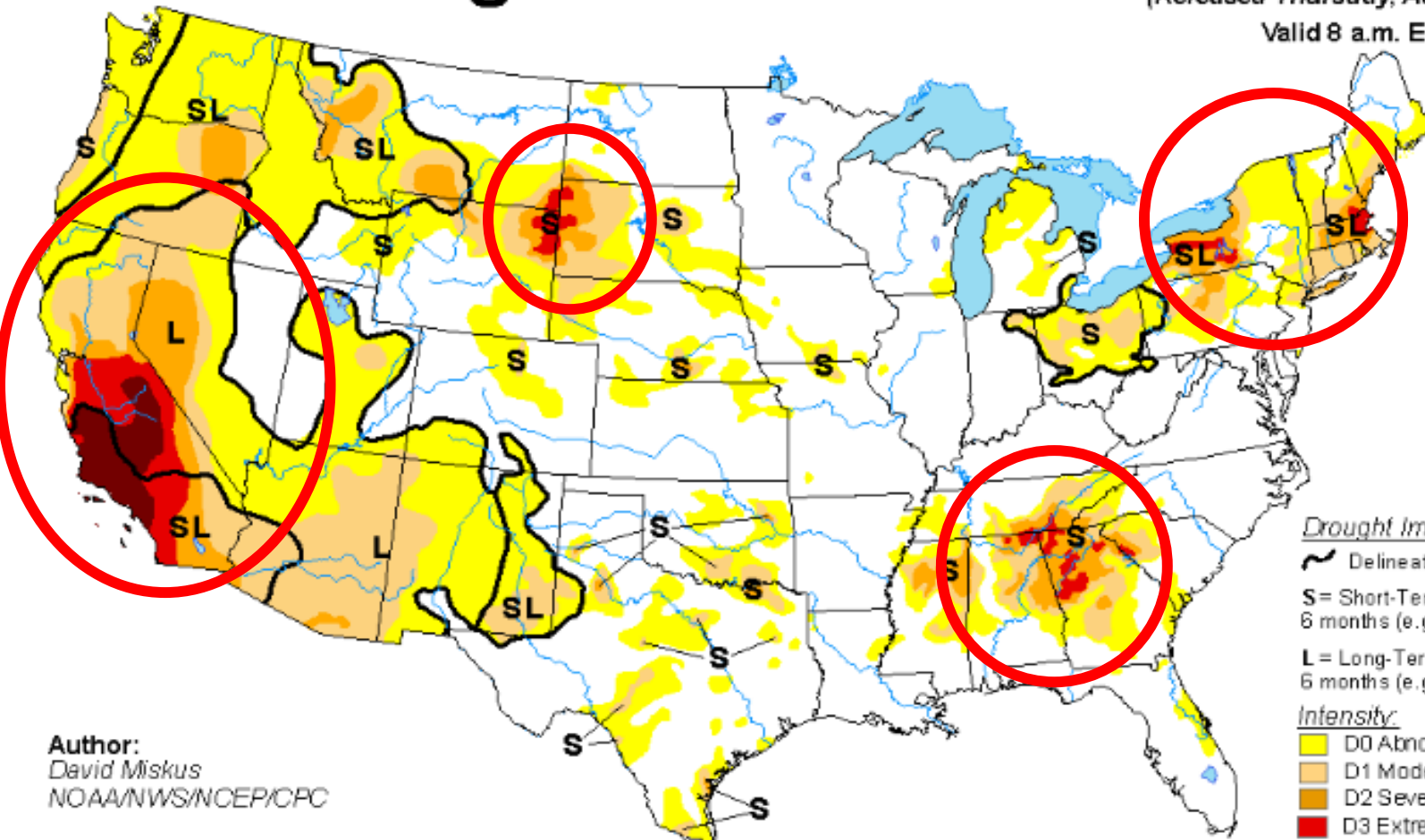
1. Find a partner with a different color top.
2. Find a partner with a different brand of shoe.
3. Find a partner with different color eyes.





# U.S. Drought Monitor

August 16, 2016  
(Released Thursday, Aug. 18, 2016)  
Valid 8 a.m. EDT



Author:  
David Miskus  
NOAA/NWS/NCEP/CPC

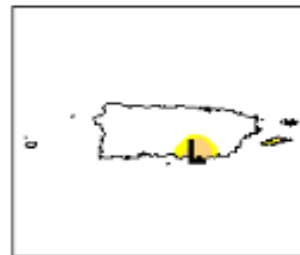
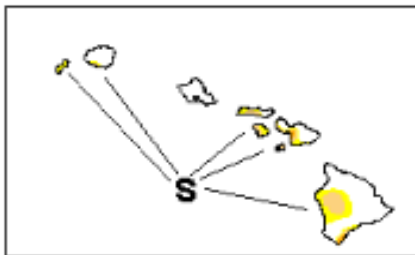
### Drought Impact Types:

- ~ Delineates dominant impacts
- S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

### Intensity:

- Yellow: D0 Abnormally Dry
- Light Orange: D1 Moderate Drought
- Orange: D2 Severe Drought
- Red: D3 Extreme Drought
- Dark Red: D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

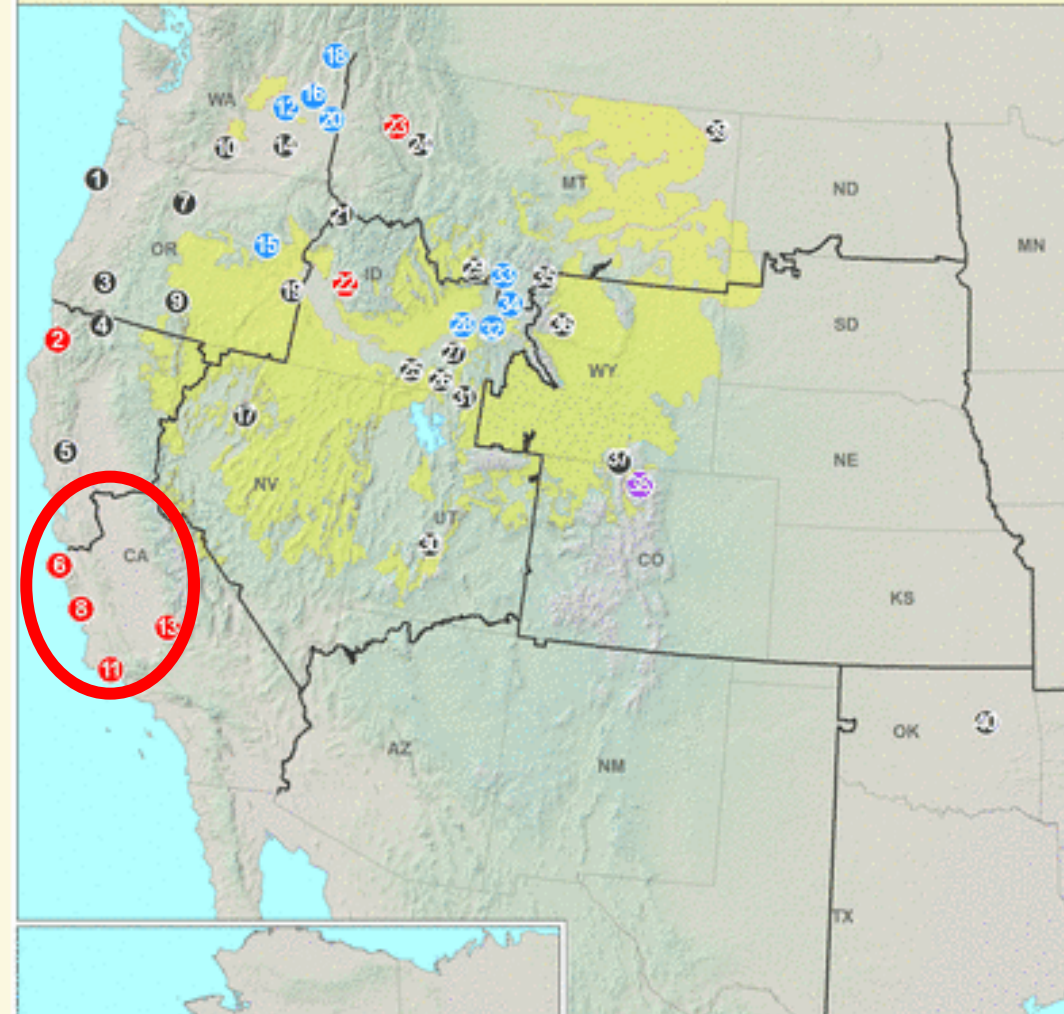
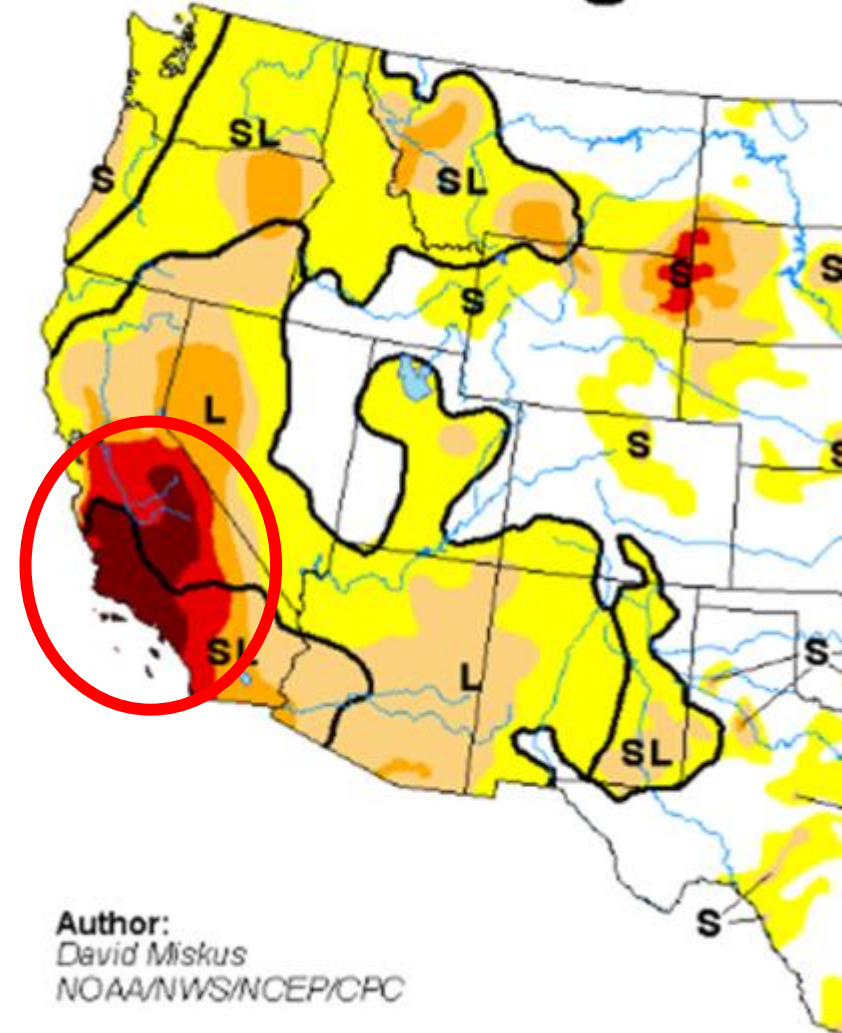


<http://droughtmonitor.unl.edu/>

# Current Large Incidents

August 25, 2012

## U.S. Drought Monitor



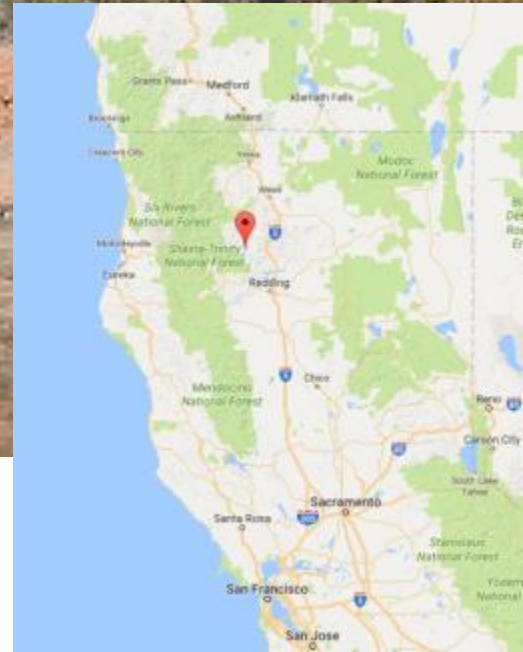
This map illustrates the areas facing the highest potential shortage, using only local water resources to meet their current water use. It draws from 60 years of data on water supplies and use. Red is the highest risk; dark green is lowest.



Source: Business Insider. Article by Grace Wyler, May 22, 2013,  
3:58 PM



# Trinity Lake Reservoir



Source: Tim Reed, USGS California Water Science Center Supervisory Hydrologist taken February 4, 2014.

# U.S. Drought Monitor

## Florida

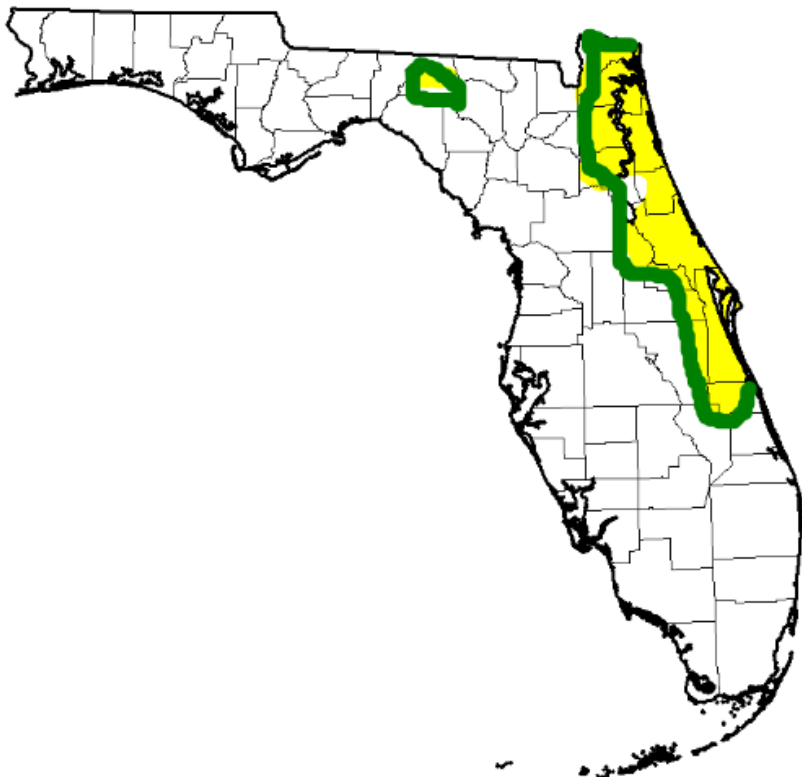
August 23, 2016

(Released Thursday August 25, 2016)

Valid 8 a.m. EDT

Statistics type: Traditional Percent Area

Export table: [PNG](#) [CSV](#) [XLS](#)



Week	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current <a href="#">2016-08-23</a>	86.32	13.68	0.00	0.00	0.00	0.00
Last Week <a href="#">2016-08-16</a>	91.48	8.52	0.00	0.00	0.00	0.00
3 Months Ago <a href="#">2016-05-24</a>	100.00	0.00	0.00	0.00	0.00	0.00
Start of Calendar Year <a href="#">2015-12-29</a>	87.96	12.04	0.00	0.00	0.00	0.00
Start of Water Year <a href="#">2015-09-29</a>	82.72	17.28	4.00	0.00	0.00	0.00
One Year Ago <a href="#">2015-08-25</a>	61.87	38.13	16.49	7.98	4.07	0.00

Estimated Population in Drought Areas: 0

[View More Statistics](#)

### Intensity:

- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying [text summary](#) for forecast statements.

### Author(s):

Brad Rippey, U.S. Department of Agriculture

Download:



[View drought planning resources](#)



# PAGE 5 – WATER SHORTAGE

**Directions** - Working with a partner, complete the following:

- A.** Predict the amount of water you use on a daily basis.
- B.** Direct Water Usage is water used directly by the consumer. Provide three largest examples in your life.
- C.** Identify three ways teens can cut back on direct water usage.



# PAGE 5 – WATER SHORTAGE

A **'water footprint'** is the amount of fresh water used to produce the goods and services we consume, including growing, harvesting, packaging and shipping. Your total water footprint includes both your direct and indirect water usage!



# PAGE 5 – WATER SHORTAGE

## Interesting In-direct Water Usage Facts:

1. **The average American uses about 80-100 gallons of water per day. How much do you use?**
2. **Less than 3% of the world's water is drinkable** (*and most of that is contained in the ice caps*).
3. **Roughly 95% of our water footprint is hidden in our meals!** (*ex. It takes approximately 2,847 gallons to create a pound of chocolate!*)
4. **Manufacturing a smartphone requires 240 gallons of water.**
5. **Vehicles use more than a gallon of water for each gallon of gas used** (*plus 1000s of gallons used in the production of the vehicle*).
6. **Making 1 pound of plastic requires 24 gallons of water.**





# PAGE 5 – WATER SHORTAGE

visual EDIT

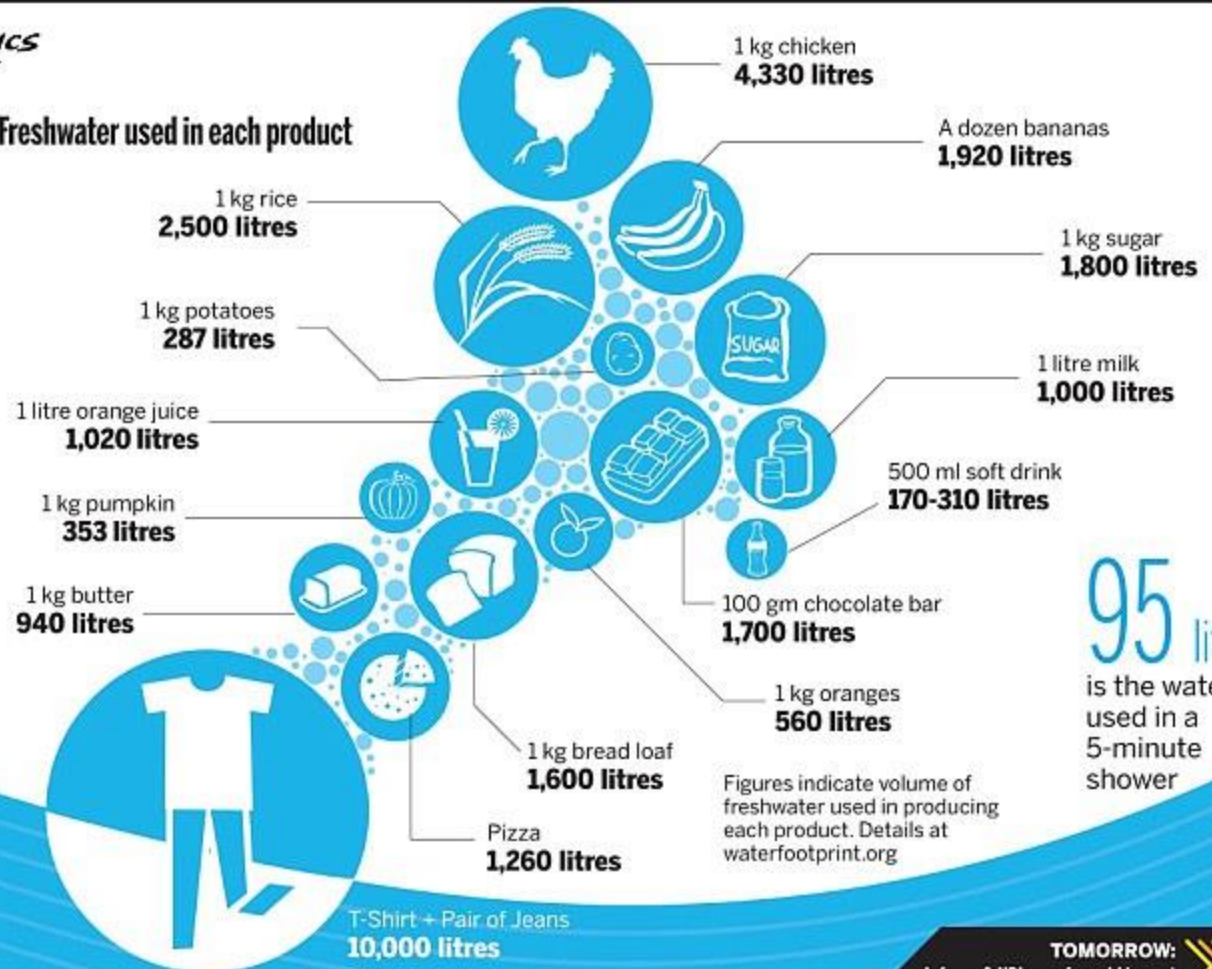
BY funALYTICS

## YOUR WATER FOOTPRINT...

...is much larger than you think. The amount of water you consume depends not just on the duration of your daily shower or the number of clothes you wash but also on what you eat, the clothes you wear & the fuel you use. Take a look, calculate your water footprint & reduce it to earn a few extra minutes in the shower

**1,400 litres**  
of water is what goes into a typical morning breakfast

### Freshwater used in each product



**95 litres**  
is the water used in a 5-minute shower

Figures indicate volume of freshwater used in producing each product. Details at [waterfootprint.org](http://waterfootprint.org)

**TOMORROW:**  
Infosys & NRIs pay for gold import

**Conversion Help:** There is roughly 4 liters in 1 gallon and 1 kilogram equals about 2.2 pounds.



# PAGE 6 – FACTORS OF PRODUCTION

## Directions:

1. **Set up your page** to look like the example to the right.
2. **Create a list** of every thing necessary to get the hot dogs to your grill. Put your list in the red box.
3. **Compare your list with a partner** in order to see if there were any that you missed.

*How many in total? Did we miss anything?*



A vertical red bar is positioned to the left of the table.		



# PAGE 6 – FACTORS OF PRODUCTION

## Directions:

- Each of the remaining boxes should contain one of the four major factors of production: *land, labor, capital and entrepreneurship*.
- You can work with your neighbor to complete the following:
  1. **Define** or explain the term.
  2. **Illustrate** a picture or symbol.
  3. **Categorize** your list of resources from the hot dog video. You should have at least 3-4 examples for each factor.

	Land	Labor
	Capital	Entrepr.



# PAGE 6 – FACTORS OF PRODUCTION

## LAND

- All natural resources on or under the ground
  - *water*
  - *forests*
  - *wildlife*
  - *mineral deposits*
  - *energy sources*  
(*sunlight, wind, etc.*)



# PAGE 6 – FACTORS OF PRODUCTION



## LABOR

- All the human time, effort, talent used to make products



# PAGE 6 – FACTORS OF PRODUCTION

## CAPITAL

- **Physical Capital** – tangible resources (*i.e. tools, machines, offices, stores, roads, vehicles, etc.*)
- **Human Capital** - knowledge and skills
  - ↑ human capital =
  - ↑ productivity

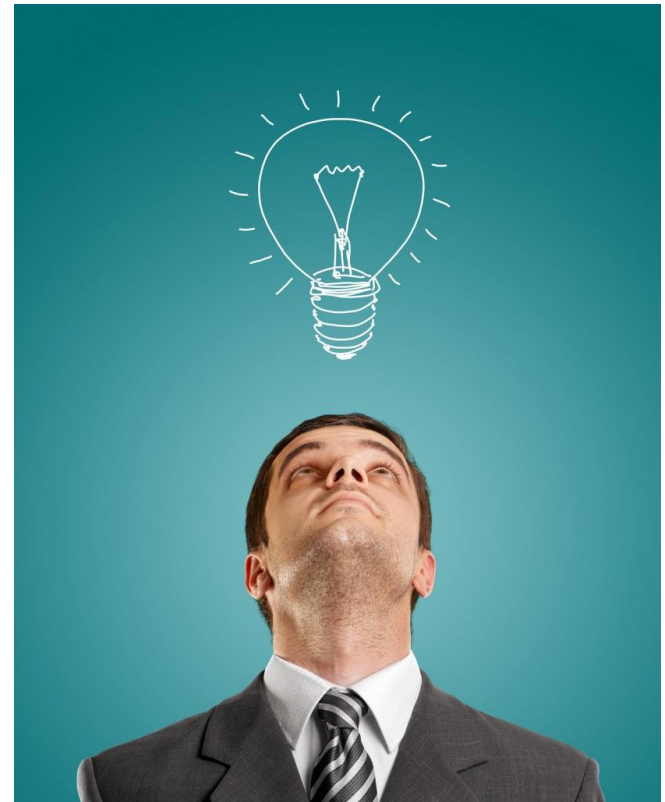


# PAGE 6 – FACTORS OF PRODUCTION

## ENTREPRENEURSHIP

- Vision, skill, ingenuity, and willingness to take risks

*\*\*Note: Good entrepreneurs can anticipate consumer wants, and satisfy these wants in new ways. \*\**



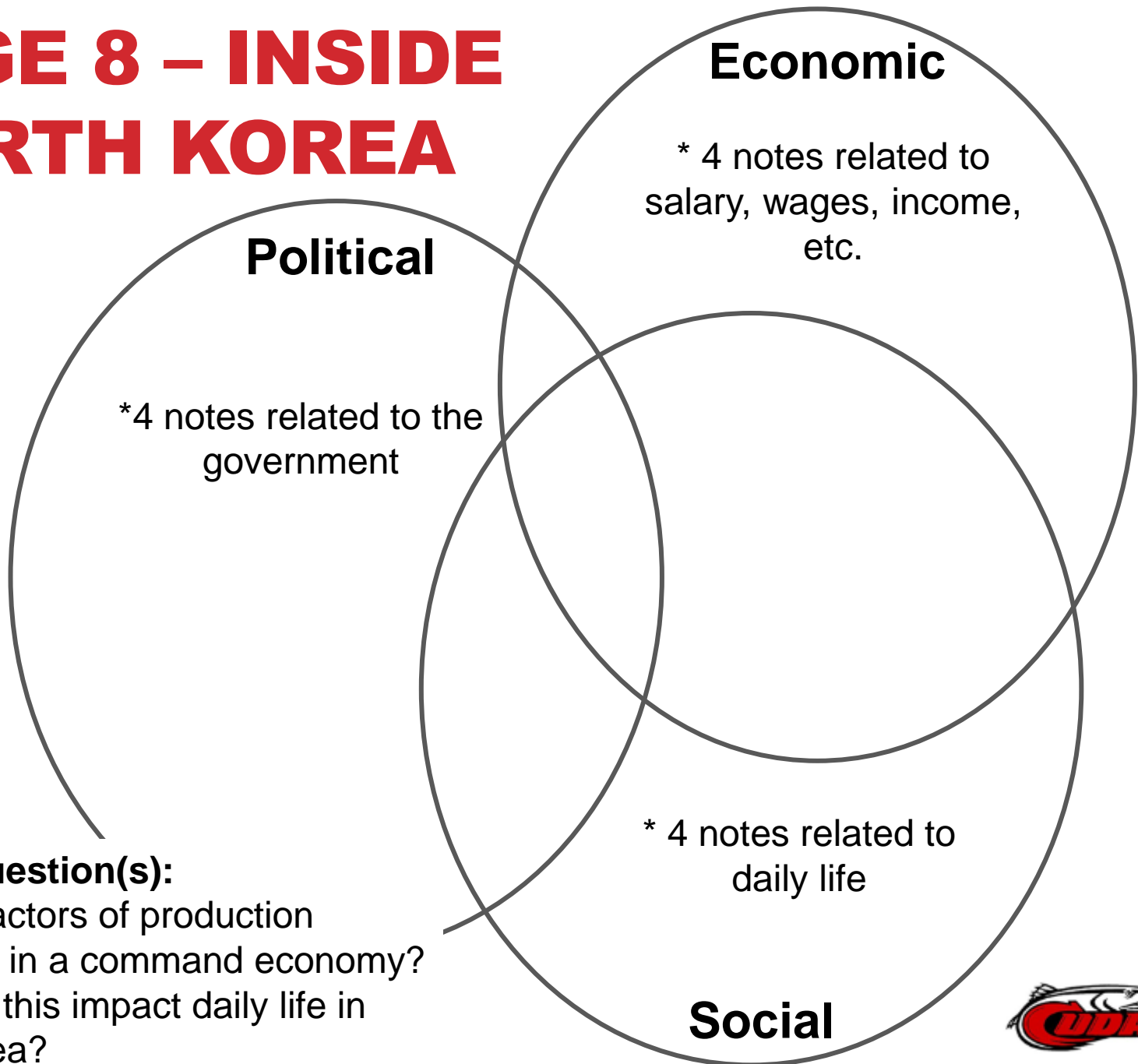
# PAGE 7 – MARKET TYPES

**Directions:** Use Ch. 2 (pgs. 38-50) to complete the following chart.

Market Type	Means of Production	Competition	Gov't Role	Advantages (x2)	Disadvantages (x2)
<b>Market Economy</b> (pgs. 48-51)	Private individuals and/or businesses own the land, resources, factories, etc. necessary for production	Total market freedom inevitably leads to competition	Laissez-faire, "let it be," limited gov't involvement. In a pure market economy there is zero gov't involvement.	<ol style="list-style-type: none"> <li>1. Competition and choice lead to low prices and high quality goods.</li> <li>2. Efficient use of resources (<i>specialization</i>)</li> </ol>	<ol style="list-style-type: none"> <li>1. Pure market economies focus solely on the individual, and as a result, does not/cannot provide goods and services for the whole.</li> <li>2. Social inequality</li> </ol>
<b>Command Economy</b> (pgs. 42-43, 46)	Gov't controls all resources, answers all economic questions.	Little to no competition b/c of gov't control	Gov't answers all three major economic questions	<ol style="list-style-type: none"> <li>1. In theory, all citizens are provided for.</li> <li>2. Efficiency</li> </ol>	<ol style="list-style-type: none"> <li>1. Central leaders have little understanding of local problems.</li> <li>2. Shortages</li> </ol>
<b>Traditional Economy</b> (pgs. 38-40)	Participants are generally hunter/gatherers or farmers; little emphasis placed on productivity.	Little to no competition exists. All work together for the common good of the group.	No gov't involvement. Small groups, democratic processes.	<ol style="list-style-type: none"> <li>1. Every works to produce what's best for survival.</li> <li>2. No disagreement over economic goals.</li> </ol>	<ol style="list-style-type: none"> <li>1. Inefficient; Lower productivity means less wealth</li> <li>2. Predefined roles means that people don't do the jobs they "want"</li> </ol>



# PAGE 8 – INSIDE NORTH KOREA



## Essential Question(s):

- How are factors of production distributed in a command economy?
- How does this impact daily life in North Korea?



# PAGE 9 – NORTH VS. SOUTH KOREA

## Group Work:

- **READ** the background on page 64 together.
- **DIVIDE** the three artifacts amongst your group, and **ANSWER** the “thinking economically” questions below. **USE THE DOCUMENTS TO SUPPORT YOUR ANSWERS!**
- **DISCUSS** your artifacts as a group, and **ANSWER** the last three questions found under “synthesizing.” Be ready to share in 25 minutes.



**Kim Jong Un**  
*Supreme Leader of North Korea*



**Park Geun-hye**  
*President of South Korea*



# PAGE 9 – NORTH VS. SOUTH KOREA

## North Korea Suffers Famine

### Workers in “unproductive” industries die from lack of food

According to some estimates, ... three million people died in the North Korean famine of the mid-1990s. ...

Faced with a massive food shortage, the North Korean government “made a choice,” Natsios said. Making the regime’s survival its top priority, the government decided that food would go to the country’s elite and its military forces. Most citizens, especially those who lived in regions or worked in industries that the government deemed “unproductive,” were considered expendable. As many as three million people may have died.

Before the famine, North Korea relied on food and oil subsidies, mostly from the former Soviet Union. When that aid declined and a series of natural disasters occurred, the North Korean government cut food rations to farmers. Many people started hoarding and stealing. The system collapsed. In Natsios’ view, North Koreans lost faith in the state.

Source: “The North Korean Famine,” *Peace Watch Online*, June 2002



North Koreans receive contributions of rice from an international humanitarian agency.

## Discussion Question:

What decision described in the North Korea Suffers Famine article is characteristic of a command economy?

Who eats?

**Thinking Economically** What decision described in this document is characteristic of a command economy? Explain your answer.

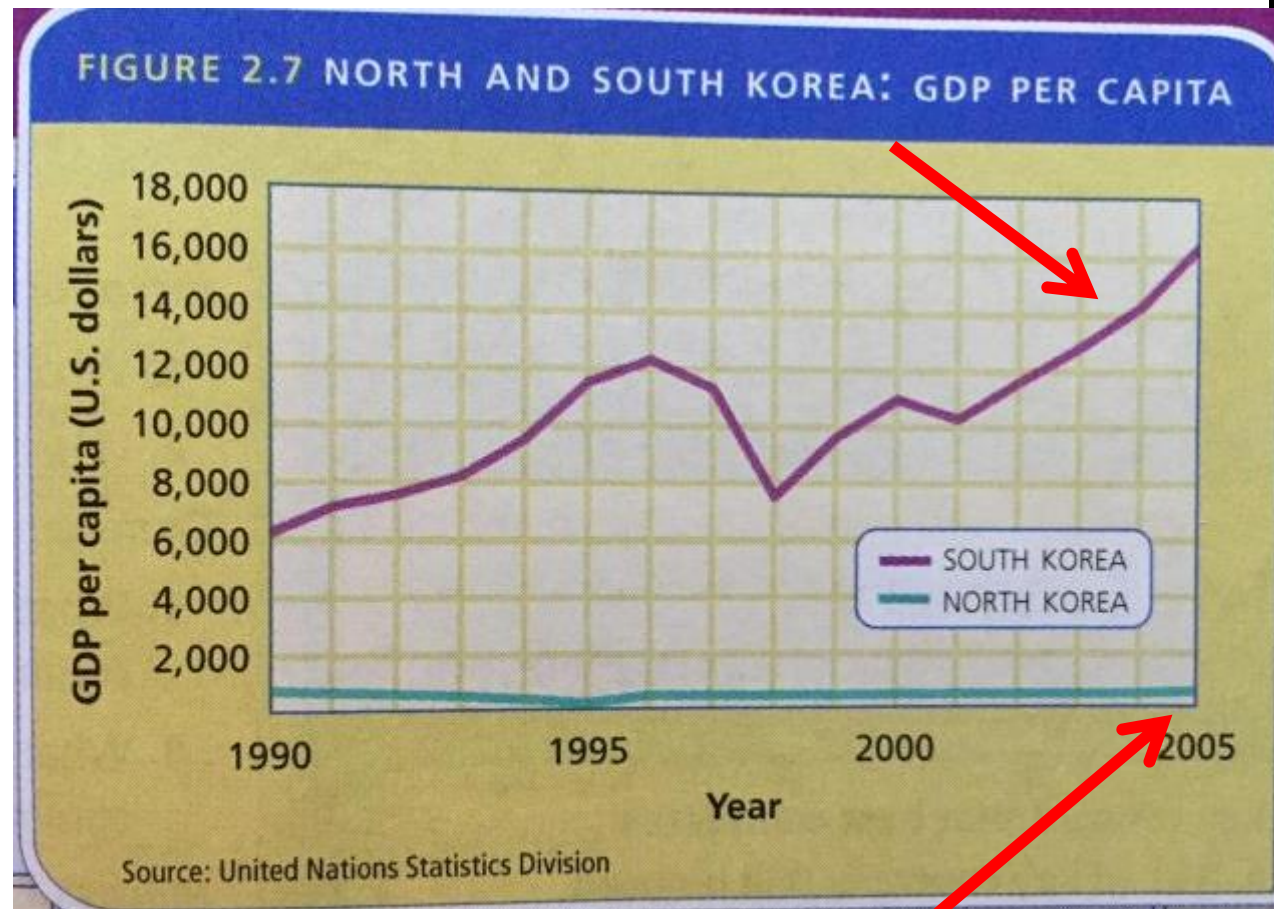


# PAGE 9 – NORTH VS. SOUTH KOREA

## Discussion Question:

What does the graph suggest about productivity in the two nations?

**Production in NK is MUCH lower than SK. For example, in 2005, NK's GDP per capita was roughly \$500, versus \$16,000 in SK (source: Figure 2.7)**



**Thinking Economically** What does this graph suggest about productivity in the two nations?

# PAGE 9 – NORTH VS. SOUTH KOREA

What are some aspects of a market economy?

- Private property?
- Limited gov't involvement?
- Voluntary exchange?

## Discussion Question:

What aspects of a market economy are illustrated by Samsung's financial success?

- Competition
- Consumer sovereignty
- Specialization

## ▶ Samsung and the "Next Great Tech Revolution"

### Heading Towards a Digitized Life

Lee Jong Jin, 51, is no couch potato. But lounging in his apartment overlooking the mountains of Seoul, the international trader has little reason to leave his sofa. As he watches an interactive game show, he uses the remote to send in answers. In a corner of the 50-inch plasma screen, he can link to his online bank or control his air conditioner. Lee is one of thousands of Koreans involved in trials of Samsung Electronics' Home Network, which allows digital products to talk to each other. If Samsung has its way, millions around the world will be running their homes from the comfort of their couch within a few years. . . .

Over the last decade, [Samsung] has . . . become the most diverse and profitable consumer-electronics company on the planet. Samsung leads the global market for color televisions, VCRs, liquid crystal displays for electronic devices and digital memory devices. . . . Since 1999, revenues have doubled, and profits have risen 20 times. . . .

In the digital world all these products will finally be networked to each other . . . creating the sort of "smart" living space imagined only in science fiction. That's the idea, anyway. The change, says analyst Keith Woolcock of Westhall Capital in London, will be "the biggest event in technology for the next 10 years."

Source: "Digital Masters," *Newsweek* (International Edition), October 18, 2004

**Thinking Economically** What aspects of a market economy are illustrated by Samsung's financial success?

# PAGE 9 – NORTH VS. SOUTH KOREA

## Discussion Questions:

1. Based on docs A and C, in which country does the government appear to be more involved in controlling business and the economy? **The gov't seems to be more involved in NK BECAUSE...**  
**Doc A – gov't decides how to use resources**  
**Doc C – makes no mention of gov't involvement**
2. Based on docs A and B, what can you infer about the effects of government activities on productivity in the two nations?  
**Gov't involvement (Doc A) seems to have doomed production in NK. However, SK has little gov't involvement (Doc C) and production is booming..**
3. In today's global economy, is a command economy or a market economy more likely to succeed? Support your answer with information presented in the three documents.  
**A market economy is more likely to succeed, as evidenced by SK's rapid economic growth and its success in reducing poverty. NK's reliance on subsidies, its failure to feed its people, and the resulting deaths of 3 million people suggest command economies are ineffective.**

# 컴퓨터 망봉사



홈페이지 열람봉사

자료정보봉사

홈페이지명	홈페이지주소	기관명
광명	http://10.41.1.2	중앙과학기술정보봉사
진달래	http://10.76.12.2	만경대정보센터
선구자	http://10.208.0.34	황경남도과학기술정보봉사
내나라	http://10.76.1.11	내나라정보센터
남산	http://192.168.1.101	인민대학습당
리상	http://10.15.15.8	김책공업종합대학
아침	http://172.16.34.100	조선과학기술정보통신연구원
정보21	http://10.21.1.22	평양정보센터
과학기술정보센터	http://192.168.10.10	3대학명전시관
기동	http://10.205.1.5	정진권산금속대학
만방	http://10.61.61.3	조선중앙방송위원회
새세기	http://10.41.1.10	중앙과학기술정보봉사
방역	http://10.41.50.3	발명국 비루스감독부
래일	http://10.66.1.3	국가규격제정위원회
발명	http://10.41.50.9	과학원 발명국
물락새	http://10.240.100.11	김일성종합대학 정보센터
한마음	http://10.76.1.20	오산덕정보센터
북극성	http://10.76.1.2	국가망정보센터
고려의술	http://10.76.1.18	고려의술 과학원 조선과학기술정보통신연구원
지향	http://10.208.1.2	함흥화학공업대학
통라	http://172.16.4.200	통라프로그램센터
비악	http://10.15.15.5	김책공업종합대학
로동신문	http://10.10.3.100	로동신문사
생명	http://10.65.3.2	의학과학정보센터
해양	http://10.17.1.5	북해운성
천리마	http://172.16.11.23	중앙정보통신국

인민대학습당의 《남산》과 함경북도도서관의 망봉사기는 정보수요자들에게 필요한 정보들을 신속하게 더 많이 편리하게 보장해주고 있습니다.

원격교육봉사 전자소식봉사 정보고민봉사  
 용례주소: HTTP//10.205.0.34  
 최신특허봉사를 비롯한 각종 임대봉사

자료지원 열람봉사  
 정보수요자들은 인민대학습당과 함경북도도서관의 자료기체들을 원격으로 열람할 수 있습니다  
 (이 경우 검색결과를 잘 작성하여야 요구하는 자료들을 충분히 얻을 수 있습니다.)

# PAGE 10 – FREE ENTERPRISE

**Directions:** Read Chapter 3, Section 1 (pgs. 70-76) and complete the following:

- Define the following terms:
  - a. Free enterprise system
  - b. Open opportunity
  - c. Legal equality
  - d. Free contract
  - e. Profit motive
- Complete the Section 1 Assessment on page 77. You are responsible for #1-5, 7, 9,10.





## What characteristics make our economy free?

1. Anyone can start a business. (*open opportunity and legal equality*)
2. You choose how to use scarce resources. (*open opportunity and free contract*)
3. Workers choose to exchange their time/labor for pay. (*free contract*)
4. Consumers choose what to buy. (*free contract*)



# PAGE 10 – FREE ENTERPRISE

## Open Opportunity

Everyone should have the ability to enter and compete in any marketplace. Open participation serves as an incentive to be efficient and productive.



## What Legal Rights Are Built into the Free Enterprise System?



## Legal Equality

Everyone should have the same economic rights under the law. In other words, the law should not give some people a better chance than others to succeed in the marketplace.

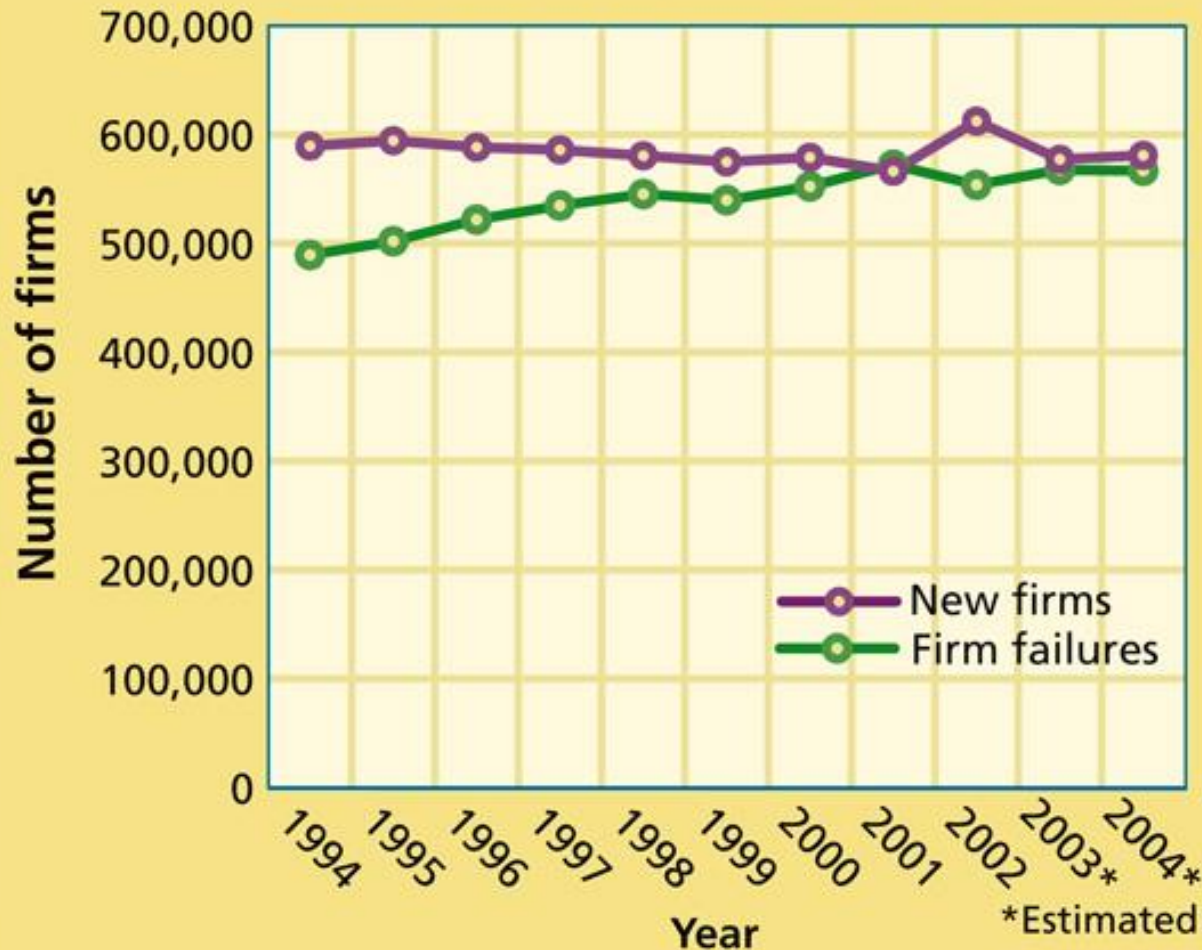
## Free Contract

Everyone should have the right to decide for themselves which legal economic agreements they want to enter into. Voluntary exchange, a cornerstone of free enterprise, cannot function without freedom of contract.



# PAGE 10 – FREE ENTERPRISE

FIGURE 3.1 NEW FIRMS AND FIRM FAILURES



Source: U.S. Small Business Administration

## 2010:

- 507,000 new businesses
- **32% failed** by 2012

## 2013:

- 630,000 new businesses
- **21% failed** by 2014



# STOP AND THINK...

**Directions:** By now, you should know the definition of the open opportunity, legal equality and free contracts. Working with your group, brainstorm a negative example for each:

1. Closed opportunity
2. Legal inequality
3. Forced contracts



# PAGE 10 – FREE ENTERPRISE

## Discussion Questions:

7. What role does competition play in a free market? What are some examples within society?

Competition helps an economy operate efficiently, since competitors seek the most efficient use of their productive resources to make the highest profit. Choice leads to higher quality and lower costs



# PAGE 10 – FREE ENTERPRISE

(9) The future of books. Reread page 74. What do you think might be the next new idea to compete with discounted books?



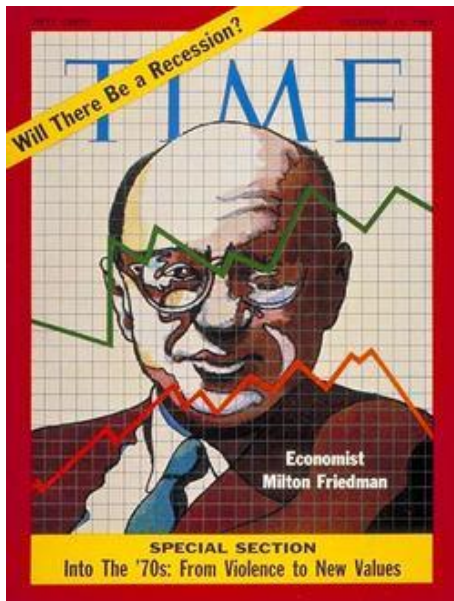
**Amazon**  
\$760 per share  
Market Cap:  
\$350 billion  
Personal Net  
Worth:  
\$65 billion



# PAGE 10 – FREE ENTERPRISE

## Discussion Questions:

10. Are societies structured on greed?  
Does capitalism reduce the harm caused  
by greed? ***Do you agree with Friedman?***  
***Why or why not?***



*“What kind of society isn’t structured on greed? The problem of social organization is how to set up an arrangement under which greed will do the least harm; capitalism is that kind of a system.”*

*- Friedman*



# EDMODO

## ASSIGNMENT #3

### Directions:

1. Download the document from Edmodo. It's a PDF file.
2. Read the articles, examine the political cartoons, and answer the questions on a blank word document.
3. Save your work to your Edmodo backpack (*or another cloud storage service of your choice*).
4. Submit either a Word document (.docx) or a PDF file (.pdf) to Edmodo by Friday (9/16) at 7:00 pm.





# EXTRA CREDIT QUESTIONS – UNIT I EXAM

## Directions:

- Review the Crash Course videos on our class website ([mrmacsocialstudies.weebly.com](http://mrmacsocialstudies.weebly.com))

