

ECONOMICS:
A FRAMEWORK FOR TEACHING THE BASIC CONCEPTS
FUNDAMENTAL ECONOMIC CONCEPTS
Viewing Guide

Directions: As you watch the video, fill in the blanks in the following phrases.

1. a) Economics is based on _____.
 - b) Which can be a function of _____.
 - c) It can also be a function of _____.
 - d) In the arena of human economics, societal and individual _____ can also play a role.
2. The principle of _____ states that if you have more of one thing you must have less of another.
3. Western economies can trace their histories back to the kings and queens of Europe, who ran _____-controlled economies.
4. Through much of the Twentieth Century, the _____ economy philosophy vied for world dominance with a new form of _____ economy called communism.
5. While at one time individuals did all their own work to survive, over time, as populations increased, a _____ took place.
6. The cornerstone of the _____ was the invention of the _____ line and its use of machines to produce goods and supply services.
7. Division of labor could never work without an acceptable _____.
8. Most countries have _____ which make sure there is enough money in circulation.
9. The primary entity or institution of the free market, the _____, is a legal entity which has as its goal the production of specific goods or services to make a profit.

(Continued on Blackline Master 2)

Name _____

Date _____

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Viewing Guide (continued)

10. Corporate attorney David Walder explains that starting a corporation is fairly simple. First, we must decide if it is for _____ or non-_____. Then, we draft the articles of _____ which include the _____ of the corporation, the number of shares to be issued, the names of the initial members of the _____, and the registered agent and the registered _____.

11. There are two major kinds of _____ issued by corporations:
 _____ and _____.

12. The _____ is perhaps the epitome of the free market, where transactions take place exclusively for the purpose of making money.

13. Like flea markets, malls, department stores, and mail order catalogs are all part of an elaborate _____ system. To get a product from its point of manufacture to the point of sale there is a large _____ network.

14. Once a corporation is created and its purpose defined, its fate will depend on: consumer or _____ of its good or service, and profitability in combining the _____ to produce the good or service.

15. The factors of production are: _____,
 _____, _____, and _____.

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Video Quiz

Instructions: Watch the video as the question is asked and a visual is shown, then check the box for the best answer on this worksheet.

1. One requirement for an acceptable medium of exchange is:

- a) accepted by everyone.
- b) backed by a reserve of gold or silver.
- c) not easily destroyed.
- d) made of gold or silver.

2. Both of these businesses are examples of:

- a) economic systems.
- b) marketplaces.
- c) factors of production.
- d) capital.

3. Construction of this home utilizes which factors of production?

- a) Natural resources and labor.
- b) Capital.
- c) Other parts.
- d) All of the above.

4. This business is a corporation, which means that:

- a) it does business of over \$1 million each year.
- b) it makes a profit.
- c) it has completed legal paperwork.
- d) its stock is publicly traded.

5. According to the video, the fate of a corporation depends on:

- a) market acceptance of its good or service.
- b) whether it can sell a large number of stocks.
- c) profitability in combining the factors of production.
- d) a & c.

ECONOMICS: A FRAMEWORK FOR TEACHING THE BASIC CONCEPTS

FUNDAMENTAL ECONOMIC CONCEPTS

Discussion Questions

Directions: Answer the following questions in preparation for a class discussion. Use the back of this sheet if necessary.

1. What is economics?
2. Define scarcity. Why does it exist?
3. What is the principle of opportunity cost?
4. What four scales of opportunity cost were mentioned in the video?
5. Why are the concepts of scarcity and opportunity cost so important to economics?
6. What are the four factors of production?
7. What is a corporation?
8. What are the steps a business must take to incorporate?
9. What are the two factors which affect the ability of a corporation to survive?
10. What is a centrally-controlled economy? What are the other names for this type of economy, and what examples of these systems did the video provide?
11. What is division of labor, and why is it important in the free market?
12. What is the economic significance of the Industrial Revolution?
13. What are the three factors which make an acceptable medium of exchange?
14. What is the function of countries' central banks?
15. What is the function of local banks?
16. What are marketplaces, and what other system is essential to their success?
17. What determines prices in the market?

Name _____

Date _____

Date _____

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Vocabulary Exercise

1. With scarcity at the base of all material economics, the key operating principle is _____, which states that: _____
2. _____ could not happen without an acceptable medium of exchange.
3. Communism is a form of _____. Most economies today are _____ economies.
4. The _____ may be combined in many ways; one company may use a large number of purchased parts, while another may rely heavily on its employees, also known as being _____.
5. The _____ was marked by increasing mechanization, and the development of the _____.
6. _____ are traded freely at a stock exchange.
7. One of the requirements for a successful _____ is _____ acceptance of its good or service.
8. _____ may be a function of time, geography, or of human values.

labor intensive
 free-market economy
 production line
 command economy
 barter
 capital intensive

local bank
 division of labor
 corporation
 central bank
 market
 opportunity cost

private stocks
 public stocks
 supply and demand
 capital
 scarcity
 Industrial Revolution

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Opportunity Cost

Question: What's the difference between a finance major and an economics major?

Answer: Opportunity cost.

Directions: Fill in the section headings with the four types of opportunity cost discussed in the video. Then, using newspapers, magazines, interviews, personal experience, or other resources, discuss a recent example of each type of opportunity cost. Be sure to state how scarcity influenced the choices made. Go onto the back or use another sheet if necessary.

1 - _____

2- _____

3- _____

4- _____

ECONOMICS:
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Internet Activities

1. EcEdWeb is a student resource linked to economics sites providing international data, personal finance information, government budgets and debts, and more. This site can be used as a starting point for any economics research.

<http://ecedweb.unomaha.edu/econinfo.htm>

2. There has recently been discussion that since populations are increasing and resources are decreasing, businesses should move from being capital, or resource, intensive to being labor intensive. Examples of this idea would be the family farm versus the factory farm, and timber farming instead of cutting old growth. At the same time, the business trend has been toward using capital more intensively in hopes of increasing worker productivity. Explore these ideas and decide what you believe. Write a short essay defending your point of view. Some sites that may be useful are as follows:

<http://www.rmi.org>

<http://iisd1.iisd.ca/>

3. Using a search engine, do a search on vocabulary words from the list of key terms. If more than one student searches for the same word, how many different sites can you come up with that provide interesting information? To where do your searches lead?

4. The central banks of many countries are available on-line. Most have a section devoted to explaining their functions and how those are carried out, as well as sections discussing the amount of money in circulation. These sites have data about central bank functions well beyond what is in the video, however you can pick out useful information from them. A couple of sites are as follows. Search for others, but look out for local banks that have "central bank" in their names.

<http://www.centralbank.gov.cy/> Central Bank of Cyprus

<http://ipod2.bot.or.th/> Central Bank of Thailand

www.bog.frb.fed.us United States Federal Reserve Bank

5. There are dozens of different stock markets, and most of those are now on-line. Look in more depth at the buying and selling of public corporate stocks at sites like the New York Stock Exchange's.

<http://www.nyse.com>

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CONCEPTS**
FUNDAMENTAL ECONOMIC CONCEPTS
Quiz

1. How did the video define "economics?"
2. Define "opportunity cost." Be sure to mention why it exists.
3. What are the four levels of opportunity cost?
4. A corporation cannot survive without what two factors?
5. Name the four factors of production and give an example of each.
6. What are the three factors which make an acceptable medium of exchange?
7. Two types of banks were discussed in the video. Name each and explain its function.
8. What are marketplaces in the language of economics?
9. What determines prices in the market?

ECONOMICS:
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UNIT OF STUDY TEST

Instructions: Follow the instructions within each question. When providing definitions, make sure you utilize other key vocabulary words.

1. a) Name two of the types of market failures discussed in the unit.

b) Name the three tools governments have to correct market failures.

2. Find the median _____ and the average _____ of the following set of numbers. Use the back of the test, or another sheet, if needed.

6 14 17 22 **31** **34** **36** 42 **60** 84 107 **115**

3. Define opportunity cost and list the four levels at which it operates.

4. Define aggregate demand.

5. Name the four factors of production.

6. a) Explain the difference between the Gross National Product (GNP) and the Gross Domestic Product (GDP).

b) Name the five factors that affect the GNP and the GDP.

Name _____

Date _____

**ECONOMICS:
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OF STUDY TEST (continued)**

7. Name and describe the functions of the two types of banks discussed in the unit.

8. a) In the _____ economy, _____ is the control mechanism that prevents large surpluses or shortages of goods, services, or labor.

An increase or decrease in consumer or market _____ for items affects both the cost and the quantities in which producers _____ the items.

b) Describe how the previous statements (8 a) work. Use an example.

9. Define fiscal policy.

10. List the seven prime categories of origin of supply.

11. Draw and label the diagram of microeconomic flows.

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