

DISCUSSION QUESTION

Name:

Instructor:

Course:

A major premise of Economics is scarcity. What is meant by scarcity? Are limited resources the same as scarce resources? Provide an example of a resource that might be limited but not scarce.

PEER GROUP PROBLEM SOLVING

Name:

Instructor:

Course:

Which of the following statements are positive and which are normative?

- a) The United States needs a national sales tax.
- b) The Great Recession officially began in December 2007.
- c) The price of gasoline is too high.
- d) GE announces it will be selling its GE Capital Banking business.
- e) Apple produces a smartwatch.
- f) A merger between AT&T and T-Mobile would be good for the consumer.

IN-CLASS EXPERIMENT / ACTIVE EXERCISE

Economics is the study of how individuals, firms, and societies make decisions to maximize their well-being given limited resources. In 2011, Boeing made the decision to break from Washington State and build a new airplane-assembly plant in Charleston, SC. Divide the class into groups. One group should present points in support of the Boeing's decision. The other group should present points in opposition of Boeing's decision (support of Washington State).

SOLUTIONS AND INSTRUCTOR NOTES

Discussion Question

A major premise of Economics is scarcity. What is meant by scarcity? Are limited resources the same as scarce resources? Provide an example of a resource that might be limited but not scarce.

Scarcity is typically defined as the problem of unlimited wants subject to limited resources to fulfill those wants. However, in understanding the definition, students should consider resources that are limited but perhaps not scarce – goods that have few uses. Fundamental to the idea of scarcity is the concept of trade-offs and opportunity costs. Although a good may be limited, if an individual or society does not face a trade-off in the acquisition or consumption of that good, it may not necessarily be scarce. Examples will vary but could include smoke, fog, or pollution.

Peer Group Problem Solving

Which of the following statements are positive and which are normative?

- a) The United States needs a national sales tax: *Normative*
- b) The Great Recession officially began in December 2007: *Positive*
- c) The price of a gallon of gas is too high: *Normative*
- d) GE announced it will be selling its GE Capital Banking business: *Positive*
- e) Apple produces a smartwatch: *Positive*
- f) A merger between AT&T and T-Mobile would be good for the consumer: *Normative*

In-Class Experiment/Active Exercise

Economics is the study of how individuals, firms, and societies make decisions to maximize their well-being given limited resources. In 2011, Boeing made the decision to break from Washington State and build a new airplane-assembly plant in Charleston, SC. Divide the class into groups. One group should present points in support of the Boeing's decision. The other group should present points in opposition of Boeing's decision (support of Washington State).

Positives for Boeing's decision to build a new plant in Charleston: No union-SC is a right to work state; more cost effective through lower wages and less likelihood of collective bargaining, creates thousands of direct and indirect jobs in SC, threat to International Association of Machinists' (IAM)s power, etc.

Boeing Everett pluses: Can forestall union opposition and possible issues with existing Washington State plants; possible quality issues; intellectual capital (engineering and technical), corporate goodwill, negative media publicity.

For more in-class experiment and active learning ideas, visit www.econedactive.com.