**TITLE:** Introduction to Economics

**VOCAB**

**economics**: a social science concerned with the production, distribution, and consumption of goods and services

**transaction:** an exchange or [transfer](https://www.merriam-webster.com/dictionary/transfer) of goods, services, or funds

**scarce:** deficient in quantity or number;not plentiful or abundant

**finite:** having a limited nature or existence; not endless

**ultimate:** the best or most extreme

**invest:** to make use of for future benefits or advantages

**shelter:** something that covers or affords protection

**budget:** the amount of money that is available for, required for, or assigned to a particular purpose

**infrastructure:** the system of public works of a country, state, or region

**goods:** something manufactured or produced for sale

**specialize:** to concentrate one's efforts in a special activity, field, or practice

**poverty:** the state of lacking money or material possessions

**critical:** exercising or involving careful judgment

**READING**

**ChatGPT:** Summarize this passage at an elementary school reading level. Whenever an example is given, provide a different one instead:

**Title:** Introduction to Economics

A calculator and a clipboard with money

Description automatically generated

What is **economics**? Economics is about more than just money and financial **transactions**. More accurately, economics is a study that helps us understand how people make choices in the face of **scarcity**. "Scarcity" means that there are not enough resources for people who want them. Such resources are **finite**, meaning they have a limit, and include money, land, labor, and materials. Time is considered the **ultimate** finite resource, as every person has the same number of hours in a day.

When resources are limited, people must make certain decisions. What should I buy? What can I sell? What should I **invest** my time into? These decisions can be made by individuals, families, or businesses. Governments and societies are also faced with these decisions. When certain people don't have access to food, **shelter**, or healthcare, this is a result of the scarcity of resources. Just as people have to choose whether to spend their money on a car or a vacation, governments must also decide how to divide their **budget** between schools, emergency services, and other **infrastructure**. Meanwhile, countries must choose how much to fund the military as opposed to protecting the environment. These decisions are not always easy to make.

One of the most important people in the history of economics is Adam Smith, an economist and philosopher from the 18th century. He explained how producing **goods** can be made more efficient by dividing the work into smaller tasks. This is known as the "division of labor." For example, running a bakery involves many different tasks, including buying ingredients, mixing the dough, baking it, selling the bread, and managing the store. It would be difficult for one person to become an expert in all these different tasks. Instead, it would be smarter to have different people **specialize**, or become experts in, different tasks. This way, people could carry out tasks more quickly, and the bakery would be able to sell more bread. This is an example of the power and efficiency of the division of labor.

Specialization allows workers to become really good at one task, which makes production faster and better. This is true not just for bakeries but for many different kinds of businesses. Oftentimes, it is a better decision for a business to focus on specializing in a few products than many different ones. This is one area that economists have been interested in, but economics is not limited to just that. Economics also helps us understand and solve issues like **poverty**, education, and climate change. Learning economics can help you become a better decision-maker in your personal life, as well as a more **critical** thinker about current events and politics.

A profile of a person

Description automatically generated

**INTRODUCTION TO ECONOMICS**

**1. Vocabulary**

|  |
| --- |
| **economics transaction scarce finite ultimate invest shelter budget infrastructure goods specialize poverty critical** |

|  |  |
| --- | --- |
| 1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 7. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 8. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 9. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 10. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 11. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 12. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 13. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | exercising or involving careful judgment  the system of public works of a country, state, or region  an exchange or transfer of goods, services, or funds  something manufactured or produced for sale  a social science concerned with the production, distribution, and consumption of goods and services  something that covers or affords protection  the best or most extreme  the state of lacking money or material possessions  the amount of money that is available for, required for, or assigned to a particular purpose  deficient in quantity or number;not plentiful or abundant  to concentrate one's efforts in a special activity, field, or practice  having a limite nature or existence; not endless  to make use of for future benefits or advantages |

**2. Introduction to Economics**

A calculator and a clipboard with money

Description automatically generated

What is **economics**? Economics is about more than just money and financial **transactions**. More accurately, economics is a study that helps us understand how people make choices in the face of **scarcity**. "Scarcity" means that there are not enough resources for people who want them. Such resources are **finite**, meaning they have a limit, and include money, land, labor, and materials. Time is considered the **ultimate** finite resource, as every person has the same number of hours in a day.

When resources are limited, people must make certain decisions. What should I buy? What can I sell? What should I **invest** my time into? These decisions can be made by individuals, families, or businesses. Governments and societies are also faced with these decisions. When certain people don't have access to food, **shelter**, or healthcare, this is a result of the scarcity of resources. Just as people have to choose whether to spend their money on a car or a vacation, governments must also decide how to divide their **budget** between schools, emergency services, and other **infrastructure**. Meanwhile, countries must choose how much to fund the military as opposed to protecting the environment. These decisions are not always easy to make.

One of the most important people in the history of economics is Adam Smith, an **economist** and philosopher from the 18th century. He explained how producing **goods** can be made more efficient by dividing the work into smaller tasks. This is known as the "division of labor." For example, running a bakery involves many different tasks, including buying ingredients, mixing the dough, baking it, selling the bread, and managing the store. It would be difficult for one person to become an expert in all these different tasks. Instead, it would be smarter to have different people **specialize**, or become experts in, different tasks. This way, people could carry out tasks more quickly, and the bakery would be able to sell more bread. This is an example of the power and efficiency of the division of labor.

Specialization allows workers to become really good at one task, which makes production faster and better. This is true not just for bakeries but for many different kinds of businesses. Oftentimes, it is a better decision for a business to focus on specializing in a few products than many different ones. This is one area that economists have been interested in, but economics is not limited to just that. Economics also helps us understand and solve issues like **poverty**, education, and climate change. Learning economics can help you become a better decision-maker in your personal life, as well as a more **critical** thinker about current events and politics.

A profile of a person

Description automatically generated

**ANSWER KEY**

**1. VOCABULARY**

1. critical
2. infrastructure
3. transaction
4. goods
5. economics
6. shelter
7. ultimate
8. poverty
9. budget
10. scarce
11. specialize
12. finite
13. invest