

SOL Review Just Do It!



WITH YOUR NEIGHBOR, WHICH MEANS GROUPS OF TWO, WORK ON THIS QUESTION AND WRITE ONE SENTENCE WHY THE ANSWER YOU CHOSE IS CORRECT.

ALSO, WRITE ONE SENTENCE FOR THE ANSWERS THAT ARE NOT CORRECT.

THIS MEANS BETWEEN THE TWO OF YOU, YOU SHOULD HAVE 2 SENTENCES, ONE FOR THE CORRECT ANSWER AND ONE FOR THE INCORRECT ANSWERS.

SOL REVIEW



- Which of the following is NOT a primary issue for the Virginia General Assembly?
 - A. Environment
 - B. Education
 - C. Foreign Affairs
 - D. Public Health

Answer....



- The correct answer is....C. Foreign Affairs
- Why?
 - It is not the job of the state legislature to be involved in foreign affairs for that power is reserved for the Federal Government.
 - Environmental issues, Education, and issues regarding Public Health are some things that the Virginia General Assembly do concern themselves with for they are issues that each state deals with directly

SOL 11.a



How do people deal with scarcity, resources, choice, opportunity cost, price, incentives, supply and demand, production, and consumption?

Today...



- We will be looking at the last 5 parts of 11a....
- Price, Incentives, Supply and Demand, Production, and Consumption

Price...



...is the amount of money a person must pay for a good or service. The interaction of supply and demand determines price.



Which Means...



Price is the money you pay for a product. More later on how prices are set.

Incentives...



...are things that incite or motivate.
Incentives are used to change
economic behavior. I.E. “Deals,”
Sales, “bargains”



Which Means...



incentives are used to influence or change your decisions as a buyer. Propaganda campaigns play an important role in this.

Propaganda - information, especially of a biased or misleading nature, used to promote or publicize a particular cause or point of view.

Propaganda Example:

Verizon Wireless

AT&T



5X More 3G Coverage

Comparison based on square miles. Coverage not available everywhere.

Supply and Demand...



As mentioned earlier, the interaction of supply and demand determines price.

So, What is Supply and Demand?



- Supply is the amount of a good or service that producers are willing and able to sell at a certain price. SO, it is the amount of a good or service that is determined by the producers that is available to be sold.
- Demand is the amount of a good or service that consumers are willing and able to buy at a certain price.

Law of Supply...



...states that, assuming all else is equal, if price increases, so will the quantity supplied.

So if the prices goes up, the amount of supply goes up

Law of Demand...

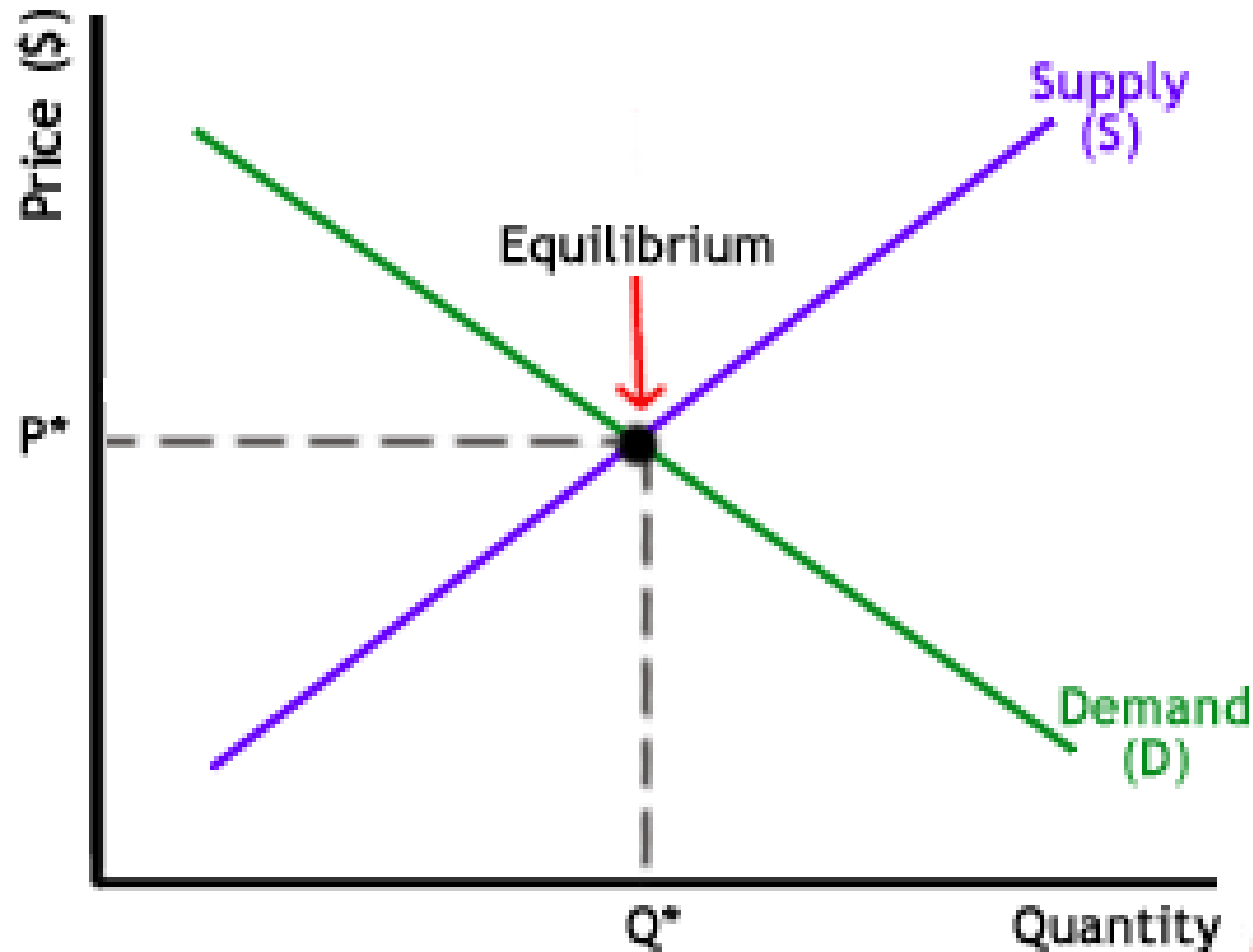


...states that if price increases, then the quantity demanded decreases.

So if the price increases, the amount of demand decreases

Why would you want to pay for something expensive?

The Supply-Demand Curve



Copyright 2003 - Investopedia.com

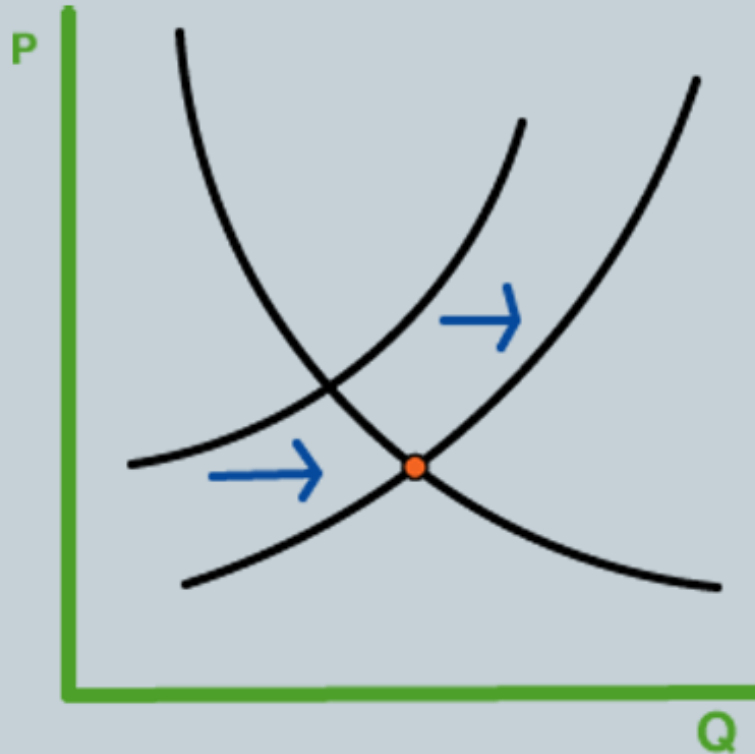




- Demand is negative
- Supply is positive

Supply and Demand Question

Interpret the graph:



Answer!



In the graph, Supply is increasing while demand remains the same. Since Supply is increasing, price will drop, with quantity supplied increasing.

Remember!



When interpreting a Supply v. Demand Curve, know how price and quantity is affected when the Supply and/or Demand curves moved.

Production...



Production is the combining of human, natural, capital, and entrepreneurship resources to make goods or provide services. Resources available and consumer preferences determine what is produced.

Which Means...



...the process of making a finished product. I.E. factory assembly lines, workshops, etc...



Consumption...



Consumption is the act of buying or using goods or services. Consumer preferences and price determine what is purchased and consumed.

Which Means...

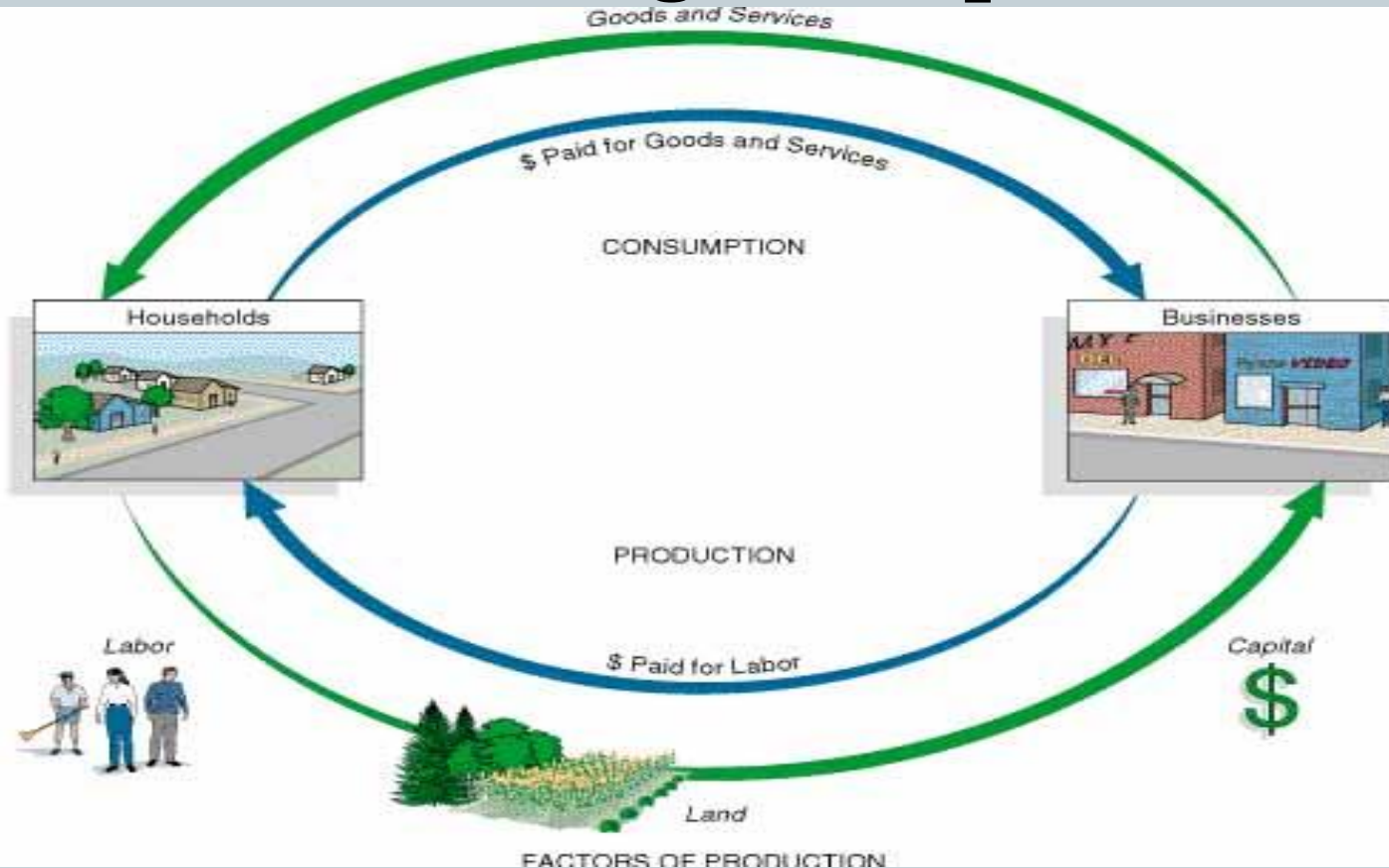


...the process of using a finished product. I.E. anything after purchase.



Factors of Production

...the resources that go into production.



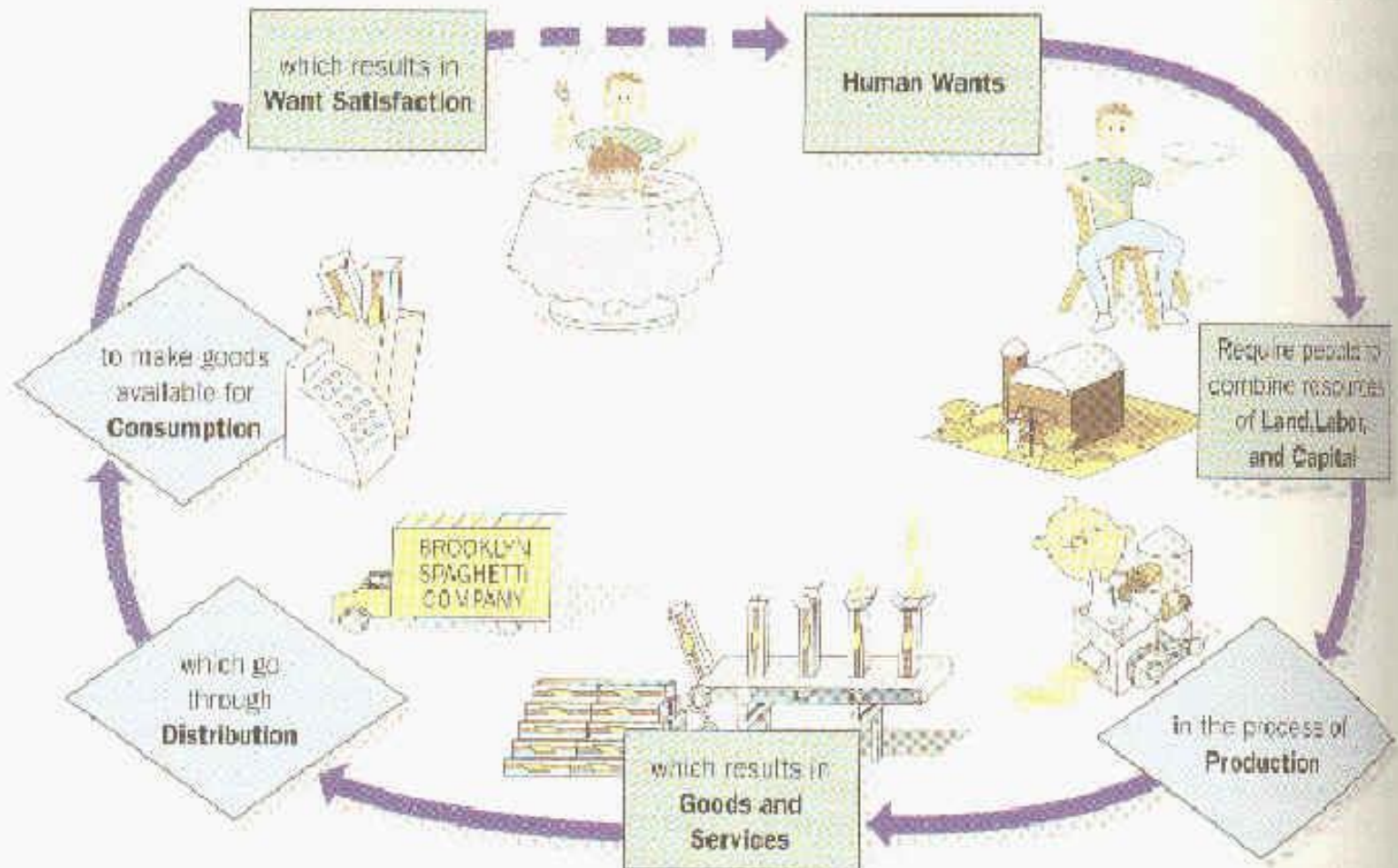
Want-Satisfaction Chain



The satisfaction of human wants can involve many steps. We are going to look at 7 basic steps right now.

1. Human wants (what product does someone desire)
2. Require people to combine resources of land, labor, and capital
3. In the process of production
4. Which results in goods and services
5. Which go through distribution
6. To make goods available for consumption
7. Which results in want satisfaction (of the original person)

Want-Satisfaction Chain



Source: Suzanne Wiggins Helburn, University of Colorado at Denver

Your Task



Go ahead and grab your textbooks and with your prearranged group you will create a Want-Satisfaction Chain on a white sheet of paper based on a self-selected product.

Some ideas you could use for your Want-Satisfaction Chain is a t-shirt, a jacket, shoes, hamburger, a car, etc.

You must identify the human want in step one and the want-satisfaction in step seven. Use the 7 steps from your book (Page 354-355) and illustrate a small picture for each step. Use arrows to show the flow of the step-by-step Want-Satisfaction Chain.



Time for Two Groups to Share