Common Sense Economics for Life

Course Package

For over a decade, the Stavros Center for Economic Education of Florida State University has collaborated with a team of master teachers and leading economic educators to develop materials that focus on what students really need to know about economic reasoning. The *Common Sense Economics* textbook and the accompanying course shell are the products of this project. The *Common Sense Economics* course package focuses on what beginning students really need to know: the operation of markets, importance of entrepreneurship, the institutional elements of a prosperous economy, the economics of political decision-making, and important principles of personal finance.

The course pairs the economics primer *Common Sense Economics: What Everyone Should Know about Wealth and Prosperity* (St. Martin's Press, 2016) with media technology in a manner that makes learning fun. The electronic package includes a flexible course shell, standard learning objectives, videos, exercises, audios, excel spreadsheet activities, homework assignments, and a test bank for quizzes and exams. It is broken down into 17 core modules, one or two modules per week of an academic semester. Everything is ready to transfer to various course management systems, including Canvas, Blackboard, and Moodle 2.8 and higher.

This course has been offered over a decade at a number of universities, community colleges, and high schools. The response of both students and instructors has been overwhelmingly positive. The FSU Stavros Center is now seeking to identify and cooperate with instructors interested in offering the course at their school. To this end, the Center is planning a series of workshops that will provide the entire course package and training on how to use it effectively. If you are interested in offering this course at your school or would just like more information, please contact: James Gwartney at jdgwartney@fsu.edu, Tawni Hunt Ferrarini at tferrari@nmu.edu, or Joe Calhoun at jcalhoun@fsu.edu. The specific topics covered in this course are indicated below.

Part 1. Twelve Key Elements of Economics

1. Incentives matter: Changes in benefits and costs will influence choices in a predictable manner.
2. There is no such thing as a free lunch; goods are scarce and therefore we have to make choices.
3. Decisions are made at the margin: If we want to get the most out of our resources, options should be chosen only when the marginal benefits exceed the marginal cost.
4. Trade promotes economic progress.
5. Transaction costs are an obstacle to trade.
6. Prices bring the choices of buyers and sellers into balance.
7. Profits direct businesses toward productive activities that increase the value of resources, while losses direct them away from wasteful activities that reduce resource value.
8. People earn income by helping others.
9. Production of goods and services people value, not just jobs, provides the source of high living standards.
10. Economic progress comes primarily through trade, investment, better ways of doing things, and sound economic institutions.
11. The "invisible hand" of market prices directs buyers and sellers toward activities that promote the general welfare.
12. Too often long-term consequences, or the secondary effects, of an action are ignored.

Part 2. Seven Major Sources of Economic Progress

1. Legal system: The foundation for economic progress is a legal system that protects privately owned property and enforces contracts in an evenhanded manner.
2. Competitive markets: Competition promotes the efficient use of resources and provides the incentive for innovative improvements.
3. Limits on government regulation: Regulatory policies that reduce exchange and restrict competition impede economic progress.
4. An efficient capital market: To realize its potential, a nation must have a mechanism that channels capital into wealth-creating projects.
5. Monetary stability: A stable monetary policy is essential for the control of inflation, efficient allocation of investment, and achievement of economic stability.
6. Low tax rates: People produce more when they can keep more of what they earn.
7. Free trade: People achieve higher incomes when they are free to trade with people in other countries.

Part 3. Ten Key Elements of Economic Thinking about the Role of Government

1. Government promotes economic progress by protecting the rights of individuals and supplying a few goods that are difficult to provide through markets.
2. When monopoly is present and barriers to entry high, markets will fail to achieve ideal efficiency.
3. Public goods and externalities result in incentives that may encourage self-interested individuals to undertake activities that are inconsistent with ideal economic efficiency.
4. Allocation through political voting is fundamentally different than market allocation.
5. Unless restrained by constitutional rules, special-interest groups will use the democratic political process to obtain government favors at the expense of others.
6. Unless restrained by constitutional rules, legislators will run budget deficits and spend excessively.
7. When governments become heavily involved in providing favors to some at the expense of others, inefficiency results and improper, unethical relationships develop between government officials and businesses.
8. The net gain to those receiving government transfers is less, and often substantially less, than the amount they receive.
9. The economy is far too complex to be centrally planned and efforts to do so will result in inefficiency and cronyism.
10. Competition is just as important in government as in markets.

Part 4. Twelve Key Elements of Practical Personal Finance

1. Discover your comparative advantage.
2. Cultivate skills, attitudes, and entrepreneurship that increase productivity and make your services more valuable to others.
3. Use budgeting to help you spend your money effectively and save regularly.
4. Don’t finance anything for longer than its useful life.

5. Two ways to get more out of your money: Avoid credit-card debt and consider purchasing used items.
6. Begin paying into a "rainy day" savings account every month.
7. Put the power of compound interest to work for you.
8. Diversify—don't put all of your eggs in one basket.
9. Indexed equity mutual funds can help you beat the experts without taking excessive risk.
10. Invest in stocks for long-run objectives, but as the need for money approaches, increase the proportion of bonds.
11. Take steps that will reduce risk when making housing, education, and other investment decisions.
12. Use insurance to help manage risk.