



ECONOMICS

Course Description: Economics introduces the core concepts of how individuals, firms, and governments make choices with resources. Students will develop an understanding of the intricate interplay between scarcity, incentives, and equilibrium that lies at the heart of economic decision-making, as individuals and societies navigate the challenge of allocating limited resources to maximize utility and prosperity.

****Dual Credit for this course is offered through Missouri State University**

Grade Level: 11th-12th Grade Elective

Unit Scope and Sequence

Unit 1: Principles of Economics, Factors of Production, and Economic Systems

Unit 2: Scarcity

Unit 3: Comparative Advantage

Unit 4: Supply and Demand

Unit 5: Equilibrium

Unit 6: Elasticity and Marginal Analysis

Unit 7: Taxes

Unit 8: Economic Performance

Unit 9: Fiscal Policy & Monetary Policy

Unit 10: Debating Economic Policies and Concepts in Practice

Course Enduring Understanding:

- The intricate interplay between scarcity, incentives, and equilibrium lies at the heart of economic decision-making, as individuals and societies navigate the challenge of allocating limited resources to maximize utility and prosperity.

Course Essential Questions:

- How does scarcity drive the creation of incentives and influence decision-making at both the individual and societal levels, ultimately shaping the economic landscape?
- How do relationships between individual self-interest and the common good influence economic decision-making?

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Unit 1: Principles of Economics, Factors of Production, & Economic Systems

The foundation of economics revolves around the study of how societies allocate their scarce resources to fulfill unlimited wants and needs. Societies develop systems to manage limited resources. Economics delves into the concepts that provide a framework for understanding and analyzing the dynamics of exchange.

Unit Essential Learning Targets	
<i>Enduring Understandings</i>	<i>Essential Questions</i>
• People usually respond predictably to positive and negative incentives. [4] • All producers use the factors of production: Land, Capital, Labor, and Entrepreneurs. • Entrepreneurial innovation is an important source of economic growth. [14] • Economic systems shape the motivations of individuals within a society. • Different methods can be used to allocate goods and services. People acting individually or collectively must choose which methods to use to allocate different kinds of goods and services. [3]	• What does an economy need to thrive? • Why do countries have different economic systems?
<i>Students must know:</i>	<i>Students must be able to:</i>
• Factors of Production • Command Economy • Market Economy • Mixed Economy • Macroeconomics • Microeconomics	• Critique different types of economic systems. • Identify examples of different factors of production. • Interpret Adam Smith's concept of the "invisible hand."

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Unit 1: Principles of Economics, Factors of Production, & Economic Systems

Unit Standards

Productive resources are the natural resources, human resources, and capital goods available to make goods and services. (CEE 1.4.6)

- Natural resources, such as land, are “gifts of nature;” they are present without human intervention. (CEE 1.4.7)
- Human resources are the people who do the mental and physical work to produce goods and services. (CEE 1.4.8)
- Capital goods are goods that are produced and used to make other goods and services. (CEE 1.4.9)
- Human capital refers to the quality of labor resources, which can be improved through investments in education, training, and health. (CEE 1.4.10)
- The hope of achieving wealth can affect productivity by energizing people to work harder, while the hopelessness of escaping poverty can discourage people from trying. (CEE 13.12.3)
- Changes in demand for specific goods and services often, in the short run, affect the incomes of the workers who make those goods and services. (CEE 13.12.5)
- Entrepreneurial decisions affect job opportunities. (CEE 14.12.1)
- Productivity and efficiency gains that result from innovative practices of entrepreneurs foster long-term economic growth. (CEE 14.12.3)

Analyze economic systems, such as market, mixed, and command to determine their impact on economic growth, labor markets, rights of citizens, the environment, and resource allocation in and among regions. (MLS 9-12.WH.5.EC.A)

- The pursuit of self-interest in competitive markets usually leads to choices and behavior that also promote the national level of well-being. (CEE 4.12.4)
- Property rights, contract enforcement, standards for weights and measures, and liability rules affect incentives for people to produce and exchange goods and services. (CEE 10.12.1)
- The rate of productivity increase in an economy is strongly affected by the incentives that reward successful innovation and investments (in research and development, and in physical and human capital). (CEE 15.12.5)
- Compare the role of governments in various economic systems to explain competing world views. (MLS 9-12.AH.5.EC.B)
- Apply the concepts of natural resources, labor, investment, profit, and laissez-faire policies to explain the growth of American industry. (MLS 9-12.AH.2.EC.C)

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Unit 2: Scarcity

The concept of economic scarcity highlights the fundamental problem of limited resources in the face of unlimited human wants and needs. It underscores the idea that resources, including time, money, and natural resources, are insufficient to satisfy every individual or societal desire. This fundamental economic condition necessitates choices and trade-offs, prompting individuals, businesses, and governments to make strategic decisions about how to best allocate and utilize scarce resources to maximize utility and well-being.

Unit Essential Learning Targets	
<i>Enduring Understandings</i>	<i>Essential Questions</i>
- Productive resources are limited. Therefore, people cannot have all the goods and services they want; as a result, they must choose some things and give up others. [1] - Effective decision-making requires comparing the additional costs of alternatives with the additional benefits. Many choices involve doing a little more or a little less of something; few choices are “all or nothing” decisions. [2]	- Why can't we have everything we want? - How does scarcity influence every economic decision?
<i>Students must know:</i>	<i>Students must be able to:</i>
- Scarcity - Opportunity Cost - Trade-Offs - Production Possibilities Curve - Circular Flow Diagram	- Analyze the costs and benefits associated with different choices. - Create a situation that requires a choice, make a decision, and identify the opportunity cost. - Draw conclusions about different possibilities offered within the framework of a Production Possibilities Curve. - Design a hypothetical model of a circular flow diagram.

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Unit 2: Scarcity

Unit Standards

Choices made by individuals, firms, or government officials are constrained by the resources to which they have access. (CEE 1.12.1)

- Choices made by individuals, firms, or government officials often have long run unintended consequences that can partially or entirely offset or supplement the initial effects of the decision. (CEE 1.12.2)
- Describe the consequences, both intended and unintended, of government policies to improve individual and societal conditions. (MLS 9-12.AH.5.EC.C)

Whenever a choice is made, something is given up because resources are limited. (CEE 1.4.4)

- The opportunity cost of an activity is the value of the best alternative that would have been chosen instead. It includes what would have been done with the money spent and the time and other resources used in undertaking the activity. (CEE 1.4.5)
- Some decisions involve taking risks in that either the benefits or the costs could be uncertain. Risk-taking carries a cost. When risk is present, the costs should be treated as higher than when risk is not present. (CEE 2.12.6)
- Comparing the benefits and costs of different allocation methods in order to choose the method that is most appropriate for some specific problem can result in more effective allocations and a more effective overall allocation system. (CEE 3.12.1)
- Acting as consumers, producers, workers, savers, investors, and citizens, people respond to incentives in order to allocate their scarce resources in ways that provide them the highest possible net benefits. (CEE 4.12.1)
- Property rights provide incentives for the owners of resources to weigh the value of present uses against the value of conserving the resources for future use. (CEE 16.12.3)

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Unit 3: Comparative Advantage

Voluntary exchange benefits all parties involved, whether within a nation or in international trade. Students will explore the idea that when individuals, regions, and nations specialize in producing what they can make most efficiently and engage in trade, both production and consumption are enhanced. This unit equips students with the understanding that rational decision-making, specialization, and international trade are key drivers of economic growth and prosperity in our interconnected world.

Unit Essential Learning Targets	
<i>Enduring Understandings</i>	<i>Essential Questions</i>
- Voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation and among individuals or organizations in different nations. [5] - When individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase. [6]	- Why do countries trade with one another? - Is globalization worth it?
<i>Students must know:</i>	<i>Students must be able to:</i>
- Comparative Advantage - Absolute Advantage - Specialization	- Arrange, graph, and assess absolute and comparative advantage. - Critique the concept of comparative advantage as to whether or not it benefits everyone.

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Unit 3: Comparative Advantage

Unit Standards

People voluntarily exchange goods and services because they expect to be better off after the exchange. This also may include the more informal exchanges of favors and courtesies. (CEE 5.4.3.)

- Imports are paid for by exports, savings, or borrowing. (CEE 5.12.1)
- When imports are restricted by public policies, consumers pay higher prices, and job opportunities and profits in exporting firms may decrease. (CEE 5.12.2)

Individuals and nations have a comparative advantage in the production of goods or services if they can produce a product at a lower opportunity cost than other individuals or nations. (CEE 6.12.1)

- International trade stems mainly from factors that confer comparative advantage, including international differences in the availability of productive resources and differences in relative prices. (CEE 6.12.2)
- Transaction costs are costs (not to be confused with the price of the good or service) that are associated with the purchase of a good or service, such as the cost of locating buyers or sellers, negotiating the terms of an exchange, and ensuring that the exchange occurs on the agreed upon terms. When transaction costs decrease, trade increases. (CEE 6.12.3)
- The goods or services that an individual, region, or nation can produce at the lowest opportunity cost depend on many factors (which may vary over time), including available resources, technology, and political and economic institutions. (CEE 6.12.4)
- Analyze emerging American involvement in world trade to determine its influence on foreign policy and government actions. (MLS 9-12.AH.3.EC.A)

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Unit 4: Supply and Demand

A fundamental principle of economics is the mechanics of determining price in a market-driven economy. This unit focuses on how prices act as signals and incentives for both buyers and sellers. Students will learn how changes in supply and demand influence market prices, creating shifts in incentives for economic agents. Additionally, they will gain insight into how the market value of productive resources and the products they produce determine income, emphasizing the pivotal role of supply and demand in shaping the economic landscape.

Unit Essential Learning Targets	
<i>Enduring Understandings</i>	<i>Essential Questions</i>
- Prices send signals and provide incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives. [8] - Income for most people is determined by the market value of the productive resources they sell. What workers earn primarily depends on the market value of what they produce. [13]	- How are prices determined? - How do we know what something is worth? - How do prices affect the behavior of producers and consumers?
<i>Students must know:</i>	<i>Students must be able to:</i>
- Law of Supply - Law of Demand - Supply and Demand Schedule - Change in Price - Change in Supply - Change in Demand - Substitutes - Compliments	- Chart and graph demand and supply schedules and curves. - Explain cause and effect relationships that lead to shifts on the demand and supply curves. - Draw conclusions about the role of complements and substitutes in relationship to demand and supply.

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Unit 4: Supply and Demand

Unit Standards

Market prices are determined through the buying and selling decisions made by buyers and sellers. (CEE 8.8.1)

- Market outcomes depend on the resources available to buyers and sellers, and on government policies. (CEE 7.12.1)
- An increase in the price of a good or service encourages producers to supply more, and vice versa. This relationship between price and quantity supplied is normally true as long as other factors influencing costs of production and supply do not change. (CEE 8.8.2)
- Markets are interrelated; changes in the price of one good or service can lead to changes in prices of many other goods and services. (CEE 8.8.3)

Scarce goods and services are allocated in a market economy through the influence of prices on production and consumption decisions. (CEE 8.8.4)

- Demand for a product changes when there is a change in consumers' incomes, preferences, the prices of related products, or in the number of consumers in a market. (CEE 8.12.1)
- Supply of a product changes when there are changes in either the prices of the productive resources used to make the product, the technology used to make the product, the profit opportunities available to producers from selling other products, or the number of sellers in a market. (CEE 8.12.2)

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Unit 5: Equilibrium

Market equilibrium shapes the economy by governing the interactions between buyers and sellers, determining market prices and the allocation of scarce goods and services. By examining the impact of competition among sellers and buyers, students will gain a deeper understanding of how market forces influence costs, prices, and the production of goods, ultimately equipping them with the knowledge to analyze and appreciate the intricate dynamics of economic equilibrium

Unit Essential Learning Targets	
<i>Enduring Understandings</i>	<i>Essential Questions</i>
• A market exists when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services. [7] • Competition among sellers usually lowers costs and prices, and encourages producers to produce what consumers are willing and able to buy. Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them. [9]	• How does self-interest affect the economy? • How does the value of something change? • What motivates the behaviors of producers and consumers to change?
<i>Students must know:</i>	<i>Students must be able to:</i>
• Equilibrium • Market Clearing Price • Shortage • Surplus • Price Ceiling • Price Floor	• Compare the concept of the “Invisible Hand” with the graph model displaying the equilibrium price and equilibrium supply points. • Analyze a case study involving a shortage in a market. • Chart and graph equilibrium points with sights in either the demand or supply curves.

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Unit 5: Equilibrium

Unit Standards

Changes in supply or demand cause relative prices to change; in turn, buyers and sellers adjust their purchase and sales decisions. (CEE 8.12.3)

- The market clearing or equilibrium price for a good or service is the price at which quantity supplied equals quantity demanded. (CEE 7.8.3)
- If a price is above the market clearing price, it will eventually fall, causing sellers to produce less and buyers to purchase more; if it is below the market clearing price, it will eventually rise, causing sellers to produce more and buyers to purchase less. (CEE 7.8.4)
- A shortage occurs when buyers want to purchase more than producers want to sell at the prevailing price. (CEE 7.12.2)
- A surplus occurs when producers want to sell more than buyers want to purchase at the prevailing price. (CEE 7.12.3)
- Shortages of a product usually result in price increases in a market economy; surpluses usually result in price decreases. (CEE 7.12.4)
- The level of competition in an industry is affected by the ease with which new producers can enter the industry, and by consumers' information about the availability, price and quantity of substitute goods and services. (CEE 9.12.2)
- Some market structures are dominated by large firms, often competing against only a few other firms. Prices in such markets may be higher than they would be in more competitive markets. (CEE 9.12.3)
- The introduction of new products and production methods is an important form of competition and is a source of technological progress and economic growth. (CEE 9.12.5)

Government-enforced price ceilings set below the market-clearing price and government-enforced price floors set above the market-clearing price distort price signals and incentives to producers and consumers. Price ceilings can cause persistent shortages, while price floors can cause persistent surpluses. (CEE 8.12.4)

- When one producer can supply total output in a market at a cost that is lower than when there are two or more producers, competition may be undesirable. In the absence of competition, government regulations may then be used to try to control price, output, and quality, or the government may directly provide the good or service. (CEE 16.12.7)

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Unit 6: Elasticity and Marginal Analysis

Students will explore essential tools for effective economic decision-making. They will delve into the concept that making informed choices involves comparing the additional costs of alternatives with the additional benefits, recognizing that many decisions entail incremental adjustments rather than all-or-nothing choices. Students will also examine the role of elasticity and marginal analysis in understanding how changes in quantity and price impact consumer and producer decisions, equipping them with the skills needed to make more informed and rational economic choices.

Unit Essential Learning Targets	
<i>Enduring Understandings</i>	<i>Essential Questions</i>
Effective decision making requires comparing the additional costs of alternatives with the additional benefits. Many choices involve doing a little more or a little less of something; few choices are “all or nothing” decisions. [2]	How do we know when enough is enough?
<i>Students must know:</i>	<i>Students must be able to:</i>
- Elastic - Inelastic - Diminishing Marginal Returns - Utility	- Compare and chart the concepts of elasticity and inelasticity. - Calculate elasticity. - Interpret the characteristics of a product to determine its elasticity. - Evaluate how elasticity shapes producer and consumer behaviors.

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Unit 6: Elasticity and Marginal Analysis

Unit Standards

To determine the best level of consumption of a product, people must compare the additional benefits with the additional costs of consuming a little more or a little less. Changing the distribution of income or wealth will cause the allocation of resources to change. (CEE 2.8.1)

- Changing the distribution of income or wealth will cause the allocation of resources to change. (CEE 3.12.2)
- To produce the profit-maximizing level of output and hire the optimal number of workers, and other resources, producers must compare the marginal benefits and marginal costs of producing a little more with the marginal benefits and marginal costs of producing a little less. (CEE 2.12.1)
- To compare marginal benefits with marginal costs that are realized at different times, benefits and costs must be adjusted to reflect their values at the time a decision is made about them. The adjustment reflects expected returns to investment compounded over time. (CEE 2.12.3)
- The consumer price index (CPI) is the most commonly used measure of price-level changes. It can be used to compare the price level in one year with price levels in earlier or later periods. (CEE 11.12.3)

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Unit 7: Taxes

This unit equips students with the knowledge to understand the economic underpinnings of taxation and its impact on both government functions and individuals' financial well-being. Students will delve into the fundamental role of government in a market economy and the economic implications of taxation. They will explore how government policies, including taxation, are justified when their benefits outweigh the costs, with a focus on funding national defense, addressing environmental concerns, and supporting property rights. Students will also learn to analyze the direct and indirect effects of taxation on individuals' incomes, connecting the theory of taxation to real-world economic policies.

Unit Essential Learning Targets	
<i>Enduring Understandings</i>	<i>Essential Questions</i>
There is an economic role for government in a market economy whenever the benefits of a government policy outweigh its costs. Governments often provide for national defense, address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Most government policies also have direct or indirect effects on people's incomes. [16]	- Why do governments collect taxes? - How do taxes influence the behaviors of producers and consumers?
<i>Students must know:</i>	<i>Students must be able to:</i>
- Internal Revenue Service - Distribution of Income - Progressive Tax - Regressive Tax - Incidents of Tax - Property Rights	- Assess the rate of taxes and relate to arguments for rates that are too high or too low. - Compare the different types of taxes and their characteristics. - Analyze tax scenarios and their effects on the market. - Summarize and analyze tax reforms.

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Unit 7: Taxes

Unit Standards

Different tax structures affect consumers and producers differently. (CEE 16.12.10)

- Incentives exist for political leaders to implement policies that disperse costs widely over large groups of people and benefit small, and politically powerful groups of people. (CEE 17.12.2)
- A government policy to correct a market imperfection is not justified economically if the cost of implementing it exceeds its expected benefits.(CEE 17.12.1)
- Governments provide an alternative to private markets for supplying goods and services when it appears that the benefits to society of doing so outweigh the costs to society. Not all individuals will bear the same costs or share the same benefits of those policies. (CEE 16.12.12)
- When a price fails to reflect all the benefits of a product, too little of the product is produced and consumed. When a price fails to reflect all the costs of a product, too much of it is produced and consumed. Government can use subsidies to help correct for insufficient output; it can use taxes to help correct for excessive output; or it can regulate output directly to correct for over- or under-production or consumption of a product. (CEE 16.12.5)

Governments often redistribute income directly when individuals or interest groups are not satisfied with the income distribution resulting from markets; governments also redistribute income indirectly as side-effects of other government actions that affect prices or output levels for various goods and services. (CEE 16.12.9)

- Externalities exist when some of the costs or benefits associated with production and consumption fall on someone other than the producers or consumers of the product. (CEE 16.12.4)
- An important role for government in the economy is to define, establish, and enforce property rights. A property right to a good or service includes the right to exclude others from using the good or service and the right to transfer the ownership or use of the resource to others. (CEE 16.12.2)
- Analyze the role that people, businesses, and government play in taxation and spending required to maintain the public good. (MLS 9-12.G.4.EC.A)
- Describe the consequences, both intended and unintended, of government policies to improve individual and societal conditions. (MLS 9-12.AH.5.EC.C)

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Unit 8: Economic Performance

Students will delve into the core principles that drive a nation's economic well-being. They will learn how investments in physical and human capital, such as factories, technology, health, education, and training, play a vital role in stimulating economic growth and raising future standards of living. Additionally, students will explore the dynamics of income, employment, and prices, and how fluctuations in these aspects are determined by the collective spending and production decisions of households, firms, and government entities. They will also understand the costs of unemployment and inflation on both individuals and the broader economy.

Unit Essential Learning Targets	
<i>Enduring Understandings</i>	<i>Essential Questions</i>
- Investment in factories, machinery, new technology, and in the health, education, and training of people stimulates economic growth and can raise future standards of living. [15] - Fluctuations in a nation's overall levels of income, employment, and prices are determined by the interaction of spending and production decisions made by all households, firms, government agencies, and others in the economy. Recessions occur when overall levels of income and employment decline. [18] - Unemployment imposes costs on individuals and the overall economy. Inflation, both expected and unexpected, also imposes costs on individuals and the overall economy. Unemployment increases during recessions and decreases during recoveries. [19]	- Why does the economy expand and contract? - How do these changes impact producers and consumers?
<i>Students must know:</i>	<i>Students must be able to:</i>
- Gross Domestic Product - Business Cycle - Unemployment - Inflation	- Contrast characteristics that lead to low and high economic growth. - Analyze evidence to draw conclusions about the relationship between GDP and the welfare of a country or group of people. - Explain how inflation reduces the value of money.

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Unit 8: Economic Performance

Unit Standards

The potential level of real GDP for a nation is determined by such things as the size and skills of its labor force, the size and quality of its stock of capital goods, the quantity and quality of its natural resources, its technological capabilities, and its legal and cultural institutions. (CEE 18.12.2)

- An increase in nominal GDP may reflect increases in the production of goods and services and also increases in prices. GDP adjusted for price changes is “real GDP.” Real GDP per capita is a basis for comparing material living standards over time and among different countries. (CEE 18.12.1)
- A business cycle involves fluctuations of real GDP around its potential level. (CEE 18.12.3)
- Fluctuations of real GDP around its potential level occur when overall spending declines, as in a recession, or when overall spending increases rapidly, as in recovery from a recession or in an Expansion. (CEE 18.12.4)
- When real GDP rises above its potential, there is a tendency for inflation to rise. When real GDP is below its potential (as in a recession), there is a tendency for inflation to fall. (CEE 18.12.5)
- Inflation can reduce the rate of growth of national living standards because individuals and organizations use resources to protect themselves against the uncertainty of future prices. (CEE 19.12.7)
- The annual inflation rate is the percentage change in the average prices of goods and services over a twelve-month period. (CEE 11.12.4)
- In the long run, inflation results from increases in a nation's money supply that exceed increases in its output of goods and services. (CEE 11.12.5)
- Economic growth is a sustained rise in a nation's production of goods and services. Long-term growth in output results from improvements in labor productivity and increases in employment. It varies across countries because of differences in investments in human and physical capital, research and development, technological change, and from alternative institutional arrangements and incentives. (CEE 15.12.1)
- Historically, economic growth that raises per capita output has been a vehicle for alleviating poverty and raising standards of living. (CEE 15.12.2)
- Investing in new physical or human capital can increase future productivity and consumption, but investments require the sacrifice of current consumption and entail economic risks. (CEE 15.12.3)
- Trace the changing relationship between government and business through economic regulation and deregulation. (MLS 9-12.AH.3.EC.C)

Unemployment can be caused by people changing jobs, by seasonal fluctuations in demand, by changes in the skills needed by employers, or by cyclical fluctuations in the level of national spending. (CEE 19.12.3)

- Unemployment rates differ for people of different ages, races, and sexes. This reflects differences in work experience, education, training, and skills, as well as discrimination. (CEE 19.12.2)
- Changes in total employment are an important indicator of economic performance and influence levels of real GDP. (CEE 19.12.5)
- The unemployment rate is an imperfect measure of unemployment because, among other reasons, it does not: (1) include workers whose job prospects are so poor that they become discouraged from seeking jobs and leave the labor force, and (2) reflect part-time workers who are looking for full-time work. (CEE 19.12.1)
- In a labor market, in the absence of other changes, a higher wage increases the reward for work and reduces the willingness of employers to hire workers. (CEE 13.12.2.)
- Changes in the prices of productive resources affect the incomes of the owners of those productive resources and the combination of those resources used by firms. (CEE 13.12.4)
- Apply the economic concepts of innovation, supply and demand, barriers to trade, labor, business cycle, credit, and wage gap to explain the causes of the Great Depression. (MLS 9-12.AH.4.EC.A)

Inflation reduces the value of money. (CEE 11.8.4)

- As a unit of account, money is used to compare the market value of different goods and services. (CEE 11.8.2)

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Unit 9: Fiscal Policy and Monetary Policy

This unit equips students with the knowledge to critically analyze the economic policies that drive our nation's economic stability and efficiency. Students will explore the pivotal roles played by federal government budgetary policy and the Federal Reserve System's monetary policy in influencing overall employment, output, and prices. They will also learn how interest rates, adjusted for inflation, play a crucial role in balancing savings and borrowing, impacting the allocation of resources between present and future uses. Additionally, students will examine the significance of money in facilitating trade, borrowing, saving, and investment, as well as its impact on the overall price level and inflation. Throughout the unit, students will gain an understanding of the economic impact of government policies and the potential trade-offs between benefits and costs, considering the incentives, special interest groups, and social goals that shape these policies.

Unit Essential Learning Targets	
Enduring Understandings	Essential Questions
- Federal government budgetary policy and the Federal Reserve System's monetary policy influence the overall levels of employment, output, and prices. [20] - Interest rates, adjusted for inflation, rise and fall to balance the amount saved with the amount borrowed, which affects the allocation of scarce resources between present and future uses. [12] - Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services. The amount of money in the economy affects the overall price level. Inflation is an increase in the overall price level that reduces the value of money. [11] - Costs of government policies sometimes exceed benefits. This may occur because of incentives facing voters, government officials, and government employees, because of actions by special interest groups that can impose costs on the general public, or because social goals other than economic efficiency are being pursued. [17]	- What are the goals of the government in regulating the economy? - What are the impacts of government regulation?
Students must know:	Students must be able to:
- Fiscal Policy - Federal Reserve - Monetary Policy - Contractionary Policy - Expansionary Policy	- Identify patterns that bring about economic contraction and expansion within the business cycle.. - Compare the role of government in monetary policy before and after the Federal Reserve. - Critique the role of government in the effort to create a stable economy. - Research significant economic events and their impact on society.

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Unit 9: Fiscal Policy and Monetary Policy

Unit Standards

Fiscal policies are decisions to change spending and taxation levels by the federal government. As fiscal policies, these decisions are adopted to influence national levels of output, employment, and prices. (CEE 20.12.1)

- In the short run, increasing federal spending and/or reducing taxes can promote more employment and output, but these policies also put upward pressure on the price level and interest rates. Decreased federal spending and/or increased taxes tend to lower price levels and interest rates, but they reduce employment and output levels in the short run. (CEE 20.12.2)
- Over time, the interest-rate effects of an expansionary fiscal policy may lead to a decrease in private investment spending that offsets the output and employment effects of the policy. (CEE 20.12.3)
- The federal government's annual budget is balanced when its revenues from taxes (and other sources) equal its expenditures. The government runs a budget deficit when its expenditures exceed its revenues. The government runs a surplus when its revenues exceed its expenditures. (CEE-20.12.4)
- The national debt is the accumulated sum of all its past annual deficits and surpluses. (CEE 20.12.6)
- Describe the possible consequences, both intended and unintended, of government policies to improve economic conditions and increase productivity. (MLS 9.12.AH.4.EC.B)

Monetary policies are decisions by the Federal Reserve System that lead to changes in the supply of money, short term interest rates, and the availability of credit. Changes in the growth rate of the money supply can influence overall levels of spending, employment, and prices in the economy by inducing changes in the levels of personal and business investment spending. (CEE 20.12.7)

- The Federal Reserve System's major monetary policy tool is open market purchases or sales of government securities, which affects the money supply and short-term interest rates. Other policy tools used by the Federal Reserve System include making loans to banks (and charging a rate of interest called the discount rate). In emergency situations, the Federal Reserve may make loans to other institutions. The Federal Reserve can also influence monetary conditions by changing depository institutions' reserve requirements. (CEE 20.12.8)
- The Federal Reserve targets the level of the federal funds rate, a short-term rate that banks charge one another for the use of excess funds. This target is largely reached by buying and selling existing government securities. (CEE 20.12.9)
- The Federal Reserve tends to increase interest rate targets when it feels the economy is growing too rapidly and/or the inflation rate is accelerating. It tends to lower rate targets when it wants to stimulate the short-term growth of the economy. (CEE 20.12.10)
- Describe the possible consequences, both intended and unintended, of government policies to improve economic conditions and increase productivity. (MLS 9.12.AH.4.EC.B)
- Analyze the changing roles of government in the economy throughout United States history. (MLS 9-12.G.3.EC.B)
- The basic money supply in the United States consists of currency, coins, and checking account deposits. (CEE 11.12.1)
- In many economies, when banks make loans, the money supply increases; when loans are paid off, the money supply decreases. (CEE 11.12.2 0)

Higher real interest rates increase the rewards for saving and make borrowing more expensive. (CEE 12.12.2)

- The real interest rate is the nominal or current market interest rate minus the rate of inflation. (CEE 12.12.1)
- Real interest rates normally are positive because people must be compensated for deferring the use of resources from the present into the future. (CEE 12.12.3)
- Riskier loans command higher interest rates than safer loans because of the greater chance of default on the repayment of a risky loan. (CEE 12.12.4)
- Higher real interest rates reduce business investment spending and consumer spending on housing, cars, and other major purchases. (CEE 12.12.5)
- Real interest rates rise and fall to balance the amount saved with the amount borrowed. This affects the allocation of scarce resources between present and future uses. (CEE 12.12.6)
- Expectations of increased inflation may lead to higher interest rates. (CEE 12.12.7)
- Future values can be converted to present values by discounting the future value based on the rate of Interest. (CEE 12.12.8)
- Lower interest rates encourage investment. (CEE 15.12.4)

ECONOMICS, GRADES 11-12

Unit 10: Debating Economic Policies and Concepts in Practice

Students will engage in critical analysis and debate on the application of economic concepts in real-world scenarios. They will develop research plans to investigate economic topics, aiming to present a research product that synthesizes economic principles. Throughout the unit, students will explore how differing interpretations and applications of economic ideas and innovations have profound and varied impacts on societies. By critically evaluating and debating economic policies in practice, students will gain the skills to assess and understand how economic concepts shape our world.

Unit Essential Learning Targets	
<i>Enduring Understandings</i>	<i>Essential Questions</i>
Differing interpretations and applications of economic Ideas and innovations impact societies.	How do interpretations and applications of economic ideas shape economies and impact societies?
<i>Students must know:</i>	<i>Students must be able to:</i>
- Scarcity - Additional concepts vary by topic selection	Develop a research plan to investigate an economics topic and present a research product that synthesizes economic concepts.

Unit Standards
C. Develop a research plan, identify appropriate resources for investigating social studies topics, and create and present a research product which applies an aspect of United States history post c.1870 or World History post c.1450 to a contemporary issue. (MLS 9-12.AH.1.CC.C; 9-12.WH.1.CC.C) - Using an inquiry lens, develop compelling questions about United States history post c.1870 or World History post c.1450 to determine helpful resources and consider multiple points of views represented in the resources. (MLS 9-12.AH.1.CC.D; 9-12.WH.1.CC.D) - Using a United States or World History lens, analyze the opportunity costs and benefits of economic decisions on society as a whole as well as on individuals and government. (MLS 9-12.AH.1.EC.A; 9-12.WH.1.EC.A) - Analyze the causes and consequences of a specific problem in United States' history post c. 1870 as well as the challenges and opportunities faced by those trying to address the problem. (MLS 9-12.AH.1.CC.E; 9-12.WH.1.CC.E) - Apply the economic concepts of innovation, supply and demand, international trade, labor, business cycle, and credit to evaluate global interdependence along with economic and security challenges. (MLS 9-12.AH.6.EC.A) - Trace the contributions of individuals and institutions on social, political, artistic, and economic development. (MLS 9-12.AH.2.CC.C)

ECONOMICS, GRADES 11-12

Sample Activities

Example #1: Letter Proposal of Trade and Response

Instructions: **First**, students will write a letter from one nation to another proposing a trade deal. Each student will choose a country. Conduct research about the nation and identify what the country produces. Propose a trade with another country. Create a chart of what each nation produces with a hypothetical output in terms of the number of products produced in a day, week, month, or year.

Example

	Output/Day	
	Wheat	Shirts
U.S.	3	6
China	1	3

	Product 1:	Product 2
Nation 1:		
Nation 2:		

Second, develop a chart that shows the opportunity cost for each nation in making the product. Remember that the opportunity cost to make one product is the reciprocal of the opportunity cost to make the other product.

Example

	Opportunity Cost/Unit	
	Wheat	Shirts
U.S.	2 shirts	1/2 wheat
China	3 shirts	1/3 wheat

Opportunity Cost	Product 1:	Product 2
Nation 1:		
Nation 2:		

ECONOMICS, GRADES 11-12

Sample Activities

•The producer with the smaller opportunity cost of producing a good is said to have the **comparative advantage** in producing that good.

•Producers should specialize in the production of the good for which they have the comparative advantage and trade.

Letter Proposal of Trade and Response

Third, Write a letter (at least 5 sentences) from one nation to another where there is a proposed trade. The letter will explain which nation has the following:

- 1] The Absolute Advantage
- 2] The Comparative Advantage,
- 3] Which nations will specialize in producing what items and the range in which trade will take place.
- 4] The nation that the letter is written to will write a response explaining whether or not the nation will accept the trade and why. The response should include at least 5 sentences.

Letter

Response

Example #2: Supply and Demand Graphing Activity

