

Economics

Social Studies
Curriculum Framework

Revised 2006

Course Title: Economics
 Course/Unit Credit: ½
 Course Number:
 Teacher Licensure: Secondary Social Studies
 Grades: 9-12

Economics

Economics is a one-semester high school social studies elective that emphasizes economic fundamentals, microeconomics, and macroeconomics. Students will explore the interrelationships among the roles played by consumers, producers, capital, land, and labor. Additionally, students will study the interrelationship of our economic, political, and social lives. This course stresses application, problem-solving, higher-order thinking skills, and use of classroom performance-based/open-ended assessments with rubrics. Arkansas Department of Education approval is not required.

Strand	Standards
Economic Fundamentals	1. Students shall examine <i>scarcity</i> and choice.
	2. Students shall examine the role of economic systems in the use and distribution of resources.
	3. Students shall analyze the reasons that individuals, businesses, and governments trade.
<i>Microeconomics</i>	
	4. Students shall examine the role of <i>supply</i> and <i>demand</i> .
	5. Students shall analyze the organization and role of business firms in a <i>market economy</i> .
	6. Students shall analyze the various types of market structures.
	7. Students shall examine the importance of increasing productivity in a <i>market economy</i> .
<i>Macroeconomics</i>	
	8. Students shall examine the role <i>aggregate supply</i> and <i>aggregate demand</i> play in determining price levels and resource allocation.
	9. Students shall analyze the roles that federal, state, and local governments play in the economy.
	10. Students shall examine the measurements of economic performance.
	11. Students shall describe monetary policy and fiscal policy and their relationship to economic stability and growth.

Strand: Economic Fundamentals

Content Standard 1: Students shall examine *scarcity* and choice.

EF.1.E.1	Explain the role <i>scarcity</i> plays in making choices: <ul style="list-style-type: none">• individuals• businesses• governments
EF.1.E.2	Describe the use of <i>cost/benefit analysis</i> in making choices: <ul style="list-style-type: none">• individuals• businesses• governments
EF.1.E.3	Explain the concepts of <i>opportunity costs</i> and <i>tradeoffs</i> using the decision making model
EF.1.E.4	Illustrate the <i>tradeoffs</i> between two options using a <i>production possibilities curve</i>
EF.1.E.5	Discuss individual or societal economic choices, which are guided by <i>incentives</i> and based on rational self-interest

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Content Standard 2: Students shall examine the role of economic systems in the use and distribution of resources.

EF.2.E.1	Analyze the four <i>factors of production</i> : <ul style="list-style-type: none">• natural resources• human resources• capital resources• entrepreneurship
EF.2.E.2	Evaluate the three basic economic questions that must be answered by every economic system: <ul style="list-style-type: none">• What <i>goods</i> and <i>services</i> are to be produced and in what quantities?• How will the <i>goods</i> and <i>services</i> be produced?• How will the <i>goods</i> and <i>services</i> be distributed?
EF.2.E.3	Compare and contrast the three major economic systems: <ul style="list-style-type: none">• <i>Command economy</i>• <i>Market economy</i>• <i>Mixed economy</i>

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Content Standard 3: Students shall analyze the reasons that individuals, businesses, and governments trade.

EF.3.E.1	Explain the role of <i>specialization</i> and <i>voluntary exchange</i> in the marketplace
EF.3.E.2	Differentiate between <i>absolute advantage</i> and <i>comparative advantage</i>
EF.3.E.3	Discuss issues related to free trade
EF.3.E.4	Examine trade barriers: <ul style="list-style-type: none">• <i>tariffs</i>• <i>quotas</i>• <i>embargos</i>• <i>preservation of standards</i> (protectionism)• export <i>subsidies</i>
EF.3.E.5	Explain the effect of exchange rates on the purchasing power of people globally
EF.3.E.6	Summarize global patterns of economic activity: <ul style="list-style-type: none">• world trading partners• trading blocs• regional trade agreements• regional trade organizations

Strand: *Microeconomics*

Content Standard 4: Students shall examine the role of *supply and demand*.

MI.4.E.1	Illustrate the effects of <i>supply</i> and <i>demand</i> in determining <i>equilibrium price</i> and quantity using a <i>supply curve</i> and a <i>demand curve</i>
MI.4.E.2	Demonstrate changes in <i>supply</i> and <i>demand</i> , which influence <i>equilibrium price</i> , market-clearing price, and quantity using a <i>supply curve</i> and <i>demand curve</i>
MI.4.E.3	Explain the relationship between <i>surpluses</i> , <i>shortages</i> , and <i>equilibrium price</i>
MI.4.E.4	Describe the signals sent to buyers and sellers by price
MI.4.E.5	Determine how consumers affect production in a market economy

Strand: *Microeconomics*

Content Standard 5: Students shall analyze the organization and role of business firms in a *market economy*.

MI.5.E.1	Compare and contrast major forms of business organizations: <ul style="list-style-type: none">• <i>sole proprietorship</i>• <i>partnership</i>• <i>corporation</i>
MI.5.E.2	Describe different types of mergers: <ul style="list-style-type: none">• <i>vertical</i>• <i>horizontal</i>• <i>conglomerate</i>

Strand: *Microeconomics*

Content Standard 6: Students shall analyze various types of market structures.

MI.6.E.1	Compare and contrast different models of market structure: <ul style="list-style-type: none">• competition• <i>monopolistic competition</i>• <i>oligopoly</i>• <i>monopoly</i>• <i>cartel</i>
MI.6.E.2	Describe the role that the stock market plays in the economy of the United States

Strand: *Microeconomics*

Content Standard 7: Students shall examine the importance of increasing productivity in a *market economy*.

MI.7.E.1	Distinguish between <i>fixed cost</i> and <i>variable cost</i>
MI.7.E.2	Discuss the importance of productivity to business growth
MI.7.E.3	Analyze the influence improved <i>factors of production</i> have on the productivity of individual industries (e.g., technology, education, training)

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Content Standard 8: Students shall examine the role *aggregate supply* and *aggregate demand* play in determining price levels and resource allocation.

MA.8.E.1	Explain <i>aggregate supply and aggregate demand</i>
MA.8.E.2	Demonstrate <i>aggregate supply and aggregate demand</i> in determining price levels and resource allocations, using a graph

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Content Standard 9: Students shall analyze the roles that federal, state, and local governments play in the economy.

MA.9.E.1	Discuss the role of government in the economy: <ul style="list-style-type: none">• establish and enforce private property rights and the law• deal with external costs and benefits• ensure market competition• protect consumers• stabilize the economy• promote economic security• provide public <i>goods and services</i>
MA.9.E.2	Examine the following by using a <i>circular flow diagram</i> : <ul style="list-style-type: none">• the flow of money• the product market• the resource market• the real flow of <i>goods and services</i>

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Content Standard 10: Students shall examine the measurements of economic performance.

MA.10.E.1	Explain the following economic indicators used to measure economic performance: <ul style="list-style-type: none">• <i>Gross National Product</i>• <i>Gross Domestic Product</i>• <i>Gross Domestic Product per capita</i>• unemployment rates• Consumer Price Index• stock market
MA.10.E.2	Differentiate between <i>Gross Domestic Product</i> and <i>Real Gross Domestic Product</i>
MA.10.E.3	Explain the importance of adjusting <i>Gross Domestic Product</i> for inflation
MA.10.E.4	Identify different types of unemployment: <ul style="list-style-type: none">• <i>cyclical unemployment</i>• <i>structural unemployment</i>• <i>frictional unemployment</i>• <i>seasonal unemployment</i>
MA.10.E.5	Explain stages of the business cycle: <ul style="list-style-type: none">• peak• trough• expansion• recession

MA.11.E.1	Explain the function and characteristics of money in a <i>market economy</i>
MA.11.E.2	Describe the role and functions of banks and other financial institutions in the United States
MA.11.E.3	Describe the organization and role of the Federal Reserve
MA.11.E.4	Discuss the role of fiscal policy in setting and maintaining economic stability and growth
MA.11.E.5	Illustrate the major sources of government revenue
MA.11.E.6	Illustrate the major expenditures of tax revenues at the national level: <ul style="list-style-type: none"> • national security • social programs • education
MA.11.E.7	Compare and contrast the <i>ability-to-pay principle</i> of taxation and the <i>benefits-received principle</i> of taxation
MA.11.E.8	Explain different types of taxes: <ul style="list-style-type: none"> • <i>progressive tax</i> • <i>regressive tax</i> • <i>proportional tax</i>
MA.11.E.9	Distinguish between budget deficit and national debt
MA.11.E.10	Describe the role of <i>automatic stabilizers</i> in regulating the economy

Appendix

Glossary for Economics

Ability-to-pay principle	States that taxes should to be paid by those who can afford them
Absolute advantage	Occurs when one nation can produce an item with fewer resources or more efficiently than another nation
Aggregate demand	The total quantity of <i>goods</i> and <i>services</i> people are willing and able to buy at different possible prices
Aggregate supply	The total quantity of <i>goods</i> and <i>services</i> produced at different possible levels
Automatic stabilizer	Features of the economic system that reduce the impact of the business cycle
Benefits-received principle	States that taxes should be paid by those who benefit from a government program or service
Cartel	An organization of sellers who wish to decrease or eliminate competition by limiting its output
Circular flow diagram	A diagram which shows the flow of money, resources, and products between consumers, businesses, and government
Command economy	A system in which the basic economic questions are generally answered by the government
Comparative advantage	Ability to produce an item at a lower opportunity cost
Conglomerate merger	A huge corporation that is involved in four or more unrelated businesses
Corporation	A business owned by many people but treated by the law as if it were one person
Cost/benefit analysis	A tool used to evaluate the alternatives in economic decision making
Cyclical unemployment	When there are not enough jobs to go around
Demand	The quantities of a particular good or service consumers are willing and able to buy at different possible prices
Demand curve	The graphic representation of <i>demand</i>
Embargo	A governmental ban on trade with one or more other nations
Equilibrium price	Price at which the quantity demanded is exactly equal to the quantity supplied
Factors of production	The natural resources, human resources, capital resources, and entrepreneurship required to produce any good or service
Fixed costs	Those costs that remain the same regardless of how much production a business firm does
Frictional unemployment	When people leave their old jobs before they have found new jobs
Goods	Physical products businesses produce; tangible items of value
Gross Domestic Product (GDP)	The market value of <i>goods</i> and <i>services</i> produced within a country during a given time
Gross National product (GNP)	The measure of the nation's total output of <i>goods</i> and <i>services</i> during a given time
Horizontal merger	When two or more companies in the same business join forces
Incentive	In market economies, the reason for increasing, profit, interest, wages, and rent
Macroeconomics	The study of the economy as a whole
Market economy	Using markets as the primary means of organizing and coordinating production
Microeconomics	The study of individual consumers and businesses

Mixed economy	An economic system in which the basic economic questions are answered by a mixture of market, command, and traditional economies
Monopolistic competition	A market that has a large number of sellers who produce <i>goods</i> and <i>services</i> that are essentially alike, but not identical
Monopoly	A market structure in which a single seller controls an entire industry
Oligopoly	A market structure dominated by a small number of sellers
Opportunity costs	The best alternative given up when making a choice
Partnership	A business organization that is owned by two or more people
Preservation of standards (Protectionism)	The practice of developing domestic industries by protecting them from foreign competition
Production possibilities curve	The possible combination of total output that could be produced
Progressive tax	One that takes a larger percentage of a higher income and a smaller percentage of a lower income
Proportional tax	One that takes the same percentage of all incomes
Quota	Limit on how much of a particular good can be brought into a country during a specific period of time
Real Gross Domestic Product	Current Gross Domestic Product adjusted for inflation
Regressive tax	One that takes a larger percentage of a lower income and a smaller percentage of a higher income
Services	Work or labor performed; intangible items of value
Scarcity	The result of an inability to satisfy all of everyone's wants
Seasonal unemployment	Unemployment caused by seasonal changes in the weather or in the <i>demand</i> for certain products
Services	Products you can't touch; work or labor performed; and tangible items of value
Shortage	How much more of a product buyers want to buy than sellers want to sell at a given price
Sole proprietorship	A business owned by one person
Specialization	Production of a limited variety of products by a business, region, or country
Structural unemployment	Unemployment caused by technological innovations and changes in consumer demands
Subsidy	A governmental payment to an individual or business to encourage or protect a particular economic activity
Supply	The quantities of a particular good or service a producer is willing and able to sell at different possible prices
Supply curve	The graphic representation of <i>supply</i>
Surplus	How much more of a product sellers want to sell than buyers want to buy at a given price
Tariff	Tax on an import
Tradeoffs	A choice that involves giving up some of one thing to have more of another
Variable costs	Those costs that increase as the number of units produced increases
Vertical merger	When a company tries to control all of the business it depends on
Voluntary exchange	The process of trading that occurs in markets