

CURRICULUM COURSE OUTLINE

Course Name(s):	Microeconomics
Grade(s):	11-12
Department:	Social Studies
Course Length:	1 Semester
Pre-requisite:	Teacher Approved

Textbook/Key Resource:

- McConnell and Brue Microeconomics

Course Description: America is by far the richest, most productive nation on earth. The analysis of the market process is the essence of this course. The units consist of the motives of human action, market systems, demand, supply, and prices in various markets and economic systems. This course can be taken as high school and/or college credit.

Standards:

- **STANDARD 1: SCARCITY.** 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.
- **STANDARD 2: DECISION MAKING.** 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.
- **STANDARD 3: ALLOCATION.** 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.
- **STANDARD 4: INCENTIVES .** People usually respond predictably to positive and negative incentives.
- **STANDARD 5: TRADE.** 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.
- **STANDARD 6: SPECIALIZATION.** 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.
- **STANDARD 7: MARKETS AND PRICES .** A market exists when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.
- **STANDARD 8: ROLE OF PRICES .** Prices send signals and provide incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives.

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Standards: (Continued)

- **STANDARD 9: COMPETITION AND MARKET STRUCTURE.** 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.
- **STANDARD 10: INSTITUTIONS.** Institutions evolve and are created to help individuals and groups accomplish their goals. Banks, labor unions, markets, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and enforced property rights, is essential to a market economy.
- **STANDARD 11: MONEY AND INFLATION..** 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.
- **STANDARD 12: INTEREST RATES .** 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.
- **STANDARD 13: INCOME .** 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.
- **STANDARD 14: ENTREPRENEURSHIP.** Entrepreneurs take on the calculated risk of starting new businesses, either by embarking on new ventures similar to existing ones or by introducing new innovations. Entrepreneurial innovation is an important source of economic growth.
- **STANDARD 15: ECONOMIC GROWTH.** 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.
- **STANDARD 16: ROLE OF GOVERNMENT AND MARKET FAILURE.** 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.
- **STANDARD 17: GOVERNMENT FAILURE.** 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.
- **STANDARD 18: ECONOMIC FLUCTUATIONS.** 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.
- **STANDARD 19: UNEMPLOYMENT AND INFLATION.** 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.
- **STANDARD 20: FISCAL AND MONETARY POLICY.** Federal government budgetary policy and the Federal Reserve System's monetary policy influence the overall levels of employment, output, and prices.

Unit 1: Economic Thinking	Unit Length: 1 month
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<p>Students will know:</p> <ol style="list-style-type: none"> 1. What is Economics? <ol style="list-style-type: none"> A. Praxeology (study of human action) B. Basic economic questions each society must decide C. Economics and the key concepts within its scope D. Key terms used in the study of economics E. Examples of the factors of production F. Thinking like an economist <ol style="list-style-type: none"> 1. Graphs 2. Charts 3. Models 4. TINSTAAFL 5. Logical Thinking <ol style="list-style-type: none"> a. Inductive b. Deductive c. Errors 	<p>Students will be able to:</p> <ol style="list-style-type: none"> 1. Analyze data for its relevance to solving problems. 2. Analyze data/information from tables and graphs. 3. Analyze the fundamental economic problem. 4. Analyze the implications of economic problems. 5. Analyze the implications of scarcity. 6. Analyze the importance of various economic philosophers, such as John Maynard Keynes, Karl Marx, Adam Smith, Ludwig von Mises and their impact on the US free enterprise system. 7. Communicate clearly and effectively utilizing economic terms. 8. Compare political statements as either positive or normative. 9. Compare those who benefit from free trade those who are hurt. 10. Defines unit terminology. 11. Describe the three elements in equilibrium in the price mechanism. 12. Determining cause and effect relations is essential. 13. Distinguish the main schools of economic thought in history. 14. Effective communication relies on the purposeful use of information in a format appropriate to the task and the audience. 15. Evaluate the validity of information, testing its credibility. 16. Explain how scientific discoveries and technological innovation create the need for property rights. 17. Explain the benefits of free trade. 18. Explain the effects on costs due to changes in consumer preferences. <p>(Continued on next page)</p>
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Unit 1: Economic Thinking (Continued)

Students will be able to: (Continued)

19. Express concepts graphically to demonstrate understanding.
20. Formulating hypotheses based on a variety of economic laws enhances problem solving.
21. Generate a list of resources affecting the local economy.
22. Generate a list of trade-offs affecting the local economy.
23. Graphs concepts.
24. Provide solutions to economic problems.
25. Relate economic theory to political actions.
26. Relate profit motive, jobs and technology in a market economy.
27. Research current economic issues.
28. State the basic postulates underlying consumer choice: utility, the law of diminishing marginal utility, and utility-maximizing conditions, and their application in consumer decision-making and in explaining the law of demand.
29. Support a position with relevant and real-time data.
30. Understand that economic decision-making occurs through rational thinking.
31. Understand that, in any economy, the existence of limited resources along with unlimited wants results in the need to make choices, through the concepts of opportunity costs and trade-offs, illustrated through the production possibilities curve and other analytical examples.
32. Understanding based on theories and data is critical for problem solving.

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Unit 1: Economic Thinking (Continued)

Standard(s):

- STANDARD 1: SCARCITY 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.
- STANDARD 2: DECISION MAKING 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.
- STANDARD 4: INCENTIVES People usually respond predictably to positive and negative incentives.
- STANDARD 5: TRADE 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.
- STANDARD 10: INSTITUTIONS Institutions evolve and are created to help individuals and groups accomplish their goals. Banks, labor unions, markets, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and enforced property rights, is essential to a market economy.
- STANDARD 14: ENTREPRENEURSHIP Entrepreneurs take on the calculated risk of starting new businesses, either by embarking on new ventures similar to existing ones or by introducing new innovations. Entrepreneurial innovation is an important source of economic growth.

Unit 2: Human Action	Unit Length: 1-2 Weeks
<p>Students will know:</p> <ol style="list-style-type: none"> 1. Economics and Human Action <ol style="list-style-type: none"> A. The individual and subjective values <ol style="list-style-type: none"> 1. Robinson Crusoe Economics 2. Private Property 3. Choices, Margins, Preferences B. Trade/Exchanges <ol style="list-style-type: none"> 1. Comparative advantages 2. Globalization and free trade!! 3. Division of Labor 4. Competition 5. Wealth C. Opportunity and marginal costs D. PPFs E. Define utility and diminishing marginal utility 	<p>Students will be able to:</p> <ol style="list-style-type: none"> 1. Analyze data for its relevance to solving problems. 2. Analyze data/information from tables and graphs. 3. Analyze the fundamental economic problem. 4. Analyze the implications of economic problems. 5. Analyze the implications of scarcity. 6. Analyze the importance of various economic philosophers, such as John Maynard Keynes, Karl Marx, Adam Smith, Ludwig von Mises and their impact on the US free enterprise system. 7. Apply economic concepts to personal choices. 8. Apply the law of diminishing marginal utility to given problems. 9. Assess how opportunity costs affect decision-making. 10. Communicate clearly and effectively utilizing economic terms. 11. Compare political statements as either positive or normative. 12. Compare those who benefit from free trade those who are hurt. 13. Defines unit terminology. 14. Describe the three elements in equilibrium in the price mechanism. 15. Determining cause and effect relations is essential. 16. Effective communication relies on the purposeful use of information in a format appropriate to the task and the audience. 17. Evaluate absolute and comparative advantages. 18. Evaluate the validity of information, testing its credibility. <p>(Continued on next page)</p>

Unit 2: Human Action (Continued)

Students will be able to: (Continued)

19. Explain how scientific discoveries and technological innovation create the need for property rights.
20. Explain the benefits of free trade.
21. Explain the effects on costs due to changes in consumer preferences.
22. Express concepts graphically to demonstrate understanding.
23. Formulating hypotheses based on a variety of economic laws enhances problem solving.
24. Generate a list of resources affecting the local economy.
25. Generate a list of trade-offs affecting the local economy.
26. Give examples of types of economic information available as a result of technological innovations.
27. Graphs concepts.
28. Investigate why and how specialization and exchange increase the total output of goods and services through analysis of absolute and comparative advantage.
29. Manipulate a PPF to illustrate scarcity, choices and opportunity costs.
30. Provide solutions to economic problems.
31. Relate economic theory to political actions.
32. Relate price to production and subjective scales of value.
33. Relate profit motive, jobs and technology in a market economy.
34. Research current economic issues.
35. State the basic postulates underlying consumer choice: utility, the law of diminishing marginal utility, and utility-maximizing conditions, and their application in consumer decision-making and in explaining the law of demand.
36. Support a position with relevant and real-time data.
37. Understand that economic decision-making occurs through rational thinking.

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Unit 2: Human Action (Continued)

Students will be able to: (Continued)

38. Understand that, in any economy, the existence of limited resources along with unlimited wants results in the need to make choices, through the concepts of opportunity costs and trade-offs, illustrated through the production possibilities curve and other analytical examples.

39. Understanding based on theories and data is critical for problem solving.

Standard(s):

- STANDARD 1: SCARCITY 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.
- STANDARD 2: DECISION MAKING 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.
- STANDARD 3: ALLOCATION 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.
- STANDARD 4: INCENTIVES People usually respond predictably to positive and negative incentives.
- STANDARD 5: TRADE 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.
- STANDARD 6: SPECIALIZATION 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.
- STANDARD 7: MARKETS AND PRICES A market exists when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.
- STANDARD 8: ROLE OF PRICES Prices send signals and provide incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives.
- STANDARD 9: COMPETITION AND MARKET STRUCTURE 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.
- STANDARD 10: INSTITUTIONS Institutions evolve and are created to help individuals and groups accomplish their goals. Banks, labor unions, markets, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and enforced property rights, is essential to a market economy.

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Unit 2: Human Action (Continued)

Standard(s): (Continued)

- **STANDARD 13: INCOME** 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.
- **STANDARD 14: ENTREPRENEURSHIP** Entrepreneurs take on the calculated risk of starting new businesses, either by embarking on new ventures similar to existing ones or by introducing new innovations. Entrepreneurial innovation is an important source of economic growth.
- **STANDARD 16: ROLE OF GOVERNMENT AND MARKET FAILURE** 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.

Unit 3: Demand, Supply and Prices	Unit Length: 1 Month
<p>Students will know:</p> <ol style="list-style-type: none"> 1. Supply, demand, and prices <ol style="list-style-type: none"> A. Define demand as scales of value B. Explain the laws of demand and supply C. Discuss the concept of elasticity D. Perform elasticity equations E. Distinguish between change in quantity demanded/supplied and change in level of demand/supply F. Discuss the four “supposed” exceptions to the laws of demand G. Understand in written and graphic forms the interaction of supply and demand to determine prices H. Determine the differences in price in different economic markets 2. Factor/resource markets: <ol style="list-style-type: none"> A. Define labor, capital and land B. Discuss the impact of immigration, minimum wage, and restrictions on labor. C. Analyze derived demand for the various factors of production D. Participate in the Titan JA simulation E. Define productivity average and marginal F. Explain the law of variable proportions G. Distinguish types of costs: fixed, variable, and marginal H. Graph production functions I. Describe how total and marginal revenues interact with costs to determine business profits 	<p>Students will be able to:</p> <ol style="list-style-type: none"> 1. Analyze the behavior of firms in free and hampered markets. 2. Analyze the concept of derived demand, understand how a factor's (such as labor, capital and land) marginal product and marginal revenue product affect the demand for the factor. 3. Consider the role of factor prices in the allocation scarce resources through study of perfectly competitive labor markets and deviations such as minimum wages, monopolies, product market monopolies and the gross inefficiencies of unions. 4. Analyze the demand and supply model to determine its impact on production and prices. 5. Analyze the determinants of supply and demand and the ways in which changes in these determinants affect equilibrium price and output. 6. Analyze the implications of economic problems. 7. Analyze the implications of scarcity. 8. Apply production and cost analysis both in the short run and the long run. 9. Apply the rules of elasticity to given problems. 10. Apply the rules of producer responsiveness to given problems. 11. Assess how opportunity costs affect decision-making. 12. Compare a demand curve with the law of demand. 13. Compare a supply curve with the law of supply. 14. Defines unit terminology. 15. Describe the three elements in equilibrium in the price mechanism. 16. Draw conclusions from data concerning market forces and price. 17. Examine how firms maximize profits. <p>(Continued on next page)</p>

Unit 3: Demand, Supply and Prices (Continued)

Students will be able to: (Continued)

18. Explain how scientific discoveries and technological innovation create the need for property rights.
19. Explain the benefits of free trade.
20. Explain the effects on costs due to changes in consumer preferences.
21. Explain the possible causes of a change in demand.
22. Explain the possible causes of a change in supply.
23. Express concepts graphically to demonstrate understanding.
24. Formulating hypotheses based on a variety of economic laws enhances problem solving.
25. Generate a list of resources affecting the local economy.
26. Generate a list of trade-offs affecting the local economy.
27. Identify the contributions of entrepreneurs, past and present.
28. Provide solutions to economic problems.
29. Relate price to production and subjective scales of value.
30. Relate profit motive, jobs and technology in a market economy.
31. Research current economic issues.
32. State the basic postulates underlying consumer choice: utility, the law of diminishing marginal utility, and utility-maximizing conditions, and their application in consumer decision-making and in explaining the law of demand.
33. Understand that, in any economy, the existence of limited resources along with unlimited wants results in the need to make choices, through the concepts of opportunity costs and trade-offs, illustrated through the production possibilities curve and other analytical examples.
34. Understanding based on theories and data is critical for problem solving.

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Unit 3: Demand, Supply and Prices (Continued)

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- **STANDARD 8: ROLE OF PRICES** Prices send signals and provide incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives.
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- **STANDARD 10: INSTITUTIONS** Institutions evolve and are created to help individuals and groups accomplish their goals. Banks, labor unions, markets, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and enforced property rights, is essential to a market economy.
- **STANDARD 13: INCOME** 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.
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- **STANDARD 16: ROLE OF GOVERNMENT AND MARKET FAILURE** 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.

Unit 4: Market Structures

Unit Length: 2-3 Weeks

Students will know:

1. Competition and market structures:
 - A. Identify the differences in mainstream economics of the various markets
 - B. Explain how the economic market operates in a freely competitive system
 - C. Identify rivalrous competition
 - D. Compare mainstream competition models with true competition

Students will be able to:

1. Analyze the behavior of firms in free and hampered markets.
2. Analyze the implications of economic problems.
3. Analyze the implications of scarcity.
4. Analyze types and causes of governmental interference in free trade.
5. Defines unit terminology.
6. Describe the three elements in equilibrium in the price mechanism.
7. Generate a list of resources affecting the local economy.
8. Generate a list of trade-offs affecting the local economy.
9. Identify different types of market structures.
10. Provide solutions to economic problems.
11. Relate economic theory to political actions.
12. Relate profit motive, jobs and technology in a market economy.
13. Research current economic issues.
14. State the basic postulates underlying consumer choice: utility, the law of diminishing marginal utility, and utility-maximizing conditions, and their application in consumer decision-making and in explaining the law of demand.
15. Understand that, in any economy, the existence of limited resources along with unlimited wants results in the need to make choices, through the concepts of opportunity costs and trade-offs, illustrated through the production possibilities curve and other analytical examples.
16. Understanding based on theories and data is critical for problem solving.

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Unit 4: Market Structures (Continued)

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Unit 5: Economic Systems	Unit Length: 1 Week
<p>Students will know:</p> <p>I. Economic systems</p> <ul style="list-style-type: none"> A. Describe the disadvantages of traditional and command economies B. Define capitalism and free enterprise C. Discuss some goals of free enterprise D. Discuss how the role of government interferes in the American economy E. Institutional environment of American capitalism 	<p>Students will be able to:</p> <ol style="list-style-type: none"> 1. Analyze the effectiveness of government policies such as subsidies, taxes, quantity controls, and public provision of goods and services. 2. Analyze the implications of economic problems. 3. Analyze the implications of scarcity. 4. Analyze types and causes of governmental interference in free trade. 5. Analyze ways in which governments and international organizations can promote or inhibit development. 6. Compare traditional, market and command economy answers to the basic economic questions. 7. Critique various economic theories of capital, growth and development. 8. Debate solutions for contemporary economic issues. 9. Defines unit terminology. 10. Describe the three elements in equilibrium in the price mechanism. 11. Explain the benefits of free trade. 12. Explore the functions performed by an economic system and the ways the tools of supply and demand are used to analyze the workings of a free-market economy. 13. Generate a list of resources affecting the local economy. 14. Generate a list of trade-offs affecting the local economy. 15. Illustrate the impossibility of socialism with examples from the Socialist Calculation Debate. 16. Provide solutions to economic problems. 17. Relate economic theory to political actions. 18. Relate profit motive, jobs and technology in a market economy. 19. Research current economic issues. <p>(Continued on next page)</p>

Unit 5: Economic Systems (Continued)

	<p>Students will be able to: (Continued)</p> <p>20. State the basic postulates underlying consumer choice: utility, the law of diminishing marginal utility, and utility-maximizing conditions, and their application in consumer decision-making and in explaining the law of demand.</p> <p>21. Understand that economic decision-making occurs through decentralized rational thinking.</p> <p>22. Understand that, in any economy, the existence of limited resources along with unlimited wants results in the need to make choices, through the concepts of opportunity costs and trade-offs, illustrated through the production possibilities curve and other analytical examples. Understanding based on theories and data is critical for problem solving.</p>
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Standard(s):

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Unit 5: Economic Systems (Continued)

Standard(s): (Continued)

- **STANDARD 14: ENTREPRENEURSHIP** Entrepreneurs take on the calculated risk of starting new businesses, either by embarking on new ventures similar to existing ones or by introducing new innovations. Entrepreneurial innovation is an important source of economic growth.
- **STANDARD 16: ROLE OF GOVERNMENT AND MARKET FAILURE** 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.

Unit 6: Governmental Interventions	Unit Length: 1 & 1/2 Months
<p>Students will know:</p> <p>I. “Market failure” and the role of government</p> <ul style="list-style-type: none"> A. Externalities B. Public goods C. Public choice D. Coase’s theorem E. Governmental violence (interventions) <ul style="list-style-type: none"> 1. Price Controls 2. Subsidies 3. Product Controls 	<p>Students will be able to:</p> <ol style="list-style-type: none"> 1. Analyze how government policy interferes in the market functions. 2. Analyze the behavior of firms in free and hampered markets. 3. Analyze the effectiveness of government policies such as subsidies, taxes, quantity controls, and public provision of goods and services. 4. Analyze the fundamental economic problem. 5. Analyze the implications of economic problems. 6. Analyze the implications of scarcity. 7. Analyze the role that externalities play in markets. 8. Analyze types and causes of governmental interference in free trade. 9. Analyze ways in which governments and international organizations can promote or inhibit development. 10. Communicate clearly and effectively utilizing economic terms. 11. Compare political statements as either positive or normative. 12. Compare the advantages of money over barter. 13. Compare those who benefit from free trade those who are hurt. 14. Debate solutions for contemporary economic issues. 15. Defines unit terminology. 16. Describe the three elements in equilibrium in the price mechanism. 17. Determine how fiscal policy affects market outcomes. 18. Determining cause and effect relations is essential. 19. Draw conclusions from data concerning market forces and price. 20. Effective communication relies on the purposeful use of information in a format appropriate to the task and the audience. <p>(Continued on next page)</p>

Unit 6: Governmental Interventions (Continued)

Students will be able to: (Continued)

21. Evaluate the validity of information, testing its credibility.
22. Explain how scientific discoveries and technological innovation create the need for property rights.
23. Explain the benefits of free trade.
24. Explain the effects on costs due to changes in consumer preferences.
25. Explore the functions performed by an economic system and the ways the tools of supply and demand are used to analyze the workings of a free-market economy.
26. Formulating hypotheses based on a variety of economic laws enhances problem solving.
27. Identify the contributions of entrepreneurs, past and present.
28. Predict the results of changes in government interference in the market system.
29. Predict the results of price floors, ceilings and government quotas, tariffs and purchasing.
30. Provide solutions to economic problems.
31. Relate economic theory to political actions.
32. Relate price to production and subjective scales of value.
33. Relate profit motive, jobs and technology in a market economy.
34. Research current economic issues.
35. Support a position with relevant and real-time data.
36. Understand that economic decision-making occurs through rational thinking.
37. Understand that, in any economy, the existence of limited resources along with unlimited wants results in the need to make choices, through the concepts of opportunity costs and trade-offs, illustrated through the production possibilities curve and other analytical examples.
38. Understanding based on theories and data is critical for problem solving.

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Unit 6: Governmental Interventions (Continued)

Standard(s):

- **STANDARD 1: SCARCITY** 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.
- **STANDARD 2: DECISION MAKING** 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.
- **STANDARD 3: ALLOCATION** 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.
- **STANDARD 4: INCENTIVES** People usually respond predictably to positive and negative incentives.
- **STANDARD 5: TRADE** 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.
- **STANDARD 8: ROLE OF PRICES** Prices send signals and provide incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives.
- **STANDARD 10: INSTITUTIONS** Institutions evolve and are created to help individuals and groups accomplish their goals. Banks, labor unions, markets, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and enforced property rights, is essential to a market economy.
- **STANDARD 16: ROLE OF GOVERNMENT AND MARKET FAILURE** 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.