

Davison Community Schools
ADVISORY CURRICULUM COUNCIL
Phase II, March 19, 2018

Economics

Course Essential Questions (from Phase I report):

1. How does scarcity affect economic decisions at all levels?
2. How do fiscal and monetary policy and government regulations affect the performance of the national economy?
3. How do different economic systems impact the interactions of the global economy?
4. Why is a personal finance strategy important?
5. How does a market economy function?

Phase II Curriculum
Unit 1: Introduction to Economics

Essential Questions:

1. Why is scarcity a fundamental economic question?
2. Why do we need entrepreneurs?
3. What is the main role of government in our economic system?
4. How does the government influence the behavior of participants in the economy?
5. Where does income come from?
6. How do the three economic systems work?

Essential Understanding:

1. There are not enough resources in the world to meet everyone's wants and needs.
2. Entrepreneurs combine the four factors of production and assume the risks.
3. One role of government in our economic system is to provide public goods and services.
4. Another role of government is to protect private property rights (i.e. patents and copyrights) and enforce contracts.
5. The government offers different incentives and disincentives to promote or discourage economic behavior.
6. Income is generated through the interaction of individuals and businesses through the circular flow of economic activity.
7. There are three types of economic systems that each addresses the three economic questions in different ways.

Curriculum Standards

P1 Reading and Communication – Read and Communicate Effectively.
 P1.1 Use appropriate strategies to read and analyze social science tables, graphs, graphics, maps and texts.
 P1.2 Interpret primary and secondary source documents for point of view, context, bias and frame of reference or perspective.
 P1.3 Explain points of agreement and disagreement experts have about the interpretation of sources and the application of disciplinary concepts.
 P1.4 Express social science ideas clearly in written, spoken and graphic forms.
 P1.5 Construct and present an argument supported with evidence.
 P2 Inquiry, Research, and Analysis
 P2.1 Apply methods of inquiry, including asking and answering compelling and supporting questions, to investigate social scientific problems.

P2.2 Evaluate data presented in social science tables, graphs, graphics, maps and texts for credibility, considering the origin, authority, structure and context of the information.

P2.3 Know how to find, organize, evaluate, and interpret information from a variety of credible sources. P2.4 Use relevant information from multiple credible sources representing a wide range of views considering the origin, authority, structure, and context to answer a compelling or supporting question. P3 Public Discourse and Decision Making

P3.1 Clearly state an issue as a question of public policy, gather and interpret information about that issue, analyze various perspectives and generate and evaluate possible alternative resolutions.

P3.2 Discuss public policy issues, clarifying position, considering opposing views and applying core democratic values or constitutional principles to develop and refine claims.

P3.3 Construct claims and refine counter-claims expressing and justifying decisions on public policy issues.

P3.4 Critique the use, reasoning, sequence, and supporting details used in creating a claim and the subsequent evidence used to support a claim for credibility.

P4 Citizen Involvement

P4.1 Act within the rule of law and hold others to the same standard.

P4.2 Assess options for individual and collective action to advance views on matters of public policy and address local, regional or global problems.

P4.3 Plan, conduct and evaluate the effectiveness of activities intended to advance views on matters of public policy and address local, regional or global problems.

1.1 Individual, Business, and Government Choices

Explain and demonstrate how economic organizations confront scarcity and market forces when organizing, producing, using, and allocating resources to supply the marketplace.

1.1.1 Scarcity, Choice, Opportunity Costs, and Comparative Advantage – Using examples, explain how scarcity, choice, opportunity costs affect decisions that households, businesses, and governments make in the market place and explain how comparative advantage creates gains from trade.

1.1.1 Scarcity, Choice, Opportunity Costs – Using examples, explain how scarcity, choice, opportunity costs affect decisions that households, businesses, and governments make in the market place.

1.1.2 Entrepreneurship – Identify the risks, returns and other characteristics of entrepreneurship that bear on its attractiveness as a career.

1.2 Competitive Markets

Analyze how the functions and constraints of business structures, the role of price in the market, and relationships of investment to productivity and growth, impact competitive markets.

1.2.1 Business Structures – Compare and contrast the functions and constraints facing economic institutions including small and large businesses, labor unions, banks, and households.

1.2.1 Business Structures – Evaluate the advantages/disadvantages of different business structures and their implications for the economy.

1.2.3 Investment, Productivity and Growth – Analyze the role investments in physical (e.g., technology) and human capital (e.g., education) play in increasing productivity and how these influence the market.

1.2.2 Market Factors – Describe the benefits and consequences of competition in specific markets.

1.4 Role of Government in the Market

Describe the varied ways government can impact the market through policy decisions, protection of consumers, and as a producer and consumer of goods and services, and explain how economic incentives affect government decisions.

1.4.1 Public Policy and the Market – Analyze the impact of a change in public policy (such as an increase in the minimum wage, a new tax policy, or a change in interest rates) on consumers, producers, workers, savers, and investors.

1.4.2 Government and Consumers – Analyze the role of government in protecting consumers and enforcing contracts, (including property rights), and explain how this role influences the incentives (or disincentives) for people to produce and exchange goods and services.

1.4.4 Functions of Government – Explain the various functions of government in a market economy including the provision of public goods and services, the creation of currency, the establishment of property rights, the enforcement of contracts, correcting for externalities and market failures, the redistribution of income and wealth, regulation of labor (e.g., minimum wage, child labor, working conditions), and the promotion of economic growth and security.

1.4.4 Role of Government – Explain the various roles of government in a market economy including: • the provision of public goods and services, • the creation of currency, • the establishment of and protection of property rights, • the enforcement of contracts, • correcting for externalities and market failures, • the redistribution of income and wealth, • regulation of labor • promotion of economic growth and security.

2.1 Understanding National Markets

Describe inflation, unemployment, output, and growth, and the factors that cause changes in those conditions, and describe the role of money and interest rates in national markets.

2.1.1 Income – Describe how individuals and businesses earn income by selling productive resources.

2.1.1 Circular Flow and the National Economy – Using the concept of circular flow, analyze the roles of and the relationships between households, business firms, financial institutions, and government and nongovernment agencies in the economy of the United States.

3.1 Economic Systems

Explain how different economic systems, including free market, command, and mixed systems, coordinate and facilitate the exchange, production, distribution, and consumption of goods and services.

3.1.1 Major Economic Systems – Gives examples of and analyze the strengths and weaknesses of major economic systems (command, market and mixed), including their philosophical and historical foundations (e.g., Marx and the Communist Manifesto, Adam Smith and the Wealth of Nations).

3.1.1 Developing Nations – Assess how factors such as availability of natural resources, investments in human and physical capital, technical assistance, public attitudes and beliefs, property rights and free trade can affect economic growth in developing nations.

3.1.2 Developing Nations – Assess how factors such as availability of natural resources, investments in human and physical capital, technical assistance, public attitudes and beliefs, property rights and free trade can affect economic growth in developing nations.

3.1.2 International Organizations and the World Economy – Evaluate the diverse impact of trade policies of the World Trade Organization, World Bank, or International Monetary Fund on developing economies of Africa, Central America, or Asia, and the developed economies of the United States and Western Europe. (National Geography Standard 11)

3.1.3 International Organizations and the World Economy – Evaluate the diverse impact of trade policies of the World Trade Organization, World Bank, or International Monetary Fund on developing economies of Africa, Central America, or Asia, and the developed economies of the United States and Western Europe.

3.1.3 Comparing Economic Systems – Use the three basic economic questions (what to produce, how to produce, and for whom to produce) to compare and contrast socialist (command) economies with the capitalist (market) economies.

3.1.4 Impact of Transitional Economies – Analyze the impact of transitional economies, such as in China and India, on the global economy in general and the American economy in particular. (National Geography Standard 11)

3.1.5 Comparing Economic Systems – Using the three basic economic questions (e.g., what to produce, how to produce, and for whom to produce), compare and contrast a socialist (command) economy (such as North Korea or Cuba) with the Capitalist as a mixed, free market system of the United States.

3.2 Economic Interdependence – Trade

Describe how trade generates economic development and interdependence and analyze the resulting challenges and benefits for individuals, producers, and government.

3.2.1 Absolute and Comparative Advantage – Use the concepts of absolute and comparative advantage to explain why goods and services are produced in one nation or locale versus another.

Knowledge/Content I know...	Skills/Processes I can...
1.1.1 <ul style="list-style-type: none"> • opportunity costs are the next-best thing given up when people make decisions. • "scarcity" is the condition that exists when we don't have enough resources to meet everyone's wants and needs. • "shortage" is a temporary lack of goods. • countries have an absolute advantage when they can produce a good at a lower cost than another country or company. • countries have a comparative advantage when they can produce a good at a lower opportunity cost. 	1.1.1 <ul style="list-style-type: none"> • identify opportunity costs of daily decisions. • compare and contrast scarcity and shortage. • identify comparative and absolute advantage between two countries/people. • explain why comparative advantage facilitates trade.

<p>1.1.2</p> <ul style="list-style-type: none"> • entrepreneurs combine land, capital, labor and management and assume risk to make a profit. • being your own boss and controlling how much you work is an advantage of being an entrepreneur. • disadvantages of being an entrepreneur can include liability and lack of a predictable stream of income. • entrepreneurs are crucial because they start new businesses and introduce new products thus impacting economic growth. 	<p>1.1.2</p> <ul style="list-style-type: none"> • create a T-chart of potential advantages and disadvantages of being an entrepreneur. • describe how entrepreneurs are important to our economy.
<p>1.2.1</p> <ul style="list-style-type: none"> • labor unions are organizations of workers that try to improve working conditions, wages and benefits for members. • collective bargaining involves representatives of both labor and management meeting to negotiate a new labor contract. • there are three main types of business organizations: sole proprietorship, partnerships, and corporations. • partnerships can be general, limited, or limited liability. • banks and other financial institutions provide financial capital to the economy. 	<p>1.2.1</p> <ul style="list-style-type: none"> • identify the purpose of a labor union. • list and explain the three main types of business organizations. • explain the advantages and disadvantages of the three main types of business organizations. • explain the role of banks and other financial institutions in the economy.
<p>1.2.3</p> <ul style="list-style-type: none"> • capital is any product or service used to make additional products or services. • capital includes physical, financial, and human capital. • physical capital includes land, buildings, technology and infrastructure needed to operate a business. • financial capital is the money used to start a business. • human capital is the health of employees, levels of education, and other elements that help them do their job more efficiently. 	<p>1.2.3</p> <ul style="list-style-type: none"> • define and distinguish between types of capital.
<p>1.4.1</p> <ul style="list-style-type: none"> • changes in public policies impact consumers, workers, producers, savers and investors 	<p>1.4.1</p> <ul style="list-style-type: none"> • demonstrate how a change in government laws/policies impacts different “players” within the economy.

<p>1.4.2</p> <ul style="list-style-type: none"> the United States' federal government plays the roles of protector, consumer, regulator, and promoter of economic goals. government can create economic incentives and disincentives for people. the primary economic function of the U.S. government is to protect private property. <p>1.4.4</p> <ul style="list-style-type: none"> the federal government provides some public goods and services. economic externalities are side effects, good or bad. the difference between public or private goods. public goods or services are non-rival and non-excludable. private goods or services are consumed by individuals or businesses. government redistributes wealth through taxation and transfer payments. U.S. economic goals include economic freedom, economic stability, economic equity, economic equality, economic security/predictability, economic growth, economic efficiency and full employment. <p>2.1.1</p> <ul style="list-style-type: none"> businesses and individuals sell factors of production to generate income. <p>3.1.1</p> <ul style="list-style-type: none"> there are three types of economic systems; traditional, command, and market. a traditional economic system relies on habit, custom or ritual to decide what to produce, how to produce and to whom to distribute it to. a command economy is where central government makes all decisions on production and consumption. a market economy is based on supply and demand; supply and demand will determine what will be produced, how it will be produced and for whom. all economic systems are mixed but can lean toward a command or a market economy. even a free market requires government intervention. 	<p>1.4.2</p> <ul style="list-style-type: none"> identify, rank and defend the roles of the U.S. government in the economy. <p>1.4.4</p> <ul style="list-style-type: none"> distinguish the difference between public and private goods and identify examples of each. explain why government redistributes wealth. state and explain economic goals. <p>2.1.1</p> <ul style="list-style-type: none"> identify the four things a business or individual can sell to earn income (land, labor, capital and entrepreneurial ability). <p>3.1.1</p> <ul style="list-style-type: none"> identify the advantages and disadvantages of the different economic systems.
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- the conversion from a centrally-planned economy to a market economy often involves a rise in unemployment.
- traditional economies offer predictability but offer no economic growth or innovation.
- command economies offer no incentives, but are more predictable for individuals.
- market economies offer the most growth, but are susceptible to business cycles of inflation and recession.
- Adam Smith is known as the father of economics from his 1776 book, "The Wealth of Nations."
- Karl Marx is known as the father of communism from his books, "The Communist Manifesto" and "Das Kapital."

3.1.2

- GDP growth in developing nations is influenced by the availability of natural resources, investments in physical and human capital, technical assistance, public attitudes, property rights, and free trade.

3.1.3

- international agencies exist to address the challenges facing developing nations.
- the IMF works to stabilize a nations currency to increase confidence and growth in an economy.
- the World Bank provided loans for specific development projects.
- the WTO works to promote free trade and settle disputes between members.

3.1.5

- the three basic economic questions are "What to produce?", "How to produce?" and "For Whom to Produce?"
- in terms of the three economic questions, the characteristics of command and market economies.

3.2.1

- countries determine how to use their resources based on comparative and absolute advantage.

Academic Vocabulary

scarcity

shortage

macroeconomics

- evaluate the influence of Marx and Smith in the creation of the modern "mixed" economy.

3.1.2

- list and evaluate different factors that influence economic growth.

3.1.3

- create a table identify the roles of the WTO, World Bank and IMF.
- predict possible consequences of policies/actions of the WTO, World Bank & IMF.
- identify the roles and practices of the WTO, the World Bank, and the IMF on developing countries.
- determine positive and negative outcomes from these interventions.

3.1.5

- use the three basic questions of economics to evaluate the strengths and weaknesses of different economic systems.
- identify challenges facing command economies in their transition to market economies.

3.2.1

- use absolute and comparative advantage data to predict the behavior of two countries in a global economy.

microeconomics
TINSTAAFL
opportunity cost
Law of Diminishing Returns
absolute advantage
comparative advantage
4 factors of production (land, labor, capital, management)
3 basic questions of economics (what to produce, how to produce and 4 whom to produce)
service
good-public and private
durable good/non-durable good
value
utility
wealth
wealth of nations
Communist Manifesto
Das Kapital
circular flow model
invisible hand
competition
productivity
production possibilities curve
Law of increasing costs
traditional economy
market economy
command/central economy
mixed economy
incentives
socialism
communism
free rider problem
redistribution
welfare
poverty line
TANF
externalities
sole proprietorships
partnerships-general, limited and limited liability
partnerships
corporation
stock
mergers-horizontal and vertical mergers
franchise
labor union
collective bargaining
Open shop/Close shop
Right to Work Law
National Labor Relations Act/Wagner Act
Taft-Hartley Act
strike
mediation
arbitration

supply chaining	
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Unit 2: Market Economy

Essential Questions:

1. What is the law of demand and the law of supply?
2. How do buyers and sellers interact to solve the basic economic problem of unlimited wants and limited resources?
3. How can government policy impact economic decision-making?
4. What are the various functions of government in a market economy?

Essential Understanding:

1. Prices affect the quantity of items demanded and items supplied.
2. Prices are determined through the interaction of market demand and supply.
3. Prices determine the low cost supplier and the highest value user.
4. Government policy can increase incentive for consumers to consume or decrease incentive for producers to produce.
5. Government protects against negative externalities and promotes positive externalities.

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P3.1 Clearly state an issue as a question of public policy, gather and interpret information about that issue, analyze various perspectives and generate and evaluate possible alternative resolutions.

P3.2 Discuss public policy issues, clarifying position, considering opposing views and applying core democratic values or constitutional principles to develop and refine claims.

P3.3 Construct claims and refine counter-claims expressing and justifying decisions on public policy issues.

P3.4 Critique the use, reasoning, sequence, and supporting details used in creating a claim and the subsequent evidence used to support a claim for credibility.

P4 Citizen Involvement

P4.1 Act within the rule of law and hold others to the same standard.

P4.2 Assess options for individual and collective action to advance views on matters of public policy and address local, regional or global problems.

P4.3 Plan, conduct and evaluate the effectiveness of activities intended to advance views on matters of public policy and address local, regional or global problems.

1.2 Competitive Markets

Analyze how the functions and constraints of business structures, the role of price in the market, and relationships of investment to productivity and growth, impact competitive markets.

1.2.2 Price in the Market – Analyze how prices send signals and provide incentives to buyers and sellers in a competitive market.

1.2.2 Market Factors– *Describe the benefits and consequences of competition in specific markets.*

1.3 Prices, Supply, and Demand

Compare how supply, demand, price, equilibrium, elasticity, and incentives affect the workings of a market.

1.3.1 Law of Supply – Explain the law of supply and analyze the likely change in supply when there are changes in prices of the productive resources (e.g., labor, land, capital including technology), or the profit opportunities available to producers by selling other goods or services, or the number of sellers in a market.

1.3.1 Supply and Demand – Explain the laws of supply and demand to analyze the likely changes when there are changes in prices of the productive resources or opportunities available to consumers buying other goods or services.

1.3.2 Law of Demand – Explain the law of demand and analyze the likely change in demand when there are changes in prices of the goods or services, availability of alternative (substitute or complementary) goods or services, or changes in the number of buyers in a market created by such things as change in income or availability of credit.

1.3.3 Price, Equilibrium, Elasticity, and Incentives – Analyze how prices change through the interaction of buyers and sellers in a market including the role of supply, demand, equilibrium, elasticity, and explain how incentives (monetary and non-monetary) affect choices of households and economic organizations.

1.3.2 Price, Equilibrium, Elasticity, and Incentives – Analyze how prices change through the interaction of buyers and sellers in a market including the role of supply, demand, equilibrium, elasticity, and explain how incentives (monetary and non-monetary) affect choices of households and economic organizations.

1.4 Role of Government in the Market

Describe the varied ways government can impact the market through policy decisions, protection of consumers, and as a producer and consumer of goods and services, and explain how economic incentives affect government decisions.

1.4.1 Public Policy and the Market – Analyze the impact of a change in public policy (such as an increase in the minimum wage, a new tax policy, or a change in interest rates) on consumers, producers, workers, savers, and investors.

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1.4.2 Government and Consumers – Analyze the role of government in protecting consumers and enforcing contracts, (including property rights), and explain how this role influences the incentives (or disincentives) for people to produce and exchange goods and services.

1.4.5 Economic Incentives and Government – Identify and explain how monetary and non-monetary incentives affect government officials and voters and explain how government policies affect the behavior of various people including consumers, savers, investors, workers, and producers.

2.1 Understanding National Markets

Describe inflation, unemployment, output, and growth, and the factors that cause changes in those conditions, and describe the role of money and interest rates in national markets.

2.1.9 American Economy in the World – Analyze the changing relationship between the American economy and the global economy including, but not limited to, the increasing complexity of American economic activity (e.g., outsourcing, offshoring, and supply-chaining) generated by the expansion of the global economy.

2.1.3 Relationship Between Expenditures and Revenue (Circular Flow) – Using the circular flow model, explain how spending on consumption, investment, government and net exports determine national income.

3.1 Economic Systems

Explain how different economic systems, including free market, command, and mixed systems, coordinate and facilitate the exchange, production, distribution, and consumption of goods and services.

3.1.6 Impact of Transitional Economies – Analyze the impact of transitional economies, such as in China and India, on the global economy in general and the American economy in particular.

3.1.4 Impact of Transitional Economies – Analyze the impact of transitional economies, such as in China and India, on the global economy in general and the American economy in particular. (National Geography Standard 11)

3.2 Economic Interdependence – Trade

Describe how trade generates economic development and interdependence and analyze the resulting challenges and benefits for individuals, producers, and government.

3.2.5 The Global Economy and the Marketplace – Analyze and describe how the global economy has changed the interaction of buyers and sellers, such as in the automobile industry.

3.2.4 The Global Economy and the Marketplace – Analyze and describe how the global economy has changed the interaction of buyers and sellers.

Knowledge/Content I know...	Skills/Processes I can...
<p>1.2.2</p> <ul style="list-style-type: none"> high prices signal producers to produce more; low prices signal consumers to consume more. <p>1.3.1</p> <ul style="list-style-type: none"> the law of supply states that when prices rise, supply will increase. the cost of inputs (land, labor, capital) and supply are inversely related. ceteris paribus conditions for supply include the level of taxes/subsidies, technology, cost of inputs, government regulations, productivity, number of sellers, and expectations. <p>1.3.2</p> <ul style="list-style-type: none"> the law of demand states that when prices fall, demand will increase. ceteris paribus conditions for demand include prices of related substitute and complementary goods, tastes and preferences, changes in number of consumers, wealth effect, and changes in expectations. <p>1.3.3</p> <ul style="list-style-type: none"> the interaction of supply and demand will push towards equilibrium. markets in disequilibrium will push towards equilibrium, using the mechanism of price. elasticity is a measure of how supply and demand react to changes in price. manufacturers have the incentive of profit to sell their products. <p>1.4.1</p> <ul style="list-style-type: none"> changes in public policy will impact the marketplace both directly and indirectly. an increase in the minimum wage offers a disincentive to employers seeking to increase employment. the level of taxes and employment are inversely related. the level of interest rates and consumption are inversely related. 	<p>1.2.2</p> <ul style="list-style-type: none"> describe the relationship between prices and the behavior of producers/consumers. <p>1.3.1</p> <ul style="list-style-type: none"> state and apply the law of supply. construct a supply schedule and use that schedule to construct a supply curve. reflect the impact on the supply curve based on changes in the cost of inputs. identify and explain how taxes/subsidies, technology, cost of inputs, government regulations, productivity, number of sellers, and expectations affect supply. <p>1.3.2</p> <ul style="list-style-type: none"> state and apply the law of demand. construct a demand schedule and use that schedule to create a demand curve. identify and explain how substitutes/compliments, consumer tastes and preferences, changes in the numbers of consumers, wealth effect and changes in expectations affect demand. <p>1.3.3</p> <ul style="list-style-type: none"> use supply and demand schedules to construct a supply and demand curve to determine equilibrium. determine surpluses/shortages and explain how these lead to equilibrium. identify product elasticity and provide examples of products that are elastic and inelastic. calculate elasticity of demand and explain how elasticity impacts producers and profits. <p>1.4.1</p> <ul style="list-style-type: none"> predict the possible consequences of government policies on the economy. create graphs reflecting price floors/ceilings and discuss how they impact the economy. explain the relationship between taxes and employment. explain the relationship between interest rates and consumption.

1.4.5

- the federal government offers incentives to individuals and businesses to behave in certain ways.
- monetary incentives are economic reasons to make decisions.
- non-monetary incentives do not involve an economic component.

2.1.9

- globalization is having major impacts on the United States economy, including the outsourcing of jobs, offshoring of corporations, and just-in-time supply chaining.

3.1.6

- China and India have a substantial impact on both the global and U.S. economy.
- as the Chinese and Indian economies grow, they create additional competition for resources.

3.2.5

- globalization has changed the interaction of buyers and sellers and allowed more transactions to take place across borders, particularly in the automotive industry.
- globalization has increased the diversity of products available to consumers.

Academic Vocabulary

demand
law of demand
substitution effect
income effect
marginal utility
demand curve
ceteras paribus
substitutes
complements
quantity demanded
elasticity of demand
elastic demand
inelastic demand
unit elastic demand
household
firm
market
product market (output market)
factor market (input market)
direct relationship
inverse relationship
inferior good
normal good
supply

1.4.5

- explain different incentives the government offers to individuals and businesses and identify the desired outcomes.
- distinguish between monetary and non-monetary incentives.

2.1.9

- evaluate the impact of globalization on the U.S. economy.

3.1.6

- predict the impact on the access to inputs for the US and global economy as both China and India's economies continue to grow.

3.2.5

- discuss the manner in which globalization has changes the automobile industry (this should include an increase in the diversity of products and a decrease in global prices).

quantity supplied factors of supply equilibrium subsidy shortage surplus price floor price ceiling minimum wage living wage productivity automation outsourcing offshoring free trade quota human capital physical capital	
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Unit 3: Government Spending and Taxation

Essential Questions:

1. How do federal, state and local governments generate and spend revenue?
2. How does the national debt affect consumers?
3. How has mandatory spending impacted the federal budget process?
4. What are entitlements?
5. How have poverty/homelessness affected the American people and government?
6. What are externalities?

Essential Understanding:

1. Government generates revenue for public goods, entitlements and services by taxing sales, income, wealth and property.
2. Government generates revenue through taxes and fees; and spends revenue on public goods (parks and highways) and services (social welfare programs).
3. As mandatory spending has become a larger percentage of the budget it has limited the actions of the Federal government.
4. Entitlements are government programs that are required to pay benefits to people who meet certain eligibility requirements: i.e. social security, Medicare and Medicaid.
5. Externalities exist when there are costs or benefits enjoyed/paid by a 3rd party not accounted for in the supply and demand model.

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P4.2 Assess options for individual and collective action to advance views on matters of public policy and address local, regional or global problems.

P4.3 Plan, conduct and evaluate the effectiveness of activities intended to advance views on matters of public policy and address local, regional or global problems.

1.4 Role of Government in the Market

Describe the varied ways government can impact the market through policy decisions, protection of consumers, and as a producer and consumer of goods and services, and explain how economic incentives affect government decisions

1.4.3 Government Revenue and Services – Analyze the ways in which local and state governments generate revenue (e.g., income, sales, and property taxes) and use that revenue for public services (e.g., parks and highways).

1.4.3 Government Revenue and Services - Analyze the ways in which local and state governments generate revenue and use that revenue for public services.

1.4.4 Functions of Government – Explain the various functions of government in a market economy

including the provision of public goods and services, the creation of currency, the establishment of property rights, the enforcement of contracts, correcting for externalities and market failures, the redistribution of income and wealth, regulation of labor (e.g., minimum wage, child labor, working conditions), and the promotion of economic growth and security.

1.4.4 Role of Government – Explain the various roles of government in a market economy including: • the provision of public goods and services, • the creation of currency, • the establishment of and protection of property rights, • the enforcement of contracts, • correcting for externalities and market failures, • the redistribution of income and wealth, • regulation of labor • promotion of economic growth and security.

2.2 Role of Government in the United States Economy

Analyze the role of government in the United States economy by identifying macroeconomic goals; comparing perspectives on government roles; analyzing fiscal and monetary policy; and describing the role of government as a producer and consumer of public goods and services. Analyze how governmental decisions on taxation, spending, protections, and regulation impact macroeconomic goals.

2.2.5 Government Revenue and Services – Analyze the ways in which governments generate revenue on consumption, income and wealth and use that revenue for public services (e.g., parks and highways) and social welfare (e.g., social security, Medicaid, Medicare).

Knowledge/Content

I know...

- 1.4.3
- local and state governments generate revenue through income, sales, and property taxes and use that revenue for public services.
 - different states generate revenue in different ways, typically with emphasis on different types of taxes.
 - different states spend revenues in different ways (e.g., Michigan funds schools at the state level while most states fund them locally).

- 1.4.4
- in a market economy, government provides public goods and services.
 - the United States government administers programs designed to address social and economic inequality.
 - externalities exist when total costs and benefits are not contained in the supply and demand model.
 - Externalities can be both positive (intended benefits) or negative (unintended costs).
 - The government tries to address negative externalities by “internalizing” the externality.
 - externalities are economic side effects and can be positive or negative.
 - negative externalities are often regulated by government.

Skills/Processes

I can...

- 1.4.3
- identify different ways state and local governments generate and spend revenue.
 - construct and read a pie/bar graph to demonstrate state and local revenues and spending.
- 1.4.4
- identify and explain public goods and services and methods for generating the revenue to provide them.
 - evaluate the impact of programs aimed at economics inequality-TANF, SNAP, housing subsidies, enterprise zones
 - identify and explain externalities in a case study.
 - define externalities and provide examples of both positive and negative externalities.
 - identify the "free rider" problem and determine possible ways to prevent it.

- public goods provide the opportunity to take advantage of public programs without financially supporting them.

2.2.5

- the federal government generates revenue from taxes on personal and corporate income, FICA, excise taxes, estate, gift, customs duties and tariffs.
- governments spend money on social welfare programs and public services.
- entitlement programs are government programs that must pay benefits to people that meet certain eligibility requirements.
- Social Security is an entitlement provides old-age, survivors, and disability insurance.
- Medicare provides health insurance for people eligible for social security.
- Medicaid is a component of welfare that provides health insurance to recipients.
- “We aid poor people; we care about old people.”
- “needs-based programs” are entitlement programs where one of the eligibility requirements is “need”
 - All needs-based programs are entitlements; not all entitlements are needs-based

Academic Vocabulary

budget
 balanced budget
 surplus budget
 budget deficit
 collective goods
 welfare state
 Social Darwinism
 national debt
 social security
 Medicare
 Medicaid
 needs based/means tested
 net interest
 mandatory spending
 discretionary spending
 direct taxes
 indirect taxes
 proportional taxes
 progressive taxes
 regressive taxes
 FICA
 corporate income taxes
 excise taxes
 estate tax

2.2.5

- develop a means for government to generate revenue and predict how government could spend those revenues on entitlement programs.
- construct and read a pie/bar graph to demonstrate state and local revenues and spending.
- evaluate the success of different entitlement programs such as Social Security, Medicare and welfare.
- create a table identifying three entitlement programs (Social Security, Medicare and Medicaid) the eligibility requirements and the goals of these programs.

gift tax customs duty tariff benefit principle of taxation ability to pay principle tax bracket W2 W4 1040 property taxes capital gains supply side theory Laffer curve median income entitlements crowding out effect externality spill over costs TANF SNAP	
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Unit 4: Fiscal Policy

Essential Questions:

1. How does the government employ fiscal policy?
2. What is GDP, how is it calculated, why is it useful and what does it tell us about standard of living?
3. What are the economic goals of the US and what policies do we enact to accomplish these goals?
4. What are the two tools of fiscal policy?

Essential Understanding:

1. Fiscal policy is used to correct the movements along the business cycle.
2. GDP reflects the total value of all *final* goods and services produced within a country in a given time (year). It allows comparisons to establish economic growth over time. GDP per capita also allows for a long term analysis of a countries growth in terms of standard of living.
3. The economic goals of the U.S. are: low unemployment, stable prices and economic growth.
4. The two tools of fiscal policy are changing taxes and government spending.

Curriculum Standards

P1 Reading and Communication – Read and Communicate Effectively.

P1.1 Use appropriate strategies to read and analyze social science tables, graphs, graphics, maps and texts.

P1.2 Interpret primary and secondary source documents for point of view, context, bias and frame of reference or perspective.

P1.3 Explain points of agreement and disagreement experts have about the interpretation of sources and the application of disciplinary concepts.

P1.4 Express social science ideas clearly in written, spoken and graphic forms.

P1.5 Construct and present an argument supported with evidence.

P2 Inquiry, Research, and Analysis

P2.1 Apply methods of inquiry, including asking and answering compelling and supporting questions, to investigate social scientific problems.

P2.2 Evaluate data presented in social science tables, graphs, graphics, maps and texts for credibility, considering the origin, authority, structure and context of the information.

P2.3 Know how to find, organize, evaluate, and interpret information from a variety of credible sources. P2.4 Use relevant information from multiple credible sources representing a wide range of views considering the origin, authority, structure, and context to answer a compelling or supporting question.

P3 Public Discourse and Decision Making

P3.1 Clearly state an issue as a question of public policy, gather and interpret information about that issue, analyze various perspectives and generate and evaluate possible alternative resolutions.

P3.2 Discuss public policy issues, clarifying position, considering opposing views and applying core democratic values or constitutional principles to develop and refine claims.

P3.3 Construct claims and refine counter-claims expressing and justifying decisions on public policy issues.

P3.4 Critique the use, reasoning, sequence, and supporting details used in creating a claim and the subsequent evidence used to support a claim for credibility.

P4 Citizen Involvement

P4.1 Act within the rule of law and hold others to the same standard.

P4.2 Assess options for individual and collective action to advance views on matters of public policy and address local, regional or global problems.

P4.3 Plan, conduct and evaluate the effectiveness of activities intended to advance views on matters of public policy and address local, regional or global problems.

1.4 Role of Government in the Market

Describe the varied ways government can impact the market through policy decisions, protection of consumers, and as a producer and consumer of goods and services, and explain how economic incentives affect government decisions

1.4.4 Functions of Government – Explain the various functions of government in a market economy

including the provision of public goods and services, the creation of currency, the establishment of property rights, the enforcement of contracts, correcting for externalities and market failures, the redistribution of income and wealth, regulation of labor (e.g., minimum wage, child labor, working conditions), and the promotion of economic growth and security.

1.4.4 Role of Government – Explain the various roles of government in a market economy including: • the provision of public goods and services, • the creation of currency, • the establishment of and protection of property rights, • the enforcement of contracts, • correcting for externalities and market failures, • the redistribution of income and wealth, • regulation of labor • promotion of economic growth and security.

2.1 Understanding National Markets

Describe inflation, unemployment, output, and growth, and the factors that cause changes in those conditions, and describe the role of money and interest rates in national markets.

2.1.2 Circular Flow and the National Economy – Using the concept of circular flow, analyze the roles of and the relationships between households, business firms, financial institutions, and government and nongovernment agencies in the economy of the United States.

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2.1.4 Money Supply, Inflation, and Recession – Explain the relationships between money supply, inflation, and recessions.

2.1.2 Economic Indicators – Using a number of indicators, such as GDP, per capita GDP, unemployment rates, and Consumer Price Index, analyze the current and future state of an economy.

2.1.5 Gross Domestic Product (GDP) and Economic Growth – Use GDP data to measure the rate of economic growth in the United States and identify factors that have contributed to this economic growth

2.1.6 Unemployment – Analyze the character of different types of unemployment including frictional, structural, and cyclical.

2.1.7 Economic Indicators – Using a number of indicators, such as GDP, per capita GDP, unemployment rates, and Consumer Price Index, analyze the characteristics of business cycles, including the characteristics of peaks, recessions, and expansions.

2.1.8 Relationship Between Expenditures and Revenue (Circular Flow) – Using the circular flow model, explain how spending on consumption, investment, government and net exports determines national income; explain how a decrease in total expenditures affects the value of a nation's output of final goods and services.

2.1.3 Relationship Between Expenditures and Revenue (Circular Flow) – Using the circular flow model, explain how spending on consumption, investment, government and net exports determine national income.

2.2 Role of Government in the United States Economy

Analyze the role of government in the United States economy by identifying macroeconomic goals; comparing perspectives on government roles; analyzing fiscal and monetary policy; and describing the role of government as a producer and consumer of public goods and services. Analyze how governmental decisions on taxation, spending, protections, and regulation impact macroeconomic goals.

2.2.1 Federal Government and Macroeconomic Goals – Identify the three macroeconomic goals of an economic system (stable prices, low unemployment, and economic growth).

2.2.1 Federal Government and Macroeconomic Goals – Identify the three macroeconomic goals of an economic system (stable prices, low unemployment, and economic growth).

2.2.2. Macroeconomic Policy Alternatives – Compare and contrast differing policy recommendations for the role of the Federal government in achieving the macroeconomic goals of stable prices, low unemployment, and economic growth.

2.2.2 Fiscal Policy and its Consequences – Analyze the consequences – intended and unintended – of using various tax and spending policies to achieve macroeconomic goals of stable prices, low unemployment, and economic growth.

2.2.3 Fiscal Policy and its Consequences – Analyze the consequences – intended and unintended – of using various tax and spending policies to achieve macroeconomic goals of stable prices, low unemployment, and economic growth.

2.2.3 Federal Reserve and Monetary Policy – Explain the roles and responsibilities of the Federal Reserve System and compare and contrast the consequences – intended and unintended – of different monetary policy actions of the Federal Reserve Board as a means to achieve macroeconomic goals of stable prices, low unemployment, and economic growth.

2.2.4 Federal Reserve and Monetary Policy – Explain the roles and responsibilities of the Federal Reserve System and compare and contrast the consequences – intended and unintended – of different monetary policy actions of the Federal Reserve Board as a means to achieve macroeconomic goals of stable prices, low unemployment, and economic growth.

3.1 Economic Systems

Explain how different economic systems, including free market, command, and mixed systems, coordinate and facilitate the exchange, production, distribution, and consumption of goods and services.

3.1.4 GDP and Standard of Living – Using current and historical data on real per capita GDP for the United States, and at least three other countries (e.g., Japan, Somalia, and South Korea) construct a relationship between real GDP and standard of living.

Knowledge/Content I know...	Skills/Processes I can...
<p>1.4.4</p> <ul style="list-style-type: none"> the federal government employs a variety of policies, including fiscal policy, to deal with market failure. <p>2.1.2</p> <ul style="list-style-type: none"> financial institutions include banks, credit unions, savings and loans, and other financial intermediaries. financial intermediaries provide a connection between savers and investors to provide financial capital to the marketplace. a circular flow diagram shows how businesses, households and government interact in the product and factor markets. the circular flow model is used to explain the relationship between individuals and businesses through factor and product markets. <p>2.1.4</p> <ul style="list-style-type: none"> as the money supply increases, the value of money decreases, which is reflected in the rate of inflation. inflation is caused by too many people with too much money (demand pull inflation) or increases in the cost of producing goods (cost push inflation) too much or too little inflation leads to a decline in real GDP, causing recession. <p>2.1.5</p> <ul style="list-style-type: none"> Gross Domestic Product is the total value in dollars of all final goods and services produced in the United States in one year. <p>2.1.6</p> <ul style="list-style-type: none"> the four (4) main types of unemployment are cyclical, frictional, seasonal and structural. “full employment” eliminates all cyclical unemployment and leaves 3-4% of workers unemployed structural unemployment is a mismatch of jobs and skills and is challenging to correct. <p>2.1.7</p> <ul style="list-style-type: none"> there are specific leading economic indicators such as GDP, per capita GDP, real GDP, CPI, PPI, and GDP Deflator. 	<p>1.4.4</p> <ul style="list-style-type: none"> identify and explain different causes of market failure and government attempts to prevent/repair them. <p>2.1.2</p> <ul style="list-style-type: none"> construct and explain a circular flow diagram. modify circular flow diagram to include actions of government and financial intermediaries. <p>2.1.4</p> <ul style="list-style-type: none"> explain the relationship between money supply and value. demonstrate how inflation impacts economic growth. demonstrate how increases in demand and decreases in supply lead to inflation. <p>2.1.5</p> <ul style="list-style-type: none"> calculate GDP growth from one year to the next, adjusting for inflation. identify (productivity, improved technology, population, and public policy) factors that have contributed to US GDP growth. <p>2.1.6</p> <ul style="list-style-type: none"> describe different types of unemployment and explain possible solutions. assess the problem of having 0% unemployment. <p>2.1.7</p> <ul style="list-style-type: none"> use historic data to determine the status of the U.S. economy in different time periods based on the leading indicators.

<p>2.1.8</p> <ul style="list-style-type: none"> GDP can be calculated by the output-expenditure model or the income model. the output-expenditure model is $GDP = C + I + G + F$, where F is equal to net foreign trade (X-M). a decrease in total expenditures decreases GDP. <p>2.2.1</p> <ul style="list-style-type: none"> the three macroeconomic goals of an economic system are stable prices, low unemployment, and economic growth. <p>2.2.2</p> <ul style="list-style-type: none"> the federal government can employ different policies (supply-side, demand-side/Keynesian) to achieve the three major macroeconomic goals. <p>2.2.3</p> <ul style="list-style-type: none"> fiscal policy (taxing and spending) can be used to achieve the three major macroeconomic goals. any fiscal policy will have intended and unintended consequences. <p>3.1.4</p> <ul style="list-style-type: none"> real GDP per capita is the preferred method of determining standard of living. real GDP per capita is directly related to standard of living. <p><u>Academic Vocabulary</u> GDP nominal GDP real GDP Per Capita GDP Consumer Price Index (CPI) expenditure approach durable goods non-durable goods</p>	<ul style="list-style-type: none"> analyze various business cycles and their characteristics (peaks, recessions, troughs, and expansions). compare prices over time using CPI data. <p>2.1.8</p> <ul style="list-style-type: none"> use the output-expenditure model to calculate GDP. demonstrate how a change in spending in one sector of the economy can influence GDP. <p>2.2.1</p> <ul style="list-style-type: none"> identify the three macroeconomic goals and explain how they are interrelated. <p>2.2.2</p> <ul style="list-style-type: none"> identify the three stabilization policies (supply-side, demand-side/Keynesian), determine advantages and disadvantages and evaluate to what extent the U.S. relies on these policies. analyze recommendations for how the federal government can employ different policies (supply-side, demand-side/Keynesian) to achieve the three major macroeconomic goals. <p>2.2.3</p> <ul style="list-style-type: none"> identify the role of fiscal policy in economic growth/stability. predict possible consequences of different fiscal policies. <p>3.1.4</p> <ul style="list-style-type: none"> describe the relationship between real GDP per capita and standard of living. use real GDP per capita data to estimate the standard of living and rank different countries in relation to one another.
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transfer payments Implicit GDP Price Deflator Underground Economy/Black-market inflation deflation stagflation unemployment Demand Pull Inflation Cost Push Inflation hyperinflation business cycle expansion peak contraction trough recession depression indicators John Maynard Keynes supply side Demand side/Keynesian	
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Unit 5: Monetary Policy

<p>Essential Questions:</p> <ol style="list-style-type: none"> 1. How does the Federal Reserve employ monetary policy? 2. How does the money supply impact inflation? 3. How has the global economy affected the American economy? 4. How do exchange rates, interest rates and domestic policies impact world trade? 5. What are the three tools of monetary policy? 	<p>Essential Understanding:</p> <ol style="list-style-type: none"> 1. Monetary Policy is used to correct the movements along the business cycle. 2. As the money supply grows the value of money declines which is reflected in the economic concept of inflation. 3. Exchange rates provide incentives to import/export goods/services, interest rates can impact the value of a nation’s currency and internal policies can lead to increases and decreases in world trade. 4. The three tools of monetary policy are changing the reserve requirement, the Discount Rate, and buying/selling government securities.
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Curriculum Standards

P1 Reading and Communication – Read and Communicate Effectively.
P1.1 Use appropriate strategies to read and analyze social science tables, graphs, graphics, maps and texts.
P1.2 Interpret primary and secondary source documents for point of view, context, bias and frame of reference or perspective.
P1.3 Explain points of agreement and disagreement experts have about the interpretation of sources and the application of disciplinary concepts.
P1.4 Express social science ideas clearly in written, spoken and graphic forms.

P1.5 Construct and present an argument supported with evidence.

P2 Inquiry, Research, and Analysis

P2.1 Apply methods of inquiry, including asking and answering compelling and supporting questions, to investigate social scientific problems.

P2.2 Evaluate data presented in social science tables, graphs, graphics, maps and texts for credibility, considering the origin, authority, structure and context of the information.

P2.3 Know how to find, organize, evaluate, and interpret information from a variety of credible sources. P2.4 Use relevant information from multiple credible sources representing a wide range of views considering the origin, authority, structure, and context to answer a compelling or supporting question. P3 Public Discourse and Decision Making

P3.1 Clearly state an issue as a question of public policy, gather and interpret information about that issue, analyze various perspectives and generate and evaluate possible alternative resolutions.

P3.2 Discuss public policy issues, clarifying position, considering opposing views and applying core democratic values or constitutional principles to develop and refine claims.

P3.3 Construct claims and refine counter-claims expressing and justifying decisions on public policy issues.

P3.4 Critique the use, reasoning, sequence, and supporting details used in creating a claim and the subsequent evidence used to support a claim for credibility.

P4 Citizen Involvement

P4.1 Act within the rule of law and hold others to the same standard.

P4.2 Assess options for individual and collective action to advance views on matters of public policy and address local, regional or global problems.

P4.3 Plan, conduct and evaluate the effectiveness of activities intended to advance views on matters of public policy and address local, regional or global problems.

1.2 Competitive Markets

Analyze how the functions and constraints of business structures, the role of price in the market, and relationships of investment to productivity and growth, impact competitive markets.

1.2.1 Business Structures – Compare and contrast the functions and constraints facing economic institutions including small and large businesses, labor unions, banks, and households.

1.2.1 Business Structures – *Evaluate the advantages/disadvantages of different business structures and their implications for the economy.*

1.4 Role of Government in the Market

Describe the varied ways government can impact the market through policy decisions, protection of consumers, and as a producer and consumer of goods and services, and explain how economic incentives affect government decisions.

1.4.1 Public Policy and the Market – Analyze the impact of a change in public policy (such as an increase in the minimum wage, a new tax policy, or a change in interest rates) on consumers, producers, workers, savers, and investors.

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1.4.4 Functions of Government – Explain the various functions of government in a market economy including the provision of public goods and services, the creation of currency, the establishment of property rights, the enforcement of contracts, correcting for externalities and market failures, the redistribution of income and wealth, regulation of labor (e.g., minimum wage, child labor, working conditions), and the promotion of economic growth and security.

1.4.4 Role of Government – *Explain the various roles of government in a market economy including: • the provision of public goods and services, • the creation of currency, • the establishment of and protection of property rights, • the enforcement of contracts, • correcting for externalities and market failures, • the redistribution of income and wealth, • regulation of labor • promotion of economic growth and security.*

2.1 Understanding National Markets

Describe inflation, unemployment, output, and growth, and the factors that cause changes in those conditions, and describe the role of money and interest rates in national markets.

2.1.3 Financial Institutions and Money Supply – Analyze how decisions by the Federal Reserve and actions by financial institutions (e.g., commercial banks, credit unions) regarding deposits and loans, impact the expansion and contraction of the money supply.

2.1.1 Circular Flow and the National Economy – *Using the concept of circular flow, analyze the roles of and the relationships between households, business firms, financial institutions, and government and nongovernment agencies in the economy of the United States.*

2.2 Role of Government in the United States Economy

Analyze the role of government in the United States economy by identifying macroeconomic goals; comparing perspectives on government roles; analyzing fiscal and monetary policy; and describing the role of government as a producer and consumer of

public goods and services. Analyze how governmental decisions on taxation, spending, protections, and regulation impact macroeconomic goals.

2.2.4 Federal Reserve and Monetary Policy – Explain the roles and responsibilities of the Federal Reserve System and compare and contrast the consequences – intended and unintended – of different monetary policy actions of the Federal Reserve Board as a means to achieve macroeconomic goals of stable prices, low unemployment, and economic growth.

2.2.3 Federal Reserve and Monetary Policy – *Explain the roles and responsibilities of the Federal Reserve System and compare and contrast the consequences – intended and unintended – of different monetary policy actions of the Federal Reserve Board as a means to achieve macroeconomic goals of stable prices, low unemployment, and economic growth.*

3.2 Economic Interdependence – Trade

Describe how trade generates economic development and interdependence and analyze the resulting challenges and benefits for individuals, producers, and government.

3.2.2 Domestic Activity and World Trade – Assess the impact of trade policies (i.e. tariffs, quotas, export subsidies, product standards and other barriers), monetary policy, exchange rates, and interest rates on domestic activity and world trade.

3.2.2 Domestic Activity and World Trade – *Assess the impact of trade policies (i.e. tariffs, quotas, export subsidies, product standards and other barriers), monetary policy, exchange rates, and interest rates on domestic activity and world trade. (National Geography Standard 11)*

3.2.3 Exchange Rates and the World Trade – Describe how interest rates in the United States impact the value of the dollar against other currencies (such as the Euro), and explain how exchange rates affect the value of goods and services of the United States in other markets.

3.2.3 Exchange Rates and the World Trade – *Describe how interest rates in the United States and globally impact the value of the dollar against other currencies (such as the Euro), and explain value of goods and services of the United States in other markets.*

3.2.4 Monetary Policy and International Trade – Analyze how the decisions made by a country's central bank (or the Federal Reserve) impact a nation's international trade.

Knowledge/Content

I know...

- 1.2.1
 - financial institutions are responsible for protecting savings, issuing loans and creating more money.
- 1.4.1
 - changes in interest rates have a predictable effect on the behavior of individuals, households and firms.
- 1.4.4
 - the federal reserve employs a variety of policies, including monetary policy, to deal with market failure.
- 2.1.3
 - the Federal Reserve determines monetary policy to regulate the money supply.
 - through the application of changes in the interest rate, required reserve ratio, and open market operations, the Federal Reserve can employ expansionary or restrictive monetary policy.
- 2.2.4
 - the Federal Reserve can employ monetary policy to achieve the three major macroeconomic goals.
 - any monetary policy will have intended or unintended consequences.

Skills/Processes

I can...

- 1.2.1
 - explain the way savings, loans and the creation of money affects members of the economy.
- 1.4.1
 - demonstrate the effect that a change in interest rates has on individuals, households and firms behavior.
- 1.4.4
 - demonstrate the impact of Federal Reserve policies as a way to correct market failures
- 2.1.3
 - use scenarios to determine how the money supply will change as a result of decisions by the Federal reserve (this must include calculating the change in the money supply by changing the Required reserve ratio).
- 2.2.4
 - identify the role of monetary policy in achieving economic growth/stability.
 - predict possible consequences of different monetary policies.

<p>3.2.2</p> <ul style="list-style-type: none"> domestic policies such as tariffs, quotas, subsidies, and product standards affect international trade. internal decisions on monetary policy affect exchange rates and interest rates directly and indirectly affect world trade. <p>3.2.3</p> <ul style="list-style-type: none"> U.S. interest rates and the value of the dollar are directly related. a weak dollar in relation to other currencies (the Euro) discourages imports to the United States and encourages foreign (European) consumption of United States goods and services. <p>3.2.4</p> <ul style="list-style-type: none"> decisions by a country's central bank affect the international value of its currency and, as a result, international trade. <p><u>Academic Vocabulary</u></p> <p>monetarism Federal Reserve Board of Governors Monetary Policy Federal Open Market Committee Required Reserves Required Reserve Rate (rrr) discount rate interest rates Federal Reserve Note M0, M1, M2 Easy Money Policy Tight Money Policy expansionary contractionary stimulative restrictive money financial intermediaries depository institutions near money barter system Dual System of Banking legal tender fiat money demand deposits mortgages collateral fractional reserve system required reserves</p>	<p>3.2.2</p> <ul style="list-style-type: none"> determine the influence of domestic policy decisions such as tariffs, quotas, subsidies and product standards on international trade. estimate the impact of monetary policy on world trade. <p>3.2.3</p> <ul style="list-style-type: none"> calculate the change in the value of the dollar based on changes in interest rates. use exchange table data to predict the pattern of international trade as it relates to US exports/imports. <p>3.2.4</p> <ul style="list-style-type: none"> predict how decisions by the FED will impact the value of the dollar and as a result the trade deficit/surplus.
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excess reserves government securities liquidity appreciation depreciation exchange rate dumping money multiplier open market operations inflation	
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Unit 6: Personal Finance (this is not a standalone unit, it is embedded throughout the course)

Essential Questions:

1. What are the key components of financial decision making?
2. What is the best practice in developing a personal finance strategy?
3. What are the key components of a personal finance strategy?

Essential Understanding:

1. Scarcity, opportunity cost and cost/benefit analysis apply to financial decision making.
2. Cost benefit analysis can be employed in developing a personal finance strategy.
3. Personal finance strategies include a combination of money management, saving/investment, spending, credit, mortgages, insurance and retirement accounts.

Curriculum Standards

P1 Reading and Communication – Read and Communicate Effectively.

P1.1 Use appropriate strategies to read and analyze social science tables, graphs, graphics, maps and texts.

P1.2 Interpret primary and secondary source documents for point of view, context, bias and frame of reference or perspective.

P1.3 Explain points of agreement and disagreement experts have about the interpretation of sources and the application of disciplinary concepts.

P1.4 Express social science ideas clearly in written, spoken and graphic forms.

P1.5 Construct and present an argument supported with evidence.

P2 Inquiry, Research, and Analysis

P2.1 Apply methods of inquiry, including asking and answering compelling and supporting questions, to investigate social scientific problems.

P2.2 Evaluate data presented in social science tables, graphs, graphics, maps and texts for credibility, considering the origin, authority, structure and context of the information.

P2.3 Know how to find, organize, evaluate, and interpret information from a variety of credible sources. P2.4 Use relevant information from multiple credible sources representing a wide range of views considering the origin, authority, structure, and context to answer a compelling or supporting question. P3 Public Discourse and Decision Making

P3.1 Clearly state an issue as a question of public policy, gather and interpret information about that issue, analyze various perspectives and generate and evaluate possible alternative resolutions.

P3.2 Discuss public policy issues, clarifying position, considering opposing views and applying core democratic values or constitutional principles to develop and refine claims.

P3.3 Construct claims and refine counter-claims expressing and justifying decisions on public policy issues.

P3.4 Critique the use, reasoning, sequence, and supporting details used in creating a claim and the subsequent evidence used to support a claim for credibility.

P4 Citizen Involvement

P4.1 Act within the rule of law and hold others to the same standard.

P4.2 Assess options for individual and collective action to advance views on matters of public policy and address local, regional or global problems.

P4.3 Plan, conduct and evaluate the effectiveness of activities intended to advance views on matters of public policy and address local, regional or global problems.

4.1 Decision Making

Describe and demonstrate how the economic forces of scarcity and opportunity costs impact individual and household choices.

4.1.1 Scarcity and Opportunity Costs – Apply concepts of scarcity and opportunity costs to personal financial decision making.

4.1.2 Marginal Benefit and Cost – Use examples and case studies to explain and evaluate the impact of marginal benefit and marginal cost of an activity on choices and decisions.

4.1.3 Personal Finance Strategy – Develop a personal finance strategy for earning, spending, saving and investing resources.

4.1.4 Key Components of Personal Finance – Evaluate key components of personal finance including, money management, saving and investment, spending and credit, income, mortgages, retirement, investing, and insurance.

4.1.5 Personal Decisions – Use a decision-making model (e.g., stating a problem, listing alternatives, establishing criteria, weighing options, making the decision, and evaluating the result) to evaluate the different aspects of personal finance including careers, savings and investing tools, and different forms of income generation.

4.1.5 Personal Decisions – Use a decision-making model to evaluate the different aspects of personal finance including careers, savings and investing tools, and different forms of income generation.

4.1.6 Risk Management Plan – Develop a risk management plan that uses a combination of avoidance, reduction, retention, and transfer (insurance).

Knowledge/Content I know...	Skills/Processes I can...
4.1.1 <ul style="list-style-type: none"> personal financial decisions are affected by scarcity. every personal financial decision has an opportunity cost. 	4.1.1 <ul style="list-style-type: none"> identify the opportunity costs of different personal financial decisions. explain the role that scarcity plays in personal financial decisions.
4.1.2 <ul style="list-style-type: none"> marginal costs/benefits are the cost/benefit of the next unit. marginal benefits/costs can change the average cost of personal financial decisions. 	4.1.2 <ul style="list-style-type: none"> explain and evaluate how marginal benefit/cost impacts personal financial decisions.
4.1.3 <ul style="list-style-type: none"> there are several components to a personal financial strategy including: earning, spending, saving and investing. 	4.1.3 <ul style="list-style-type: none"> develop a plan where they identify specific strategies for earning, spending, saving and investing.
4.1.4 <ul style="list-style-type: none"> the key components of a personal finance strategy include money management, saving/investment, spending and credit, income, mortgages, insurance and retirement accounts. 	4.1.4 <ul style="list-style-type: none"> define and explain money management, saving/investment, spending and credit, income, mortgages, insurance and retirement accounts.
4.1.5 <ul style="list-style-type: none"> there are different strategies in creating a personal finance strategy and these can be evaluated through the use of cost/benefit analysis. 	4.1.5 <ul style="list-style-type: none"> Evaluate the different aspects of personal finance including careers, savings and investing tools, and different forms of income generation.
4.1.6 <ul style="list-style-type: none"> there are ways to reduce risk through a process of avoidance, reductions, retention and transfer. 	4.1.6 <ul style="list-style-type: none"> develop a risk management plan that uses a combination of avoidance, reduction, retention, and transfer.

Academic Vocabulary

mortgage
401k/403b
credit
insurance
saving
retirement
pension
financial assets
mutual fund
IRA
Roth IRA
diversification
liquidity
risk/return relationship
certificate of deposit
bond
coupon rate
par value
government securities
dividend
capital gain