EXAM INFORMATION

Exam Number
450
Items
58
Points
60
Prerequisites
NONE
Recommended Course Length
ONE SEMESTER

National Career Cluster
BUSINESS MANAGEMENT & ADMINISTRATION
FINANCE
GOVERNMENT & PUBLIC ADMINISTRATION
MARKETING

Performance Standards
INCLUDED (OPTIONAL)

Certificate Available
YES

DESCRIPTION

This course focuses on the study of economic problems and the methods by which societies solve them. Characteristics of the market economy of the United States and its function in the world and methods of applying economics to one’s life will be explored.

EXAM BLUEPRINT

<table>
<thead>
<tr>
<th>STANDARD</th>
<th>PERCENTAGE OF EXAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- Scarcity</td>
<td>21%</td>
</tr>
<tr>
<td>2- Voluntary Exchange</td>
<td>26%</td>
</tr>
<tr>
<td>3- Fiscal and Monetary Policies</td>
<td>30%</td>
</tr>
<tr>
<td>4- Productivity and The Standard of Living</td>
<td>9%</td>
</tr>
<tr>
<td>5- The Changing Global Economy</td>
<td>14%</td>
</tr>
</tbody>
</table>
STANDARD 1
STUDENTS WILL UNDERSTAND THE ECONOMIC CONDITION OF SCARCITY WHERE INDIVIDUALS, BUSINESSES, GOVERNMENTS, SOCIETIES, AND NATIONS MUST MAKE CHOICES IN ATTEMPTING TO SATISFY UNLIMITED WANTS AND NEEDS USING SCARCE RESOURCES

Objective 1 Define economics using the main ideas that wants and needs are unlimited but resources are limited, resulting in scarcity.
1. Identify the productive resources/factors of production (human resources/labor, natural resources/land, capital resources, and entrepreneurship) and give examples of each.
2. Determine the difference between a good and a service and identify productive resources that are used in the production of various goods and services.
3. Explain the difference between wants and needs and give examples of each.
4. Define Scarcity

Objective 2 Compare and contrast the concepts of opportunity cost and trade-offs using production possibilities curves.
1. Define opportunity cost.
2. Define trade-offs.
3. Give examples of opportunity cost and trade-offs as they apply to individuals, businesses, governments, societies, and nations.
4. Design a production possibilities curve to illustrate trade-offs.

Objective 3 List the basic economic questions (what will be produced, how will it be produced, and for whom it will be produced)
1. Define traditional, command, market, and mixed economic systems, and describe how different economic systems (traditional, command, market, mixed) address these questions.
2. Explain how the basic economic questions were applied in the early U.S (pure market economy).
3. Identify the economic systems used in different countries around the world today.

STANDARD 2
STUDENTS WILL UNDERSTAND THAT RESOURCES AND GOODS/SERVICES ARE ALLOCATED BY VOLUNTARY EXCHANGE AND THAT ECONOMIC MARKETS ARE CHARACTERIZED BY SUPPLY AND DEMAND, COMPETITION, INCENTIVES, AND PRIVATE PROPERTY RIGHTS

Objective 1 Define markets and explain how markets allocate scarce resources.
1. Describe how voluntary exchange between households and businesses create a circular flow of money, products, and resources.

Objective 2 Determine why incentives, competition, voluntary exchange, and property rights are important components of market economies.
1. Define incentives, competition, voluntary exchange, and property rights.
2. Give examples of how people respond predictably to incentives (entrepreneurship).
3. Describe the advantages of competition among households/consumers as well as among producers/businesses.
4. Explain barriers to entry (start-up costs, technology, patents, etc.).
5. Define profit motive.

Objective 3
Discuss the laws of supply and demand and explain price determination.
1. Define supply and demand.
2. Define the determinants that cause a shift in demand.
   1. Consumer tastes & preferences
   2. Market size
   3. Income
   4. Price of complementary goods
   5. Price of substitute goods
   6. Consumer expectations
3. Describe the determinants that cause a shift in supply.
   1. Price of resources
   2. Govt. regulations
   3. Technology
   4. Competition
   5. Price of related goods
   6. Producer expectations
4. Define diminishing marginal utility.
5. Identify how a business might apply marginal analysis (compare marginal benefit to marginal cost).
6. Apply marginal analysis to an economic choice a student must make (e.g., buying a car, deciding on plans after high school, selecting a college/university, etc.).
7. Use supply and demand schedules to plot curves on a graph to determine the market equilibrium or market clearing price.
8. Predict how changes/shifts in either supply or demand will affect the market price.

Objective 4
Compare and contrast different market structures.
1. List the characteristics of each of the four market structures: perfect competition, monopolistic competition, oligopoly, and monopoly.
2. Identify business sectors that illustrate each of the market structures.
3. Explain the role of anti-trust laws as they apply to market competition.

Objective 5
Discuss various economic theories and the economist who developed those theories as they relate to market economies.
2. Explain John Maynard Keynes’ theories on economic stabilization through government intervention.
3. Explain Karl Marx and Frederick Engels’ theories on socialism and communism.
4. List some modern-day economists and their recent economic theories.

Standard 2 Performance Evaluation included below (Optional)
STANDARD 3
STUDENTS WILL RECOGNIZE HOW FISCAL AND MONETARY POLICIES ASSIST INDIVIDUALS AND GROUPS IN PURSUIT OF ECONOMIC WELL-BEING

Objective 1
Analyze how policymakers use fiscal policy to accomplish their goals regarding the U.S. economy.
1. Discuss the main economic goals of the U.S.—providing public goods, ensuring competition, dealing with externalities, and promoting economic stability, security, and growth.
2. Explain how federal, state, and local governments use fiscal policy.
3. Examine the different types of taxes that governments use to raise revenue (e.g., progressive, regressive, proportional) and list the various taxes that governments levy (e.g., income tax, property tax, sales tax, etc.).

Objective 2
Identify the four phases (peak, expansion, contraction, and trough) of the business cycle and examine the role of economic indicators in determining the level of business activity.
1. Discuss Gross Domestic Product (GDP), how it is measured, and how it can indicate decline, growth, recession, and recovery.
2. Define labor force and how unemployment is calculated.
3. Define the different types of unemployment (e.g., frictional, structural, cyclical, and seasonal).
4. Explain inflation and deflation, the factors leading to both, and how each is measured.
5. Define Consumer Price Index (CPI)

Objective 3
Define how the Federal Reserve uses monetary policy to control the fluctuation of the money supply.
1. Explain the responsibilities of the Federal Reserve (i.e., supervise and regulate banks, administer monetary policy, and provide financial services for the U.S. government and member banks).
2. Examine how the Federal Reserve uses the monetary policy tools (discount rate, reserve ratio, buying & selling govt. securities) to stimulate the economy or control inflation.
3. Compare fiscal and monetary policy and summarize how the use of these policies affects individuals, businesses, governments, societies, and nations.

Objective 4
Describe the functions of money and explain the role of financial institutions.
1. Discuss the forms of exchange (barter, credit, money, etc.)
2. Explain the three functions of money (i.e., medium of exchange, store of value, measure of price).
   Describe the characteristics of money (i.e., durability, portability, divisibility, stability, and acceptability)
3. Discuss the value of money (i.e., commodity vs. fiat)

Objective 5
Examine the role of entrepreneurs, businesses, and producers in market economies.
1. Define the different forms of business organization (e.g., sole proprietorships, partnerships, corporations, etc.).
2. Identify how businesses may raise capital (i.e., debt financing vs. equity financing).
3. Determine how businesses earn a profit by creating value in their product (good, service, or idea).

Standard 3 Performance Evaluation included below (Optional)
STANDARD 4
STUDENTS WILL RECOGNIZE HOW TO INCREASE PRODUCTIVITY AND THE STANDARD OF LIVING

Objective 1  Students will examine sources and types of funding.
1. Analyze how specialization and division of labor affect productivity, standard of living, and interdependence.
2. Determine how investments in human resources, physical resources, and technology affect productivity.
3. Explain how increased productivity can increase standards of living.

Objective 2  Discuss the role of ethics in choices made by individuals, businesses, societies, governments, and nations.
1. Define ethics.

Standard 4 Performance Evaluation included below (Optional)

STANDARD 5
STUDENTS WILL UNDERSTAND THE ECONOMIC IMPACT OF A CHANGING GLOBAL ECONOMY

Objective 1  Summarize the costs and benefits of international trade.
1. Define import and export
2. Define trade deficit
3. Examine the impact of a country’s balance of trade on its Gross Domestic Product and standard of living.
4. Analyze the impact of barriers to trade (tariffs, quotas, embargoes).

Objective 2  Use absolute advantage and comparative advantage to make trade decisions.
1. Define absolute advantage.
2. Define comparative advantage.
3. Explain how comparative advantage is used in analyzing trade decisions.

Objective 3  Explore the effects of currency exchange rates on international trade and travel.
1. Explain and calculate currency conversions.
2. Determine how the price of an imported good is affected by currency fluctuations.
3. Discuss how a country’s exports can be impacted by currency fluctuations.

Objective 4  Examine the challenges that nations and the world face as economies throughout the world develop and change.
1. Discuss how political systems and economies in many countries are changing.
2. Study the role of the U.S. in today’s global economy.

Standard 5 Performance Evaluation included below (Optional)
Economics Performance Standards (Optional)

Performance assessments may be completed and evaluated at any time during the course. The following performance skills are to be used in connection with the associated standards and exam. To pass the performance standard the student must attain a performance standard average of **8 or higher** on the rating scale. Students may be encouraged to repeat the objectives until they average **8 or higher**.

Students Name_____________________________________________________________

Class____________________________

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**Performance Rating Scale**

<table>
<thead>
<tr>
<th>Rating Scale</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>0</td>
<td>Limited Skills</td>
</tr>
<tr>
<td>2</td>
<td>Moderate Skills</td>
</tr>
<tr>
<td>4</td>
<td>High Skills</td>
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</tbody>
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**STANDARD 2 Voluntary Exchange**

☐ Construct a circular flow model demonstrating the process of voluntary exchange among businesses/producers, households/consumers, and government

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**STANDARD 3 Fiscal and Monetary Policies**

☐ Create and label a business cycle graphic

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**STANDARD 4 Productivity**

☐ Evaluate a current ethical scenario

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**STANDARD 5 Economic Impact of a Changing Global Economy**

☐ Construct a circular flow model demonstrating the process of voluntary exchange among businesses/producers, households/consumers, and government

☐ Create and label a business cycle graphic

☐ Evaluate a current ethical scenario

☐ Analyze two Current Events

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**PERFORMANCE STANDARD AVERAGE SCORE:**

Evaluator Name ________________________________

Evaluator Title ___________________________________________________________________

Evaluator Signature ________________________________

Date __________________________________________________________________________
Economics Vocabulary:

absolute advantage  
executive officers  
monetary policy  
Adam Smith  
Expansion  
money  
allocation of resources  
exports  
money supply  
antitrust legislation  
externality  
monopolistic competition  
balance of trade  
factors of production  
monopoly  
barriers to entry  
FDA  
national debt  
barter  
Federal Reserve System  
natural resources  
基本经济问题  
金融机构  
需求  
收益与成本  
财政政策  
正常货物  
收益与交易  
固定成本  
寡头垄断  
董事会  
形式的业务  
机会成本  
债券  
自由市场经济  
OSHA  
抵制  
自由贸易协会  
产出  
预算赤字  
FTC  
合伙制  
商业周期  
货币功能  
高峰  
商业收入  
goods  
人均GDP  
资本资源  
政府监管  
物理资源  
资本主义  
国内生产总值（GDP）  
价格  
货币流量  
家庭  
价格上限  
命令经济  
人力资源  
价格竞争  
共产主义  
进口  
价格操纵  
比较优势  
激励  
价格底部  
竞争  
收入  
私有财产  
消费者  
通货膨胀  
生产可能性曲线  
消费者商品  
机构  
生产资源  
消费者主权  
相互依赖  
生产力  
消费者支出  
利率  
利润率  
收缩  
国际贸易  
利润动机  
公司  
投资  
利润  
债权人/贷款者  
看不见的手  
财产权利  
债务人/借入者  
约翰·梅纳德·凯恩斯
Economics

- proprietorship
- decision making
- Karl Marx
- public good
- deficit spending
- labor (human resources)
- pure price competition
- deficits labor (natural resources)
- quantity demanded
- deflation
- law of demand
- quantity supplied
- demand
- law of supply
- quotas
- depression
- legal tender
- recession
- discount rate
- limited resources
- redistribution of income
- dollar management
- resource allocation
- economic growth
- marginal analysis
- risk
- economic systems
- marginal benefit
- saving and investing
- elasticity of supply/demand
- marginal cost
- scarcity
- entrepreneurs
- marginal revenue
- SEC
- equilibrium
- market
- service
- equity & debt financing
- market economy
- shift in demand
- ethics
- market structure
- shift in supply

European Community
- measure of value
- shortage
- exchange rates
- medium of exchange specialization
- excise tax
- mixed economy
- spending
- standard of living
- startup costs
- stock market
- stockholders
- store of value
- subsidies
- subsistence
- supply
- supply & demand
- schedule
- surplus
- tariffs
- taxes
- technology
- total
- revenue
- trade barriers
- trade-off
- trade organizations
- traditional
- trough
- unemployment rate
- union
- variable costs
- voluntary exchange
- wants
- what, how, who

*This list is a study aid and may not be inclusive.*