

**EXAM INFORMATION**

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**Items**

58

**Points**

60

**Prerequisites**

NONE

**Grade Level**

10-12

**Course Length**

ONE SEMESTER

**Career Cluster**

GOVERNMENT &amp; PUBLIC

ADMINISTRATION

MARKETING

**Performance Standards**

INCLUDED

**Certificate Available**

YES

**DESCRIPTION**

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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**

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**STANDARD****PERCENTAGE OF EXAM**

1- Scarcity	21%
2- Voluntary Exchange	26%
3- Fiscal and Monetary Policies	30%
4- Productivity and The Standard of Living	9%
5- The Changing Global Economy	14%

**STANDARD 1**

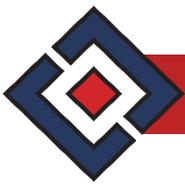
STUDENTS WILL UNDERSTAND THE ECONOMIC CONDITION OF SCARCITY WHERE INDIVIDUALS, BUSINESSES, GOVERNMENTS, SOCIETIES, AND NATIONS MUST MAKE CHOICES IN ATTEMPTING TO SATISFY UNLIMITED WANTS AND NEEDS USING SCARCE RESOURCES

- 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.

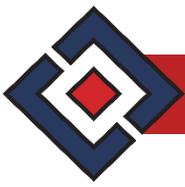
1. List the characteristics of each of the four market structures: perfect competition, monopolistic competition, oligopoly, and monopoly.
2. Identify business sectors that illustrate each of the market structures.
3. Explain the role of anti-trust laws as they apply to market competition.

**Objective 5**

Discuss various economic theories and the economist who developed those theories as they relate to market economies.

1. Explain Adam Smith's theories of the invisible hand and laissez faire as discussed in his book, *The Wealth of Nations*.
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)



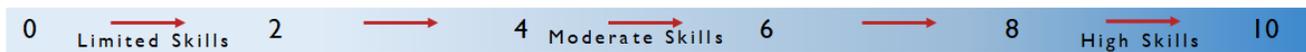
## Economics Performance Standards (Optional)

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 \_\_\_\_\_

### PERFORMANCE RATING SCALE



#### STANDARD 2 Voluntary Exchange

Score:

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

#### STANDARD 3 Fiscal and Monetary Policies

Score:

- Create and label a business cycle graphic

#### STANDARD 4 Productivity

Score:

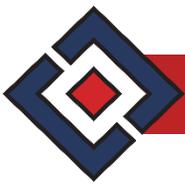
- Evaluate a current ethical scenario

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

Score:

- 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

### PERFORMANCE STANDARD AVERAGE SCORE:



## **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  
basic economic questions  
financial institutions  
needs  
benefits and costs  
fiscal policy  
normal goods  
benefits of trade  
fixed costs  
oligopoly  
board of directors  
forms of business  
opportunity cost  
bonds  
free-market economy  
**OSHA**  
boycott  
free-trade associations  
output  
budget deficit  
**FTC**  
**Partnership**  
business cycle  
functions of money  
peak  
business income



goods  
per capita GDP  
capital resources  
government regulation  
physical resources  
capitalism  
gross domestic product (GDP)  
price  
circular flow  
households  
price ceiling  
command economy  
human resources  
price competition  
communism  
imports  
price fixing  
comparative advantage  
incentives  
price floor  
competition  
income  
private property  
consumer  
inflation  
production possibilities curve  
consumer goods  
institutions  
productive resources  
consumer sovereignty  
interdependence  
productivity  
consumer spending  
interest rates  
profit margin  
contraction  
international trade  
profit motive  
corporation  
investment  
profits  
creditor/lender  
invisible hand  
property rights  
debtor/borrower  
John Maynard Keynes  
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.**