

2021 - 2022, HS, Economics, Quarter 1

Students begin a study of economics with the units of **Scarcity**, **Economic Reasoning**, **National Economic Performance**, and **Market Structures**. Students employ the inquiry cycle by analyzing primary and secondary sources when proper. Compliance with [Federal Mandate 36 U.S. Code § 106](#) and [Freedom Week TCA § 49-6-1014](#) are part of quarter one instruction. Also, the course complies with [T.C.A. § 49-6-1011](#) on inclusion of historical primary documents.

Tennessee State Standards and Learning Expectations

Scarcity and Economic Reasoning

E.01 Explain how consumers and producers confront the condition of scarcity by making choices that involve opportunity costs and tradeoffs.

- Define scarcity.
- Differentiate between scarcity and shortage.
- Define opportunity costs.
- Define trade-offs.
- Differentiate between opportunity costs and tradeoffs.
- Differentiate between needs and wants.
- Define economics.
- Explain how consumers and producers handle the condition of scarcity by making choices that result in opportunity costs and tradeoffs.

E.02 Define land, labor, capital, and entrepreneurship, and explain why they are necessary for the production of goods and services. (G)

- Define land, labor, capital, and entrepreneurship.
- State that land, labor, capital, and entrepreneurship are the factors of production.
- Explain why land, labor, capital, and entrepreneurship are necessary to produce goods and services.

E.27 Explore the roles that research and development, equipment and technology, and the training of workers have in increasing productivity.

- Define productivity.
- Outline what effects research and development, equipment and technology, and the training of workers can have on productivity.

E.28 Describe potential factors that influence the earnings of workers.

- Describe the factors that influence the earnings of workers.

E.03 Explain reasons for voluntary exchange, including positive and negative incentives.

- Explain voluntary exchange.
- Illustrate that individuals engage in voluntary exchange because both parties are better off by doing so.
- Create a circular flow diagram and explain the different components.
- Describe both positive and negative incentives.

E.06 Use a production possibilities curve to explain the concepts of: Choice, Growth, Opportunity cost, Productivity, Scarcity, Trade-offs, and Unemployment.

- Draw a Production Possibilities Curve (PPC).
- Use a Production Possibilities Curve to explain the concepts of choice, growth, opportunity cost, productivity, scarcity, trade-offs, and unemployment.

E.04 Describe the basic characteristics and explain the functions of money, including its role as a medium of exchange, store of value, and unit of account.

- Explain the functions of money: medium of exchange, store of value, unit of account.
- Describe why money must be portable, divisible, accepted, limited in amount, durable, and uniform.

E.05 Compare and contrast how the various modern economic systems (i.e., market, command, mixed) attempt to answer the following questions: What to produce? How to produce it? To produce it for whom? (C, P)

- Detail how market, command, and mixed economies answer the three basic economic questions.
- Detail the advantages and disadvantages of market, command, and mixed economies and cite examples that illustrate the advantages and/or disadvantages.
- List the three basic economic questions. [*What to produce, how to produce it, and for whom to produce it*].

HONORS: Differentiate between constant costs and increasing costs on a PPC (Production Possibilities Curve) and explain the shape of the curves.

E.17 Explain the function of profit in a market economy as an incentive for entrepreneurs to accept the risks of business failure.

- Explain that the function of profit is the incentive for taking on the risks of going into business.
- Outline what the risks are of going into business.
- Discuss the risk/reward relationship.

E.07 Compare and contrast the theoretical principles of capitalism, socialism, and communism, as expressed through theorists such as Adam Smith and Karl Marx. (C, H, P)

- Analyze an excerpt of Adam Smith's *Wealth of Nations*.
- Describe the concepts of the invisible hand, laissez faire, and the specialization on labor.
- Differentiate between the proletariat and the bourgeoisie.
- Compare the principles of capitalism, socialism, and communism.

E.37 Compare the various schools of thought on governmental intervention in the economy including classical (Adam Smith), demand-siders (John Maynard Keynes), the Austrian school (Friedrich Hayek), supply-siders (Arthur Laffer), and Monetarists (Milton Friedman). (H, P)

- Compare the economic theories and their creators viewed government intervention in the economy, including:
 - Classical (Adam Smith)
 - Demand-Siders (John Maynard Keynes)
 - The Austrian School (Friedrich Hayek)
 - Supply-Siders (Arthur Laffer)

- Monetarists (Milton Friedman)

Supply and Demand

E.09 Define supply and demand, provide relevant examples, and consider *ceteris paribus* (i.e., all things being equal).

- Define demand and supply.
- Explain the concept *ceteris paribus*.
- Define the Law of Demand and the Law of Supply.
- Draw a demand curve.
- Draw a supply curve.
- Find equilibrium price and quantity on a graph.

E.10 Identify factors that cause changes in market supply and demand. (G, P)

- Name factors that cause changes in market demand as well as factors that cause changes in market supply.
- Demonstrate the ability to shift a demand curve and a supply curve.
- Show the new equilibrium price and quantity on a graph after a shift in supply and/or demand.

HONORS: Describe the process by which a shift in supply or demand initially causes a shortage or surplus which results in an eventual price change.

E.11 Use concepts of price elasticity of demand and supply to explain and predict changes in quantity as prices fluctuate.

- Define the concept of price elasticity of demand and define the concept of price elasticity of supply.
- Use elasticity to predict changes in quantity demanded and supplied as prices fluctuate.
- Draw an inelastic/elastic demand curve as well as an inelastic/elastic supply curve.
- Name the conditions that would lead to a demand/supply curve to be elastic/inelastic.

HONORS: Calculate the value of elasticity.

E.12 Define market equilibrium and explain how supply and demand guide prices towards equilibrium to avoid surpluses or shortages.

- Define market equilibrium.
- Explain how supply and demand guides prices towards equilibrium so that shortages and surpluses are avoided.

E.13 Describe how supply and demand determine equilibrium price, and graph examples on a curve.

- Explain equilibrium price using a supply and demand graph.
- Graph examples of supply and demand curves and show equilibrium price and quantity.

E.14 Describe causes of shortages and surpluses. (G, H)

- Describe the causes of shortages and surpluses.

E.15 Analyze effects of shortages and surpluses on supply and demand. (G, H)

- Draw and analyze the effects of shortages and surpluses on supply and demand graphs.

C – culture, E – economic, G – geography, H – history, P – politics, T – Tennessee, TCA - TN Code Annotated (required)

2021 – 2022, HS, Economics, Quarter 2

Students finish an economic study with units on **Market Structure cont'd**, **Role of Government**, and **Trade**. Students continue their progress through the inquiry cycle by analyzing sources appropriately. Also, the course complies with [T.C.A. § 49-6-1011](#) on the inclusion of historical primary sources.

Tennessee State Standards and Learning Expectations

Market Structures

E.16 Compare and contrast the following forms of business organization: sole proprietorship, partnership, and corporation.

- Define sole proprietorships, partnerships, and corporations.
- Compare sole proprietorships, partnerships, and corporations with respect to starting the business, liability, and who receives the profit.
- Discuss limited/unlimited liability in relation to business structures.

E.17 Explain the function of profit in a market economy as an incentive for entrepreneurs to accept the risks of business failure.

- Explain that the function of profit is the incentive for taking on the risks of going into business.
- Outline what the risks are of going into business.
- Discuss the risk/reward relationship.

E.18 Define stock, and describe the connections between capital, stock markets, banks, and the economy. (P)

- Explain the concept of stock.
- Differentiate between common stock and preferred stock.
- Define capital.
- Define markets.
- Discuss the action of banks loaning money causing growth in the economy.
- Draw a diagram of the circular flow of money through the economy and the connections between capital, stock markets, banks, and the economy.

E.19 Analyze the various ways and reasons that firms grow either through reinvestment of financial capital or through horizontal, vertical, and conglomerate mergers.

- Analyze the ways and reasons that firms grow.
- Define reinvestment of capital.
- Compare horizontal, vertical, and conglomerate mergers.

E.20 Summarize the role and historical impact of economic institutions (such as labor unions, multinationals, and nonprofit organizations) within market economies. (H)

- Define labor unions.
- Define collective bargaining and explain how the use of strikes can obtain a labor contract.
- Define and discuss the advantages and disadvantages of multinationals, labor unions, and nonprofit organizations.
- Outline the role and historical impact of labor unions, multinationals, and nonprofit organizations within market economies.
- Outline the structure of a multinational.
- Explain the goals of a non-profit organization.

E.21 Identify the basic characteristics of monopoly, oligopoly, monopolistic competition, and perfect competition.

- Define the basic characteristics of monopoly, oligopoly, monopolistic competition, and perfect competition.
- Define competition.
- Define barriers to entry.
- Explain why firms with less competition have more market power.

HONORS: Identify the graphs associated with Monopoly, Oligopoly, Monopolistic Competition, and Perfect Competition.

HONORS: Show the area of profit or loss on the graph for Monopoly, Oligopoly, Monopolistic Competition, and Perfect Competition.

E.22 Explain how competition impacts pricing and production in market structures.

- Describe what happens to pricing structures and production levels when competition increases in a market.

E.24 Explain ways that firms engage in price and non-price competition.

- Explain ways firms use price and non-price competition and compare the usage.

E.25 Describe the characteristics of natural monopolies and the purposes of government regulation of these monopolies (such as utilities). (P)

- Describe the characteristics of natural monopolies and why they arise.
- Define economies of scale.
- Analyze why the government often regulates natural monopolies such as utility companies.

E.26 Demonstrate how firms with market power can determine price and output.

- Define market power.
- Analyze how market power can allow a firm to determine price and output.

E.38 Analyze how governments intend to incentivize entrepreneurs through policies (e.g., tax, regulatory, education, research support policies, patents, and copyrights). (H, P)

- Analyze how governments give entrepreneurs incentives through various policies including: tax, regulatory, education, research support, patents, and copyrights.

E.23 Identify laws and regulations adopted in the U.S. to promote competition among firms. (H, P)

- Name laws in the U.S. that have passed to promote competition among businesses such as the Clayton Antitrust Act, the Sherman Antitrust Act, and the Robinson-Patman Act.

E.40 Define externalities and identify examples of them.

- Define positive, negative externalities, and supply examples.

HONORS - *Propose government policies to maximize positive externalities and minimize negative externalities.*

National Economic Performance

E.39 Define gross domestic product (GDP), economic growth, unemployment, and inflation, and explain how they are calculated. (P)

- Define Gross Domestic Product, economic growth, unemployment, and inflation and explain how they are calculated.

E.08 Identify and explain the following broad goals of economic policy: Efficiency, Equity, Freedom, Full employment, Growth, Price stability, Security.

- Identify and explain efficiency, equity, freedom, full employment, growth, price stability, and security.
- Detail how efficiency and equity are in opposition to one another.
- Detail how economic freedom and economic security are in opposition to one another.
- Cite specific policies that are in support of the broad economic goals.

E.41 Identify the different causes of inflation and analyze inflation's impact. (C, P)

- Name the different causes of inflation.
- Define cost-push inflation, demand-pull inflation, and the quantity theory of money.
- Analyze the impact of inflation.

E.43 Differentiate between different types of unemployment (e.g., structural, functional, seasonal, underemployment, and cyclical). (G, P)

- Compare the distinct types of unemployment: structural, frictional, seasonal, underemployment, and cyclical.

E.44 Describe the impact of investment and consumer debt as it relates to the national economy. (P)

- Describe how investment and consumer debt affects the national economy.
- Explain the components of the Business Cycle.
- Explain what effects government and consumer spending have on the business cycle.
- Differentiate between recessions and depressions.
- Predict the government and household response to recessions and depressions.

The Role of Government

E.29 Describe methods of revenue (e.g., taxes and bonds) for governments and explain ways that they allocate funds. (P)

- Describe how governments use taxes and bonds to create revenue to fund their activities.

E.31 Define progressive, proportional, and regressive taxation, and discuss how federal, state, and local governments utilize them. (P, T)

- Describe the differences between and give examples of progressive (income), proportional (flat), and regressive (sales) taxes.
- Differentiate between sales taxes, income taxes, excise taxes, property taxes, and corporate income taxes.
- Describe how governments distribute funds.
- Discuss how federal, state, and local governments use taxes.

E.35 Define fiscal and monetary policy and explain how the government uses these in its efforts to influence the economy. (P)

- Define fiscal policy and monetary policy.
- Explain that Congress and the President are both responsible for fiscal policy and it results in changes in taxes and spending.
- Compare how fiscal and monetary policy are used to influence the economy.

E.36 Explain how price stability, full employment, and economic growth influence fiscal and monetary policy making. (P)

- Explain how price stability, full employment, and economic growth influence changes on fiscal and monetary policy.

E.30 Analyze reasons that government deficits, debts, and surpluses are accrued, and compare and contrast government budgets with personal budgets. (H, P)

- Analyze the reasons why governments acquire deficits, debts, and surpluses.
- Compare government budgets with personal budgets.

E.33 Explore potential national debt management strategies, considering their feasibility and implications. (C, H, P, T)

- Explain national debt management strategies and describe their feasibility and implications of use.

E.32 Analyze economic costs and benefits of government policies (e.g., Social Security, Medicare, earned income credits, military expenditures, and public education). (H, P)

- Analyze the costs and benefits of government programs such as, Social Security, Medicare, earned income credits, military spending, and public education.

E.34 Describe the purpose, role, and function of the Federal Reserve. (H, P)

- Describe the purpose, role, and function of the Federal Reserve (the Fed).
- Explain that the Federal Reserve handles monetary policy and how it results in changes in the money supply.
- Describe the structure of the Federal Reserve as privately owned and publicly controlled.

E.42 Explain the role of banks and other financial institutions in the U.S. economy. (P)

- Outline the role of banks and financial institutions in the U.S. economy.

HONORS: *Examine hypothetical problems with the U.S. economy and make proposals to changes in fiscal and monetary policy to alleviate those problems.*

Trade

E.45 Explain the benefits of trade among individuals, regions, and countries. (G, P)

- Explain how trade makes it possible for everyone to consume more goods and services.

E.46 Define and distinguish between absolute and comparative advantage and explain how most trade occurs because of a comparative advantage. (G)

- Define and differentiate between comparative advantage and absolute advantage.
- Explain why most trade occurs because of comparative advantage.

HONORS: *Calculate the gains from trade when free trade is allowed.*

E.47 Describe causes and consequences of trade barriers (e.g., quotas, tariffs, and subsidies) on consumers and producers. (G, P, T)

- Define quotas, tariffs, and subsidies.
- Describe the causes and effects of trade barriers on consumers and producers (quotas, tariffs, and subsidies).

E.48 Define trade deficit and identify reasons why trade deficits exist. (P)

- Define trade deficits and show why they exist.

E.49 Explain how changes in exchange rates impact the purchasing power of people in the U.S. and other countries. (G, P)

- Define exchange rates and explain why they impact the purchasing power of individuals in different countries.

E.50 Evaluate the arguments for and against free trade. (G, P)

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