

## 2022 - 2023, 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.
- Describe why money must be portable, divisible, accepted, limited in amount, durable, and uniform.

**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.
- List the three basic economic questions. [*What to produce, how to produce it, and for whom to produce it*].

**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.

**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 – economics, G – geography, H – history, P – politics, T – Tennessee, TCA - TN Code Annotated (required)

## 2022 – 2023, 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 in 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)

- evaluate the arguments for and against free trade.

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