ECONOMICS

MICROECONOMICS

Scarcity- Students will understand that productive resources are limited. Therefore, people can not have all the goods and services they want; as a result, they must choose some things and give up others.

Marginal Cost/Benefit-Students will know that effective decision making requires comparing the additional costs of alternatives with the additional benefits. Most choices involve doing a little more or a little less of something: few choices are "all or nothing" decisions.

Allocation of Goods and Services-Students will understand that different methods can be used to allocate goods and services. People acting individually or collectively through government, must choose which methods to use to allocate different kinds of goods and services.

Role of Incentives- Students will understand that people respond predictably to positive and negative incentives.

Gain from Trade-Students will understand that voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and among individuals or organizations in different nations.

Specialization and Trade-Students will know that when individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase.

Markets/Price and Quantity Determination-Students will understand that markets exist when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.

Role of Price in Market System-Students will know that prices send signals and provide incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives.

Role of Competition-Students will understand that competition among sellers lowers costs and prices, and encourages producers to produce more of what consumers are willing and able to buy. Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.

Role of Economic Institutions- Students will know that institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and enforced property rights, is essential to a market economy.

Role of Money-Students will understand that money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.

Role of Interest Rates-Students will know that interest rates, adjusted for inflation, rise and fall to balance the amount saved with the amount borrowed, which affects the allocation of scarce resources between present and future uses.

Role of Resources in Determining Income-Students will know that income for most people is determined by the market value of the productive resources they sell. What workers earn depends, primarily, on the market value of what they produce and how productive they are.

Profit and the Entrepreneur-Students will know that entrepreneurs are people who take the risks of organizing productive resources to make goods and services. Profit is an important incentive that leads entrepreneurs to accept the risks of business failure.

Growth-Students will understand that investment in factories, machinery, new technology, and in the health, education, and training of people can raise future standards of living.

Role of Government-Students will know that there is an economic role for government in a market economy whenever the benefits of a government policy outweigh its costs. Governments often provide for national defense, address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Most government policies also redistribute income.

MACROECONIMCS

Income/Employment, Prices-Students will develop an understanding that a nation's overall levels of income, employment, and prices are determined by the interaction of spending and production decisions made by all households, firms, government agencies, and others in the economy.

Unemployment and Inflation-Students will know that unemployment imposes costs on individuals and nations. Unexpected inflation imposes costs on many people and benefits some others because it arbitrarily redistributes purchasing power. Inflation can reduce the rate of growth of national living standards because individuals and organizations use resources to protect themselves against the uncertainty of future prices.

Monetary and Fiscal Policy- Students will know that the federal government budgetary policy and the Federal Reserve System's monetary policy influence the overall levels of employment, output, and prices.