



## PACING GUIDE

# Economics

### Unit 1

### Economics and Choices

5 Weeks

- **OVERVIEW:**

Students learn scarcity and choice are the fundamental principles of economics. We will study three economic systems: traditional, market, and command. Students will learn about the free enterprise system and the role of government intervention. Focus is on the legal rights that safeguard a free enterprise system.

- **Textbook Location and Topics:**

**Unit 1: Chapter 1, pages 2-32**

- Scarcity: The Basic Economic Problem
- Economic Choice Today: Opportunity Cost
- Analyzing Production Possibilities
- The Economist's Toolbox

**Unit 1: Chapter 2, pages 36-58**

- Introduction to Economic Systems
- Command Economies
- Market Economies
- Modern Economies in a Global Age

**Unit 1: Chapter 3, pages 68-92**

- Advantages of the Free Enterprise System
- How Does the Free Enterprise System Allocate Resources?
- Government and Free Enterprise.

- **Key Learning Goals and Concepts:**

- Apply reasoned decision-making techniques in making choices; explain why different individuals, households, organizations and/or governments faced with the same alternatives might make different choices.
  - Identify the incentives and trade-offs related to a choice made by an individual, household, organization or government; describe the opportunity cost of a choice; and analyze the consequences of a choice (both intended and unintended).
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- Explain how the availability of productive resources and technology limits the production of goods and services.
  - Compare and contrast the characteristics of traditional, command (planned), market-based (capitalistic) and mixed economic systems.
  - Mathematically analyze the above questions either in graphs or with simple models.
  - Describe the role of households, businesses and governments in the movement of resources, goods and services, and money in an economy.
  - Analyze different types of economies and the advantages and disadvantages of each.
  - Understand the implications of market structure on welfare in a society.
  - Describe the modern mixed economic system.
  - Describe the role of government in regulating and promoting economic growth.
  - Analyze the free enterprise system and the profit motive.
  - Describe the role of government in encouraging enterprise.
  - Analyze externalities, the free rider problem and public goods. Graphically/mathematically describe these events and show how government intervention can improve efficiency.
  - Describe the legal rights which the free enterprise system relies on.
  - Analyze and explain how resources are allocated in light of consumer preferences and available resources.
  - Show and analyze circular flow models.

## Unit 2

## Market Economies at Work

10 Weeks

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- **OVERVIEW:**

Students will learn what demand is, how to interpret and create demand schedules, and describe the roles of preferences and income. Students will learn what supply is, how to interpret and create supply schedules, and describe the role of factor costs. We will study market equilibrium, how demand and supply interact to determine equilibrium price, and what causes surpluses, shortages and deadweight loss. Students will learn about market structures and what competition is.

- **Textbook Location and topics:**

**Unit 2: Chapter 4, pages 96-124**

- What is demand?
- What factors affect demand?
- What is elasticity of demand?

**Unit 2: Chapter 4, pages 96-124**

- What is supply?
  - What are the costs of production?
  - What factors affect supply?
  - What is elasticity of supply
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### Unit 2: Chapter 6, pages 162-186

- Equilibrium
- Prices as Signals and Incentives.
- Intervention in the Price System

### Unit 2: Chapter 7, pages 190-220

- Perfect Competition
- Monopolies
- Other Market Structures
- Regulation and Deregulation

- **Key Learning Goals and Concepts:**

- Describe the factors that determine demand.
  - Analyze changes in demand and changes in quantity demanded of products.
  - Create demand schedules and curves and graphically explain these items.
  - Discuss and mathematically describe the elasticity of demand.
  - Understand the factors that determine elasticity of demand.
  - Discuss supply and the factors that determine supply.
  - Describe in words and solve mathematically for the optimal labor choice of companies.
  - Describe in words and solve mathematically for the costs of production.
  - Create and analyze supply curves and graphs.
  - Solve for elasticity of supply and interpret results.
  - Combine their knowledge of supply and demand to solve for equilibrium.
  - Heuristically and mathematically describe how changes in supply and demand affect equilibrium price.
  - Describe the role of the "invisible hand" in the market.
  - Show producer and consumer surplus and show that equilibrium maximizes total surplus.
  - Describe how prices act as signals and incentives.
  - Graphically show the effects of price ceilings and floors on social welfare and show the deadweight loss of reduced welfare.
  - Graphically analyze perfect competition.
  - Describe the characteristics of perfect competition.
  - Describe markets that are close to perfect competition.
  - Describe monopolies and the graphically show the deadweight loss they cause.
  - Describe the characteristics of monopolies and the necessary factors that allow for their existence.
  - Analyze the implications of oligopolies and describe the general nature in which oligopolies choose prices.
  - Describe monopolistic competition and the methods by which firms compete in this market structure.
  - Graphically analyze markets of monopolistic competition.
  - Describe efforts of the U.S. to reduce market power.
  - Analyze the effectiveness of regulation and deregulation.
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- **OVERVIEW:**

Students will analyze various forms of business organization: sole proprietorships, partnerships, corporations, franchises, co-ops and nonprofits. They will formally study the labor market. Students will learn how wages and unemployment are determined.

- **Textbook Location and Topics:**

**Unit 3: Chapter 8, pages 224-252**

- Sole Proprietorships
- Partnerships
- Corporations, Mergers, and Multinationals
- Franchises, Co-ops, and Nonprofits.

**Unit 3: Chapter 9, pages 256-282**

- Wages
- Trends in the Labor Market
- Labor Unions

- **Key Learning Goals and Concepts:**

- Describe sole proprietorships and their advantages and disadvantages.
- Similarly for partnerships, corporations, franchises, conglomerates, and multinationals.
- Analyze the economic implications of each type of firm.
- Explain the role of limited liability in partnerships and corporations.
- Describe the role of economies of scale in franchises and corporations.
- Mathematically analyze the profits of firms and trends in profits with regards to business organization.
- Analyze the market forces that determine equilibrium wages.
- Graphically show the effects of these market forces.
- Describe the factors that determine wage differences across jobs.
- Discuss demographic and occupational changes in the labor force over time.
- Explain the need for unions.
- Discuss the role of unions and the effects on wages and employment.
- Analyze historical cases of unions and show why unions are needed in light of market power in the labor market.

- **OVERVIEW:**

Students first discuss the origins of money, then study the modern functions and properties of money, the development of banking, and innovations in modern banking. Students will learn about savings and investment, investing in a market economy, buying and selling stocks, as well as bonds and other financial instruments.

- **Textbook Location and Topics:**

**Unit 4: Chapter 10, pages 286-312**

- Money
- The Role of Banking
- Innovations in Modern Banking

**Unit 4: Chapter 11, pages 316-344**

- Savings and Investment
- Investing in a Market Economy
- Stocks
- Bonds and Other Financial Instruments.

- **Key Learning Goals and Concepts:**

- Describe money in a general context and be aware of the historical different types of money.
- Describe the characteristics that make money "good" at being money.
- Describe the three functions of money.
- Analyze the role of banks.
- Describe the historical development of banks in the United States and the legislation that has brought about the modern concept of banking.
- Identify the role of technology in modern banking. While this may be trivial to many students, it is important to be aware of how technology eases tasks in many industries and influences supply and demand through reducing the costs of transactions.
- Discuss the intricacies of the financial system.
- Analyze the different markets for stocks and bonds as well as the role of financial intermediaries.
- Analyze the different types of stocks, futures, and options.
- Mathematically solve for the returns of various possible stocks.
- Discuss the relationship of risk and return, specifically in the context of bonds.
- Mathematically solve for yields and total returns of bond and other investments.
- Describe other investment options and their intricacies.
- Analyze the 1929 stock market crash in the US and describe why the financial system failed.
- Explain the role of government intervention in preventing such stock market crashes in the future.

- **OVERVIEW:**

Students will learn about GDP, business cycles and the role of government spending in the economy. Using the tools gained in previous units, students analyze unemployment and poverty.

- **Textbook Location and Topics:**

**Unit 5: Chapter 12, pages 348-376**

- GDP and other indicators
- Business Cycles
- Economic Growth

**Unit 5: Chapter 13, pages 380-404**

- Unemployment
- Poverty
- Inflation

- **Key Learning Goals and Concepts:**

- Describe GDP, both heuristically and mathematically.
- Describe how GDP can be solved for.
- Discuss other measure of national income accounting.
- Describe the business cycle, its causes, and its implications.
- Discuss why recessions occur and if they are avoidable.
- Discuss how predictions of the business cycle are made.
- Describe what is meant by "economic growth" and how it can be measured.
- Describe the role of government institutions in stimulating growth.
- Analyze the role of productivity and the causes of productivity.
- Distinguish between productivity and growth of an economy.
- Measure employment and describe the different types of unemployment.
- Analyze the implications of unemployment on an economy.
- Measure poverty and describe the causes of poverty.
- Graphically display a Lorenz curve and describe how it shows income inequality.
- Measure inflation.
- Describe the causes of inflation and whether inflation is controlled or unavoidable.
- Describe the implications of inflation on supply and demand using macroeconomic graphical models.

- **OVERVIEW:**

Students study taxes and government spending. We will analyze the “deadweight loss” associated with taxes and discuss in what settings taxes may be efficient. Students will understand what fiscal policy is and how governments can use fiscal policy to stimulate economic growth. Students will learn about monetary policy in the context of the U.S. Federal reserve system.

- **Textbook Location and Topics:**

**Unit 6: Chapter 14, pages 408-440**

- Taxes
- Federal Taxes
- Federal Government Spending
- State and Local Taxes

**Unit 6: Chapter 15, pages 444-468**

- Fiscal Policy
- Demand-side and Supply-side Policies
- Deficits and National Debt

**Unit 6: Chapter 16, pages 472-504**

- The Federal Reserve
- Dem Functions of the Federal Reserve
- Monetary Policy
- Applying Monetary Policy and Fiscal Policy

- **Key Learning Goals and Concepts:**

- Explain the role of taxes.
- Discuss the different ideologies regarding who and what should be taxed, understand the behavior that is distorted by each tax.
- Solve for the deadweight loss and incidence of a tax. Show the relationship between elasticity and incidence.
- Describe the various taxes imposed at the local, state, and Federal level in the USA.
- Describe how the Federal government chooses their budget.
- Describe the budgets of local and state governments and discuss the implications of a balanced budget requirement.
- Mathematically and graphically show the role of taxes in the context of the model of supply and demand.
- Discuss fiscal policy and its role in reducing volatility in the business cycle.

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- Explain the measures by which fiscal policy affects an economy.
  - Show graphically the short and long run implications of fiscal policy.
  - Compare the ideas of supply-side, demand-side, and classical economics.
  - Graphically show the effects of increasing and reducing taxes in the context of a Laffer curve.
  - Analyze the historical effectiveness of fiscal policy in light of the debate of Keynes and Hayek.
  - Describe the causes and implications of national debt.
  - Explain the importance of the ratio of national debt to GDP.
  - Describe the purpose of central banks in general.
  - Describe the specific features and structure of the Federal Reserve.
  - Describe how the money supply can be affected by a central bank -not printing money.
  - Describe the supply and demand of money and the role of interest rates. Graphically analyze this relationship.
  - Analyze the tools of monetary policy and how they are implemented.
  - Discuss, and show graphically, how monetary policy can affect the macro economy.
  - Discuss the challenges with effectively implementing monetary policy and the role of rational expectations.
  - Mathematically and in words describe how fiscal and monetary policy can work with or against each other in influencing an economy.

## Unit 7

## The Global Economy

4 Weeks

- **OVERVIEW:**

Students will learn about benefits and potential issues of international trade. We will discuss trade barriers and evaluate the social welfare implications of protectionism. Students formally define economic development and discuss the framework needed to induce development in the modern world.

- **Textbook Location and topics:**

**Unit 7: Chapter 17, pages 508-532**

- Benefits and Issues of International Trade
- Trade Barriers
- Measuring the Value of Trade
- Modern International Institutions

**Unit 7: Chapter 18, pages 542-570**

- Definitions of Development
  - Factors Needed for Development
  - Transitioning to a Market Economy
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- **Key Learning Goals and Concepts:**

- Understand the difference between comparative and absolute advantage. Show this graphically and mathematically.
  - Show how the law of comparative advantage can result in trade always benefiting both nations.
  - Understand the implications of trade on producers and consumers. Identify which individuals are harmed or benefit from trade depending on the context. Discuss how the individuals who lose work from free trade can adjust their careers.
  - Discuss various methods of protectionism. Show graphically the deadweight loss of protectionist policies. Describe the arguments for and against protectionism.
  - Describe how exchange rates are determined. Solve simple math problems regarding exchange rates.
  - Describe how nations can "peg" their currency and show graphically what this entails.
  - Discuss the major, modern, trade organizations and the role and goals of each.
  - Discuss measure of economic development and analyze the pros and cons of each.
  - Describe the role of human and physical capital in development.
  - Describe the difficulties in obtaining funding for development in light of inflation and economic instability. Describe the role of foreign countries and international help agencies.
  - Describe the difficulties that arise when transitioning from command to market economies.
  - Discuss these difficulties in the context of the former Soviet Union and China.
  - Analyze factors that provide a setting in which economies can effectively transition from less developed to developed.
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