

DeRuyter Central School District

Economics

Grade 12

➤ **Social Studies Standard 4: Economics**

Students will use a variety of intellectual skills to demonstrate their understanding of how the United States and other societies develop economic systems and associated institutions to allocate scarce resources, how major decision-making units function in the United States and other national economies, and how an economy solves the scarcity problem through market and non-market mechanisms.

5 Benchmarks

SS12.4.18 What is Economics

- Identify basic economic concepts such as scarcity, opportunity costs, trade-offs, factors of production, free enterprise, marginal decision-making, voluntary exchange, self-interested behavior, profit motive, competition, free enterprise.
- Individuals have multiple roles in the global economy: consumer, saver, investor, producer, earner, borrower, lender, taxpayer, and recipient of government services

SS12.4.19 Economic Systems and Decision-Making

- Interpret, analyze and understand the use of economic models such as a production possibilities curve, the circular flow diagram and the business cycle to illustrate the impact of scarcity, cost, efficiency, and growth on an economy.
- Compare and contrast the characteristics of economic systems and the societal values that influence them and the answers to the three key economic questions of “what, how and who”.

American Free Enterprise

- Understand the basic principles of the free enterprise system and the roles played by consumer and government.
- Analyze how the government promotes economic strength through innovation and the impact of technology on productivity.
- Compare and contrast public v. private goods.
- Analyze market failures and externalities.
- Understand the impact of poverty and the distribution of income on society and government policies attempting to deal with these inequities.

Supply and Demand

- Understand the concepts of demand, supply, equilibrium, elasticity, total revenue, complementary goods, substitutes, costs (fixed, variable, total, and marginal).
- Understand the laws of demand and supply and the impact of technology on both.
- Create and analyze demand and supply curves
- Identify the determinants and consequences of shifts in demand and supply.
- Identify the factors that affect elasticity of demand and supply.

The Price System

- Understand the concepts of shortage, surplus, price floors and ceilings and prices.
- Understand the impact of government intervention in creating artificial market conditions thru price floors and ceilings.
- Understand the concept of price as a signal in the free market.

Competition and Market Structures

- Compare and contrast the characteristics of perfect competition, monopoly, monopolistic competition and oligopolies
- Understand the impact of government regulation and deregulation.

SS12.4.20 Business Organizations

- Identify the advantages and disadvantages of sole proprietorships, partnerships and corporations.
- Understand the purpose of non-profit organizations

Labor

- Describe trends and changes in U.S. labor force
- Identify the relationship between productivity, skills and wages
- Analyze the relationship between supply and demand in the labor market.
- Describe the impact of government policy on wages – i.e. safety, minimum wages, etc.
- Understand the factors contributing to the growth and decline of the labor movement in the U.S.
- Understand the collective bargaining process.

Measuring Economic Performance

- Understand and explain the concepts of Nominal and Real GDP, GNP, aggregate supply and demand.
- Explain how GDP is calculated, the limitation of GDP and the factors that influence it.

- Identify the phases of and fluctuations in the business cycle
- Understand the impact of saving, investment, population growth, government, foreign trade and technology on economic growth.

Economic Instability

- Understand and explain the concepts of unemployment (structural, seasonal, cyclical, and frictional), unemployment rate, cost-push and demand-pull inflation, Consumer Price Index, Producer Price Index, hyperinflation, Lorenz Curve, poverty threshold and rate and income distribution.
- Explain the four kinds of unemployment and describe how full employment is measured.
- Identify the causes and effects of inflation.
- Understand the issue of poverty and the distribution of income.
- Discuss the causes of poverty and government policies intended to combat it in the United States.

SS12.4.21 Money and Banking in the United States Economy

- Describe the uses and characteristics of money and the sources of its value.
- Explain how the money supply in the U.S. is measured.
- Identify the different types of financial institutions and the services they provide.

Financial Markets

- Understand the role of savings, investment and credit.
- Describe the characteristics of bonds and other financial assets and markets.
- Describe how stocks are traded and stock performance is measured.
- Explain the impact of technology on banking and financial markets in the U.S.

Taxes and Government Spending

- Understand the role of taxes and government spending in the U.S. economy.
- Understand the concept of entitlement programs, the categories of discretionary spending and the impact of federal aid to state and local governments.

Fiscal Policy

- Describe how the government uses fiscal policy as a tool for achieving its economic goals.
- Compare and contrast fiscal policy options – contractionary v. expansionary policies.
- Understand the difference between budget surplus and deficit and the effects of national debt on government and business.
- Understand the limits of fiscal policy.

The Federal Reserve and Monetary Policy

- Describe how the Federal Reserve regulates the banking system and the nation's money supply.

- Explain the three basic tools of monetary policy: reserve requirements, discount rate and open market operations.
- Understand the limits of monetary policy.

SS12.4.22 International Trade

- Explain the concepts of absolute and comparative advantage and use to explain how and why countries trade.
- Analyze the impact of imports and exports on an economy.
- Understand the arguments surrounding free trade and protectionism.
- Evaluate the costs and benefits of international trade agreements.
- Understand the concept of balance of trade and the factors contributing to trade deficits.
- Analyze how changes in exchange rates of world currencies affect international trade.

Developing Countries

- Understand the characteristics of developed and developing nations.
- Identify the causes and effects of rapid population growth.
- Understand how resource distribution, physical capital, and human capital influence development.
- Understand political and economic obstacles to development.
- Understand the role of investment and the importance of foreign aid to development.

