

## GRADE 12 ECONOMICS

### HISTORY/SOCIAL SCIENCE STANDARDS

Students in grade twelve will deepen their understanding of the economic problems and institutions of the nation and world in which they live. They will learn to make reasoned decisions on economic issues as citizens, workers, consumers, business owners, and managers, and members of civic groups. Students will add to the economic understandings they have acquired in previous grades and apply tools (such as graphs, statistics, and equations) learned in other subject fields to their understanding of the economic system.

#### **Principles of Economics**

**Student Performance Expectations: All students who have completed one year of Economics experience shall be expected to:**

***Standard 1: Students understand common economic terms and concepts and economic reasoning.***

1. Examine the causal relationship between scarcity and the need for choices.
2. Explain opportunity cost and marginal benefit and marginal cost.
3. Identify the difference between monetary and non-monetary incentives and how changes in incentives cause changes in behavior.
4. Evaluate the role of private property as an incentive in conserving and improving scarce resources, including renewable and non-renewable natural resources.
5. Analyze the role of a market economy in establishing and preserving political and personal liberty.

***Standard 2: Students analyze the elements of the United States market economy in a global setting.***

1. Understand the relationship of the concept incentives to the law of supply and the relationship of the concept of incentives and substitutes to the law of demand.
2. Discuss the effects of changes in supply and/or demand on the relative scarcity, price, and quantity of particular products.
3. Explain the role of property rights, competition, and profit in a market economy.
4. Explain how prices reflect the relative scarcity of goods and services and how they perform an allocative function in a market economy.
5. Understand the process by which competition among buyers and sellers determines a market-clearing price.

6. Describe the effect of price controls on buyers and sellers.
7. Analyze the roles of domestic and international competition in a market economy in terms of goods and services produced, and the quality, and price of those products.
8. Explain the role of profit as the incentive to the entrepreneurs in a market economy.
9. Describe the functions of the financial markets.
10. Discuss the economic principles that guide the location of agricultural production and industry and the spatial distribution of transportation and retailing facilities.

***Standard 3: Students analyze the influence of the U.S. government on the American economy.***

1. Explain how the role of government in a market economy often includes providing for national defense, addressing environmental concerns, defining and enforcing property rights, attempting to make markets more competitive, and protecting consumer rights.
2. Explain the factors that may cause the costs of government actions to outweigh the benefits.
3. Discuss the aims of government fiscal policies and their influence on production, employment, and price levels.
4. Analyze aims and tools of monetary policy and their influence on economic activity.

***Standard 4: Students analyze the elements of the United States labor market in a global setting.***

1. Understand the operations of the labor market, including the circumstances surrounding the establishment of principal American labor unions, procedures used to gain benefits for its members, the effect of unionization, the minimum wage, and unemployment insurance.
2. Describe the current economy and labor market including the types of goods and services produced, types of skills necessary, the effect of rapid technological change, and the impact of international competition.
3. Discuss wage differences among jobs and professions using the laws of demand and supply and the concept of productivity.
4. Explain the effects of international mobility of capital and labor on the U.S. economy.

***Standard 5: Students analyze the aggregate economic behavior of the United States economy.***

1. Distinguish between nominal and real data.
2. Define, calculate, and explain the significance of an employment rate, the

number of new jobs created monthly, inflation or deflation rate, and a rate of economic growth.

3. Distinguish between short-term and long-term interest rates and explaining their relative significance.

***Standard 6: Students analyze issues of international trade, and explain how the U.S. economy affects, and is affected by, economic forces beyond its borders.***

1. Identify gains in consumption and production efficiency from trade with emphasis on the main products and changing geographic patterns of twentieth century trade among countries in the Western Hemisphere.
2. Compare the reasons for the effect of trade restrictions in the Great Depression compared with the present day arguments among labor business, and political leaders over the effects of free trade on the economic and social interest of various groups of Americans.
3. Understand the changing role of international political borders and territorial sovereignty in global economy.
4. Explain foreign exchange, how exchange rates are determined, and the effects of the dollar gaining (or losing) value relative to other currencies as a “strong” or “weak” dollar.