



**Scarcity, Economic Reasoning, National Economic Performance, and Market Structures:** Students explore the systems and means created to and manage the issues of scarcity. Students examine the forces of supply and demand and the associated graphs. Students also study the organization and role of business firms, the ownership of businesses and how firms expand. Students then begin discovering macroeconomics by learning about GDP, unemployment, and inflation. Students also progress through the inquiry cycle by analyzing primary and secondary sources when appropriate. Compliance with [Federal Mandate 36 U.S. Code § 106](#) & [Freedom Week TCA § 49-6-1014](#) is part of quarter one instruction.

Tennessee State Standards	Student Friendly "I Can" Statements
<p style="text-align: center;"><b><u>Scarcity and Economic Reasoning</u></b></p> <p><b>E.01</b> Explain how consumers and producers confront the condition of scarcity by making choices that involve opportunity costs and tradeoffs.</p>	<p>I can define <u>scarcity</u>.</p> <p>I can differentiate between scarcity and <u>shortage</u>.</p> <p>I can define <u>opportunity costs</u>.</p> <p>I can define <u>trade-offs</u>.</p> <p>I can differentiate between opportunity costs and tradeoffs.</p> <p>I can differentiate between <u>needs</u> and <u>wants</u>.</p> <p>I can define <u>economics</u>.</p> <p>I can explain how consumers and producers handle the condition of scarcity by making choices that result in opportunity costs and tradeoffs.</p>

<p><b>E.02</b> Define land, labor, capital, and entrepreneurship, and explain why they are necessary for the production of goods and services. (G)</p> <p><b>E.27</b> Explore the roles that research and development, equipment and technology, and the training of workers have in increasing productivity.</p> <p><b>E.28</b> Describe potential factors that influence the earnings of workers.</p> <p><b>E.03</b> Explain reasons for voluntary exchange, including positive and negative incentives.</p> <p><b>E.06</b> Use a production possibilities curve to explain the concepts of: Choice, Growth, Opportunity cost, Productivity, Scarcity, Trade-offs, and Unemployment.</p>	<p>I can state that land, <u>labor</u>, <u>capital</u>, and <u>entrepreneurship</u> are the <u>factors of production</u>.</p> <p>I can define land, labor, capital, and entrepreneurship.</p> <p>I can explain why land, labor, capital, and entrepreneurship are important for the production of <u>goods and services</u>.</p> <p>I can define <u>productivity</u>.</p> <p>I can outline what effects research and development, equipment and technology, and the training of workers can have on productivity.</p> <p>I can describe the factors that influence the earnings of workers.</p> <p>I can explain <u>voluntary exchange</u>.</p> <p>I can illustrate that individuals engage in voluntary exchange because both parties are better off by doing so.</p> <p>I can create a circular flow diagram and explain the different components.</p> <p>I can describe both <u>positive</u> and <u>negative incentives</u>.</p> <p>I can draw a <u>Production Possibilities Curve (PPC)</u>.</p> <p>I can use a Production Possibilities Curve to explain the concepts of choice, growth, opportunity cost, productivity, scarcity, trade-offs, and unemployment.</p>
--	---

**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.

**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)

**E.17** Explain the function of profit in a market economy as an incentive for entrepreneurs to accept the risks of business failure.

I can describe why money must be portable, divisible, accepted, limited in amount, durable, and uniform.

I can explain the functions of money: medium of exchange, store of value, unit of account.

I can list the three basic economic questions. [What to produce, how to produce it, and for whom to produce it].

I can detail how market, command, and mixed economies answer the three basic economic questions.

I can detail the advantages and disadvantages of market, command, and mixed economies.

I can cite examples of market, command, and mixed economies.

**HONORS:** I can differentiate between constant costs and increasing costs on a PPC and explain the shape of the curves.

I can explain that the function of profit is the incentive for taking on the risks of going into business.

I can outline what the risks are of going into business.

I can 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)

**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)

### **Supply and Demand**

**E.09** Define supply and demand, provide relevant examples, and consider *ceteris paribus* (i.e. all things being equal).

I can analyze an excerpt of Adam Smith's *Wealth of Nations*.

I can describe the concepts of the invisible hand, laissez faire, and the specialization on labor.

I can differentiate between the proletariat and the bourgeoisie.

I can compare and contrast the principles of capitalism, socialism, and communism.

I can compare how the following economic theories and their creators viewed government intervention in the economy: Classical (Adam Smith), Demand-Siders (John Maynard Keynes), The Austrian School (Friedrich Hayek), Supply-Siders (Arthur Laffer), and Monetarists (Milton Friedman).

I can define demand.

I can define supply.

I can explain the concept ceteris paribus.

I can define the Law of Demand.

I can define the Law of Supply.

I can draw a demand curve.

I can draw a supply curve.

I can find equilibrium price and quantity on a graph.

**E.10** Identify factors that cause changes in market supply and demand. (G, P)

I can identify factors that cause changes in market demand.

I can identify factors that cause changes in market supply.

I can shift a demand curve.

I can shift a supply curve.

I can identify the new equilibrium price and quantity on a graph after a shift in supply and/or demand.

**HONORS:** I can 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.

I can define the concept of price elasticity of demand.

I can define the concept of price elasticity of supply.

I can use elasticity to predict changes in quantity demanded and supplied as prices fluctuate.

I can draw an inelastic/elastic demand curve.

I can draw an inelastic/elastic supply curve.

I can identify the conditions that would lead to a demand/supply curve to be elastic/inelastic.

**HONORS:** I can calculate the value of elasticity.

<p><b>E.12</b> Define market equilibrium and explain how supply and demand guide prices towards equilibrium to avoid surpluses or shortages.</p> <p><b>E.13</b> Describe how supply and demand determine equilibrium price, and graph examples on a curve.</p> <p><b>E.14</b> Describe causes of shortages and surpluses. (G, H)</p> <p><b>E.15</b> Analyze effects of shortages and surpluses on supply and demand. (G, H)</p>	<p>I can define <u>market equilibrium</u>.</p> <p>I can explain how supply and demand guide prices towards equilibrium so that shortages and surpluses are avoided.</p> <p>I can explain equilibrium price using a supply and demand graph.</p> <p>I can graph examples of supply and demand curves and show equilibrium price and quantity.</p> <p>I can describe the causes of shortages and surpluses.</p> <p>I can draw and analyze the effects of shortages and surpluses on supply and demand graphs.</p>
---	---



**Market Structure cont'd, Role of Government, and Trade:** Students analyze the various types of market structures in a market economy. Students also analyze the perspectives on the roles of government in a market economy and explore means of financing and influencing the economy. Students learn about the Federal Reserve and monetary policy adjustments that are intent on controlling inflation, unemployment, and economic growth. They also learn of the various models and instruments describing economic performance and why individuals, businesses, and governments trade goods and services, and how trade affects the economies of the world. Finally, students continue their progress through the inquiry cycle by analyzing sources appropriately.

Tennessee State Standards	Student Friendly "I Can" Statements
<p style="text-align: center;"><b><u>Market Structures</u></b></p> <p><b>E.16</b> Compare and contrast the following forms of business organization: sole proprietorship, partnership, and corporation.</p> <p><b>E.17</b> Explain the function of profit in a market economy as an incentive for entrepreneurs to accept the risks of business failure.</p>	<p>I can define <u>sole proprietorships</u>, <u>partnerships</u>, and <u>corporations</u>.</p> <p>I can compare and contrast sole proprietorships, partnerships, and corporations with respect to starting the business, liability, and who receives the profit.</p> <p>I can discuss limited/unlimited liability in relation to business structures.</p> <p>I can explain that the function of profit is the incentive for taking on the risks of going into business.</p> <p>I can outline what the risks are of going into business.</p> <p>I can discuss the <u>risk/reward relationship</u>.</p>

**E.18** Define stock, and describe the connections between capital, stock markets, banks, and the economy. (P)

I can explain the concept of stock.

I can differentiate between common stock and preferred stock.

I can define capital.

I can define markets.

I can discuss the action of banks loaning money causing growth in the economy.

I can 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.

I can analyze the ways and reasons that firms grow.

I can define reinvestment of capital.

I can compare and contrast 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)

I can define labor unions.

I can define collective bargaining and explain how the use of strikes can obtain a labor contract.

I can define and discuss the advantages and disadvantages of multinationals, labor unions, and nonprofit organizations.

I can outline the role and historical impact of labor unions, multinationals, and nonprofit organizations within market economies.

I can outline the structure of a multinational.

I can explain the goals of a non-profit organization.

**E.21** Identify the basic characteristics of monopoly, oligopoly, monopolistic competition, and perfect competition.

I can define the basic characteristics of monopoly, oligopoly, monopolistic competition, and perfect competition.

I can define competition.

I can define barriers to entry.

I can explain why firms with less competition have more market power.

**HONORS:** I can identify the graphs associated with Monopoly, Oligopoly, Monopolistic Competition, and Perfect Competition

**HONORS:** I can identify the area of profit or loss on the graph for Monopoly, Oligopoly, Monopolistic Competition, and Perfect Competition

<p><b>E.22</b> Explain how competition impacts pricing and production in market structures.</p> <p><b>E.24</b> Explain ways that firms engage in price and non-price competition.</p> <p><b>E.25</b> Describe the characteristics of natural monopolies and the purposes of government regulation of these monopolies (such as utilities). (P)</p> <p><b>E.26</b> Demonstrate how firms with market power can determine price and output.</p> <p><b>E.38</b> Analyze how governments intend to incentivize entrepreneurs through policies (e.g. tax, regulatory, education, research support policies, patents, and copyrights). (H, P)</p> <p><b>E.23</b> Identify laws and regulations adopted in the U.S. to promote competition among firms. (H, P)</p> <p><b>E.40</b> Define externalities and identify examples of them.</p>	<p>I can describe what happens to pricing structures and production levels when competition increases in a market.</p> <p>I can compare and contrast <u>price</u> and <u>non-price competition</u>.</p> <p>I can explain ways firms use price and non-price competition.</p> <p>I can describe the characteristics of <u>natural monopolies</u>.</p> <p>I can describe why natural monopolies arise.</p> <p>I can define <u>economies of scale</u>.</p> <p>I can analyze why the government often regulates natural monopolies such as utility companies.</p> <p>I can define <u>market power</u>.</p> <p>I can analyze how market power can allow a firm to determine price and <u>output</u>.</p> <p>I can analyze how governments give entrepreneurs <u>incentives</u> through various policies (tax, regulatory, education, research support, patents, and copyrights).</p> <p>I can identify laws in the U.S. that have been passed to promote competition among businesses such as the <u>Clayton Antitrust Act</u>, the <u>Sherman Antitrust Act</u>, and the <u>Robinson-Patman Act</u>.</p> <p>I can define <u>positive</u> and <u>negative externalities</u> and provide examples.</p> <p><b>HONORS</b> - I can propose government policies in order to maximize positive externalities and minimize negative externalities.</p>
--	--

C-Culture, E-Economics, G-Geography, H-History, P-Politics/Government, T-Tennessee

**National Economic Performance**

**E.39** Define gross domestic product (GDP), economic growth, unemployment, and inflation, and explain how they are calculated. (P)

**E.08** Identify and explain the following broad goals of economic policy: Efficiency, Equity, Freedom, Full employment, Growth, Price stability, Security.

**E.41** Identify the different causes of inflation and analyze inflation's impact. (C, P)

**E.43** Differentiate between different types of unemployment (e.g. structural, functional, seasonal, underemployment, and cyclical). (G, P)

I can define Gross Domestic Product, economic growth, unemployment, and inflation and explain how they are calculated.

I can identify and explain efficiency, equity, freedom, full employment, growth, price stability, and security.

I can detail how efficiency and equity are in opposition to one another.

I can detail how economic freedom and economic security are in opposition to one another.

I can cite specific policies that are in support of the broad economic goals.

I can identify the different causes of inflation.

I can define cost-push inflation, demand-pull inflation, and the quantity theory of money.

I can analyze the impact of inflation.

I can compare and contrast the different 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)

### **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)

**E.31** Define progressive, proportional, and regressive taxation, and discuss how federal, state, and local governments utilize them. (P, T)

**E.35** Define fiscal and monetary policy and explain how the government uses these in its efforts to influence the economy. (P)

**E.36** Explain how price stability, full employment, and economic growth influence fiscal and monetary policy making. (P)

I can describe how investment and consumer debt impacts the national economy.

I can explain the components of the Business Cycle.

I can explain what effects government and consumer spending have on the business cycle.

I can differentiate between recessions and depressions.

I can predict the government and household response to recessions and depressions.

I can describe how governments use taxes and bonds to create revenue in order to fund their activities.

I can describe the differences between and give examples of progressive (income), proportional (flat), and regressive (sales) taxes.

I can differentiate between sales taxes, income taxes, excise taxes, property taxes, and corporate income taxes.

I can describe how governments allocate funds.

I can discuss how federal, state, and local governments use taxes.

I can define fiscal policy and monetary policy.

I can explain that Congress and the President are responsible for fiscal policy and it results in changes in taxes and spending.

I can compare and contrast how fiscal and monetary policy are used to influence the economy.

I can explain how price stability, full employment, and economic growth influence changes on fiscal and monetary policy.

<p><b>E.30</b> Analyze reasons that government deficits, debts, and surpluses are accrued, and compare and contrast government budgets with personal budgets. (H, P)</p> <p><b>E.33</b> Explore potential national debt management strategies, considering their feasibility and implications. (C, H, P, T)</p> <p><b>E.32</b> Analyze economic costs and benefits of government policies (e.g. Social Security, Medicare, earned income credits, military expenditures, and public education). (H, P)</p> <p><b>E.34</b> Describe the purpose, role, and function of the Federal Reserve. (H, P)</p> <p><b>E.42</b> Explain the role of banks and other financial institutions in the U.S. economy. (P)</p>	<p>I can analyze the reasons that governments acquire <u>deficits, debts, and surpluses</u>.</p> <p>I can compare and contrast government budgets with personal budgets.</p> <p>I can explain national debt management strategies and describe their feasibility and implications of use.</p> <p>I can analyze the reasons that governments acquire <u>deficits, debts, and surpluses</u>.</p> <p>I can analyze the costs and benefits of government programs such as, <u>Social Security, Medicare, earned income credits, military spending, and public education</u>.</p> <p>I can describe the purpose, role, and function of the <u>Federal Reserve</u> (the Fed).</p> <p>I can explain that the Federal Reserve is responsible for monetary policy and it results in changes in the money supply.</p> <p>I can explain the structure of the Federal Reserve and that that the Federal Reserve is privately owned and publicly controlled.</p> <p>I can outline the role of banks and financial institutions in the U.S. economy.</p> <p><b>HONORS:</b> I can examine hypothetical problems with the U.S. Economy and make proposals to changes in fiscal and monetary policy in order to alleviate those problems.</p>
--	--

## Trade

**E.45** Explain the benefits of trade among individuals, regions, and countries. (G, P)

**E.46** Define and distinguish between absolute and comparative advantage and explain how most trade occurs because of a comparative advantage. (G)

**E.47** Describe causes and consequences of trade barriers (e.g. quotas, tariffs, and subsidies) on consumers and producers. (G, P, T)

**E.48** Define trade deficit and identify reasons why trade deficits exist. (P)

**E.49** Explain how changes in exchange rates impact the purchasing power of people in the U.S. and other countries. (G, P)

**E.50** Evaluate the arguments for and against free trade. (G, P)

I can explain how trade makes it possible for everyone to consume more goods and services.

I can define and differentiate between comparative advantage and absolute advantage.

I can explain why most trade occurs because of comparative advantage.

**HONORS:** When free trade is allowed, I can calculate the gains from trade.

I can define quotas, tariffs, and subsidies.

I can describe the causes and effects of trade barriers on consumers and producers (quotas, tariffs, and subsidies).

I can define trade deficits and identify why they exist.

I can define exchange rates and explain why they impact the purchasing power of individuals in different countries.

I can evaluate the arguments for and against free trade.