

CHINO VALLEY UNIFIED SCHOOL DISTRICT  
INSTRUCTIONAL GUIDE  
PRINCIPLES OF ECONOMICS

Course Number	5301
	5302 Honors
Department	History/Social Science
Length of Course	One (1) Semester
Grade Level	12
Credit	5 units per semester/5 total credits - economics
Repeatable	Not repeatable for credit
UC/CSU	Meets "g" elective requirement
Board Approved	April 17, 2008

**Description of Course** - Students will master fundamental economic concepts, applying the tools (graphs, statistics, equations) from other subject areas to the understanding of operations and institutions of economic systems. Studied in a historic context are the basic economic principles of micro- and macroeconomics, international economics, comparative economic systems, measurement, and methods.

**Rationale for Course** - To develop economic literacy students must understand the basic economic problems confronting all societies, understand comparative economic systems, understand the basic economic goals, performance, and problems of our society, and understand the international economic system.

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

- 1.1 Objective: Examine the causal relationship between scarcity and the need for choices.
  - 1.1.1 Performance Indicator: Students will be able to demonstrate understanding of the fundamental concepts of scarcity and choice.
- 1.2 Objective: Explain opportunity cost and marginal benefit and marginal cost.
  - 1.2.1 Performance Indicator: Students will be able to demonstrate an understanding of the fundamental concepts of opportunity costs, marginal benefits, and marginal cost.
  - 1.2.2 Performance Indicator: Students will be able to demonstrate an understanding of marginal analysis.
- 1.3 Objective: Identify the difference between monetary and no monetary incentives and how changes in incentives cause changes in behavior.

- 1.3.1 Performance Indicator: Students will be able to demonstrate an understanding of incentives, with an emphasis on monetary incentives, no monetary incentives, and the influence incentives has on behavior.
- 1.4 Objective: Evaluate the role of private property as an incentive in conserving and improving scarce resources, including renewable and nonrenewable natural resources.
  - 1.4.1 Performance Indicator: Students will be able to demonstrate an understanding of incentives within the resource field with an emphasis on private property.
- 1.5 Objective: Analyze the role of a market economy in establishing and preserving political and personal liberty (e.g., through the works of Adam Smith).
  - 1.5.1 Performance Indicator: Students will be able to demonstrate an understanding of the market economy of the United States as characterized by elements including economic philosophies of Adam Smith, Alfred Marshall, and Joan Robinson.

**Standard 2** - Students analyze the elements of America's market economy in a global setting.

- 2.1 Objective: Understand the relationship of the concept of incentives to the law of supply and the relationship of the concept of incentives and substitutes to the law of demand.
  - 2.1.1 Performance Indicator: Students will be able to demonstrate an understanding of fundamental concepts with an emphasis on incentives, supply, and demand.
- 2.2 Objective: Discuss the effects of changes in supply and/or demand on the relative scarcity, price, and quantity of particular products.
  - 2.2.1 Performance Indicator: Students will be able to demonstrate an understanding of basic economic questions with an emphasis on supply, demand, scarcity, price, and quantity.
- 2.3 Objective: Explain the roles of property rights, competition, and profit in a market economy.
  - 2.3.1 Performance Indicator: Students will be able to demonstrate an understanding of the market economy with an emphasis on property rights, competition, and profit.

- 2.4 Objective: Explain how prices reflect the relative scarcity of goods and services and perform the allocative function in a market economy.
  - 2.4.1 Performance Indicator: Students will be able to demonstrate an understanding of the market economy with an emphasis on pricing, scarcity, and their allocative functions.
- 2.5 Objective: Understand the process by which competition among buyers and sellers determines a market price.
  - 2.5.1 Performance Indicator: Students will be able to demonstrate an understanding of the market economy with an emphasis on competition.
- 2.6 Objective: Describe the effect of price controls on buyers and sellers.
  - 2.6.1 Performance Indicator: Students will be able to demonstrate an understanding of the market economy with an emphasis on the effects of price controls.
- 2.7 Objective: Analyze how domestic and international competition in a market economy affects goods and services produced and the quality, quantity, and price of those products.
  - 2.7.1 Performance Indicator: Students will be able to demonstrate an understanding of the market economy with an emphasis on how competition affects the quality, quantity, and the price on goods and services.
- 2.8 Objective: Explain the role of profit as the incentive to entrepreneurs in a market economy.
  - 2.8.1 Performance Indicator: Students will be able to demonstrate an understanding of the market economy with an emphasis on the role of incentives.
- 2.9 Objective: Describe the functions of the financial markets.
  - 2.9.1 Performance Indicator: Students will be able to demonstrate an understanding of the financial markets with an emphasis on the stock market, business cycles, and basic economic questions.
- 2.10 Objective: Discuss the economic principles that guide the location of agricultural production and industry and the spatial distribution of transportation and retail facilities.

- 2.10.1 Performance Indicator: Students will be able to demonstrate an understanding of the market economy within the industrial and agricultural sectors with an emphasis on their locations, distribution, transportation and retail sectors.

**Standard 3** - Students analyze the influence of the federal government on the American economy.

- 3.1 Objective: Understand 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 consumers' rights.

- 3.1.1 Performance Indicator: Students will be able to demonstrate an understanding of the market economy with an emphasis on the government's concerns in the following fields: defense, the environment, property rights, business competition, consumer rights.

- 3.2 Objective: Identify the factors that may cause the costs of government actions to outweigh the benefits.

- 3.2.1 Performance Indicator: Students will be able to demonstrate an understanding that the government plays a crucial role in the United States market economy through fiscal policy such as cost and benefit.

- 3.3 Objective: Describe the aims of government fiscal policies (taxation, borrowing, spending) and their influence on production, employment, and price levels.

- 3.3.1 Performance Indicator: Students will be able to demonstrate an understanding that the government plays a crucial role in the United States market economy through fiscal policy such as taxation, transfer payments, entitlement, theories of deficit financing, and borrowing.

- 3.4 Objective: Understand the aims and tools of monetary policy and their influence on economic activity (e.g., the Federal Reserve).

- 3.4.1 Performance Indicator: Students will be able to demonstrate an understanding of monetary policy and the Federal Reserve System such as money supply, concepts and functions of money, banking and operations, excess and required reserves, expansion of money, multiplier, and M1/M2/M3 money.

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

- 4.1 Objective: Understand the operations of the labor market including the circumstances surrounding the establishment of principal American labor unions, procedures that unions use to gain benefits for their members, the effects of unionization, the minimum wage, and unemployment insurance.
  - 4.1.1 Performance Indicator: Students will be able to demonstrate an understanding that labor has played a major role in the history and contemporary development of the United States economy such as labor unions.
- 4.2 Objective: Describe the current economy and labor market, including the types of goods and services produced, the types of skills workers need, the effects of rapid technological change, and the impact of international competition.
  - 4.2.1 Performance Indicator: Students will be able to demonstrate an understanding of the current market economy and its changes in goods/services sector, new needs for skilled labor, international competition and technological change.
- 4.3 Objective: Discuss wage differences among jobs and professions, using the laws of demand and supply and the concept of productivity.
  - 4.3.1 Performance Indicator: Students will be able to demonstrate an understanding of fundamental concepts/terms such as supply, demand, and basic economic questions.
  - 4.3.2 Performance Indicator: Students will be able to demonstrate an understanding of economic fluctuations such as price and wage flexibility.
- 4.4 Objective: Explain the effects of international mobility of capital and labor on the U.S. economy.
  - 4.4.1 Performance Indicator: Students will be able to demonstrate an understanding of how international trade and the movement of people impacts the world economy: comparative (absolute) advantage, trade balances/imbances, exchange rates, protectionism, free trade, import/export theory, trade policy.

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

- 5.1 Objective: Distinguish between nominal and real data.
  - 5.1.1 Performance Indicator: Students will be able to demonstrate an understanding of the economic principles through use of the tools of analysis such as charts, graphs, and statistics.

5.2 Objective: Define, calculate, and explain the significance of an unemployment rate, the number of new jobs created monthly, an inflation or deflation rate, and a rate of economic growth.

5.2.1 Performance Indicator: Students will be able to demonstrate an understanding of economic principles through the use of tools of analysis.

5.2.2 Performance Indicator: Students will be able to demonstrate an understanding of the measures of economic performance: unemployment indices, inflation indices, GNP, CPI, national income accounting, inventories/investments, and cyclical fluctuations.

5.3 Objective: Distinguish between short-term and long-term interest rates and explain their relative significance.

5.3.1 Performance Indicator: Students will be able to demonstrate an understanding of the significance of short-term and long-term interest rates.

**Standard 6** - Students analyze issues of international trade and explain how the United States economy affects and is affected by economic forces beyond the United States borders.

6.1 Objective: Identify the 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.

6.1.1 Performance Indicator: Students will be able to demonstrate an understanding that international trade impacts the world economy through trade balances and unbalances.

6.2 Objective: Compare the reasons for and the effects of trade restrictions during the great depression compared with present-day arguments among labor, business, and political leaders over the effects of free trade on the economic and social interests of various groups of Americans.

6.2.1 Performance Indicator: Students will be able to demonstrate an understanding that international trade impacts the economy through trade with an emphasis on differences in trade during the great depression and today.

6.3 Objective: Understand the changing role of international political borders and territorial sovereignty in a global economy.

- 6.3.1 Performance Indicator: Students will be able to demonstrate an understanding of the global economy with an emphasis on the impact of international borders and territorial sovereignty.
- 6.4 Objective: Explain foreign exchange, the manner in which exchange rates are determined, and the effects of the dollar's gaining or losing value relative to other currencies.
  - 6.4.1 Performance Indicator: Students will be able to demonstrate an understanding that international trade impacts the economy through exchange rates.