STRANDS AND STANDARDS
ECONOMICS

Learning that works for Utah

CTE®

Course Description

Economics is a social science that focuses on the production, distribution, and consumption of goods and services, and analyzes the choices that individuals, businesses, governments, and nations make to allocate resources. Characteristics of the market economy of the United States and its function in the world will be explored. Students will learn methods of applying economics to one's life.
Note: This course is a Core elective, which may be offered for either 0.5 or 1.0 units of social studies or career and technology education (CTE) credit.

Persons who teach this course would be required to have a social studies, business, or marketing composite endorsement, or an economics endorsement. The credentials of the instructor do not determine the credit options for students. Students may decide to take this class for social studies or business/marketing credit (but not all). However, to generate CTE add-on dollars, a social studies teacher must also have an approved CTE endorsement.

Intended Grade Level	10-12
Units of Credit	.05
Core Code	32.02.00.00.200
Concurrent Enrollment Core Code	32.02.00.13.200
Prerequisite	None
Skill Certification Test Number	450
Test Weight	.05
License Area of Concentration	CTE and/or Secondary Education 6-12
Required Endorsement(s)	
Endorsement 1	Social Studies
Endorsement 2	Business & Marketing (CTE/General)
Endorsement 3	Business & Marketing Essentials

ADA Compliant: June 2024

STRAND 1

Introduction to Economics

Students will understand the importance of making economic decisions as it relates to individuals, businesses, governments, societies, and nations.

Standard 1

Define **economics** using the main idea that scarcity, supply and demand, costs and benefits, and incentives can explain the allocation of resources.

- supply and demand: demand holds that the demand level for a product or a resource will decline as the price rises and rise as the price drops. Conversely, supply says higher prices boost supply of an economic good while lower ones tend to diminish it.
- cost and benefits: the consideration of potential rewards expected from a situation or action and then subtracting the total costs associated with taking that action.
- incentives reward that which increase the likelihood of a particular outcome.
- Identify the **productive resources/factors of production** and give examples of each:
    - **human resources/labor:** is the group of people who work for an organization, business sector, industry, or economy
    - **natural resources/land:** are materials and energy that occur naturally and are used in economic activities, often called raw materials.
    - **capital resources:** these are resources that have been made by humans and are not naturally occurring.
    - **entrepreneurship:** when an individual that has an idea acts on that idea, usually to disrupt the current market with a new product or service

Define the following terms and provide relatable examples.

- **Goods:** items that add some kind of benefit to the lives of the people who consume the profit.
- **service:** an intangible act or use for which a consumer, firm, or government is willing to pay.
- **Scarcity:** when the demand for a resource is greater than the supply of that resource, as resources are limited

Standard 2

Compare and contrast the study of microeconomics to macroeconomics.

- **Microeconomics:** the branch of economics that studies the behavior of individuals and businesses and how decisions are made.
- **Macroeconomics**: the branch of economics that studies the performance of economies and changes in economic output, inflation, interest and foreign exchange rates, and the balance of payments.

Standard 3

Illustrate the concepts of opportunity cost and trade-offs using the production possibilities curve.

- Define the following terms.
    - **Opportunity cost**: the value of what you have to give up in order to choose something else
    - **Trade-off:** implies the exchange of one thing to get the other.
    - **Production Possibilities Curve**: portrays the cost of society's choice between two different goods.
- Give examples of opportunity costs and trade-offs as they apply to individuals, businesses, governments, societies, and nations.

Standard 4

Explore how economic systems use the three basic economic questions.

- Three Economic Questions
    1. **What?** What will be produced?
    2. **How?** How will it be produced?
    3. **Who?** Who will consume what is produced?

- Define the following economic systems and explain how they answer the three economic questions and evaluate the outcomes of each system. Provide examples used in countries around the world.
    - **Traditional economy:** is a system in which the development and distribution of goods and services are determined by customs, traditions, and time-honored beliefs.
    - **Command economy (socialism and communism):** is a system in which production, investment, prices, and incomes are determined centrally by a government.
    - **Market economy (capitalism):** is a system in which production and prices are determined by unrestricted competition between privately owned businesses
    - **Mixed economy:** an economic system of resource allocation, commerce, and trade in which free markets coexist with government intervention.

Standard 5

Discuss various economic theories, the economists who developed those theories as they relate to market, and the economic consequences of each theory.

- Explain Adam Smith's theories of the invisible hand and laissez-faire.
- Explain Karl Marx's and Frederick Engels' theories on socialism and communism.
- Discuss modern-day economists and their recent economic theories.

Define these concepts:

Productivity: a measure of output per unit of input

Specialization: a business or people focus on producing one or a few parts of an entire product

Performance Skills

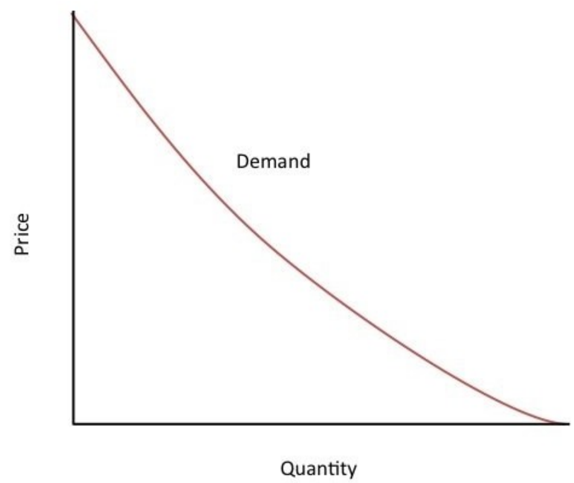
- Apply opportunity costs to a personal economic decision
- Report on two different countries that represent two different economics systems.

STRAND 2

Supply and Demand
Students will understand the concepts of supply and demand for decision-making.

Standard 1 Demand

Explore and define terms related to demand.
- **Demand**: the consumer's willingness and ability to buy a product or service at a given price.
- **Law of demand:** a fundamental principle of economics that states that at a higher price, consumers will demand a lower quantity of a good.
- **Demand Curves:** a demand curve is a graph depicting the relationship between the price of a certain commodity and the quantity of that commodity that is demanded at that price.



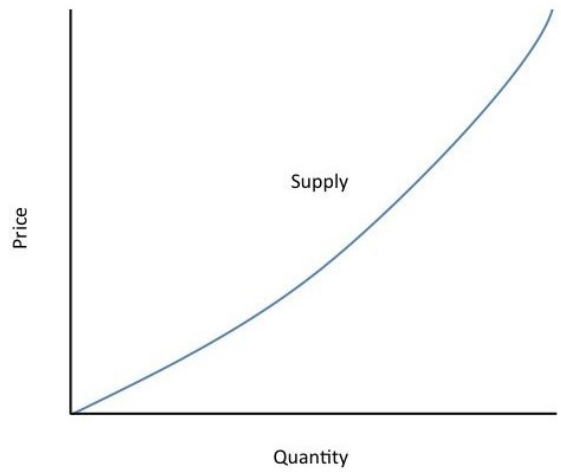
Explain and illustrate (using graphs) the difference between a movement along the demand curve versus a shift of the demand curve.
- **Movement**: A change in the price of a good or service causes a movement along a specific demand curve, and it typically leads to some change in the quantity demanded, but it does not shift the demand curve.
- **Shift**: changes in a determinant of demand that shift the demand curve resulting in a change in demand.

Describe the **determinants that cause a shift in demand.**
- consumer tastes & preferences
- market size
- Income
- price of complementary goods
- price of substitute goods
- consumer expectations

Standard 2 Supply

Explore and define terms related to supply.
- **Supply:** the producer's willingness and ability to produce a product or service at a given price.
- **Law of supply**: a fundamental principle of economics that states that at a higher price, producers will supply a higher quantity of a good.

- **Supply Curves:** a supply curve is a graph depicting the relationship between the price of a certain commodity and the quantity of that commodity that is supplied at that price.



Explain and illustrate (using graphs) the difference between a movement along the supply curve versus a shift of the supply curve.

- **Movement:** A change in the price of a good or service causes a movement along a specific supply curve, and it typically leads to some change in the quantity supplied, but it does not shift the supply curve.
- **Shift**: changes in a determinant of supply that shift the supply curve resulting in a change in supply..

Describe the **determinants that cause a shift in supply.**

- price of resources
- govt. regulations
- technology
- competition
- price of related goods
- producer expectations

Standard 3 Equilibrium

Define the following terms:

- **Equilibrium**: the point where the demand curve and the supply curve intersect; the price and quantity where the quantity demanded equals quantity supplied.
- **Shortage:** a market condition when the quantity supplied of a good is less than the quantity demanded.
- **Surplus**: a market condition when the quantity supplied of a good is greater than the quantity demanded.
- **Price Ceiling**: a legally established maximum price for a good or service.
- **Price Floor**: a legally established minimum price for a good or service.

Explain and illustrate (using graphs) how movements, shifts, and disequilibrium pricing affect equilibrium.

Standard 4 Price Elasticity

- Define the following terms:
  - **Elastic**: a demand condition in which consumers are responsive to a change in price.
  - **Inelastic:** a demand condition in which consumers are not very responsive to a change in price.

- Describe the determinants that affect elasticity.
  - Availability of **substitutes,** the goods that are used in place of each other.
  - Good's share of the budget
  - Luxury vs. Necessity
  - Time (Can I delay the purchase?)
  - Breadth of market

Performance Skill

- Use supply and demand schedules to plot curves on a graph to determine the market equilibrium price and quantity.
- Predict how changes/shifts in either supply or demand will affect the market price.

STRAND 3

Microeconomics

Students will understand that resources and goods/services are allocated by voluntary exchange and that economic markets are characterized by competition, incentives, and private property rights.

Standard 1

Define markets and explain how they allocate scarce resources.

- Define the following terms:
  - **Market**: where buyers and sellers make exchanges
  - **Goods:** tangible items of value that can be exchanged
  - **Services**: work that supports a business but does not produce a tangible commodity
- Describe how exchange between households, businesses, and governments creates a circular flow of money, products, and resources.

Standard 2

Determine why incentives, competition, voluntary exchange, and private property rights are important components of market economies.

- Define the following terms:
  - **Incentives:** a positive reward for behaving a certain way or making a choice
  - **Competition**: the rivalry among businesses to sell their goods and services to buyers
  - **Voluntary exchange**: when buyers and sellers willing trade goods, and services, effort, and money with an expectation of being better off as a result
  - **Private property rights:** ownership of resources and products by individuals and businesses
  - **Profit motive**: an incentive of businesses and individuals to make more in revenue than expenses
- Describe the advantages of competition among households/consumers as well as among producers/ businesses.

Standard 3

Explore the role of entrepreneurs, businesses, and producers in market economies.

- Define, compare, and contrast the different forms of business organizations:
  - **Sole proprietorship:** a business owned by one person
  - **Partnership**: a business owned by two or more individuals
  - **Corporation:** a business organization managed on behalf of its owners who provide funds
- Define and identify how businesses raise capital:
  - **Debt financing:** when a business borrows money to be paid back with interest at a later date
  - **Equity financing**: when a business sells shares to investors to raise capital
- Determine how businesses earn a profit by creating value in their product (i.e. good, service, or idea).
  - Define these terms
    - **Added Value:** the difference between the price of a product and the cost of producing it
    - **Revenue**: business income, meaning the money generated from business activities
    - **Cost:** business expense, meaning the money expended on business activities
    - **Profit:** occurs when a business has more revenue than expenses

Standard 4

Discuss and demonstrate how marginal analysis is used to make production decisions.

- Define the following terms:
  - **Marginal Analysis**: decision-making that involves comparing marginal revenue with marginal costs
  - **Fixed Cost (FC):** costs that are constant regardless of levels of production
  - **Variable Cost (VC):** costs that vary with different levels of production
  - **Total Cost (FC+VC)**: all fixed costs plus all variable costs
  - **Average Total Cost (ATC)**: total costs divided by units produced
  - **Marginal Cost (MC):** the cost added by producing an additional unit of output
  - **Marginal Revenue (MR)**: the revenue gained by producing an additional unit of output
  - **Law of Diminishing Marginal Returns**: the principle that as more and more variable resources are added to a fixed amount of other resources, the additional amount produced begins to decrease
  - **Profit Maximization:** businesses often use marginal analysis to find a production point where the total profit is highest
- Demonstrate how a business might apply marginal analysis (compare marginal benefit to marginal cost).

Standard 5

Compare different **market structures,** defined as the characteristics of a market in which businesses compete.

- List the characteristics of the four market structures:
  - **Perfect competition:** a large number of businesses all producing the same product at the same price in the market
  - **Monopolistic competition:** a number of businesses all producing similar but not identical products in the market
  - **Oligopoly:** a few businesses supply most or all of the products in a market
  - **Pure Monopoly:** only one seller in the market
- Identify business sectors that illustrate each of the market structures.
- Explain the role of **anti-trust laws**, which ban unlawful mergers and business practices, as they apply to market competition.
  - The Sherman Antitrust Act
  - The Clayton Act
  - The Federal Trade Commission Act

- Explain **barriers to entry,** described as factors that can prevent or impede newcomers into a market or industry sector, and limit competition.
  - Start-up costs
  - Technology
  - Government Licensing and Regulation
    - Patents
    - Trademarks
    - Copyrights

Performance Skill

- Apply marginal analysis to an economic choice a student must make (e.g., buying a car, deciding on plans after high school, and selecting a college/university)
- Construct and explain a circular flow model demonstrating the process of voluntary market exchange among businesses/producers, households/consumers, and government.

STRAND 4

Macroeconomics

Students will recognize the role of money and how fiscal and monetary policies assist individuals and groups in pursuit of economic well-being.

Standard 1

Describe the functions of money and explain the role of government and financial institutions

- Define the following forms of exchange:
  - **Barter**: Exchange of a type of goods or services for another, without the use of money.
  - **Credit:** An agreement between a lender and borrower. A system where goods and services are received for a deferred rather than an immediate payment.
  - **Money:** A medium of exchange widely accepted as payment for goods and services.
- Define the three functions of money:
  - **Medium of Exchange:** Money acts as an intermediary instrument to facilitate transactions between agents (individuals, firms, banks).
  - **Store of Value:** An asset that keeps its value.
  - **Unit of Account:** a measure of value or price

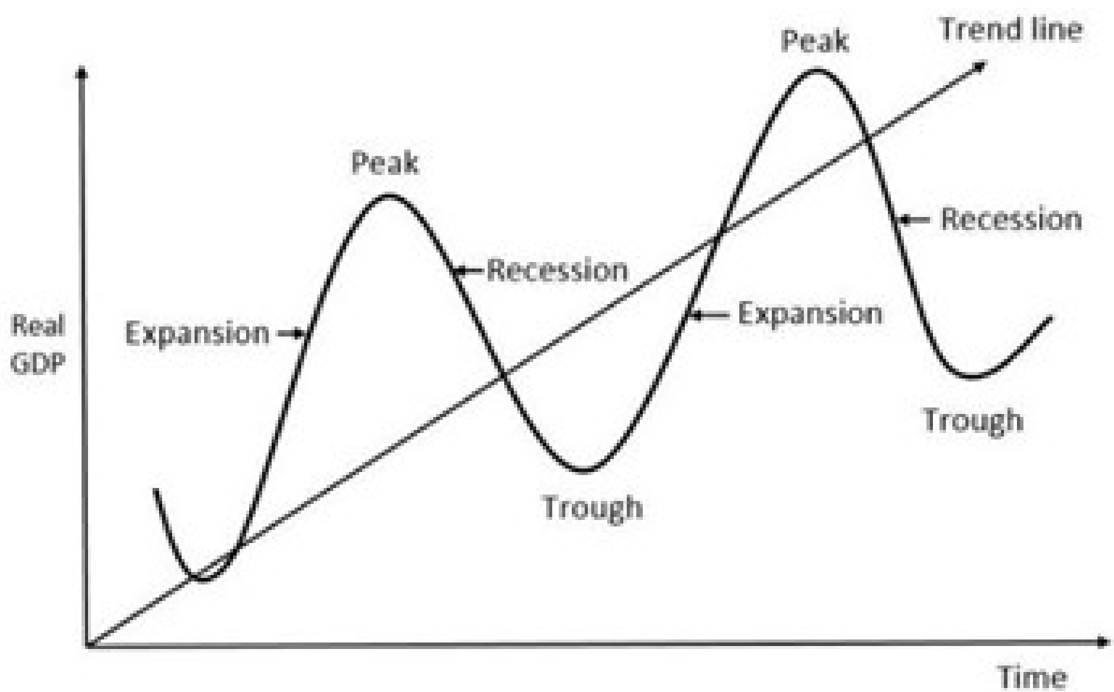
- Recognize the **six characteristics of money:**
  - Durability
  - Portability
  - Divisibility
  - Stability
  - Acceptability
  - Uniformity
- The **value of money,** which is defined by its purchasing power
- Discuss different forms of money (commodity, fiat, digital), including foreign exchange.
- Define **money supply** as the total volume of currency held by the public at a particular time.

Standard 2

Identify the four phases (peak, expansion/recovery, contraction/recession, and trough) of the business cycle and examine the role of economic indicators in determining the level of business activity.

Describe common phases of the business cycle:

- **Peak:** A phase in the Business Cycle where GDP experiences its highest level. This is considered the economy's peak.
- **Trough:** marked by conditions like higher unemployment, layoffs, declining business sales and earnings, and lower credit availability
- **Contraction/recession:** Marked by economic growth beginning to weaken. Companies stop hiring as demand fall and then begin laying off staff to reduce expenses.
- **Expansion:** Money is cheap to borrow, businesses build up inventories again and consumers start spending. GDP rises, per capita income grows, and unemployment declines.



Define **Gross Domestic Product (GDP):**

- Describe how **GDP is measured**, meaning Consumer Spending + Investment + Government Spending + Net Exports = GDP, and how it can indicate:
  - **Recession**: a decline in real GDP for two consecutive quarters.
  - **Recovery:** growth in real GDP for two or more consecutive quarters. Averaging between 4-5 years. Recovery is typically accompanied by a rise in employment and consumer confidence.

Define the following in relation to GDP

- **Aggregate Supply:** the total level of output producers are willing and able to supply at alternate price levels in a given time period. ceteris paribus
- **Aggregate Demand:** the total quantity of output demanded at alternative price levels in a given time period. ceteris paribus

Define **labor force:** All persons over age 16 who are either working for pay or actively seeking paid employment.

- Demonstrate that the **unemployment rate** is defined by this equation.
- Discuss the different types of unemployment as frictional, structural, cyclical, and seasonal.

Define **inflation and deflation**, the factors leading to both, and how each is measured.

- **Inflation:** an increase in the average price level of goods and services.
- **Deflation:** a decrease in the average price level of goods and services.

Discuss other economic indicators and define the **Consumer Price Index (CPI):** a measure of changes in the average price of consumer goods and services.

Standard 3

Describe how policymakers use **fiscal policy,** defined as government taxing and spending, to accomplish their goals regarding the U.S. economy.

- Explain John Maynard Keynes' theories on economic stabilization through government intervention
- Explain F.A. Hayek's theories on money and economic fluctuations (Austrian School of Economics).
- Discuss the **main economic goals of the United States:**
  - Providing **public goods, ensuring competition**
  - Dealing with **externalities**
  - Promoting **economic stability, security, and growth**
- Discuss the pros and cons of deficit spending and national debt
- Examine the different types of taxes governments use to raise revenue
  - **Progressive**: a tax system in which tax rates rise as income rises.
  - **Regressive:** a tax system where the average tax burden decreases as income increases.
  - **Proportional**: a tax that takes the same percentage of income from all income groups.
- List the various taxes that governments levy
  - **Income tax:** a tax levied on the wages, salaries, dividends, interest, and other income a person earns throughout the year.
  - **Property tax**: a tax paid on property owned by an individual or other legal entity, such as a corporation
  - **Sales tax:** a consumption tax imposed by the government on the sale of goods and services.

- Explain how fiscal policy is used to expand or contract an economy and how government policies impact business cycles, consumer confidence, inflation, and savings rates.

Standard 4
Define how the **Federal Reserve,** defined as the Central Bank of the United States Government, and how monetary policy is used to control the fluctuation of the money supply.

- Explain the **responsibilities of the Federal Reserve** (i.e., supervise and regulate banks, administer monetary policy, and provide financial services for the U.S. government and member banks).
- Examine how the Federal Reserve uses **monetary policy** tools to obtain economic objectives.
  - **Discount rate:** the rate of interest charged by the Federal Reserve banks for lending reserves to private banks.
  - **Reserve ratio**: the ratio of bank reserves to its total transactions deposits.
  - **Open Market Operations** as buying & selling government securities

- Explain how monetary policy is used to expand or contract an economy and how Federal Reserve policies impact business cycles, employment, consumer confidence, inflation, and savings rates.

Performance Skills
Students will understand business cycles and be able to describe the impact of fiscal and monetary policy to expand or contract the economy through a presentation, report, or reflection essay.

STRAND 5
Students will understand the economic impact of a changing global economy.

Standard 1
Summarize the costs and benefits of international trade.

- Define the following terms related to international trade
  - **Imports:** goods and services that are purchased from other countries.
  - **Exports:** goods and services that are sold to other countries.
  - **Balance of Trade**: the difference in value between a country's imports and exports.
- Examine the impact of a country's balance of trade on its Gross Domestic Product and **standard of living** which is defined as the level of wealth, comfort, material goods, and necessities available to a certain socioeconomic class or geographic area.
- Define and analyze the impact of **barriers to trade**
  - **Tariffs**: is a tax imposed by a government on goods and services imported from other countries.
  - **Quotas**: a government-imposed trade restriction that limits the number or monetary value of goods that a country can import or export during a particular period.
  - **Embargoes:** a government order that restricts commerce or exchange with a specified country, usually as a result of political or economic problems.

Standard 2
Explore the use of absolute advantage and comparative advantage to make trade decisions.

- Define these terms
  - **Absolute advantage:** The ability of a country to produce a specific good with fewer resources than other countries.
  - **comparative advantage**: The ability of a country to produce a specific good at a lower opportunity cost than another country.
- Explain how comparative advantage is used in analyzing trade decisions.

Standard 3
Explore the effects of **currency exchange rates** on international trade and travel.

- Explain and calculate currency conversions.
- Discuss how a country's imports and exports can be impacted by currency fluctuations.

Standard 4
Examine the challenges that nations and the world face as economies throughout the world develop and change.

- Discuss how political systems and economies in many countries are changing.
- Study the role of the U.S. in today's global economy.

Performance Skills

- Evaluate a current scenario involving trade between two countries.
- Explain and calculate currency conversions for a potential business trip.

STRAND 6
Economic Careers in the CTE BFM Pathways-Students will identify the courses that will help them to be pathway completers as well as potential careers in Economics and investing.

Standard 1
Describe a BFM pathway and the course offering at your school that allow students to become pathway completer. Utah BFM CTE pathways

Identify the "Explorer" courses offered at your school
Identify the "Concentrator" courses taught at your school
Identify the "Completer" course for a BFM Pathway

Standard 2
Degrees Available in Economics
Explore the potential programs in your region that are associated with economics.

- Economics
- International Finance or Banking
- Business Management
- Accounting

Standard 3

Careers in Economics

Explore current job postings in this field to introduce students to the fact that this is a high wage high demand field.

Skill Certification Test Points by Strand

Test Name	Test #	Number of Test Points by Strand										Total Points	Total Questions
		1	2	3	4	5	6	7	8	9	10		
Economics	450	12	14	12	14	4							56

Test Name	Test #	Percentage Points by Strand										Total Points	Total Questions
		1	2	3	4	5	6	7	8	9	10		
Economics	450	21%	25%	21%	25%	8%							

