

ECONOMICS
FRAMEWORK

**Adopted by the
Anchorage School Board
February, 1998**

**Social Studies Program
Anchorage School District**



ANCHORAGE SCHOOL DISTRICT
Social Studies Program

MEMORANDUM

January, 1998

From: Doug Phillips, Social Studies Program Coordinator

Subject: Draft Economics Framework

This document represents the framework for courses that meet the Economics graduation requirement in the Anchorage School District. This framework and the materials that will be recommended later for adoption are the combined work effort of an outstanding committee composed of students, educators, and community members. This committee met throughout the 1997-8 to design the courses and recommend instructional materials. Members of the Committee include:

Mary Albert	Steve Jackstadt	Janice Boots
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Willie Evans	Ann Lyon	Myra Hollibaugh
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Five courses have been recommended as means for students to fulfill their one semester graduation requirement in economics. These five courses are: Economics, ESL Economics, Consumer Economics, Business Economics, and Advanced Placement Economics. Each of these five courses is closely connected to the high expectations established by the National Standards for Economic Education. The framework provides for twenty-four core ASD standards and indicates how each of the course options addresses the standard. In addition, the Retail Merchandising Course at the King Career Center will be meeting the requirements of the Business Economics Course and thus will serve to fulfill the Economics requirement.

Our gratitude is also expressed to the Alaska Council for Economic Education, Consumer Credit Counseling, International Credit Association-Anchorage, Junior Achievement, and Economics America who have contributed greatly to our work.

Economics

Statements of Agreement

The following represents the agreement statements that were developed and agreed upon by the Economics Curriculum Review Committee. These statements reflect the philosophy used in establishing the economics program.

We believe that:

1. Economics affects all people in every aspect of their lives.
2. An understanding of economics makes individuals better citizens, more effective consumers, and more productive employees.
3. Economics is the study of how individuals and societies allocate scarce resources in an attempt to satisfy human needs.
4. Economics is based on the assumption that people behave rationally.
5. Economic concepts and analysis should be applied to issues relevant to students' lives.
6. Students should be taught to distinguish between statements of fact and statements of opinion as they relate to economics.
7. The courses meeting the economics requirement should provide an introduction to basic economic concepts and institutions. (e.g., applications, data, vocabulary)
8. Economics courses should reflect a global perspective.
9. That the economics classroom should include a rich variety of teaching techniques and instructional resources.
10. All courses intended to meet the new economics graduation requirement, should be based on the same set of core principles.

11. The teaching of economics should be applied to real life issues, situations, and current events.
12. The analytical tools and skills of economics provide the foundation for critical thinking and concept development in dealing with relevant issues in students' lives.
13. Economics should be taught by teachers trained in the teaching of economic principles.
14. Economics should be taught with a clear distinction between the various courses offered.

Economics Courses Core Standards

The following information includes the key elements that will be present in any of the courses designed to meet the Anchorage School District's high school requirement in Economics. More specific objectives have been developed for each of the courses in a manner that is consistent with the content of the course but also with these 24 key standards. These standards were drawn together by the committee with grateful acknowledgment given to Economics America and the new National Content Standards in Economics.¹

The items numerically are the core concepts for all ASD Economics classes. The content for the economics course options will vary but these standards are to be addressed to some extent in each of the courses. The core standards, for all courses, are listed below the appropriate concept.

ASD Core Economic Standards and Concepts

Students will understand that:

1. Scarcity and Choice

- Productive resources are limited. Therefore, people can not have all the goods and services they want; as a result, they must choose some things and give up others.

2. Opportunity Cost and Trade-offs

- Effective decision making requires comparing the additional costs of alternatives with the additional benefits. Most choices involve doing a little more or a little less of something: few choices are "all or nothing" decisions.

3. Economic Systems

- Different methods can be used to allocate goods and services.
- People acting individually or collectively through government must choose which methods to use to allocate different kinds of goods and services.

- A capitalist economic system is defined by the existence of profits, prices that are determined by the forces of supply and demand, and private property rights.

4. Economic Incentives

- People respond predictably to positive and negative incentives.
- Profit is an important incentive that leads entrepreneurs to accept the risks of business failures.

5. Economic Institutions

- Institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems, and not-for-profit organizations are examples of important institutions.

6. Exchange, Money, and Interdependence

- Voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and usually among individuals or organizations in different nations.
- Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.

Microeconomic Concepts

7. Markets and Prices

- Markets exist when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.

8. Supply and Demand

- Prices send signals and provide incentives to buyers and sellers.
- When supply or demand changes, market prices adjust, affecting incentives.

9. Competition and Market Structure

- Competition among sellers lowers costs and prices and encourages producers to produce more of what consumers are willing and able to buy.
- Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.

10. Income Distribution

- Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.
- Income for most people is determined by the market value of the productive resources they sell.
- What workers earn depends, primarily, on the market value of what they produce and how productive they are.

11. Market Failures

- Market failure occur when there is inadequate competition, lack of access to reliable information, resource immobility, externalities, and the need for public goods. An example of market failure is pollution.

12. Role of Government

- There is an economic role for government in a market economy whenever the benefits of a government policy outweigh its costs.
- Governments often provide for schools, transportation, national defense, and address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Most government policies also redistribute income.
- Costs of government policies sometimes exceed benefits. This may occur because of incentives facing voters, government officials, and government employees, because of actions by special interest groups

that can impose costs on the general public, or because social goals other than economic efficiency are being pursued.

Macroeconomic Concepts

13. Gross Domestic Product

- GDP is a measure of the total dollar amount of final goods and services produced in the domestic economy in one year. It is the sum of personal consumption, government spending, business investment and net exports.

14. Aggregate Supply and Aggregate Demand

- A nation's overall level of income, employment, and prices are determined by the interaction of spending and production decisions made by all households, firms, government agencies, and others in the economy.

15. Unemployment

- Unemployment imposes costs on individuals and nations.
- The unemployment rate is the number of people who are unemployed expressed as a percentage of the labor force. Significant unemployment implies that the nation is not using its scarce resources as efficiently as possible.

16. Inflation and Deflation

- Inflation is a sustained increase in the general level of prices, while deflation is a sustained decrease in the general level of prices.
- Unexpected inflation or deflation imposes costs on many people and benefits some others because it arbitrarily redistributes purchasing power.
- Price instability can reduce the rate of growth of national living standards because individuals and organizations use resources to protect themselves against the uncertainty of future prices.

17. Saving and Investment

- Interest rates, adjusted for inflation, rise and fall to balance the amount saved with the amount borrowed, which affects the allocation of scarce resources between present and future uses.

18. Monetary Policy

- Monetary policy influences the overall level of employment, output and prices.
- Monetary policy in the United States is conducted by the Federal Reserve System, the nation's central bank.

19. Fiscal Policy

- Federal government budgetary policy influences the overall levels of employment, output, and prices.
- Fiscal policy: taxation and government spending decisions made by the Executive and Legislative branches influence the overall levels of employment, output and prices.

20. Productivity

- Investment in factories, machinery, new technology, and in the health, education, and training of people can raise productivity and future standards of living.

21. Economic Growth

- Economic growth is a sustained rise in the production of goods and services.
- Economic growth is the result of an increase in the stock of resources and improvements in the technology and human capital.

International Economic Concepts

22. Absolute and Comparative Advantage and Barriers to Trade

- When individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase.
- International trade results in increased global intradependence.

23. Exchange Rates and the Balance of Payments

- The exchange rate between two nations' currencies is determined by their balance of trade in goods, services, and assets.
- Exchange rates are also affected by expectations regarding price levels in various countries.

24. International Aspects of Economic Development

- Economic development is a sustained expansion of a nation's standard of living.
- Differences in the level of economic development between nations are determined by each nation's government policies, institutions and utilization of resources.

Economics Course

Course Description: This course is designed to teach students economics concepts and principles and to introduce them to important economic institutions. Students will learn to apply economic reasoning to their lives as citizens, consumers, workers, and producers.

Course Goals

Through this course students will:

1. Understand the fundamental economic principles and concepts of microeconomics, macroeconomics, and international economics.
2. Understand the roles and interaction of the individual, government, and economic institutions in a market economy.
3. Develop critical thinking skills and how to apply fundamental economic concepts to their lives and important economic issues.
4. Learn and apply measurement concepts and methods such as ratios, percentage, index numbers, averages, charts, graphs, and tables.
5. Become economically literate participants in the local, national, and global economies.

Course Standards and Objectives

In Economics, students will:

Standard 1: Scarcity and Choice

1. Understand that productive resources are limited. Therefore, people can not have all the goods and services they want; as a result, they must choose some things and give up others.
2. Explain why individuals, governments, and societies experience scarcity.
3. Explain why individuals, governments, and societies must choose how to allocate their limited resources.

Standard 2: Opportunity Cost and Trade-offs

1. Understand that effective decision making requires comparing the additional costs of alternatives with the additional benefits. Most choices involve doing a little more or a little less of something; few choices are all or nothing decisions.
2. Define and give examples of opportunity costs.
3. Discuss the production tradeoffs which face societies using the Production Possibilities Frontier.

Standard 3: Economic Systems

1. Understand that different methods can be used to allocate goods and services.
2. Understand that people acting individually or collectively through government must choose which method to use to allocate different kinds of goods and services.
3. Understand that a capitalist economic system is defined by the existence of profits, prices that are determined by the forces of supply and demand, and private property rights.
4. Compare and contrast the ways goods and services are allocated differently by traditional, command and market economies.

Standard 4: Economic Incentives

1. Understand that people respond predictably to positive and negative incentives.
2. Understand that entrepreneurs are people who take risks of organizing productive resources to make goods and services. Profit is an important incentive that leads entrepreneurs to accept the risks of business failures.
3. List costs and benefits in particular situations and make predictions given changes in incentives.
4. Explain the importance of prices, the incentive of profits and existence of property rights in a market economy.

Standard 5: Economic Institutions

1. Understand that institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems, and not-for-profit organizations are examples of important institutions.
2. List ways that private institutions such as banks, unions, or corporations influence resource allocation in a market economy.
3. List ways that public institutions such as the Federal Reserve, governmental regulatory agencies, and laws influence resource allocation in a market economy.
4. Explain the role of an important institution in making trading easier and describe how this improves social welfare.

Standard 6: Exchange, Money, and Interdependence

1. Understand that voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and usually among individuals or organizations in different nations.
2. Explain money's role as a medium of exchange, a store of value, and a standard of value.
3. Understand that money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.
4. Describe how people gain from the voluntarily exchange of goods and services.
5. Identify ways that free trade increases the material standard of living.

Standard 7: Markets and Prices

1. Markets exist when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.
2. Explain how the interaction of buyers and sellers determines price in a particular situation.

3. Explain the role of price in allocating resources to different goods & services.
4. Compare and contrast other methods for allocating resources with the use of market prices.

Standard 8: Supply and Demand

1. Understand that prices send signals and provide incentives to buyers and sellers.
2. Understand that when supply or demand changes, market prices adjust, affecting incentives.
3. Distinguish between demand and quantity demanded; and supply and quantity supplied.
4. Describe the reasons for changes in demand and supply.
5. List examples of products with a highly elastic demand.
6. Describe the effect of price ceilings and price floors on supply and demand.
7. Predict changes in real world markets using supply and demand analysis.
8. Create and interpret graphs of supply and demand.

Standard 9: Competition and Market Structure

1. Understand that competition among sellers lowers costs and prices and encourages producers to produce more of what consumers are willing and able to buy.
2. Understand that competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.
3. Discuss the element of risk in creating a new business.
4. Explain the role of an entrepreneur in the market economy.

5. Provide an example and discuss the significance of a particular entrepreneur in US history. Define barriers to entry and identify particular real world examples.
6. Explain why new firms enter an industry.
7. Use supply and demand curves to show the effect when new firms enter an industry.
8. List the advantages and disadvantages of proprietorship, partnership, and corporation as types of business organization.
9. List the characteristics and give examples of oligopolistic, monopolistic, competitive, and monopolistic competitive industries.

Standard 10: Income Distribution

1. Understand that income for most people is determined by the market value of the productive resources they sell.
2. Understand that what workers earn depends, primarily, on the market value of what they produce and how productive they are.
3. List reasons for differences in income between occupations.

Standard 11: Market Failures

1. Understand that market failures occur when there is inadequate competition, lack of access to reliable information, resource immobility, externalities, and the need for public goods. An example of market failure is pollution.
2. Define and give examples of positive and negative externalities.
3. Show how a particular type of market failure affects the results of market allocation.
4. Describe the Tragedy of the Commons and apply the concept to Alaska resources.

Standard 12: Role of Government

1. Understand that there is an economic role for government in a market economy whenever the benefits of government policy outweigh the costs.

2. Understand that governments often provide schools, transportation, national defense, and address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Government policies also redistribute income.
3. Understand that costs of government policies sometimes exceed benefits. This may occur because of incentives facing voters, government officials, and government employees, because of actions by special interest groups that can impose costs on the general public, or because social goals other than economic efficiency are being pursued.
4. Explain how governments provide the framework of the market by defining and enforcing property rights.
5. List the costs and benefits of a particular governmental function.
6. List government functions that limit externalities, provide public goods, redistribute income, and promote competition.
7. Define and give examples of public goods.
8. Discuss the alternative views about the effects of fiscal policy on the US economy.

Standard 13: Gross Domestic Product

1. Understand that Gross Domestic Product (GDP) is a measure of the total dollar amount of final goods and services produced in the domestic economy in one year. It is the sum of personal consumption, government spending, business investment and net exports.
2. Define GDP and identify its components.
3. Explain the limits of GDP as a measure of social welfare.
4. Explain difference between nominal and real GDP.
5. Predict the effects that changes in the quantity and quality of resources, technology, institutions and laws will have on potential GDP.

Standard 14: Aggregate Supply and Aggregate Demand

1. Understand that a nation's overall level of income, employment, and prices are determined by the interaction of spending and production decisions made by households, firms, government agencies, and others in the economy.
2. Describe the circular flow of income.

Standard 15: Unemployment

1. Understand that unemployment imposes costs on individuals and nations.
2. Understand that the unemployment rate is the number of people who are unemployed expressed as a percentage of the labor force. Significant unemployment implies that the nation is not using its scarce resources as efficiently as possible.
3. Describe the changes in unemployment and inflation over the business cycle.
4. List the costs of unemployment to individuals and the nation.
5. Describe the difference between structural, frictional, and demand-deficient (cyclical) unemployment.

Standard 16: Inflation and Deflation

1. Understand that inflation is sustained increase in the general level of prices, while deflation is a sustained decrease in the general level of prices.
2. Understand that unexpected inflation or deflation imposes costs on many people and benefits on some others because it arbitrarily redistributes purchasing power.
3. Understand that price instability can reduce the rate of growth of national living standards because individuals and organizations use resources to protect themselves against the uncertainty of future prices.
4. Explain how inflation reduces the value of money, financial assets, and income.
5. Identify ways some people benefit from inflation while others lose.

6. List factors that lead to a high rate of inflation and methods used to attempt to control it.

Standard 17: Savings and Investment

1. Understand that interest rates, adjusted for inflation, rise and fall to balance the amount saved with the amount borrowed, which affects the allocation of scarce resources between present and future uses.
2. Explain how changes in interest rates allocate resources between the present and future.
3. Identify ways to invest in people and explain how human capital investment increases a nation's income. (17)

Standard 18: Monetary Policy

1. Understand that monetary policy influences the overall level of employment, output, and prices.
2. Understand that the Federal Reserve System, the nation's central bank, conducts monetary policy in the US.
3. Describe the role of central banking and the Federal Reserve as the central bank of the U.S.
4. Identify the three means by which the Federal Reserve influences money supply. Explain the effects of changes in the money supply on the economy.

Standard 19: Fiscal Policy

Understand that fiscal policy: taxation and government spending decisions made by the Executive and Legislative branches influence the overall levels of employment, output, and prices.

Standard 20: Productivity

1. Understand that investment in factories, machinery, new technology, and in the health, education, and training of people can raise future standards of living.
2. Describe the ways hiring one more worker contributes to a firm's revenue.

3. Describe the economic consequences of a particular new technology.

Standard 21: Economic Growth

1. Understand that economic growth is a sustained rise in the production of goods and services.
2. Understand that economic growth is the result of an increase in the stock of resources and improvements in the technology and human capital.
3. Identify the role of improved technology in the long-term growth of the economy.
4. Describe the relationship between governmental policy (i.e. changing the tax rate of capital gains) and economic growth.
5. Distinguish between economic growth and economic development.
6. Explain how economic growth results from the increase in the stock of resources, improvements in technology, increased human capital, and changes in laws, institutions and traditions that promotes efficiency.

Standard 22: Absolute and Comparative Advantage and Barriers to Trade

1. Understand that when individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase.
2. Explain how specialization increases the output for people and nations that trade.
3. Define opportunity cost of specialization in specific cases.
4. Discuss the difference between absolute and comparative advantage.
5. Identify goods and services for which Alaska has comparative advantage.
6. Understand that international trade results in increased global intradependence.

Standard 23: Exchange Rates and the Balance of Power

1. Understand that the exchange rate between two nations' currencies is determined by their balance of trade in goods, services, and assets.

2. Understand that exchange rates are also affected by expectations regarding price levels in various countries.
3. Compare the benefits and costs of fixed or floating exchange rates.
4. Calculate the price of US goods in another currency at a given exchange rate.
5. Predict the effects on the dollar price of German marks of rapid growth in the US economy.

Standard 24: International Aspects of Economic Development

1. Understand that economic development is a sustained expansion of a nation's standard of living.
2. Understand that differences in the level of economic development between nations are determined by each nation's government policies, institutions, and utilization of resources.

Business Economics

Course Title

Business Economics

Course Description

Business Economics is a one-semester course in which students relate economic concepts and business principles to real-life situations. The class operates a student company and may take part in computer-based simulations in which students operate companies in a high-tech industry and apply economic policies to decision making for the company's benefit.

Course Goals

Through this course students will:

1. Demonstrate an understanding of the fundamental economic concepts upon which the free market system is based through the creation and operation of a real business.
2. Apply concepts of profit, business organization, business finance, productivity, market structure, and related topics successfully to their respective businesses.
3. Demonstrate an understanding of the relationship of their individual business to the larger economy and the roles of government, financial institutions, and the monetary and fiscal policies used to moderate the economy's fluctuations.
4. Demonstrate an understanding of the costs and benefits of international trade, describe the structure and values of other economic systems, and address economic growth and development in industrialized and developing nations.
5. In businesses created as international joint venture companies, students will apply this knowledge to the operation of their business.

Course Standards and Objectives

In Business Economics, the student will:

Standard 1: Scarcity and Choice

1. Describe how scarcity forces people to make choices when allocating resources.
2. Explain how scarcity impacts business decision making.

Standard 2: Opportunity Cost and Trade-offs

1. Identify examples of tradeoffs.
2. Explain how opportunity costs impact individual and business decision making.
3. Interpret a production possibilities curve.

Standard 3: Economic Systems

1. Compare how traditional, command, and market economies allocate resources.
2. Identify the resources necessary to produce and distribute goods and services.
3. Explain why private property, prices determined by supply and demand, market competition, and entrepreneurship are necessary to the operation of the free enterprise system.
4. Apply his/her knowledge of the free enterprise system to the creation and operation of a student-run business.

Standard 4: Economic Incentives

1. Describe the responsibilities, risks, and rewards of entrepreneurship.
2. Apply the factors (responsibilities, risks, and rewards) in creating the student-run business.

Standard 5: Economic Institutions

1. Describe legal and economic institutions that operate in the market.

2. Differentiate among different types of business financing.
3. Analyze and decide how to finance the student-run business.
4. Compare and contrast the characteristics of sole proprietorship, partnership and corporate ownerships.
5. Operate a business based upon the corporate model.

Standard 6: Exchange, Money, and Interdependence

1. Understand that people engage in voluntary exchange of goods and services because they expect to be better off afterwards.
2. Explain how money facilitates exchange and list the three basic functions it performs.

Standard 7: Markets and Prices

1. Explain how prices ration goods and services.
2. Construct and administer a market survey to determine demand for potential products to be sold by the student run business.

Standard 8: Supply and Demand

1. Illustrate how changes in supply and demand effect market price.
2. Describe the interaction of supply and demand to create a market clearing price.
3. Explain the difference between price effect and a change in demand or supply.
4. Create and interpret supply and demand graphs.

Standard 9: Competition and Market Structure

1. Describe the role of competition and marketing in a market system.
2. Identify different market structures and how businesses compete in each.

Standard 10: Income Distribution

Describe how voluntary exchange between households and businesses create a circular flow of money, products, and resources.

Standard 11: Market Failures

Define externality and identify examples of both harmful and beneficial externalities as they apply to their business and community.

Standard 12: Role of Government

1. Describe the role of government including enforcement of private property rights, dealing with externalities, ensuring market competition, providing public goods and services, redistribution of income, promoting economic security and stabilizing the economy.
2. Incorporate into his/her business plan the government's role as related to product and distribution.
3. Explain how federal, state and local governments raise and spend money.

Standard 13: Gross Domestic Product

1. Define gross domestic product (GDP) and explain what it measures and understand its limitations.
2. Explain how the profits from the student run business will affect the GDP.

Standard 14: Aggregate Supply and Aggregate Demand

Define aggregate supply and aggregate demand.

Standard 15: Unemployment

1. Identify and differentiate among the various types of unemployment within Alaska and describe it as an indicator of economic health.
2. Create projections on the sales of potential products based on local unemployment rates.

Standard 16: Inflation and Deflation

1. Define the role of inflation and deflation as it affects the economy as a whole and the student run business specifically.

2. Explain the role of government in controlling inflation and deflation and how it might effect the student run business.

Standard 17: Savings and Investment

1. List common services provided by banks and other financial institutions.
2. Explain how inflation impacts the student run business as well as consumers.

Standard 18: Monetary Policy

1. Explain the monetary policy tools government leaders are able to use to influence the economy.
2. Define the principle roles and responsibilities of the Federal Reserve System.

Standard 19: Fiscal Policy

1. Analyze fiscal policy options of the government.
2. Evaluate the effectiveness of different economic policies on the stability of the American economy.

Standard 20: Productivity

1. Describe the factors that effect productivity in American business and apply them to the student run business.
2. Explain how productivity is related to standard of living.

Standard 21: Economic Growth

Use economic indicators to identify the economy's position in the business cycle.

Standard 22: Absolute and Comparative Advantage and Barriers to Trade

Explain why nations trade goods and services using the concepts of comparative and absolute advantage.

Standard 23: Exchange Rates and the Balance of Power

1. Describe barriers to international trade and what the effects will be on a national and global markets.
2. Calculate the price of a product in foreign currencies.

Standard 24: International Aspects of Economic Development

1. Evaluate problems facing less-developed countries.
2. Analyze current economic problems facing industrialized nations.

Consumer Economics

Course Title:

Consumer Economics

Course Description

The course is designed to teach students basic economic concepts and how to apply those concepts to their everyday lives in their roles as workers, producers, consumers, savers, investors, and citizens. The course provides an overview of micro and macroeconomics and an examination of the international scene.

Course Goals

Through this course students will:

1. Understand basic economic concepts such as scarcity, opportunity costs, economic incentives, and supply and demand.
2. Learn to use economic knowledge to make better decisions in real-world situations in which they participate as consumers, producers, savers, investors, and citizens.
3. Understand the roles and interrelationships of various sectors of the economy, including households, business, government, and financial intermediaries.
4. Gain an awareness of how and why they make decisions, and to use basic economic reasoning for analyzing a problem and arriving at a decision.
5. Learn and apply measurement concepts and methods, including ratios, percentages, index numbers, averages, charts, graphs, and tables.

Course Standards and Objectives

In Consumer Economics, students will:

Standard 1: Scarcity and Choice

1. Understand that productive resources are limited. Therefore, people can not have all the goods and services they want; as a result, they must choose some things and give up others.

2. Explain why scarcity faces all people at all times.

Standard 2: Opportunity Cost and Trade-offs

1. Understand that effective decision making requires comparing the additional costs of alternatives with the additional benefits. Most choices involve doing a little more or a little less of something: few choices are "all or nothing" decisions.
2. Use opportunity cost to make decisions.
3. Understand that the benefit of credit is being able to buy and enjoy goods and services now rather than later; the cost of credit is whatever the borrower must pay in interest or lost opportunities to buy other items.
4. Understand that consumers who wish to borrow may choose among various types of financial institutions, including banks, savings and loan institutions, credit unions, and finance companies.
5. Understand that effective consumer decision-making involves weighing the costs and benefits of spending and saving decisions.
6. Understand that consumers may employ comparison shopping techniques such as reading advertisements, making comparisons among brands, and among stores.
7. Understand that the decision to rent or buy housing involves consideration of economic, psychological, and legal factors.
8. Explain the pros and cons of renting or buying a house or apartment.
9. List the costs of buying, operating and maintaining an automobile.
10. Understand that credit is the receiving of money, either directly or indirectly, to buy goods and services today with the promise to pay for them in the future.
11. Compare the costs and benefits of various credit card solicitations.

Standard 3: Economic Systems

1. Understand that different methods can be used to allocate goods and services.

2. Understand that people acting individually or collectively through government must choose which methods to use to allocate different kinds of goods and services.
3. Understand that a capitalist economic system is defined by the existence of profits, prices that are determined by the forces of supply and demand, and private property rights.
4. List and summarize the major types of economic systems and their differences.
5. Compare the advantages and disadvantages of different methods of allocating goods and services.

Standard 4: Economic Incentives

1. Understand that people respond predictably to positive and negative incentives.
2. Understand that profit is an important incentive that leads entrepreneurs to accept the risks of business failures.
3. Explain the importance of prices, profits and property rights in a capitalist economic system.
4. Analyze the impact (on consumers, producers, workers, savers, and investors) of an increase in the minimum wage, a new tax policy, or a change in interest rates.
5. Identify the role of the profit incentive.
6. Explain how the incentive of greater profit affects buyers and sellers.

Standard 5: Economic Institutions

Identify and describe legal and economic institutions that operate in the market.

Standard 6: Exchange, Money, and Interdependence

1. Understand that voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and usually among individuals or organizations in different nations.

2. Understand that money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.
3. Describe how the principle of voluntary exchange operates in a market economy.
4. List the three functions of money as medium of exchange, store of value, and unit of account.
5. Describe recent monetary transactions they have made; as buyers or sellers, explain why they were willing to trade.

Standard 7: Markets and Prices

1. Understand that markets exist when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.
2. Identify markets in which they have participated as a buyer and a seller and describe how the interaction of all buyers and sellers influences prices.
3. Predict the change in demand for a particular brand of jeans when an extensive ad campaign for the brand targets teenagers, their allowance doubles, the price of corduroy pants skyrockets, or jeans become a popular item among adults.
4. Explain the effect of competition among sellers and the effect on the price of products (such as in the personal computer industry.)
5. Give examples of products where competition among buyers have increased the price of the item.

Standard 8: Supply and Demand

1. Understand that prices send signals and provide incentives to buyers and sellers.
2. Understand that when supply or demand changes, market prices adjust, affecting incentives.

Standard 9: Competition and Market Structure

1. Understand that competition among sellers lowers costs and prices and encourages producers to produce more of what consumers are willing and able to buy.
2. Understand that competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.
3. Understand that advertising provides information and attempts to persuade consumers that a product is different from and superior to competing products.
4. Understand that credit card solicitations are a form of advertising.
5. List three considerations in decision-making as a consumer.
6. Analyze and describe different forms of advertising.
7. List five consumer rights.
8. Describe the various forms of credit.
9. Explain why people use credit.
10. List the various sources of credit.
11. Explain the factors that determine a person's credit rating.
12. State how the Equal Credit Opportunity Act effects consumer credit.
13. Describe the advantages of comparison shopping.

Standard 10: Income Distribution

1. Understand that income for most people is determined by the market value of the productive resources they sell.
2. Consider a career choice and research the amount of education required and the median income for this career. Identify reasons why high school dropouts frequently earn low incomes.
3. Explain the difference between disposable and discretionary income.

4. Understand that a person's ability to consume depends on income available and how much of it a person chooses to spend now or save for the future.

Standard 11: Market Failures

1. Understand that market failure occurs when there is inadequate competition, lack of access to reliable information, resource immobility, externalities, and the need for public goods. An example of market failure is pollution.
2. List several types of market failures and describe policies that would impact the failure.

Standard 12: Role of Government

1. Understand that there is an economic role for government in a market economy whenever the benefits of a government policy outweigh its costs.
2. Understand that governments often provide for schools, transportation, national defense, and address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Most government policies also redistribute income.
3. Understand that costs of government policies sometimes exceed benefits. This may occur because of incentives facing voters, government officials, and government employees, because of actions by special interest groups that can impose costs on the general public, or because social goals other than economic efficiency are being pursued.
4. Consumers have rights that are guaranteed by government, including the right to safety, the right to be informed, the right to choose between competitive products, and the right to be heard by various regulatory bodies.
5. Understand that the Federal Equal Credit Opportunity Act prohibits discrimination in lending.
6. List four ways government regulates economic activity and name two ways government provides economic security.
7. Describe three government assistance programs, explain why government provides them, and determine which groups in the economy benefit from them and which groups bear the costs to fund them.

8. Explain why, although most U.S. citizens say they are in favor of reducing the deficit, Congress does not vote to increase taxes.

Standard 13: Gross Domestic Product

1. Understand that Gross Domestic Product (GDP) is a measure of the total dollar amount of final goods and services produced in the domestic economy in one year. It is the sum of personal consumption, government spending, business investment and net exports.
2. List and describe the components of GDP, calculate the GDP and related statistics (i.e. GDP, per capita)

Standard 14: Aggregate Supply and Aggregate Demand

1. Understand that a nation's overall level of income, employment, and prices are determined by the interaction of spending and production decisions made by all households, firms, government agencies, and others in the economy.
2. Interpret media reports about current economic conditions and explain how these conditions can influence decisions made by consumers, producers, and government policy makers.

Standard 15: Unemployment

1. Understand that unemployment imposes costs on individuals and nations.
2. Understand that the unemployment rate is the number of people who are unemployed expressed as a percentage of the labor force. Significant unemployment implies that the nation is not using its scarce resources as efficiently as possible.
3. List costs associated with unemployment on individuals and nations.
4. Calculate the unemployment rate and explain the impact on individuals, businesses, and government of significant unemployment.

Standard 16: Inflation and Deflation

1. Understand that inflation is a sustained increase in the general level of prices, while deflation is a sustained decrease in the general level of prices.

2. Understand that unexpected inflation or deflation imposes costs on many people and benefits some others because it arbitrarily redistributes purchasing power.
3. Understand that price instability can reduce the rate of growth of national living standards because individuals and organizations use resources to protect themselves against the uncertainty of future prices.
4. Identify periods in the United States when the nation experienced inflation and deflation.
5. Describe the effect on a home owner when the value of their home either unexpectedly goes up or down due to inflation or deflation.
6. List ways individuals and organizations would protect themselves in times of price instability.

Standard 17: Savings and Investment

1. Understand that interest rates, adjusted for inflation, rise and fall to balance the amount saved with the amount borrowed, which affects the allocation of scarce resources between present and future uses.
2. Explain the advantages and disadvantages of various forms of saving and investing.
3. Understand that various factors are considered when determining a person's credit rating including capacity to pay, character and collateral.
4. Understand that when you save, you have several investment alternatives including savings accounts, time deposits, stocks and bonds.
5. Explain situations in which they pay or receive interest and explain how they would react to changes in interest rates if they were making or receiving interest payments.

Standard 18: Monetary Policy

1. Understand how monetary policy influences the overall level of employment, output and prices.
2. Understand how monetary policy in the United States is conducted by the Federal Reserve System, the nation's central bank.

3. Outline the monetary policies they would recommend to correct each of the following: rising unemployment; rising inflation. Explain each recommendation.
4. Identify historical examples of monetary policies and explain whether these policies were adopted to influence levels of output, employment, prices, or all three.

Standard 19: Fiscal Policy

1. Understand that Federal government budgetary policy influences the overall levels of employment, output, and prices.
2. Understand that fiscal policy: taxation and government spending decisions made by the Executive and Legislative branches influence the overall levels of employment, output and prices.
3. Identify historical examples of fiscal policies and explain whether these policies were adopted to influence levels of output, employment, or prices, or all three.
4. Outline the fiscal policies they would recommend to correct each of the following: rising unemployment, rising inflation. Explain each recommendation.

Standard 20: Productivity

Understand that investment in factories, machinery, new technology, and in the health, education, and training of people can raise productivity and future standards of living.

Standard 21: Economic Growth

1. Understand that economic growth is the result of an increase in the stock of resources and improvement in the technology and human capital.
2. Analyze per capita real GDP for several periods of during which the U.S. experienced rapid economic growth; identifying the factors that contributed to this growth.
3. List three factors that influence economic growth.

Standard 22: Absolute and Comparative Advantage and Barriers to Trade

1. Understand that when individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase.
2. Understand that international trade results in increased global intradependence.
3. Name three things, such as bananas, coffee, and eucalyptus oil, that could be produced in the continental U.S., and explain, in terms of opportunity costs, why the U.S. is probably better off importing such goods.

Standard 23: Exchange Rates and the Balance of Power

1. Understand that the exchange rate between two nations' currencies is determined by their balance of trade, relative interest rates, relative rates of income growth, and expectations about inflation.
2. Describe the relationship between information flows and economic cooperation.
3. Explain how the forces of supply and demand determine flexible exchange rates.

Standard 24: International Aspects of Economic Development

1. Understand that economic development is a sustained expansion of a nation's standard of living.
2. Understand that differences in the level of economic development between nations are determined by each nation's government policies, institutions and utilization of resources.
3. Distinguish between economic growth and economic development.
4. List some of the obstacles to economic growth in developing nations.

Vocabulary Words for Consumer Economics

An Introduction to Economics

Productive resources
Goods
Costs and benefits
Opportunity cost
Market economy
Traditional economy
Profit
Price
Consumer
Worker

Scarcity
Services
Trade-off
Command economy
Capitalist
Incentives
Entrepreneurs
Property rights
Producer

Practical Economics: How Theory Works For You

Voluntary exchange
Income
Consume
Budget
Credit
Collateral
Liquidity
Savings account
Cashier's check
Money orders
Annuities
Taxes
Loan
Equity
Interest rate
Balance

Withdraw
Down Payment
Binder
Regulatory
Financial institution
Investment
Demand deposits
Time deposits
Certified checks
Stocks
Bonds
Tax exempt
Mortgage
Rate of return
Principal

Microeconomics: Markets, Prices, Business Competition

Markets
Supply
Equilibrium
Market failure
Public good
Shortage
Market share
Substitute good

Prices
Demand
Competition
Externality
Redistribute
Surplus
Complementary good

Macroeconomics: Managing the Nation's Economy

Gross Domestic Product
Government spending
Net exports
Employment
Inflation
Living standards
Monetary policy
Federal Reserve System
Legislative Branch

Personal consumption
Business investment
Productivity
Unemployment
Deflation
Economic output
Fiscal policy
Executive Branch

The International Scene

Specialization
Economic development
Developing nations

International trade
Economic growth
Industrial nations

Advanced Placement Economics

Course Title

Advanced Placement Economics

Course Description

This is a college level course divided into two sections and it is designed to prepare students for the Advanced Placement test. The first section, microeconomics provides students with a thorough understanding of the principles of economics that apply to the functions of individual decision makers - consumers and producers. It places primary emphasis on the nature and functions of product markets, and includes the study of factor markets and the role of government.

Macroeconomics is the second section of the course and provides students with a thorough understanding of the principles of economics that apply to an economic system as a whole. It places emphasis on the study of national income and price determination and also develops familiarity with economic performance measures, economic growth and international economics.

Course Goals

Advanced Placement (AP) Economics is a course that is designed to prepare students of the Advanced Placement exam. The objectives for this course and the materials are designated by the Advanced Placement Board and intended to allow for students to achieve at the college level. The following provides a summary of the expectations in this course and how they correlate to the standards. Through this course students will:

1. Understand the "economic way of thinking."
2. Understand and use the tools that economists use in making analytic decisions.
3. Develop responsible citizenship.
4. Understand and apply critical thinking skills.
5. Prepare for the advanced placement tests in microeconomics and macroeconomics.

Course Standards and Objectives

In Advanced Placement Economics, the student will:

Standard 1: Scarcity and Choice

Identify the conditions that lead to the problem of scarcity. Understand that in any economy the existence of limited resources along with unlimited wants results in the need to make choices.

Standard 2: Opportunity Cost and Trade-offs

Apply the concept of opportunity cost to a Production Possibility Curve (PPC).

Standard 3: Economic Systems

Describe and analyze the economic goals of different societies.

Standard 4: Economic Incentives

1. Understand that individuals face motivational rewards and costs in any given situation and attempt to maximize their benefits or minimize their costs.
2. Analyze policy options of an issue, such as protection of endangered species, using the concept of incentives to predict which policies will be effective.

Standard 5: Economic Institutions

Analyze the impact of labor unions on wages and employment.

Standard 6: Exchange, Money, and Interdependence

1. Explain how both parties gain from a voluntary exchange.
2. Explain the functions of money.

Standard 7: Markets and Prices

Analyze how markets act as rationing forces and how markets allocate resources.

Standard 8: Supply and Demand

1. Understand and apply basic supply and demand analysis to find equilibrium, prices and quantities.
2. Predict the effects of changes in supply and demand on equilibrium, price, and quantity.

Standard 9: Competition and Market Structure

Apply price theory concepts to analyze market behavior.

Standard 10: Income Distribution

Understand how prices act as rationing devices, allocate resources, and determine income distribution.

Standard 11: Market Failures

Analyze the effectiveness of government policy in correcting market failures i.e. public goods, externalities, inadequate competition, etc.

Standard 12: Role of Government

1. Analyze political behavior through economic analysis using the theory of public choice.
2. Describe the basic tenets of the public choice model of government behavior.

Standard 13: Gross Domestic Product

1. Explain why National Income (NI) equals Gross Domestic Product (GDP).
2. Distinguish real Gross Domestic Product from nominal Domestic Product.
3. Compute Gross Domestic Product, National Income, Personal Income (PI) and Disposable Income (DI) when given data.
4. Compute Gross Domestic Product using expenditure and income approaches.

Standard 14: Aggregate Supply and Aggregate Demand

Use AD and AS curves to analyze the effects of macro events on real National output and price level.

Standard 15: Unemployment

1. Identify and define the four types of unemployment.
2. Define the labor force.
3. Determine the rate of unemployment when given data.

Standard 16: Inflation and Deflation

1. Identify who is injured and helped by unanticipated inflation and deflation.
2. Distinguish between demand pull and cost push inflation.
3. Construct a price index from data.
4. Calculate the rate of inflation when given data

Standard 17: Savings and Investment

Explain how the interest rate is affected by the supply and demand for money.

Standard 18: Monetary Policy

1. Explain how open market operations, discount rate, and reserve requirements are used to expand or contract the money supply.
2. Describe the structure and function of the Federal Reserve System.
3. Use graphs to illustrate how changes in the money supply affects interest rates, investment, employment and price level.

Standard 19: Fiscal Policy

1. Describe how fiscal policy can be used to try to stabilize the economy.
2. Use Aggregate Supply(AS)and Aggregate Demand (AD) to illustrate Keynesian model contractionary/expansionary fiscal policy.
3. Distinguish between automatic and discretionary stabilizers.

Standard 20: Productivity

Describe how per capita income is determined by productivity.

Standard 21: Economic Growth

Describe how growth in productivity is the key to economic growth.

Standard 22: Absolute and Comparative Advantage and Barriers to Trade

1. Distinguish between absolute and comparative advantage.
2. Determine absolute and comparative advantage when given data.
3. Describe, analyze and evaluate the case for free trade.

Standard 23: Exchange Rates and the Balance of Power

1. Use supply and demand curves to show how events affect exchange rates.
2. Describe the effects of appreciation and depreciation on international trade.

Standard 24: International Aspects of Economic Development

1. Analyze economic policies that increase or decrease growth.
2. Evaluate the effect of foreign aid on economic growth.

ESL Economics Course

Course Description: The ESL Economics course is for the bilingual student who is developing English language skills and economic principles at the same time. It is designed to introduce students to economics vocabulary, concepts, principles, and institutions. Students will learn to apply economic reasoning to their lives as citizens, consumers, workers, and producers.

Course Goals

Through this course students will:

1. Understand the basic principles and concepts of economics.
2. Become economically literate participants in the local, national, and global economies as consumers, producers, savers, investors, and citizens.
3. Understand the roles and interaction of the individual, government, and economic institutions in a market economy.
4. Develop critical thinking skills and how to apply fundamental economic concepts to their lives and important economic issues.
5. Learn and apply measurement concepts and methods such as ratios, percentage, index numbers, averages, charts, graphs, and tables.

Course Standards and Objectives

In Economics, students will:

Standard 1: Scarcity and Choice

1. Understand that productive resources are limited.
2. Explain why individuals, governments, and societies experience scarcity.
3. Explain how the allocation of limited resources is determined.

Standard 2: Opportunity Cost and Trade-offs

1. Understand that effective decision making requires making choices by comparing the costs and benefits of various alternatives.

2. Define and give examples of opportunity costs.

Standard 3: Economic Systems

1. Understand that different methods can be used to allocate goods and services.
2. Understand that a capitalist economic system is defined by the existence of profits, prices that are determined by the forces of supply and demand, and private property rights.
3. Compare and contrast the ways goods and services are allocated differently by traditional, command and market economies.

Standard 4: Economic Incentives

1. Understand that people respond predictably to positive and negative incentives.
2. List costs and benefits in particular situations and make predictions given changes in incentives.
3. Explain the importance of prices, the incentive of profits and existence of property rights in a market economy.

Standard 5: Economic Institutions

1. Understand that institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, corporations, legal systems, and not-for-profit organizations are examples of important institutions.
2. List ways that private institutions such as banks, unions, or corporations influence resource allocation in a market economy.
3. Explain the role of an important institution in making trading easier and describe how this improves social welfare.

Standard 6: Exchange, Money, and Interdependence

1. Understand that voluntary exchange occurs only when all participating parties expect to gain.
2. Explain money's role as a medium of exchange.

3. Understand that money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.
4. Describe how people gain from the voluntary exchange of goods and services.
5. List ways that free trade increases the material standard of living.

Standard 7: Markets and Prices

1. Markets exist when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.
2. Explain how the interaction of buyers and sellers determines price in a particular situation.
3. Explain the role of price in allocating resources to different goods and services.
4. Compare and contrast other methods for allocating resources with the use of market prices.

Standard 8: Supply and Demand

1. Distinguish between demand and quantity demanded; and supply and quantity supplied.
2. Describe the reasons for changes in demand and supply.
3. Understand that when supply or demand changes, market prices adjust, affecting incentives.
4. Understand that prices send signals and provide incentives to buyers and sellers.
5. Create and interpret graphs of supply and demand.

Standard 9: Competition and Market Structure

1. Understand that competition among sellers lowers costs and prices and encourages producers to produce more of what consumers are willing and able to buy.

2. Understand that competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.
3. Explain the role of an entrepreneur in the market economy.
4. Provide an example and discuss the significance of a particular entrepreneur in US history.
5. Discuss the element of risk in creating a new business.
6. Explain why new firms enter an industry.

Standard 10: Income Distribution

1. Understand that income for most people is determined by the market value of the productive resources they sell.
2. Understand that what workers earn depends, primarily, on the market value of what they produce and how productive they are.
3. List reasons for differences in income between occupations.

Standard 11: Market Failures

1. Understand that market failures occur when there is inadequate competition, lack of access to reliable information, resource immobility, externalizes, and the need for public goods. An example of market failure is pollution.
2. Describe the Tragedy of the Commons and apply the concept to Alaska resources.

Standard 12: Role of Government

1. Understand that there is an economic role for government in a market economy.
2. Understand that governments often provide schools, transportation, national defense, and address environmental concerns, define and protect property rights, attempt to make markets more competitive, and redistribute income.

3. Understand that costs of government policies sometimes exceed benefits. This may occur because of incentives facing voters, government officials, and government employees, because of actions by special interest groups that can impose costs on the general public, or because social goals other than economic efficiency are being pursued.
4. Explain how governments provide the framework of the market by defining and enforcing property rights.
5. List the costs and benefits of a particular governmental function.
6. Define and give examples of public goods.

Standard 13: Gross Domestic Product

1. Understand that Gross Domestic Product (GDP) is a measure of the total dollar amount of final goods and services produced in the domestic economy in one year. It is the sum of personal consumption, government spending, business investment and net exports.
2. Define GDP and identify its components.

Standard 15: Unemployment

1. Understand that unemployment imposes costs on individuals and nations.
2. List the costs of unemployment to individuals and the nation.
3. Understand that the unemployment rate is the number of people who are unemployed expressed as a percentage of the labor force. Significant unemployment implies that the nation is not using its scarce resources as efficiently as possible.

Standard 16: Inflation and Deflation

1. Understand that inflation is sustained increase in the general level of prices, while deflation is a sustained decrease in the general level of prices.
2. Understand that unexpected inflation or deflation imposes costs on many people and benefits on some others because it arbitrarily redistributes purchasing power.

3. Explain how inflation reduces the value of money, financial assets, and income.
4. Identify ways some people benefit from inflation while others lose.
5. List factors that lead to a high rate of inflation and methods used to attempt to control it.

Standard 17: Savings and Investment

1. Understand that interest rates, adjusted for inflation, rise and fall to balance the amount saved with the amount borrowed, which affects the allocation of scarce resources between present and future uses.
2. Explain how changes in interest rates allocate resources between the present and future.
3. Identify ways to invest in people and explain how human capital investment increases a nation's income.

Standard 18: Monetary Policy

1. Understand that monetary policy influences the overall level of employment, output, and prices.
2. Understand that the Federal Reserve System as the nation's central bank and its role in U.S. monetary policy.

Standard 19: Fiscal Policy

Understand that fiscal policy: taxation and government spending decisions made by the Executive and Legislative branches influence the overall levels of employment, output, and prices.

Standard 20: Productivity

1. Understand that investment in factories, machinery, new technology, and in the health, education, and training of people can raise future standards of living.

Standard 21: Economic Growth

1. Understand that economic growth is a sustained rise in the production of goods and services.

2. Understand that economic growth is the result of an increase in the stock of resources and improvements in the technology and human capital.
3. Identify the role of improved technology in the long-term growth of the economy.
4. Describe the relationship between governmental policy (i.e. changing the tax rate of capital gains) and economic growth.
5. Distinguish between economic growth and economic development.

Standard 22: Absolute and Comparative Advantage and Barriers to Trade

1. Understand that when individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase.
2. Explain how specialization increases the output for people and nations that trade.
3. Define opportunity cost of specialization in specific cases.
4. Discuss the difference between absolute and comparative advantage.
5. Identify goods and services for which Alaska has comparative advantage.
6. Understand that international trade results in increased global interdependence.

Standard 23: Exchange Rates and the Balance of Power

1. Understand that the exchange rate between two nations' currencies is determined by their balance of trade in goods, services, and assets.
2. Understand that exchange rates are also affected by expectations regarding price levels in various countries.
3. Compare the benefits and costs of fixed or floating exchange rates.
4. Calculate the price of US goods in another currency at a given exchange rate.

Standard 24: International Aspects of Economic Development

1. Understand that economic development is a sustained expansion of a nation's standard of living.
2. Understand that differences in the level of economic development between nations are determined by each nation's government policies, institutions, and utilization of resources.

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