

# **ECONOMICS HONORS/COLLEGE PREPARATORY CURRICULUM**

## **DESCRIPTION OF COURSE**

The purpose of this course is to provide students with a guided tour of the basic principles of Economics. The theories of both MicroEconomics and MacroEconomics will be investigated and their related core economic models will be developed and applied. Students will gain a clearer understanding of the connection between Economic principles and their own lives. Economic principles will be applied to everyday situations. Key elements of study include scarcity, supply and demand, market structures, the role of government, national income determination, money and the role of financial institutions, economic stabilization, and trade.

## **LEARNING OBJECTIVES OF THE ECONOMICS PROGRAM**

Upon completion of this Economics course, students will:

- \*Understand that productive resources are limited, therefore, people cannot have all the goods and services they want. As a result, they must choose some things and give up others.
- \*Understand the role that supply and demand, prices, and profits play in determining production and distribution in a market economy.
- \*Understand the organization and role of business firms and analyze the various types of market structures in the United States economy.
- \*Understand the roles of government in a market economy are the provision of public goods and services, redistribution of income, protection of property rights, and resolution of market failures.
- \*Understand the means by which economic performance is measured.
- \*Understand the role of money and financial institutions in a market economy.
- \*Understand why individuals, businesses, and governments trade goods and services and how trade affects the economies of the world.

## **ECONOMICS UNITS OF STUDY**

This year long course is divided into two semesters. In keeping with the goals of the Massachusetts Economics Frameworks, students will study the following topics:

- \*Economics: The world Around You
- \*Financial Markets: Institutions and Recent Events
- \*The Stock Market Game
- \*Choice, Opportunity Costs, and Specialization
- \*Markets, Demand and Supply, and the Price System
- \*The Market System and the Private Sector
- \*The Public Sector
- \*National Income Accounting
- \*Introduction to the Foreign Exchange Market and the Balance of Payments
- \*Unemployment and Inflation
- \*MacroEconomic Equilibrium: Aggregate Demand and Supply
- \*Money and Banking
- \*Monetary Policy
- \*Elasticity: Demand and Supply
- \*Monopoly
- \*Monopolistic Competition and Oligopoly

## **TEXTS AND OTHER SOURCES**

Economics, Boyes, Melvin, (Houghton Mifflin Company, 2005)  
ISBN: 0-618-37252-0

Economics, 2<sup>nd</sup> Edition, Wellels, (Barron's Business Review Series, 1993)  
ISBN: 0-8120-1392-1

Security Analysis, 3<sup>rd</sup> Edition, Graham and Dodd, (McGraw-Hill Book Company, Inc., 1951)

In addition to these texts, numerous primary sources documents, drawn from a variety of Economic resources, will given to students on handouts. Also, other texts will be included in the year's study. These particular texts will be recently published, modern, non-fiction selections chosen by their relativity to the topics being investigated by the class at that time. Guest speakers will brought in periodically.

## **COURSE ASSESSMENTS**

- \*Cooperative group projects
- \*Homework
- \*Written papers
- \*Oral presentations
- \*The Stock Market Game
- \*Portfolios
- \*Pop Quizzes
- \*Announced Quizzes
- \*Tests

## **UNITS OF STUDY:**

### **Unit 1 -- The Market System and the Private Sector**

#### Essential Guiding Questions:

- \*Why Study Economics?
- \*What is Economics?
- \*What is the Economic way of thinking?

#### Curriculum Framework Connections:

Concepts and Skills: (E)

Learning Standards: E.1.1 through E.1.5 , E.2.4 , E.3.10 , E.5.5

### **Unit 2 -- Financial Markets: Institutions and Recent Events**

#### Essential Guiding Questions:

- \*What are stocks? How are stocks bought and sold?
- \*What does a stock index represent?
- \*What causes stock prices to rise and fall?
- \*What causes bond prices to rise and fall?

#### Curriculum Framework Connections:

Concepts and Skills: (E)

Learning Standards: E.1.1 through E.1.5 , E.1.7 , E.2.6 , E.3.3

### **Unit 3 -- The Stock Market Game**

#### Essential Guiding Questions:

- \*How does a person choose what stocks to invest in?
- \*What is short-selling of stocks? How does it work?
- \*What actions are necessary to become active in the stock market?
- \*What are the hidden and total costs of becoming active in the stock market?
- \*Is the stock market a reasonable option of saving money or earning income?

#### Curriculum Framework Connections:

Concepts and Skills: (E)

Learning Standards: E.2.5 , E.2.11 , E.3.2 , E.3.10 , E.6.6 , E.6.7

### **Unit 4 -- Choice, Opportunity Costs, and Specialization**

#### Essential Guiding Questions:

- \*What are opportunity costs?
- \*What is a production possibilities curve?
- \*Why does specialization occur?
- \*What are the benefits of trade?

#### Curriculum Framework Connections:

Concepts and Skills: (E)

Learning Standards: E.1.3 , E.2.3 , E.2.4 , E.3.10 , E.7.1 , E.7.2

### **Unit 5 -- Markets, Demand and Supply, and the Price System**

#### Essential Guiding Questions:

- \*What is a market?
- \*What are demand and supply?
- \*What causes price to change?
- \*What happens when price is not allowed to change with market forces?

## **Unit 5 -- (continued)**

### Curriculum Framework Connections:

Concepts and Skills: (E)

Learning Standards: E.2.1 through E.2.11 , E.3.5 , E.5.5 , E.7.3 , E.7.4

## **Unit 6 -- The Market System and the Private Sector**

### Essential Guiding Questions:

- \*Who decides what goods and services are produced and how they are produced?
- \*What is a household?
- \*What is a business firm?
- \*How do the three private sectors—households, businesses, and the international sector—interact in the economy?

### Curriculum Framework Connections:

Concepts and Skills: (E)

Learning Standards: E.3.1 through E.3.3 , E.3.6 , E.3.8 , E.3.8 , E.5.5

## **Unit 7 -- The Public Sector**

### Essential Guiding Questions:

- \*What is the economic role of government?
- \*Why is the public sector such a large part of a market economy?
- \*How do the sizes of public sectors in various countries compare?

### Curriculum Framework Connections:

Concepts and Skills: (E)

Learning Standards: E.2.9 , E.3.4 , E.3.5 , E.3.7 , E.4.1 through E.4.10 , E.5.5

## **Unit 8 -- National Income Accounting**

### Essential Guiding Questions:

- \*How is total output of an economy measured?
- \*Who produces and who purchases the nation's goods and services?
- \*What is the difference between nominal and real GDP?
- \*What is a price index?

### Curriculum Framework Connections:

Concepts and Skills: (E)

Learning Standards: E.5.1 through E.5.3 , E.7.6 , E.7.7

## **Unit 9 -- Introduction to the Foreign Exchange Market and the Balance of Payments**

### Essential Guiding Questions:

- \*How do individuals of one nation trade money with individuals of another nation?
- \*How do changes in exchange rates affect international trade?
- \*How do nations record their transactions with the rest of the world?

### Curriculum Framework Connections:

Concepts and Skills: (E)

Learning Standards: E.1.6 , E.7.1 through E.7.8

## **Unit 10 -- Unemployment and Inflation**

### Essential Guiding Questions:

- \*What is a business cycle?
- \*How is unemployment rate defined and measured?
- \*What is inflation?
- \*Why is inflation a problem?

## **Unit 10 -- (continued)**

### Curriculum Framework Connections:

Concepts and Skills: (E)

Learning Standards: E.5.1 through E.5.6

## **Unit 11 -- Macroeconomic Equilibrium: Aggregate Demand and Supply**

### Essential Guiding Questions:

\*What are the factors and affects of aggregate demand?

\*What are the factors and affects of aggregate supply?

\*What causes the aggregate supply curve to shift?

\*What determines equilibrium price level and real GDP?

### Curriculum Framework Connections:

Concepts and Skills: (E)

Learning Standards: E.5.1 through E.5.3 , E.5.6

## **Unit 12 -- Money and Banking**

### Essential Guiding Questions:

\*What is money?

\*How is the US money supply defined?

\*How do banks create money?

\*How do countries pay for international transactions?

\*Why are banks considered intermediaries?

### Curriculum Framework Connections:

Concepts and Skills: (E)

Learning Standards: E.3.10 , E.6.1 through E.6.7

## **Unit 13 -- Monetary Policy and Fiscal Policy**

### Essential Guiding Questions:

- \*What does the Federal Reserve do?
- \*What is the difference between monetary and fiscal policy?
- \*How is monetary policy set?
- \*What role do central banks play in the foreign exchange market?
- \*What are the determinants of the demand for money?
- \*How does monetary policy affect the equilibrium level of real GDP?

### Curriculum Framework Connections:

Concepts and Skills: (E)

Learning Standards: E.3.10 , E.4.5 , E.4.6 , E.4.10 , E.6.1 through E.6.7

## **Unit 14 -- Elasticity: Demand and Supply**

### Essential Guiding Questions:

- \*How do we measure how much consumers alter their purchases in response to a price change?
- \*How does a business determine whether to increase or decrease the price of the product it sells in order to increase revenues?
- \*Why might senior citizens receive price discounts relative to the rest of the population?
- \*How do we measure how much changes in income, changes in the price of related goods, or changes in advertising expenditures affect consumer purchases?
- \*How do we measure how much producers respond to a price change?

### Curriculum Framework Connections:

Concepts and Skills: (E)

Learning Standards: E.2.3 through E.2.4 , E.2.6 through E.2.8 , E.2.10

## **Unit 15 -- Monopolistic Competition and Oligopoly**

### Essential Guiding Questions:

- \*What is monopolistic competition?
- \*What behavior is most common in monopolistic competition?
- \*What is oligopoly?
- \*In what form does rivalry occur in an oligopoly?
- \*Why does cooperation among rivals occur most often in oligopolies?

### Curriculum Framework Connections:

Concepts and Skills: (E)

Learning Standards: E.3.4 , E.3.5 , E.3.7 , E.4.3 , E.4.4