

# 12 Grade Twelve: Economics

<b>1</b> <b>UNIT 1:</b> <b>Personal Finance:</b> <b>Individual Responsibility and the Economy</b>	<b>2</b> <b>UNIT 2:</b> <b>Individuals and Businesses in the Market</b>	<b>3</b> <b>UNIT 3:</b> <b>American Capitalism and the Global Economy</b>
<b>SEPTEMBER – MID-OCTOBER or FEBRUARY – MID-MARCH</b>	<b>MID-OCTOBER – NOVEMBER or MID-MARCH – APRIL</b>	<b>DECEMBER – JANUARY or MAY – JUNE</b>
<b>Essential Question:</b> <b>How can individual economic decisions shape a person's financial future?</b>	<b>Essential Question:</b> <b>Is the economic system of the United States of America fair and just?</b>	<b>Essential Question:</b> <b>How does globalization affect us?</b>
<b>Inquiries</b> <ol style="list-style-type: none"> <li>1. What decisions do we make as borrowers, consumers, investors, and producers? Why are these decisions important?</li> <li>2. What institutions influence an individual's economic decisions? How do they do so?</li> <li>3. How do the goals of the national economy impact the individual?</li> <li>4. What are the various forms of consumer credit?</li> <li>5. How is the money I pay in taxes used?</li> <li>6. What are the economic decisions and responsibilities associated with buying a house, getting married or having children?</li> </ol>	<b>Inquiries</b> <ol style="list-style-type: none"> <li>1. Is the free enterprise system really free?</li> <li>2. What are the characteristics of an entrepreneur? What are the rewards and liabilities to opening a business?</li> <li>3. How do the choices that buyers and sellers make impact the market? How do economic indicators shape the decisions that individuals make?</li> <li>4. What is the Law of Supply? What is the Law of Demand?</li> <li>5. Historically, what roles have organized labor played in the U.S. economy? In a post-industrial economy, do unions matter?</li> <li>6. How have demographics of the American workforce changed in recent decades? What will the jobs of the future look like?</li> </ol>	<b>Inquiries</b> <ol style="list-style-type: none"> <li>1. Why is the United States considered a mixed economy and not a free market economy?</li> <li>2. How much should the government regulate the economy?</li> <li>3. How has globalization affected the United States' economy?</li> <li>4. What role does the Federal Reserve Board play in the American economic system?</li> <li>5. How do nations trade with one another?</li> <li>6. Is American capitalism sustainable?</li> </ol>
<p><b>12.E1 INDIVIDUAL RESPONSIBILITY AND THE ECONOMY: Individuals should set personal financial goals, recognize their income needs and debt obligations, and know how to utilize effective budgeting, borrowing, and investment strategies to maximize well-being.</b></p> <p><b>Economics Decisions in Our Lives 12.E1a</b></p> <ul style="list-style-type: none"> <li>■ People have personal economic goals and make economic decisions</li> <li>■ Economic decisions (opportunities, resources (income and wealth), preferences, and ethics)</li> <li>■ Impact of national economic goals on individuals</li> <li>■ Roles of individual (consumer, saver, investor, producer, earner, borrower, lender, taxpayer, and recipient of government services)</li> </ul> <p><b>Finance and Personal Finance 12.E1b</b></p> <ul style="list-style-type: none"> <li>■ Definition of money (characteristics and functions)</li> <li>■ Definition of finance (money management)</li> </ul> <p style="text-align: right;"><i>cont.</i></p>	<p><b>12.E2 INDIVIDUALS AND BUSINESSES IN THE PRODUCT AND FACTOR MARKETS: Free enterprise is a pillar of the United States economy and is based on the principle that individuals and businesses are free to make their own economic choices as they participate in these markets. Individuals buy the goods and services they desire from businesses in the product markets, and they contribute to producing these goods and services by supplying the resources they own to businesses in the factor markets.</b></p> <p><b>Allocation of Resources 12.E2a</b></p> <ul style="list-style-type: none"> <li>■ Limited resources</li> <li>■ Decisions on goods and services, production, distribution, and sales</li> <li>■ Resource allocation and efficiency</li> </ul> <p style="text-align: right;"><i>cont.</i></p>	<p><i>Characteristics of the United States economy</i></p> <ul style="list-style-type: none"> <li>■ Circular flow of the economy</li> <li>■ Price system (all factors that work together to determine price)</li> <li>■ Theory of supply and demand</li> <li>■ Competition in a market economy</li> <li>■ Elasticity as an exception to the rule of demand</li> </ul> <p><i>Challenges for the United States and other market-based systems</i></p> <ul style="list-style-type: none"> <li>■ Unemployment</li> <li>■ Income and wealth gaps</li> <li>■ Other challenges: environmental pollution, economic instability, and discrimination</li> <li>■ Lack of government regulation</li> </ul> <p style="text-align: right;"><i>cont.</i></p>

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<ul style="list-style-type: none"> <li>■ Personal financial goals and strategies</li> <li>■ Opportunity cost, trade offs</li> <li>■ The role of finance in business and government</li> </ul> <p><i>Managing your money</i></p> <ul style="list-style-type: none"> <li>■ Strategies to achieve long-term goals</li> <li>■ Budgeting</li> <li>■ Personal savings and investing</li> <li>■ Personal considerations (risk tolerance, values, age, family situation)</li> <li>■ Return on investment</li> <li>■ Managing risk through diversification</li> <li>■ Liquidity</li> <li>■ Influence of advertising</li> <li>■ Personal taxes (W2, W4 and 1099 forms, filing status, deductions, exemptions)</li> <li>■ Personal insurance (health, life, motor vehicle)</li> <li>■ Legal documents (wills, estate plans, prenuptial/postnuptial agreements, marriage licenses)</li> <li>■ Retirement funds (IRA, Roth IRA, 409K Plan)</li> </ul> <p><i>Markets</i></p> <ul style="list-style-type: none"> <li>■ Instruments</li> <li>■ Equity (stocks)</li> <li>■ Debt (public and private)</li> <li>■ Roles markets play in directing funds</li> <li>■ From savers to investors</li> <li>■ Effects markets have on individuals and the economy</li> <li>■ Types of markets: equity, debt, stock, bond, and commodity (New York Stock Exchange, NASDAQ, bond, commodities, currencies)</li> <li>■ Effects of current events on domestic and global markets</li> <li>■ Risk</li> </ul> <p style="text-align: right;"><i>cont.</i></p>	<p><i>Types of business organizations</i></p> <ul style="list-style-type: none"> <li>■ Sole proprietorship</li> <li>■ Partnership</li> <li>■ Corporation (profit and not-for-profit)</li> <li>■ Franchises</li> <li>■ Influences of cartels, monopolies, oligopolies</li> </ul> <p><b>Consumer Influence, Production and Pricing 12.E2b</b>  <i>Choices of buyers and sellers in the marketplace</i></p> <ul style="list-style-type: none"> <li>■ Supply and demand</li> <li>■ Market price</li> <li>■ Allocation of scarce resources, and the goods and services that are produced</li> <li>■ Consumers influence product availability and price through their purchasing power in the product market</li> <li>■ Product market supply and demand determine product availability and pricing</li> </ul> <p><b>Supply and Demand and Business 12.E2c</b>  <i>Businesses’ choices</i></p> <ul style="list-style-type: none"> <li>■ Supplying the product market <ul style="list-style-type: none"> <li>– Product market prices</li> <li>– Available technology</li> <li>– Prices of factors of production</li> </ul> </li> <li>■ Determining the prices of factors of production</li> <li>■ Supply and demand in the factor market</li> </ul> <p><i>Starting and operating a business</i></p> <ul style="list-style-type: none"> <li>■ Recognizing opportunities</li> <li>■ Setting goals</li> <li>■ Developing a business plan</li> <li>■ Strategic planning</li> <li>■ Product development, purchasing and inventory management, record keeping, and distribution</li> </ul> <p style="text-align: right;"><i>cont.</i></p>	<p><b>Effects of Entrepreneurialism and Economic Growth 12.E3c</b></p> <ul style="list-style-type: none"> <li>■ Capitalist business cycle (recession, depression, expansion, recovery)</li> <li>■ U.S. government and economy supports entrepreneurialism</li> <li>■ Intended consequences of economic growth (growth, competition, innovation, improved standard of living, productivity, specialization, trade, outsourcing, class mobility, positive externalities)</li> <li>■ Unintended consequences of economic growth (recession, depression, trade, unemployment, outsourcing, generational poverty, income inequality, the challenges of class mobility, negative externalities)</li> </ul> <p><i>Role of the entrepreneur</i></p> <ul style="list-style-type: none"> <li>■ Examples of entrepreneurs today</li> <li>■ Impact of entrepreneurs on the economy</li> <li>■ Impact of entrepreneurs on community development</li> </ul> <p><b>Role of Government in Protecting the Free Market 12.E3d</b></p> <ul style="list-style-type: none"> <li>■ Troubled Asset Relief Program (TARP), Economic Stimulus Act, American Recovery and Reinvestment Act</li> <li>■ Workplace and labor regulation (OSHA, National Labor Relations Act)</li> <li>■ Ensuring property rights (intellectual property, eminent domain)</li> <li>■ Promoting income equality (JOBS Act)</li> <li>■ Social mobility (minimum wage legislation, taxes)</li> </ul> <p><b>Role of Government and Economic Inequality 12.E3e</b></p> <ul style="list-style-type: none"> <li>■ The causes of economic inequality (social, political, economic injustices)</li> <li>■ Debates (economic injustice vs. individual choice and responsibility)</li> <li>■ Government policy addressing income gap and economic inequality</li> <li>■ Government programs designed to combat poverty (social welfare, healthcare)</li> </ul> <p style="text-align: right;"><i>cont.</i></p>

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<p><i>Banks</i></p> <ul style="list-style-type: none"> <li>Role of banks in the financial system and importance to consumers (savings accounts, checking accounts, loans, certificates of deposit)</li> <li>Kinds of banks and other deposit taking institutions (commercial, savings, investment)</li> <li>Banks and businesses</li> <li>Banks and the consumer</li> <li>Regulating the financial services industry</li> <li>Federal Reserve</li> <li>State banking and insurance Commissions</li> <li>F.D.I.C.</li> </ul> <p><b>Interest and Credit 12.E1c</b></p> <ul style="list-style-type: none"> <li>Interest rates (costs, measuring, APRs, short- and long-term rates)</li> <li>Effects of raising and lowering rates</li> <li>Compounding and the rule of 72</li> <li>Interest rate spread</li> <li>Nominal and real returns</li> </ul> <p><i>Credit</i></p> <ul style="list-style-type: none"> <li>Forms of credit (loans, credit cards, mortgage, commercial paper, treasury notes, bills, bonds)</li> <li>Benefits and costs of credit</li> <li>Credit and the consumer (personal credit reports and ratings, responsible use of credit, rights with creditors)</li> <li>Short-term vs. long-term credit</li> <li>Problems with credit and unsecured credit</li> <li>Credit score (calculations, consequences, relationship to borrowing rates)</li> <li>Credit cards (APR, grace period, hidden fees, credit card criteria, reward cards, department store cards)</li> <li>The impact of personal debt</li> <li>Predatory lending</li> <li>Bankruptcy (types)</li> </ul> <p style="text-align: right;"><i>cont.</i></p>	<ul style="list-style-type: none"> <li>Production and delivery of goods and services</li> <li>Marketing</li> <li>Financing</li> <li>Assessing progress</li> </ul> <p><i>Interactions between large and small businesses</i></p> <ul style="list-style-type: none"> <li>Antitrust cases</li> <li>Role of federal government in blocking or approving mergers</li> <li>Implications for consumers</li> <li>Implications for business</li> </ul> <p><i>Effects of globalization on business</i></p> <ul style="list-style-type: none"> <li>Multinational corporations</li> <li>Small businesses and their connections to world trade</li> <li>Effects on domestic prices and production</li> <li>Outsourcing</li> <li>Effects on workers</li> </ul> <p><i>Moral, ethical, and legal issues</i></p> <ul style="list-style-type: none"> <li>Business ethics</li> <li>Regulations for doing business</li> <li>Corporate social responsibility</li> <li>Ethics of advertising</li> <li>Socioeconomic vs. economic models</li> </ul> <p><i>Marketing</i></p> <ul style="list-style-type: none"> <li>Establishing target markets (primary and secondary)</li> <li>Using a focus group to determine target market</li> <li>4 P’s of marketing: price, product, packaging, promotion</li> </ul> <p style="text-align: right;"><i>cont.</i></p>	<p><b>12.E4 THE TOOLS OF ECONOMIC POLICY IN A GLOBAL ECONOMY: Globalization and increased economic interdependence affect the United States economy significantly. The tools that the policy makers have available to address these issues are fiscal policy, monetary policy, and trade policy.</b></p> <p><b>Economic Goals and Indicators 12.E4a</b></p> <ul style="list-style-type: none"> <li>Economic Indicators (Gross National Product (GNP), Gross Domestic Product (GDP), Consumer Price Index (CPI), employment and interest rates)</li> <li>Humphrey-Hawking Act (economic indicators and goals for those indicators)</li> <li>The business cycle (causes and effects of fluctuations, unemployment)</li> <li>Types of unemployment (structural, frictional, seasonal, cyclical)</li> <li>Long-term unemployed</li> <li>Unemployment rate vs. the Labor Force Participation Rate</li> <li>Effects of unemployment</li> <li>Inflation</li> <li>Causes</li> <li>Measuring inflation (CPI)</li> <li>Combating inflation</li> <li>Economic growth (determinants, measures (GDP), limits of growth)</li> <li>Effects of globalization on the United States GDP</li> <li>Importance of productivity and the role of technology</li> <li>Factors that explain why some countries grow faster than others</li> <li>Trade policies (tariffs, quotas, embargoes)</li> </ul> <p><b>Fiscal Policy 12.E4b</b></p> <ul style="list-style-type: none"> <li>Role of the president and congress</li> <li>Setting spending priorities (national defense, social services, rebuilding the nation’s infrastructure, education)</li> <li>Federal budget process</li> <li>Tax policy</li> <li>Purposes of taxes (generate revenue and/or manage the economy and promote social goals)</li> </ul> <p style="text-align: right;"><i>cont.</i></p>

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<p><b>Inflation and International Currencies 12.E1d</b></p> <ul style="list-style-type: none"> <li>Individuals in the global economy</li> <li>Inflation and international currencies</li> <li>Value fluctuation relative to the United States dollar</li> </ul>	<p><i>Production and pricing</i></p> <ul style="list-style-type: none"> <li>What and how to produce?</li> <li>Who will receive what is produced?</li> <li>Total cost pricing, price penetrating, price skimming</li> <li>Role of input costs in determining price</li> <li>Role of government in determining price</li> <li>Law of supply and demand in determining market price</li> <li>Effects of monopolies and oligopolies</li> </ul> <p><b>12.E3 THE IMPACTS OF AMERICAN CAPITALISM IN A GLOBAL ECONOMY: There are various economic systems in the world. The United States operates within a mixed, free market economy characterized by competition and a limited role of government in economic affairs. Economic policy makers face considerable challenges within a capitalist system, including unemployment, inflation, poverty, and environmental impact. Globalization increases the complexity of these challenges significantly and has exerted strong and transformative effects on workers and entrepreneurs in the United States economy.</b></p> <p><b>Workplace Workforce 12.E3a</b></p> <ul style="list-style-type: none"> <li>Evolving roles of workers in business (providing input to management, working in teams)</li> <li>Matching worker qualifications and skills with frequently evolving business needs</li> </ul> <p><i>Composition of the workforce</i></p> <ul style="list-style-type: none"> <li>Needs of workers (women, teenagers, elderly, minorities, glass ceiling)</li> <li>Population and demographic trends</li> <li>Experience, location, and skill needs</li> <li>Affirmative action</li> <li>Changing skill requirements</li> </ul> <p style="text-align: right;"><i>cont.</i></p>	<ul style="list-style-type: none"> <li>Tax fairness (progressive, regressive, and proportional)</li> <li>Kinds of taxes (income, sales, federal, state, local, social security, real property)</li> <li>Government services provided</li> <li>Taxing jurisdictions</li> <li>Tax levy, tax rate, and tax bills (school, city, county, town)</li> <li>Assessments (collection of data and computation)</li> <li>Taxpayer challenges</li> <li>Use of taxes and spending to fight inflation and recession</li> <li>Keynesian fiscal policy vs. classical supply side fiscal policy</li> <li>Historical examples of fiscal policy (Great Depression, stagflation of 1970s, Tax Reform Act of 1986, American Recovery and Reinvestment Act of 2009)</li> <li>Corporate subsidies, incentives, abatements</li> <li>Taxes’ effects on elastic and inelastic products</li> <li>National debt, national deficit</li> </ul> <p><b>Monetary Policy and the Federal Reserve 12.E4c</b></p> <ul style="list-style-type: none"> <li>Definition of monetary policy</li> <li>Goals of monetary policy</li> <li>Conditions leading to the creation of the Federal Reserve</li> <li>Historical examples of bank panics.</li> <li>History of the Federal Reserve</li> <li>Federal Reserve’s structure, functions, and goals (maintaining price stability and sustainable growth)</li> <li>Role of the Federal Reserve in making and implementing monetary policy</li> <li>Tools of the Federal Reserve (required reserve ratio, discount rate, open market operations)</li> <li>Effects of changing interest rates</li> <li>Fighting inflation and recession</li> <li>Policy decisions under Greenspan (1987 – 2006), Bernanke (2006 – 2014), Yellen (2014 – present)</li> </ul> <p style="text-align: right;"><i>cont.</i></p>

# 2

## UNIT 2: Individuals and Businesses in the Market

MID-OCTOBER — NOVEMBER or MID-MARCH — APRIL

**Essential Question:**  
**Is the economic system of the United States of America fair and just?**

### *Compensation and rewards*

- Factors leading to job satisfaction or dissatisfaction
- Salary vs. wages vs. ownership
- Fringe benefits
- Employer-of-choice issues (benefits, working conditions, incentives, flex time, labor unions, working from home, employee ownership)

### **Government Role in Regulating Workplace and Stimulating the Economy 12.E3b**

- Keynesian economics vs. Neo-liberalism
- Protecting property rights
- Regulating working conditions
- Protecting the right to bargain collectively
- Reducing discrimination in the workplace
- Curbing abusive business practices
- The government’s role in balancing labor and business interests

# 3

## UNIT 3: American Capitalism and the Global Economy

DECEMBER — JANUARY or MAY — JUNE

**Essential Question:**  
**How does globalization affect us?**

### *Foreign exchange*

- Exchange rates
- Reasons for exchange rate fluctuations
- Effects of exchange rate fluctuations
- Central Banks affect exchange rates
- American use of Central Bank vs. China’s use of Central Bank

### *Foreign investment*

- Portfolio capital flows
- Direct foreign investment

### *Global economic and financial issues and crises*

- Debt of developing nations
- Environmental issues and concerns
- World financial crises (Asia 1997, Russia 1998, global 2008)
- Economic implications of national and international crises

### **Trade Policies, Agreements and Concerns 12.E4d**

- Definition of globalization
- Historical development of the global economy
- The impacts of trade flows, capital movements, direct foreign investment, tourism, and foreign trade
- Positive and negative effects of globalization on developing and industrialized nations

### *Trade—effects of globalization on the enterprise system*

- Importance of trade
- Measuring trade
- Trade policy issues
- Global (WTO) and regional trading blocs (EMU, NAFTA, ASEAN, and MERCOSUR Common Market of the South)

### *Trade policies and agreements and concerns*

- Tariffs, quotas, embargoes set the rules for trade between the United States and other nations
- Outsourcing
- Production possibility with trade
- People as both consumer and worker and the effects of both on globalization
- International loopholes/penalties