

Arizona State Standards: High School Economics

Concept 1: Foundations of Economics

PO 1. Analyze the implications of scarcity:

- a. limited resources and unlimited human wants influence choice at individual, national, and international levels
- b. factors of production (e.g., natural, human, and capital resources, entrepreneurship, technology)
- c. marginal analysis by producers, consumers, savers, and investors

PO 2. Analyze production possibilities curves to describe opportunity costs and trade-offs.

PO 3. Describe the characteristics of the mixed-market economy of the United States:

- a. property rights
- b. profit motive
- c. consumer sovereignty
- d. competition
- e. role of the government
- f. rational self-interest
- g. invisible hand

PO 4. Evaluate the economic implications of current events from a variety of sources (e.g., magazine articles, newspaper articles, radio, television reports, editorials, Internet sites).

PO 5. Interpret economic information using charts, tables, graphs, equations, and diagrams.

Concept 2: Microeconomics

PO 1. Describe how the interdependence of both households and firms is affected by trade, exchange, money, and banking:

- a. why voluntary exchange occurs only when all participating parties expect to gain from the exchange
- b. role and interdependence of households, firms, and government in the circular flow model of economic activity
- c. role of entrepreneurs in a market economy and how profit is an incentive that leads entrepreneurs to accept risks of business failure
- d. financial institutions and securities markets
- e. importance of rule of law in a market economy for enforcement of contracts

PO 2. Describe how markets function:

- a. laws of supply and demand
- b. how a market price is determined
- c. graphs that demonstrate changes in supply and demand
- d. how price ceilings and floors cause shortages or surpluses
- e. comparison of monopolistic and competitive behaviors
- f. theory of production and the role of cost

PO 3. Describe how government policies influence the economy:

- a. need to compare costs and benefits of government policies before taking action
- b. use of federal, state, and local government spending to provide national defense; address environmental concerns; define and enforce property, consumer and worker rights; regulate markets; and provide goods and services

- c. effects of progressive, proportional, and regressive taxes on different income groups
- d. role of self-interest in decisions of voters, elected officials, and public employees

Concept 3: Macroeconomics

PO 1. Determine how inflation, unemployment, and gross domestic product statistics are used in policy decisions.

PO 2. Explain the effects of inflation and deflation on different groups (e.g., borrowers v. lenders, fixed income/cost of living adjustments).

PO 3. Describe the economic and non-economic consequences of unemployment.

PO 4. Analyze fiscal policy and its effects on inflation, unemployment, and economic growth.

PO 5. Describe the functions of the Federal Reserve System (e.g., banking regulation and supervision, financial services, monetary policy) and their influences on the economy.

PO 6. Explain the effects of monetary policy on unemployment, inflation, and economic growth.

PO 7. Determine how investment in factories, machinery, new technology, and the health, education, and training of people can raise future standards of living.

Concept 4: Global Economics

PO 1. Analyze the similarities and differences among economic systems:

- a. characteristics of market, command, and mixed economic systems, including roles of production, distribution, and consumption of goods and services
- b. benefits and costs of market and command economies
- c. characteristics of the mixed-market economy of the United States, including such concepts as private ownership, profit motive, consumer sovereignty, competition, and government regulation
- d. role of private property in conserving scarce resources and providing incentives in a market economy

PO 2. Describe the effects of international trade on the United States and other nations:

- a. how people and nations gain through trade
- b. how the law of comparative advantage leads to specialization and trade
- c. effects of protectionism, including tariffs and quotas on international trade and on a nation's standard of living
- d. how exchange rates work and how they affect international trade
- e. how the concepts of balance of trade and balance of payments used to measure international trade
- f. factors that influence the major world patterns of economic activity including the differing costs of production between and countries
- g. economic connections different regions, including changing alignments in world trade partners
- h. identify the effects of trade agreements (e.g., North American Free Trade Agreement)

Concept 5: Personal Finance

PO 1. Explain how education, career choices, and family obligations affect future income.

PO 2. Analyze how advertising influences consumer choices.

PO 3. Determine short- and long-term financial goals and plans, including income, spending, saving, and investing.

PO 4. Compare the advantages and disadvantages of using various forms of credit and the determinants of credit history.

PO 5. Explain the risk, return, and liquidity of short- and long-term saving and investment vehicles.

PO 6. Identify investment options, (e.g., stocks, bonds, mutual funds) available to individuals and households.