

Competencies and Performance Standards

Competency 1. Examine the significant role of decision-making (choices) and economic systems in the study of economics. (Develop a rationale for economic systems.)

Properties

Domain: Cognitive

Level: Synthesis

Difficulty: Medium

Importance: Essential

Linked Core Abilities

Demonstrate critical thinking.

Use mathematics effectively.

Work cooperatively.

Apply learning.

Linked State Standards:

- **D.12.1** Explain how decisions about spending and production made by households, businesses, and governments determine the nation's levels of income, employment and prices
- **D.12.4** Explain and evaluate the effects of new technology, global economic interdependence, and competition on the development of national policies and on the lives of individuals and families in the United States and the world
- **D.12.6** Use economic concepts to analyze historical and contemporary questions about economic development in the United States and the world
- **D.12.7** Compare, contrast, and evaluate different types of economies (traditional, command, market, and mixed) and analyze how they have been affected in the past by specific social and political systems and important historical events

Criteria – Criteria—Performance will be satisfactory when:

- Examination reflects correct use of economic terminology.
- Examination describes the function of economic systems.
- Examination demonstrates the use of economic models.
- Examination explains the relationship between scarcity, economic value and price.
- Examination analyzes the factors of production.
- Examination creates a better understanding of the meaning and significance of economic growth.
- Examination includes selection of appropriate economic systems to compare.
- Examination includes the essential economic questions that all societies must answer - what, how, for whom.
- Examination accurately presents the similarities and differences among the selected systems, using the identified attributes.

- Examination presents real-world examples that illustrate differences and similarities.
- Examination draws inferences about strengths and weaknesses of systems being contrasted.
- Examination presents real-world examples that illustrate inference about strengths and weaknesses.
- Learner shows that inferences are logical and defensible.

Conditions for Assessment - *Conditions* - Competence will be demonstrated:

- using an exam.
- using written activities.
- using oral activities.
- using discussion.
- in a classroom situation - large or small groups.

Learning Objectives

- a. Define economics.
- b. Explain the need for economic systems.
- c. Describe how scarcity is associated with the study of economics.
- d. Describe basic choices that must be made because of scarcity: what, how, for whom.
- e. Illustrate examples of opportunity cost decisions.
- f. Discuss the meaning and significance of economic growth.
- g. Discuss the impact of technology on economic growth.
- h. Describe the economic decisions involved with the production of a product .
- i. Reflect on the opportunity costs in your local community and in the country.
- j. Construct a cost/benefit analysis to justify an economic choice.
- k. Describe characteristics of traditional, market, command, and mixed economies.
- l. Distinguish at least three economic important characteristics of each economic system.
- m. Identify, describe, and give examples of weaknesses and strengths of different systems.
- n. Explain how each system answers three questions: what, how, and for whom.
- o. Describe ownership of production in each system.
- p. Compare consumer sovereignty in nonmarket with market economies.
- q. Describe a market failure.
- r. Describe how government intervenes to compensate for market failures.
- s. Develop an opinion on government intervention. Does it have too much power?
- t. Identify or list four factors of production.
- u. Give examples of each of the factors of production.

- v. Summarize the role of the entrepreneur in integrating land, labor, and capital to achieve production.
- w. Explain how qualitative and quantitative changes in land, labor, capital, and entrepreneurship impact production.
- x. Show how entrepreneurship affects other factor resources.

Assessment Activities

- _____ 1. Student will complete an objective exam.
- _____ 2. Student will complete individual written activities.
- _____ 3. Student will participate in group discussion.
- _____ 4. Student will complete take-home exam.

Competency 2. Apply supply and demand analysis to price determination.

Properties

Domain: Cognitive

Level: Analysis

Difficulty: High

Importance: Essential

Linked Core Abilities

Demonstrate critical thinking.

Use mathematics effectively.

Work cooperatively.

Apply learning.

Linked State Standards:

- **D.12.2** Use basic economic concepts (such as supply and demand; production, distribution and consumption; labor, wages, and capital; inflation and deflation; market economy and command economy) to compare and contrast local, regional, and national economies across time and at the present time.
- **D.12.3** Analyze and evaluate the role of Wisconsin and the United States in the world economy.
- **D.12.4** Explain and evaluate the effects of new technology, global economic interdependence, and competition on the development of national policies and on the lives of individuals and families in the United States and the world.
- **D.12.13** Describe and explain global economic interdependence and competition, using examples to illustrate their influence on national and international policies.

Criteria – Criteria—Performance will be satisfactory when:

- Learner presents written or oral analysis of price changes in the market.
- Analysis includes a discussion of shortages and surpluses in markets and how they influence price changes.

- Analysis includes construction of a supply and demand curve showing all elements including equilibrium correctly labeled.
- Analysis distinguishes between changes in demand and quantity demanded and supply and quantity supplied.
- Analysis presents interpretation of potential changes in equilibrium resulting from changes in supply and/or demand.
- Analysis presents the impact of ceilings and floors in specific markets.
- Analysis examines labor markets and the impact of the minimum wage.
- Analysis demonstrates use of correct economic terminology.

Conditions for Assessment - *Conditions* - Competence will be demonstrated:

- in a classroom situation using large or small group written and oral activities.
- using an exam.

Learning Objectives

- Interpret the law of demand.
- Interpret the law of supply.
- Construct a demand and supply curve.
- Using curves, identify where shortages and surpluses occur.
- List characteristics of equilibrium.
- Locate equilibrium price and quantity.
- Identify markets where prices are not at equilibrium.
- Recognize nonprice factors that will influence supply and demand.
- Illustrate and provide a rationale for an increase or decrease in supply and demand.
- Analyze and discuss the impact of price floor and ceiling on markets.
- Analyze labor markets and the impact of minimum wage changes on employment levels.

Assessment Activities

- _____ 1. Student will complete open-book objective exam
- _____ 2. Student will complete individual written activities.
- _____ 3. Student will complete group written activities.
- _____ 4. Student will participate in group discussion.
- _____ 5. Student will complete a take-home exam.

Competency 3. Analyze the role and contribution of households, businesses, and government in a market-oriented economic system - U.S.

Properties

Domain: Cognitive

Level: Evaluation

Difficulty: Medium

Importance: Useful

Linked Core Abilities

Demonstrate critical thinking.

Use mathematics effectively.

Work cooperatively.

Apply learning.

Linked State Standards:

- **D.12.1** Explain how decisions about spending and production made by households, businesses, and governments determine the nation's levels of income, employment and prices
- **D.12.2** Use basic economic concepts (such as supply and demand; production, distribution and consumption; labor, wages, and capital; inflation and deflation; market economy and command economy) to compare and contrast local, regional, and national economies across time and at the present time.
- **D.12.4** Explain and evaluate the effects of new technology, global economic interdependence, and competition on the development of national policies and on the lives of individuals and families in the United States and the world
- **D.12.8** Explain the basic characteristics of international trade, including absolute and comparative advantage, barriers to trade, exchange rates, and balance of trade.
- **D.12.10** Analyze the ways in which supply and demand, competition, prices, incentives, and profits influence what is produced and distributed in a competitive market system.
- **D.12.12** Compare and contrast how values and beliefs, such as economic freedom, economic efficiency, equality, full employment, price stability, security, and growth, influence decisions in different economic systems.

Criteria – Criteria—Performance will be satisfactory when:

- Analysis includes a discussion of how household income is generated and spent.
- Analysis includes a description of business organization and its role as a producer of goods and services.
- Analysis provides a thorough discussion of financial markets and how they contribute to businesses' ability to produce goods and services.
- Learner's analysis will include the discussion of government taxation methods and classifications.
- Analysis describes at least four current examples of government involvement (taxing, spending, regulating, and stabilizing) in an economy.
- Analysis describes the role the government plays in each of the four examples.
- Analysis outlines a personal position describing the role government should play in an economy.
- Learner defends position taken in the evaluation.

Conditions for Assessment - *Conditions* - Competence will be demonstrated:

- in a classroom situation using large or small group written and oral activities.
- using print resources.
- using an exam.

Learning Objectives

- Define households.
- Identify the source of household personal income and how it has changed.
- Distinguish between earned and unearned income.
- Distinguish among durable and nondurable goods and services and their relationship to household spending.
- List and describe the three basic business organizations.
- Describe the corporate structure role of the board of directors within the corporation.
- Describe how corporations raise capital from equity and bond markets.
- Distinguish between the primary and secondary equity markets.
- Interpret a stock market quotation.
- Distinguish between stocks and bonds and what variables influence their values.
- Describe how financial markets contribute to the ability of businesses to compete and operate efficiently.
- Describe how government finances its activities.
- Discuss recent tax issues and reforms.
- Identify the primary source of revenue for federal, state, and local governments.
- Categorize the various taxes at different levels of government as progressive, proportional, or regressive.
- Evaluate our federal government's current methods of generating revenue.

Assessment Activities

- _____ 1. Student will complete an objective exam.
- _____ 2. Student will complete group written activity.
- _____ 3. Student will complete group discussion.

Competency 4. Construct a basic foundation of the macroeconomy by examining employment, prices, GDP, and productivity.

Properties

Domain: Cognitive

Level: Synthesis

Difficulty: High

Importance: Useful

Linked Core Abilities

Demonstrate critical thinking.

Use mathematics effectively.

Work cooperatively.

Apply learning.

Linked State Standards:

- **D.12.1** Explain how decisions about spending and production made by households, businesses, and governments determine the nation's levels of income, employment and prices
- **D.12.2** Use basic economic concepts (such as supply and demand; production, distribution and consumption; labor, wages, and capital; inflation and deflation; market economy and command economy) to compare and contrast local, regional, and national economies across time and at the present time.
- **D.12.4** Explain and evaluate the effects of new technology, global economic interdependence, and competition on the development of national policies and on the lives of individuals and families in the United States and the world
- **D.12.5** Explain how federal budgetary policy and the Federal Reserve System's monetary policies influence overall levels of employment, interest rates, production, and prices.
- **D.12.10** Analyze the ways in which supply and demand, competition, prices, incentives, and profits influence what is produced and distributed in a competitive market system.
- **D.12.12** Compare and contrast how values and beliefs, such as economic freedom, economic efficiency, equality, full employment, price stability, security, and growth, influence decisions in different economic systems.

Criteria - *Criteria* - Performance will be satisfactory when:

- learner can explain what GDP attempts to measure and its significance.
- learner can construct a distinction among GDP deflator, CPI, and PPI.
- learner can construct a distinction between deflation and disinflation.
- learner can define inflation, unemployment, and GDP.
- learner can construct a discussion of the problems associated with calculating unemployment, inflation, and GDP.
- learner can identify the different types of unemployment and inflation and describe the source of their development.
- learner can construct a definition of nominal and real income and distinguish between the two.
- learner can construct a price index, and interpret it.
- learner can define productivity and its impact on inflation.
- learner can construct a scenario demonstrating an increase in productivity and how it affected revenue income and employment within a business.
- learner can identify the significance of capital investment on productivity levels.

Conditions for Assessment - Competence will be demonstrated:

- using an objective exam.
- using individual written activities.
- using group written activities.
- using group discussion.

Learning Objectives

- a. Define unemployment.
- b. Identify different types of unemployment.
- c. Discuss the shortcomings of the unemployment statistic.
- d. Define inflation.
- e. Distinguish between real and nominal income.
- f. Explain the origination of demand-pull and cost-push inflation.
- g. Explain how inflation is measured.
- h. Construct a price index.
- i. Read a price index.
- j. Describe what is being measured by the CPI and PPI.
- k. Distinguish between deflation and disinflation.
- l. Describe the impact of inflation on savers, lenders, and individuals on fixed incomes.
- m. Define GDP.
- n. Define and explain the business cycle.
- o. Discuss the shortcomings of the GDP statistic.
- p. Distinguish between real and nominal income.
- q. Distinguish between the GDP deflator and the CPI.
- r. List factors influencing economic growth.
- s. Define productivity.
- t. Discuss the benefits of increasing productivity.
- u. Explain the factors that have contributed to increasing productivity in the '90s and beyond.
- v. Explain the factors that contributed to declining rates of productivity in the '70s.
- w. Describe current economic conditions in terms of employment, GDP, inflation, economic growth, and interest rates.
- x. Provide an opinion on the direction of the economy based on your projections of GDP, inflation, employment, and economic growth.
- y. Explain the impact of productivity on individual businesses in terms of revenue, profit, employment, and competition.

Assessment Activities

- _____ 1. Student will complete an objective exam.
- _____ 2. Student will participate in group discussion.
- _____ 3. Student will participate in group written activity.
- _____ 4. Student will complete individual written activities.

Competency 5. Examine the forces that contribute to changes in economic activity and how government policy can impact this activity. (Assess the effect of government economic policy on contemporary public issues.)

Properties

Domain: Cognitive

Level: Analysis

Difficulty: High

Importance: Essential

Linked Core Abilities

Demonstrate critical thinking.

Communicate effectively.

Use mathematics effectively.

Work cooperatively.

Apply learning.

Linked State Standards:

- **D.12.1** Explain how decisions about spending and production made by households, businesses, and governments determine the nation's levels of income, employment and prices
- **D.12.5** Explain how federal budgetary policy and the Federal Reserve System's monetary policies influence overall levels of employment, interest rates, production, and prices.
- **D.12.8** Explain the basic characteristics of international trade, including absolute and comparative advantage, barriers to trade, exchange rates, and balance of trade.
- **D.12.11** Explain how interest rates are determined by market forces that influence the amount of borrowing and saving done by investors, consumers, and government officials.
- **D.12.13** Describe and explain global economic interdependence and competition, using examples to illustrate their influence on national and international policies.
- **D.12.14** Analyze the economic roles of institutions, such as corporations and businesses, banks, labor unions, and the Federal Reserve System.

Criteria - Criteria - Performance will be satisfactory when:

- examination helps learner construct a business cycle using actual GDP data.
- examination helps learner recognize the sectors of the economy that create the macroeconomy.
- examination allows students to describe how the economy is forced through various phases of the business cycle.
- examination helps learner establish a relationship between aggregate demand and aggregate output on national income.
- examination leads learner to understand the significant impact of interest rates on capital investment.

- examination helps learner evaluate the role of fiscal policy as a viable stabilizer of the economy.
- examination helps learner evaluate the impact of government budgets on economic activity.
- examination helps learner develop an opinion and appreciation of various government macroeconomic policies.
- examination will help learner distinguish among different models - Keynesian, supply-side, classical.

Conditions for Assessment - *Competence will be demonstrated:*

- in a classroom situation using large or small group written and oral activities.
- using an exam.
- using individual written activities.

Learning Objectives

- Construct a business cycle using current GDP data.
- Identify phases of business cycle and describe their characteristics.
- Create a relationship between aggregate demand, GDP, and national income.
- Describe the determinants of households, businesses, government, and foreign sector spending and how it influences aggregate demand.
- Describe the significant role of investment spending and its impact on economic activity.
- Describe how fiscal policy can address inflationary and recessionary issues.
- Evaluate whether automatic stabilizers and fiscal policy are effective government stabilization tools.
- Describe how government stabilization policies along with other fiscal activities influence budgets.
- Describe the impact of surplus, deficit, and balanced budgets on economic activity.
- Distinguish between deficit budgets and the national debt.
- Describe how crowding out develops.
- Identify several congressional proposals and how it would impact budgets and economic activity.
- Examine the most recent fiscal policy strategy.
- Recognize the significant role of savings in the macroeconomy.

Assessment Activities

- _____ 1. Student will complete an objective exam.
- _____ 2. Student will participate in group discussion.
- _____ 3. Student will participate in group written activity.
- _____ 4. Student will complete individual written activities.

Competency 6. Synthesize a relationship among money, the banking system, federal revenue, and monetary policy.

Properties

Domain: Cognitive

Level: Synthesis

Difficulty: Medium

Importance: Essential

Linked Core Abilities

Demonstrate critical thinking.

Communicate effectively.

Use mathematics effectively.

Work cooperatively.

Apply learning.

Linked State Standards:

- **D.12.1** Explain how decisions about spending and production made by households, businesses, and governments determine the nation's levels of income, employment and prices
- **D.12.5** Explain how federal budgetary policy and the Federal Reserve System's monetary policies influence overall levels of employment, interest rates, production, and prices.
- **D.12.9** Explain the operations of common financial instruments (such as stocks and bonds) and financial institutions (such as credit companies, banks, and insurance companies).
- **D.12.11** Explain how interest rates are determined by market forces that influence the amount of borrowing and saving done by investors, consumers, and government officials.
- **D.12.12** Compare and contrast how values and beliefs, such as economic freedom, economic efficiency, equality, full employment, price stability, security, and growth, influence decisions in different economic systems.
- **D.12.14** Analyze the economic roles of institutions, such as corporations and businesses, banks, labor unions, and the Federal Reserve System.

Criteria - *Criteria - Performance will be satisfactory when:*

- Learner explains how monetary policy will affect the equilibrium level of GDP.
- Learner develops an appreciation for the role of money.
- Learner develops an understanding of how the quantity of money in the economy impacts economic activity.
- Learner develops an understanding of the relationship between the banking system and the Federal Reserve.
- Learner develops a relationship between the role of reserves and the process by which money is created and destroyed.
- Learner synthesizes how the federal reserve develops monetary policy.
- Learner develops a list of problems associated with monetary policy.

- Learner develops an appropriate monetary policy suitable for current economic needs.

Conditions for Assessment - *Competence will be demonstrated:*

- using an objective exam.
- using written individual activities.
- using group written activities.
- using group discussion activities.

Learning Objectives

- Define money.
- Explain the role of demand deposits.
- Explain the equation of exchange and its relationship to nominal GDP.
- Explain the role of the banking system in money creation.
- Describe the fractional reserve system of banking.
- Explain the rationale for significant regulation of banks.
- Describe the structure of the federal reserve.
- List and describe the three monetary tools the federal reserve employs - reserve requirements, discount rate, and open-market operations.
- Describe the role of the federal funds market.
- Using supply and demand curves, illustrate how an increase or decrease in money influences interest rates and ultimately GDP.
- Develop an appropriate monetary policy under changing economic conditions.
- Evaluate the effectiveness of monetary policy.

Assessment Activities

- ____ 1. Student will complete an objective exam.
- ____ 2. Student will participate in group discussion.
- ____ 3. Student will participate in group written activity.
- ____ 4. Student will complete individual written activities.

Competency 7. Evaluate the impact of globalization on industrial economies and underdeveloped nations.

Properties

Domain: Cognitive

Level: Evaluation

Difficulty: Medium

Importance: Essential

Linked Core Abilities

Demonstrate critical thinking.

Use mathematics effectively.

Work cooperatively.
Apply learning.

Linked State Standards:

- **D.12.3** Analyze and evaluate the role of Wisconsin and the United States in the world economy
- **D.12.4** Explain and evaluate the effects of new technology, global economic interdependence, and competition on the development of national policies and on the lives of individuals and families in the United States and the world.
- **D.12.6** Use economic concepts to analyze historical and contemporary questions about economic development in the United States and the world.
- **D.12.8** Explain the basic characteristics of international trade, including absolute and comparative advantage, barriers to trade, exchange rates, and balance of trade.
- **D.12.13** Describe and explain global economic interdependence and competition, using examples to illustrate their influence on national and international policies.

Criteria – Criteria—Performance will be satisfactory when:

- Evaluation illustrates recent trends in economic globalization among nations.
- Evaluation indicates the effects of economic globalization on domestic economy.
- Evaluation indicates the effects of economic globalization on different economies.
- Evaluation provides analysis of international finance and its impact on exports, imports, and domestic economies.

Conditions for Assessment - *Conditions - Competence will be demonstrated:*

- in a classroom situation using large or small group written and oral activities.
- using an exam.
- using individual written activities.

Learning Objectives

- a. Explain the principle of comparative advantage.
- b. List and discuss the advantages and disadvantages of free trade.
- c. List and discuss the advantages and disadvantages of protectionism.
- d. Examine key trade agreements and their impact on the U.S.
- e. Examine major trading partners with the U.S. along with the primary exports and imports.
- f. Explain how exchange rates are determined.
- g. Discuss how exchange rate changes can influence the balance of payments.
- h. Identify the categories in which international financial transactions can be placed.
- i. Examine the debt crisis faced by underdeveloped countries.
- j. Define balance of trade, balance of trade surplus, and deficit.

Assessment Activities

- _____ 1. Student will complete an objective exam.
- _____ 2. Student will participate in group discussion.
- _____ 3. Student will participate in group written activity.
- _____ 4. Student will complete individual written activities.