

Grade 12 Economics

Economics is a one-semester required course for students in Grade 12 that addresses essential concepts necessary for students to completely and effectively participate in a complex global society. Content encompasses both microeconomic and macroeconomic principles. Key elements include the study of scarcity, supply and demand, market structures, the role of government, national income determination, money and the role of financial institutions, economic stabilization, and trade. Students use knowledge and critical-thinking skills learned in previous social studies courses to analyze issues and problems and contemporary economic systems. They examine consequences of public policies and their impact on a free market economy. Mastering economics knowledge and skills enables students to anticipate changes in economic conditions and take appropriate action to improve not only their lives, but also society in general.

Students in Grade 12 are developmentally capable of sophisticated analytical thinking and are active participants in the current economy as consumers, employees, or both. Instruction that combines required content and effective strategies encourages students to develop skills for understanding how economies function, recognizing economic and social problems, and evaluating costs and benefits of choices. Instructional activities address decisions made regarding public policy, including their impact on current economic issues. Grade 12 economics instruction includes an analysis of primary sources and economic data, economic research using technological resources, group presentations using computer technology, and other active learning opportunities

Students will:

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1. Explain why productive resources are limited and why individuals, businesses, and governments have to make choices in order to meet needs and wants.
 - Explaining scarcity as a basic condition that exists when unlimited wants exceed limited productive resources
 - Explaining land as an example of a natural resource, labor as an example of a human resource, capital as examples of physical and human resources, and entrepreneurship to be the factors of production
 - Explaining opportunity cost as the next best alternative to relinquish when individuals, businesses, and governments confront scarcity by making choices

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2. Explain how rational decision making entails comparing additional costs of alternatives with additional benefits.

- Illustrating on a production possibilities curve how rational decision making involves trade-offs between two options
- Explaining rational decision making as the comparison between marginal benefits and marginal costs of an action

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3. Describe different economic systems used to allocate scarce goods and services.

- Defining command, market, and mixed economic systems
- Describing how different economic systems answer the three basic economic questions of what to produce, how to produce, and for whom to produce
- Evaluating how each type of system addresses private ownership, profit motive, consumer sovereignty, competition, and government regulation

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4. Describe the role of government in a market economy, including promoting and securing competition, protecting private property rights, promoting equity, providing public goods and services, resolving externalities and other market failures, and stabilizing growth in the economy.

- Explaining how government regulation and deregulation policies affect consumers and producers

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5. Explain that a country's standard of living depends upon its ability to produce goods and services.

- Explaining productivity as the amount of outputs, or goods and services, produced from inputs, or factors of production
- Describing how investments in factories, equipment, education, new technology, training, and health improve economic growth and living standards

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6. Describe how specialization and voluntary exchange between buyers and sellers lead to mutually beneficial outcomes.

- Illustrating on a circular flow diagram the product market; the factor market; the real flow of goods and services between and among businesses, households, and government; and the flow of money
- Constructing examples of specialization and exchange

- Illustrating on a table and a graph the law of supply and the law of demand
- Describing the role of buyers and sellers in determining market clearing price
- Illustrating on a table and graph how supply and demand determine equilibrium price and quantity
- Illustrating on a graph of supply and demand how price movements eliminate shortages and surpluses
- Illustrating on a graph how different factors cause changes in a market supply and demand
- Explaining how prices serve as incentives in a market economy

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7. Describe the organization and role of business.

- Comparing forms of business firms, including sole proprietorships, partnerships, and corporations
- Explaining the role of profit as an incentive, including short-term versus long-run decisions, for all firms
- Describing basic characteristics of pure competition, monopoly, monopolistic competition, and oligopoly
- Explaining ways firms finance operations, including retained earnings, stocks, and debt, and the advantages and disadvantages of each
- Explaining ways firms engage in price and nonprice competition
- Recognizing the role of economic institutions, including labor unions and nonprofit organizations, in market economies

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8. Explain the impact of the labor market on the United States' economy.

- Identifying regional characteristics of the labor force of the United States, including gender, race, socioeconomic background, education, age, and regional specialization
- Explaining how supply of and demand for labor affect wages
- Describing characteristics that are most likely to increase wages and nonwage benefits, including skill, productivity, education, occupation, and mobility
- Explaining how unemployment and inflation impose costs on individuals and nations

- Determining the relationship of Alabama and the United States to the global economy regarding current technological innovations and industries

Examples: World Wide Web, peanut industry, telecommunications industry, aerospace industry 📌

- Tracing the history of labor unions and the methods of contract negotiation by labor and management

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9. Describe methods used to measure overall economic activity, including the Gross Domestic Product (GDP), the Consumer Price Index (CPI), inflation, and unemployment.

- Explaining how overall levels of income, employment, and prices are determined by spending decisions of households, businesses, and government; net exports in the short run; and production decisions of firms and technology in the long run
- Identifying structural, cyclical, and frictional unemployment
- Describing stages of the business cycle and how employment and inflation change during those stages

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10. Explain the structure, role, and functions of the United States Federal Reserve System.

- Describing how the United States Federal Reserve System oversees the banking system and regulates the quantity of money in the economy
- Defining monetary policy
- Describing how the central bank uses its tools of monetary policy to promote price stability, full employment, and economic growth

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11. Explain how the government uses fiscal policy to promote the economic goals of price stability, full employment, and economic growth.

- Defining fiscal policy and the use of taxation and government purchases
- Comparing government deficits and the national debt

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12. Explain why individuals, businesses, and governments trade goods and services in the global economy.

- Defining absolute advantage and comparative advantage

- Explaining how gains from trade, whether between two individuals or two countries, are based on the principle of comparative advantage
- Defining exchange rates
- Explaining how changes in exchange rates impact purchasing powers of individuals and businesses
- Explaining tariffs, quotas, embargoes, standards, and subsidies as trade barriers
- Explaining why countries sometimes impose trade barriers and sometimes advocate free trade