

**MOORESTOWN TOWNSHIP PUBLIC SCHOOLS
MOORESTOWN, NEW JERSEY**

*Moorestown High School
Arts & Technology: Business*

*AP Microeconomics
Grades – 10 - 12*

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Course Description and Fundamental Concepts

AP Microeconomics

This course is designed for serious-minded students who wish to complete a college-level study of economics. Students may elect to take the AP exam. The purpose of the course is to give students a thorough understanding of the principles of economics that apply to the functions of individual decision makers, both consumers and producers, within the economic system. It places primary emphasis on the nature and functions of product markets and includes the study of factor markets and the role of government in promoting greater efficiency and equity in the economy.

Fundamental Concepts:

- I. Basic Economic Concepts
 - A. Scarcity, choice, and opportunity cost
 - B. Production possibilities curve
 - C. Comparative advantage, absolute advantage, specialization, and trade
 - D. Economic systems
 - E. Property rights and the role of incentives
 - F. Marginal analysis
- II. Supply and Demand and Consumer Choice
 - A. Supply and Demand
 1. Market equilibrium
 2. Determinants of supply and demand
 3. Price and quantity controls
 4. Elasticity
 - a. Price, income, and cross-price elasticities of demand
 - b. Price elasticity of supply
 5. Consumer surplus, producer surplus, and allocative efficiency
 6. Tax incidence and deadweight loss
 - B. Theory of consumer choice
 1. Total utility and marginal utility
 2. Utility maximization: equalizing marginal utility per dollar
 3. Individual and market demand curves
 4. Income and substitution effects
- III. Costs of Production and Perfect Competition
 - A. Production functions: short and long run
 - B. Marginal product and diminishing returns
 - C. Short-run costs
 - D. Long-run costs and economies of scale
 - E. Cost minimizing input combination and productive efficiency
 - F. Profit
 1. Accounting versus economic profits
 2. Normal Profit
 3. Profit Maximization: $MR=MC$ Rule
 - G. Perfect Competition
 1. Profit maximization
 2. Short-run supply and shutdown decision
 3. Behavior of firms and markets in the short run and in the long run

4. Efficiency and perfect competition

IV. Imperfect Competition

A. Monopoly

1. Sources of market power
2. Profit maximization
3. Inefficiency of monopoly
4. Price discrimination
5. Natural monopoly

B. Oligopoly

1. Interdependence, collusion, and cartels
2. Game theory and strategic behavior
3. Dominant strategy
4. Nash equilibrium

C. Monopolistic competition

1. Product differentiation and the role of advertising
2. Profit maximization
3. Short-run and long-run equilibrium
4. Excess capacity and inefficiency

V. Factor Markets

A. Derived factor demand

B. Marginal revenue product

C. Hiring decisions in the markets for labor and capital

D. Market distribution of income

VI. Market Failure and the Role of Government

A. Externalities

1. Marginal social benefit and marginal social cost
2. Positive externalities
3. Negative externalities
4. Remedies

B. Public goods

1. Public versus private goods
2. Provision of public goods

C. Public policy to promote competition

1. Antitrust policy
2. Regulation

D. Income distribution

1. Equity
2. Sources and measures of income inequality

[New Jersey Student Learning Standards \(NJSLs\)](#)

Social Studies

Social Studies	
Standard #	Standard Description
6.1.12.C.2.a	Assess the effectiveness of the new state and national governments attempts to respond to economic challenges including domestic (e.g., inflation, debt) and foreign trade policy issues.
6.1.12.C.3.b	Relate the wealth of natural resources to the economic development of the United States and to the quality of life of individuals.
6.1.12.C.5.a	Analyze the economic practices of corporations and monopolies regarding the production and marketing of goods, and determine the positive or negative impact of these practices on individuals and the nation and the need for government regulations.
6.1.12.C.5.c	Analyze the cyclical nature of the economy and the impact of periods of expansion and recession on businesses and individuals.
6.1.12.C.6.a	Evaluate the effectiveness of labor and agricultural organizations in improving economic opportunities for various groups.
6.1.12.C.6.b	Determine how supply and demand influenced price and output during the Industrial Revolution.
6.1.12.C.12.d	Assess the role of the public and private sectors in promoting economic growth and ensuring economic stability.
6.1.12.C.14.b	Judge to what extent government should intervene at the local, state, and national levels on issues related to the economy.
6.1.12.C.16.a	Evaluate the economic, political, and social impact of new and emerging technologies on individuals and nations.
6.1.12.C.16.c	Assess the impact of international trade, global business organizations, and overseas competition on the United States economy and workforce.

Career Readiness, Life Literacies & Key Skills

9.1 PERSONAL FINANCIAL LITERACY

CONTENT AREA:	<i>21st CENTURY LIFE AND CAREERS</i>
STRAND EG:	<i>ECONOMIC and GOVERNMENT INFLUENCES</i>

NUMBER	STANDARD STATEMENT
<i>By the end of Grade 12, students will be able to:</i>	
9.1.12.EG.3	Explain how individuals and businesses influence government policies.
9.1.12.EG.4	Explain the relationship between your personal financial situation and the broader economic and governmental policies.
9.1.12.EG.5	Relate a country's economic system of production and consumption to building personal wealth, the mindset of social comparison, and achieving societal responsibilities.
9.1.12.EG.6	Analyze the rights and responsibilities of buyers and sellers under consumer protection laws.

9.1 PERSONAL FINANCIAL LITERACY

CONTENT AREA:	<i>21st CENTURY LIFE AND CAREERS</i>
STRAND PB:	<i>PLANNING and BUDGETING</i>
NUMBER	STANDARD STATEMENT
<i>By the end of Grade 12, students will be able to:</i>	
9.1.12.PB.2	Prioritize financial decisions by systematically considering alternatives and possible consequences.

[English Companion Standards](#)

List grade-level appropriate companion standards for *History, Social Studies, Science and Technical Subjects (CTE/Arts) 6-12*. English Companion Standards are required in these subject/content areas.

Unit Addressed	Standard #	Standard Description
	NJSLSA.R2	Determine central ideas or themes of a text and analyze their development; summarize the key supporting details and ideas.
	NJSLSA.R3	Analyze how and why individuals, events, and ideas develop and interact over the course of a text
	NJSLSA.R4	Interpret words and phrases as they are used in a text, including determining technical, connotative, and figurative meanings, and analyze how specific word choices shape meaning or tone.
	NJSLSA.R5	Analyze the structure of texts, including how specific sentences, paragraphs, and larger portions of the text (e.g., a section, chapter, scene, or stanza) relate to each other and the whole.
	NJSLSA.R6	Assess how point of view or purpose shapes the content and style of a text.

	NJSLSA.R7	Integrate and evaluate content presented in diverse media and formats, including visually and quantitatively, as well as in words.
6	NJSLSA.R8	Delineate and evaluate the argument and specific claims in a text, including the validity of the reasoning as well as the relevance and sufficiency of the evidence.
	NJSLSA.R10	Analyze and reflect on how two or more texts address similar themes or topics in order to build knowledge or to compare the approaches the authors take.
	NJSLSA.W1	Write arguments to support claims in an analysis of substantive topics or texts, using valid reasoning and relevant and sufficient evidence.
	NJSLSA.W2	Write informative/explanatory texts to examine and convey complex ideas and information clearly and accurately through the effective selection, organization, and analysis of content.
	NJSLSA.W3	Write narratives to develop real or imagined experiences or events using effective technique, well-chosen details, and well-structured event sequences.
6	NJSLSA.W4	Produce clear and coherent writing in which the development, organization, and style are appropriate to task, purpose, and audience.
	NJSLSA.W5	Develop and strengthen writing as needed by planning, revising, editing, rewriting, or trying a new approach.
	NJSLSA.W6	Use technology, including the Internet, to produce and publish writing and to interact and collaborate with others.
6	NJSLSA.W7	Conduct short as well as more sustained research projects, utilizing an inquiry-based research process, based on focused questions, demonstrating understanding of the subject under investigation.
6	NJSLSA.W8	Gather relevant information from multiple print and digital sources, assess the credibility and accuracy of each source, and integrate the information while avoiding plagiarism.
	NJSLSA.W9	Draw evidence from literary or informational texts to support analysis, reflection, and research.
	NJSLSA.W10	Write routinely over extended time frames (time for research, reflection, and revision) and shorter time frames (a single sitting or a day or two) for a range of tasks, purposes, and audiences.

Life Literacies and Key Skills (Standard 9.4)*List appropriate units below for which standards will be addressed*

By Grade 12		
Unit Addressed	Core Idea	Standard / Description
	Creativity and Innovation: With a growth mindset, failure is an important part of success.	9.4.12.CI.1: <i>Demonstrate the ability to reflect, analyze, and use creative skills and ideas (e.g., 1.1.12prof.CR3a).</i>
	Creativity and Innovation: Innovative ideas or innovation can lead to career opportunities.	9.4.12.CI.2: <i>Identify career pathways that highlight personal talents, skills, and abilities (e.g., 1.4.12prof.CR2b, 2.2.12.LF.8).</i> 9.4.12.CI.3: <i>Investigate new challenges and opportunities for personal growth, advancement, and transition (e.g., 2.1.12.PGD.1).</i>
	Critical Thinking and Problem-solving: Collaboration with individuals with diverse experiences can aid in the problem-solving process, particularly for global issues where diverse solutions are needed.	9.4.12.CT.1: <i>Identify problem-solving strategies used in the development of an innovative product or practice (e.g., 1.1.12acc.C1b, 2.2.12.PF.3).</i> 9.4.12.CT.2: <i>Explain the potential benefits of collaborating to enhance critical thinking and problem solving (e.g., 1.3E.12profCR3.a).</i> 9.4.12.CT.3: <i>Enlist input from a variety of stakeholders (e.g., community members, experts in the field) to design a service learning activity that addresses a local or global issue (e.g., environmental justice).</i> 9.4.12.CT.4: <i>Participate in online strategy and planning sessions for course-based, school-based, or other projects and determine the strategies that contribute to effective outcomes.</i>
6	Digital Citizenship: Laws govern the use of intellectual property and there are legal consequences to utilizing or sharing another's original works without permission or appropriate credit.	9.4.12.DC.1: <i>Explain the beneficial and harmful effects that intellectual property laws can have on the creation and sharing of content (e.g., 6.1.12.CivicsPR.16.a).</i> 9.4.12.DC.2: <i>Compare and contrast international differences in copyright laws and ethics</i>

	<p>Digital Citizenship: Laws govern many aspects of computing, such as privacy, data, property, information, and identity. These laws can have beneficial and harmful effects, such as expediting or delaying advancements in computing and protecting or infringing upon people’s rights.</p>	<p><i>9.4.12.DC.3: Evaluate the social and economic implications of privacy in the context of safety, law, or ethics (e.g., 6.3.12.HistoryCA.1).</i></p> <p><i>9.4.12.DC.4: Explain the privacy concerns related to the collection of data (e.g., cookies) and generation of data through automated processes that may not be evident to users (e.g., 8.1.12.NI.3).</i></p> <p><i>9.4.12.DC.5: Debate laws and regulations that impact the development and use of software.</i></p>
	<p>Digital Citizenship: Cultivating online reputations for employers and academia requires separating private and professional digital identities.</p>	<p><i>9.4.12.DC.6: Select information to post online that positively impacts personal image and future college and career opportunities.</i></p>
	<p>Digital Citizenship: Digital communities influence many aspects of society, especially the workforce. The increased connectivity between people in different cultures and different career fields have changed the nature, content, and responsibilities of many careers.</p>	<p><i>9.4.12.DC.7: Evaluate the influence of digital communities on the nature, content and responsibilities of careers, and other aspects of society (e.g., 6.1.12.CivicsPD.16.a).</i></p>
	<p>Digital Citizenship: Network connectivity and computing capability extended to objects, sensors and everyday items not normally considered computers allows these devices to generate, exchange, and consume data with minimal human intervention. Technologies such as Artificial Intelligence (AI) and blockchain can help minimize the effect of climate change.</p>	<p><i>9.4.12.DC.8: Explain how increased network connectivity and computing capabilities of everyday objects allow for innovative technological approaches to climate protection.</i></p>
	<p>Global and Cultural Awareness: Solutions to the problems faced by a global society require the contribution of individuals with different points of view and experiences.</p>	<p><i>9.4.12.GCA.1: Collaborate with individuals to analyze a variety of potential solutions to climate change effects and determine why some solutions (e.g., political, economic, cultural) may work better than others (e.g., SL.11-12.1., HS-ETS1-1, HS-ETS1-2, HS-ETS1-4, 6.3.12.GeoGI.1, 7.1.IH.IPERS.6, 7.1.IL.IPERS.7, 8.2.12.ETW.3).</i></p>

1,2,3,4,5,6	<p>Information and Media Literacy: Advanced search techniques can be used with digital and media resources to locate information and to check the credibility and the expertise of sources to answer questions, solve problems, and inform the decision-making.</p>	<p><i>9.4.12.IML.1: Compare search browsers and recognize features that allow for filtering of information.</i></p> <p><i>9.4.12.IML.2: Evaluate digital sources for timeliness, accuracy, perspective, credibility of the source, and relevance of information, in media, data, or other resources (e.g., NJSLSA.W8, Social Studies Practice: Gathering and Evaluating Sources).</i></p>
	<p>Information and Media Literacy: Digital tools such as artificial intelligence, image enhancement and analysis, and sophisticated computer modeling and simulation create new types of information that may have profound effects on society. These new types of information must be evaluated carefully</p>	<p><i>9.4.12.IML.3: Analyze data using tools and models to make valid and reliable claims, or to determine optimal design solutions (e.g., S-ID.B.6a., 8.1.12.DA.5, 7.1.IH.IPRET.8)</i></p> <p><i>9.4.12.IML.4: Assess and critique the appropriateness and impact of existing data visualizations for an intended audience (e.g., S-ID.B.6b, HS-LS2-4).</i></p>
	<p>Information and Media Literacy: In order for members of our society to participate productively, information needs to be shared accurately and ethically.</p>	<p><i>9.4.12.IML.5: Evaluate, synthesize, and apply information on climate change from various sources appropriately (e.g., 2.1.12.CHSS.6, S.IC.B.4, S.IC.B.6, 8.1.12.DA.1, 6.1.12.GeoHE.14.a, 7.1.AL.PRSNT.2).</i></p> <p><i>9.4.12.IML.6: Use various types of media to produce and store information on climate change for different purposes and audiences with sensitivity to cultural, gender, and age diversity (e.g., NJSLSA.SL5).</i></p>
6	<p>Information and Media Literacy: Accurate information may help in making valuable and ethical choices.</p>	<p><i>9.4.12.IML.7: Develop an argument to support a claim regarding a current workplace or societal/ethical issue such as climate change (e.g., NJSLSA.W1, 7.1.AL.PRSNT.4).</i></p>
	<p>Information and Media Literacy: Media have embedded values and points of view.</p>	<p><i>9.4.12.IML.8: Evaluate media sources for point of view, bias, and motivations (e.g., NJSLSA.R6, 7.1.AL.IPRET.6).</i></p> <p><i>9.4.12.IML.9: Analyze the decisions creators make to reveal explicit and implicit messages within information and media (e.g., 1.5.12acc.C2a, 7.1.IL.IPRET.4).</i></p>

	<p>Technology Literacy: Digital tools differ in features, capacities, and styles. Knowledge of different digital tools is helpful in selecting the best tool for a given task.</p>	<p><i>9.4.12.TL.1: Assess digital tools based on features such as accessibility options, capacities, and utility for accomplishing a specific task (e.g., W.11-12.6).</i></p> <p><i>9.4.12.TL.2: Generate data using formula-based calculations in a spreadsheet and draw conclusions about the data.</i></p>
	<p>Technology Literacy: Collaborative digital tools can be used to access, record and share different viewpoints and to collect and tabulate the views of groups of people.</p>	<p><i>9.4.12.TL.3: Analyze the effectiveness of the process and quality of collaborative environments.</i></p> <p><i>9.4.12.TL.4: Collaborate in online learning communities or social networks or virtual worlds to analyze and propose a resolution to a real-world problem (e.g., 7.1.AL.IPERS.6).</i></p>

Career Awareness, Exploration, Preparation, and Training ([Standard 9.2](#))

List appropriate units below for which standards will be addressed

By Grade 12		
Unit Addressed	Core Idea	Standard / Description
6	There are strategies to improve one's professional value and marketability.	<p><i>9.2.12.CAP.1: Analyze unemployment rates for workers with different levels of education and how the economic, social, and political conditions of a time period are affected by a recession.</i></p> <p><i>9.2.12.CAP.2: Develop college and career readiness skills by participating in opportunities such as structured learning experiences, apprenticeships, and dual enrollment programs.</i></p> <p><i>9.2.12.CAP.3: Investigate how continuing education contributes to one's career and personal growth.</i></p>
	Career planning requires purposeful planning based on research, self-knowledge, and informed choices.	<p><i>9.2.12.CAP.4: Evaluate different careers and develop various plans (e.g., costs of public, private, training schools) and timetables for achieving them, including educational/training requirements, costs, loans, and debt repayment.</i></p> <p><i>9.2.12.CAP.5: Assess and modify a personal plan to support current interests and postsecondary plans.</i></p> <p><i>9.2.12.CAP.6: Identify transferable skills in career choices and design alternative career plans based on those skills.</i></p>

		<p>9.2.12.CAP.7: Use online resources to examine licensing, certification, and credentialing requirements at the local, state, and national levels to maintain compliance with industry requirements in areas of career interest.</p> <p>9.2.12.CAP.8: Determine job entrance criteria (e.g., education credentials, math/writing/reading comprehension tests, drug tests) used by employers in various industry sectors.</p> <p>9.2.12.CAP.9: Locate information on working papers, what is required to obtain them, and who must sign them.</p> <p>9.2.12.CAP.10: Identify strategies for reducing overall costs of postsecondary education (e.g., tuition assistance, loans, grants, scholarships, and student loans).</p> <p>9.2.12.CAP.11: Demonstrate an understanding of Free Application for Federal Student Aid (FAFSA) requirements to apply for postsecondary education.</p>
5,6	An individual's income and benefit needs and financial plan can change over time.	<p>9.2.12.CAP.12: Explain how compulsory government programs (e.g., Social Security, Medicare) provide insurance against some loss of income and benefits to eligible recipients.</p> <p>9.2.12.CAP.13: Analyze how the economic, social, and political conditions of a time period can affect the labor market.</p>
	Securing an income involves an understanding of the costs and time in preparing for a career field, interview and negotiation skills, job searches, resume development, prior experience, and vesting and retirement plans.	<p>9.2.12.CAP.14: Analyze and critique various sources of income and available resources (e.g., financial assets, property, and transfer payments) and how they may substitute for earned income.</p>
5,6	Understanding income involves an analysis of payroll taxes, deductions and earned benefits.	<p>9.2.12.CAP.15: Demonstrate how exemptions, deductions, and deferred income (e.g., retirement or medical) can reduce taxable income.</p> <p>9.2.12.CAP.16: Explain why taxes are withheld from income and the relationship of federal, state, and local taxes (e.g., property, income, excise, and sales) and how the money collected is used by local, county, state, and federal governments.</p>

		<p>9.2.12.CAP.17: Analyze the impact of the collective bargaining process on benefits, income, and fair labor practice.</p> <p>9.2.12.CAP.18: Differentiate between taxable and nontaxable income from various forms of employment (e.g., cash business, tips, tax filing and withholding).</p> <p>9.2.12.CAP.19: Explain the purpose of payroll deductions and why fees for various benefits (e.g., medical benefits) are taken out of pay, including the cost of employee benefits to employers and self-employment income.</p> <p>9.2.12.CAP.20: Analyze a Federal and State Income Tax Return.</p>
1	There are ways to assess a business's feasibility and risk and to align it with an individual's financial goals.	<p>9.2.12.CAP.21: Explain low-cost and low-risk ways to start a business.</p> <p>9.2.12.CAP.22: Compare risk and reward potential and use the comparison to decide whether starting a business is feasible.</p> <p>9.2.12.CAP.23: Identify different ways to obtain capital for starting a business</p>

Interdisciplinary Connections
List any other content standards addressed as well as appropriate units

Other Interdisciplinary Content Standards <i>List appropriate units below for any other content/standards that <u>may be addressed</u></i>		
Unit Addressed	Content / Standard #	Standard Description
1,2,3,4,5,6	Mathematics Standard 4	<i>They are able to identify important quantities in a practical situation and map their relationships using such tools as diagrams, two-way tables, graphs, flowcharts and formulas. They can analyze those relationships mathematically to draw conclusions.</i>

Pacing Guide (All Dates are approximate based on the school calendar)

Unit/ Topic	Month (w/Approx number of Teaching Days)
Basic Economic Concepts	September (~19 days)
Supply & Demand and Consumer Choice	October (~19 days)
Supply & Demand and Consumer Choice	November (~16 days)
Costs of Production and Perfect Competition	December (~15 days)
Imperfect Competition	January (~18 days)
Imperfect Competition	February (~18 days)
Factor Markets	March (~15-20 days)
Factor Markets	April (~15-20 days)
Market Failure and the Role of Government	May (~18 days)
Market Failure and the Role of Government	June (~15 days)

Units Scope and Sequence - Unit 1

Unit Name: Basic Economic Concepts

Step 1 – Desired Results: What do I want my students to learn?

Standards

[NJSLS - 6.1.12.C.2.a, 6.1.12.C.3.b, 6.1.12.C.5.c, 6.1.12.C.12.d, 6.1.12.C.16.a, 9.1.12.EG.3, 9.1.12.EG.4, 9.1.12.EG.5, 9.1.12.EG.6,,](#)
[NJSLS - Life Literacies and Key Skills](#)
[NJSLS - Career Awareness, Exploration, Preparation, and Training](#)
[NJSLS - Interdisciplinary Standards](#)

Unit Big Ideas: (What Fundamental Concepts Should be Learned during this Unit?)

- Utilizing economic perspective when observing how individuals, institutions, and society make optimal choices under conditions of scarcity.

Objectives

Students will be able to...

- Define economics and the features of the economic perspective.
- Describe the role of economic theory in economics.
- Distinguish microeconomics from macroeconomics and positive economics from normative economics.
- List the categories of scarce resources and delineate the nature of the economizing problem.
- Apply production possibilities analysis, increasing opportunity costs, and economic growth.
- Explain how economic growth and international trade increase consumption possibilities.
- Understand graphs, curves, and slopes as they relate to economics.
- Define comparative advantage, and demonstrate how specialization and trade add to a nation's output.
- Differentiate between a command system and a market system.
- List the main characteristics of the market system.
- Explain how the market system decides what to produce, how to produce it, and who obtains it.
- Discuss how the market system adjusts to change and promotes progress.
- Describe the mechanics of the circular flow model.
- Explain why strong property rights appear to promote economic growth.

Unit 2

Unit Name: Supply & Demand and Consumer Choice

Step 1 – Desired Results: What do I want my students to learn?

Standards

[NJSLs](#) - 6.1.12.C.2.a, 6.1.12.C.3.b, 6.1.12.C.5.a,
6.1.12.C.5.b, 6.1.12.C.6.a, 6.1.12.C.6.b, 6.1.12.C.12.b, 6.1.12.C.12.d, 6.1.12.C.14.b
6.1.12.C.16.a, 6.1.12.C.16.c, 9.1.12.PB.2

[NJSLs - Life Literacies and Key Skills](#)

[NJSLs - Career Awareness, Exploration, Preparation, and Training](#)

[NJSLs - Interdisciplinary Standards](#)

Unit Big Ideas:

(What Fundamental Concepts Should be Learned during this Unit?)

- The model of supply and demand explains the operation of the markets on which we depend for nearly everything that individuals consume.
- Elasticity enhances our understanding of the markets by letting us know the degree to which changes in price and income affect supply and demand.
- Individual consumers allocate their income among the various goods and services available; yet, occasionally, irrational behavior requires specific policies that impact economic decision-making.

Objectives

Students will be able to...

- Describe demand and explain how it can change.
- Describe supply and explain how it can change.
- Relate how supply and demand interact to determine market equilibrium.
- Explain how changes in supply and demand affect equilibrium prices and quantities.
- Identify what government-set prices are and how they can cause product surpluses and shortages.
- Illustrate how supply and demand analysis can provide insights on actual-economy situations.
- Analyze the economic effects of tariffs and quotas.
- Analyze the validity of the most frequently presented arguments for protectionism.
- Identify and explain the objectives of GATT, WTO, EU, Euro Zone, and NAFTA, and discuss offshoring and trade adjustments.
- Discuss price elasticity of demand and how it can be applied.
- Explain the usefulness of the total revenue test for price elasticity of demand.
- Describe price elasticity of demand and income elasticity of demand.
- Explain the origin of both consumer surplus and producer surplus, and explain how properly functioning markets maximize their sum, total surplus, while optimally allocating resources.
- Explain the principles relating to tax shifting, tax incidence, and the efficiency losses

caused by taxes

- Define and explain the relationship between total utility, marginal utility, and the law of diminishing marginal utility.
- Describe how rational consumers maximize utility by comparing marginal utility-to-price ratios of all the products they could possibly purchase.
- Explain how a demand curve can be derived by observing the outcomes of price changes in the utility-maximization model.
- Discuss how the utility-maximization model helps highlight the income and substitution effects of a price change.
- Relate how behavioral economics and prospect theory shed light on many consumer behaviors.
- Relate how the indifference curve model of consumer behavior derives demand curves from budget lines, indifference curves, and utility maximization.

Unit 3

Unit Name: Costs of Production and Perfect Competition

Step 1 – Desired Results: What do I want my students to learn?

Standards

[NJSLs](#) - 6.1.12.C.2.a, 6.1.12.C.3.b, 6.1.12.C.5.a, 6.1.12.C.5.b, 6.1.12.C.6.a, 6.1.12.C.6.b, 6.1.12.C.12.b, 6.1.12.C.12.d, 6.1.12.C.14.b, 6.1.12.C.16.a, 6.1.12.C.16.c

[NJSLs - Life Literacies and Key Skills](#)

[NJSLs - Career Awareness, Exploration, Preparation, and Training](#)

[NJSLs - Interdisciplinary Standards](#)

Unit Big Ideas:

(What Fundamental Concepts Should be Learned during this Unit?)

- A firm's management of its production costs (and subsequent opportunity costs) dictate business decisions essential to economic success.
- An industry's market structure provides an understanding for how price and output are determined in the many product markets of an economy.
- The level of an industry's competition determines the ease of entry / exit, new product development, and new methods of business.

Objectives

Students will be able to...

- Explain why economic costs include both explicit (revealed and expresses) costs and implicit (present and obvious) costs.
- Relate the law of diminishing returns to a firm's short-run production costs.
- Describe the distinctions between fixed and variable costs and among total, average, and marginal costs.
- Use economies of scale to link a firm's size and its average costs in the long run.
- Give the names and summarize the main characteristics of the four basic market models.
- List the conditions required for purely competitive markets.
- Convey how purely competitive firms maximize profits or minimize losses in the short run.
- Explain why a competitive firm's marginal cost curve is the same as its supply curve.
- Explain how the long run differs from the short run in pure competition.
- Describe why profits encourage entry into a purely competitive industry and losses result in firms exiting the industry.
- Explain how the entry and exit of firms affects resources flows and long-run profits and losses.
- Explain the differences between constant-cost, increasing-cost, and decreasing-cost industries.
- Show how long-run equilibrium in pure competition produces an efficient allocation of resources.
- Discuss creative destruction and the profit incentives for innovation.

Unit 4

Unit Name: Imperfect Competition

Step 1 – Desired Results: What do I want my students to learn?

Standards

[NJSLS](#) - 6.1.12.C.2.a, 6.1.12.C.3.b, 6.1.12.C.5.a, 6.1.12.C.5.b, 6.1.12.C.6.a, 6.1.12.C.6.b, 6.1.12.C.12.b, 6.1.12.C.12.d, 6.1.12.C.14.b, 6.1.12.C.16.a, 6.1.12.C.16.c,

[NJSLS - Life Literacies and Key Skills](#)

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Unit Big Ideas:

(What Fundamental Concepts Should be Learned during this Unit?)

- Numerous thriving industries operate within the classification of imperfect competition, which sparks government regulations and impacts production efficiency.
- Competition most often occurs on the basis of price, quality, location, service, and advertising in the American economy.

Objectives

Students will be able to...

- List the characteristics of pure monopoly.
- Explain how a pure monopoly sets its profit-maximizing output and price.
- Discuss the economic effects of monopoly.
- Describe why a monopolist might prefer to charge different prices in different markets.
- Distinguish between the monopoly price, the socially optimal price, and the fair-returned price of a government-regulated monopoly.
- List the characteristics of monopolistic competition.
- Explain why monopolistic competitors earn only a normal profit in the long run.
- Describe the characteristics of oligopoly.
- Discuss how game theory relates to oligopoly.
- Relate why the demand curve of an oligopolist may be kinked.
- Compare the incentives and obstacles to collusion among oligopolists.
- Contrast the potential positive and negative effects of advertising.
- Utilize additional game-theory terminology and applications.

Unit 5

Unit Name: Factor Markets

Step 1 – Desired Results: What do I want my students to learn?

Standards

[NJSLs](#) - 6.1.12.C.2.a, 6.1.12.C.3.b, 6.1.12.C.5.a, 6.1.12.C.5.b, 6.1.12.C.6.a, 6.1.12.C.6.b, 6.1.12.C.12.b, 6.1.12.C.12.d, 6.1.12.C.14.b, 6.1.12.C.16.a, 6.1.12.C.16.c,

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Unit Big Ideas:

(What Fundamental Concepts Should be Learned during this Unit?)

- How a factor's marginal product and the marginal revenue affect the demand for the factor and consider the role of factor prices in the allocation of scarce resources.
- When considering each of the factors, consideration should be focused to a greater degree on the labor market.
- How the market determines distribution of income and the course of income inequality in a market economy.

Objectives

Students will be able to...

- Explain the significance of resource pricing.
- Convey how the marginal revenue productivity of a resource relates to a firm's demand for that resource.
- List the factors that increase or decrease resource demand.
- Discuss the determinants of elasticity of resource demand.
- Determine how a competitive firm selects its optimal combination of resources.
- Explain why labor productivity and real hourly compensation track so closely over time.
- Show how wage rates and employment levels are determined in competitive markets.
- Demonstrate how monopsony (a market with a single employer) can reduce wages below competitive levels.
- Discuss how unions increase wage rates and how minimum wage laws affect labor markets.
- List the major causes of wage differentials.
- Identify the types, benefits, and costs of "pay-for-performance" plans.
- Relate who belongs to U.S. unions, the basics of collective bargaining, and the economic effect of unions.
- Explain the nature of economic rent and how it is determined.
- Describe the loanable funds theory of interest rates.
- Demonstrate how interest rates relate to the time-value of money and vary based on risk, maturity, loan size, and taxability.
- Relate why economic profits occur. And how profits, along with losses, allocate resources among alternative uses.
- List the share of U.S. earnings received by each of the factors of production.

Unit 6

Unit Name: Market Failure and the Role of Government

Step 1 – Desired Results: What do I want my students to learn?

Standards

[NJSLs](#) - 6.1.12.C.2.a, 6.1.12.C.3.b, 6.1.12.C.5.a, 6.1.12.C.5.b, 6.1.12.C.6.a, 6.1.12.C.6.b, 6.1.12.C.12.b, 6.1.12.C.12.d, 6.1.12.C.14.b, 6.1.12.C.16.a, 6.1.12.C.16.c, 9.1.12.EG.3, 9.1.12.EG.4, 9.1.12.EG.6

[NJSLs - Life Literacies and Key Skills](#)

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Unit Big Ideas:

(What Fundamental Concepts Should be Learned during this Unit?)

- Properly functioning markets efficiently allocate resources; however, market failures often exist and require government intervention.

Objectives

Students will be able to...

- Differentiate between demand-side market failures and supply-side market failures.
- Explain the origin of both consumer surplus and producer surplus, and explain how properly functioning markets maximize their sum, total surplus, while optimally allocating resources.
- Describe free riding and public goods, and illustrate why private firms cannot normally produce public goods.
- Explain how positive and negative externalities cause under- and overallocations of Resources.
- Show why we normally won't want to pay what it would cost to eliminate every last bit of externality such as air pollution.
- List and explain the core elements of each of the major antitrust (antimonopoly) laws in the United States.
- Describe some of the key issues relating to the interpretation and application of antitrust laws.
- Identify and explain the economic principles and difficulties relating to the setting of prices (rates) charged by so-called natural monopolies.
- Discuss the nature of "social regulation" its benefits and costs, and its optimal level.
- Demonstrate how the distribution of income between rich and poor is affected by government taxes, transfers, and spending.
- Explain how income and inequality in the United States is measured and described.
- Discuss the extent and sources of income inequality.
- Demonstrate how income inequality has changed since 1970.
- Debate the economic arguments for and against income inequality.
- Relate how poverty is measured and its incidence by age, gender, ethnicity, and other characteristics.

- Identify the major components of the income-maintenance program in the United States.
- Discuss labor market discrimination and how it might affect hiring decisions and wages.
- Describe how information failures may justify government intervention in some markets.
- Explain the difficulties of conveying economic preferences through majority voting.
- Discuss “government failure” and explain why it happens.

Please contact the content supervisor for any questions.