**UNIT 1:** Introduction to the Economic Problem

*CR-1 This course provides instruction in basic economic concepts.*

1. Students should understand the implications of how our wants and needs will always exceed the resources necessary to produce those things we demand.
   1. Students should be able to demonstrate an understanding of how our wants exceed the potential of our resources by:
      1. Defining scarcity
      2. Explaining the significance of the three economic questions.
         1. What to produce?
         2. How to produce?
         3. For whom to produce?
      3. Comparing and contrasting the three typical organizational solutions to the economic problem.
         1. Market
         2. Command
         3. Traditional
      4. Defining the resource categories-factors required for production.
         1. Land
         2. Labor
         3. Capital
         4. Entrepreneurship
      5. Explaining the difference between a free good versus an economic good.
   2. Students should be able to understand how a market economy is organized to make production decisions based on available resources by drawing and explaining a circular flow diagram for a market economy.
   3. Students should be able to recognize how the real cost of an action is determined by what we give up in order to do that action-activity by:
      1. Defining opportunity cost.
      2. Applying the opportunity cost concept to a hypothetical problem and identifying the costs of various courses of action.
      3. Graphing a Production Possibilities Curve (PPC) from given data.
      4. Explaining how opportunity costs are demonstrated on a PPC.
      5. Explaining how full employment of resources is demonstrated on a PPC.
      6. Explaining the differences and significance of various graphical positions on a PPC.
      7. Listing the factors that could cause the frontier of a PPC to shift.
      8. Explaining the significance of different shapes for the frontier on a PPC.
         1. Concave
         2. Straight-line
         3. Convex
   4. Students should be able to identify the economic way of thinking by:
      1. Differentiating normative and positive economics.
      2. Listing logical thinking fallacies.
         1. Correlation vs. causation
         2. fallacy of composition
      3. Differentiating total cost/benefit analysis from marginal cost/benefit analysis.

**UNIT II:** Supply and Demand: the Price Discovery Mechanism

*CR-2: This course provides instruction in the nature and function of product markets.*

# Students should understand how a market economy determines prices and the role prices place in rationing scarce goods and services.

## Students should be able to demonstrate understanding of the law of demand by:

### Defining the law of demand

### Explaining the foundations of the law of demand

### Diminishing marginal utility

### Income effect

### Substitution effect

# Graphing demand curves from a set of data.

### Differentiating between the concepts of quantity demanded and demand.

### Listing the non-price determinants of demand.

### Explaining the effect of a change in a non-price determinant of demand.

### Relating consumer demand and marginal utility theory.

### Applying the utility maximizing rule to problem sets.

### Defining Total and Marginal Utility and explaining their relationship.

## Students should be able to demonstrate understanding of the law of supply by:

### Defining the law of supply.

### Explaining the foundations of the law of supply

### The function of profits

### Increasing Marginal Cost

# Graphing supply curves from a set of data.

### Differentiating between the concepts of quantity supplied and supply.

### Listing the non-price determinants of supply.

### Explaining the effect of a change in a non-price determinant of supply.

# Students should be able to demonstrate understanding of price determination by:

# Defining equilibriums and disequilibrium.

# Defining market surplus and shortage.

# Describing how the supply and demand model is used as a price discovery mechanism.

# Graphing supply and demand curves from a set of data.

# Analyzing the effect of changes in demand or supply on prices and market quantities.

# Identifying from a graph increases or decreases in supply, demand, quantity supplied, and quantity demanded.

# Applying concepts of supply and demand to real world case studies.

# Explaining how markets use the supply-demand mechanism to efficiently allocate resources and products.

# Defining and calculating consumer and producer surplus.

* + 1. Describing allocative efficiency
    2. Showing allocative efficiency on a graph and explaining why the equilibrium price and quantity is the only point where allocative efficiency is achieved.
    3. Explaining the inter-related nature of markets.
  1. Students should be able to demonstrate understanding of elasticity by:
     1. Defining elasticity of demand.
     2. calculating elasticity using:
        1. total revenue method
        2. coefficient method
     3. Graphing elastic and inelastic supply and demand curves.
     4. Defining elasticity of supply.
     5. Analyzing elasticity of supply using Marshall's three time periods.
     6. Applying elasticity concepts to real world case studies.
     7. Defining & calculating income elasticity.

### Defining & calculating cross elasticity.

### Inferring the shape of a curve from information given.

### Stating the determinants of demand and supply elasticity.

* 1. Students should be able to demonstrate understanding of governments' effect on the market by:
     1. Comparing market determined price to administered set prices.
     2. Explaining how government regulations can alter cost of production, supply and demand quantity.
     3. Describing ceiling and floor prices and predicting their effects.
     4. explaining the difference between ceilings/floors and shortages/surpluses
     5. Showing how government policies may cause markets to deviate from allocative efficiency.

**Unit III:** Theory of the Firm

*CR-2: This course provides instruction in the nature and function of product markets.*

1. Students should be able to recognize and appreciate the differences in organization and operations that exist within businesses operating in our economy.
   1. Students should be able to demonstrate an understanding of firms’ revenue, cost, profit, and production decisions by:
      1. Identify the production function for a firm in the short run.
         1. Identify total, average and marginal products for a firm in the short run.
            1. Calculate the above measurements.
            2. Graph the above measurements with correct shapes and intersections
         2. Describe the three stages of production for a typical firm.
         3. Define the Law of Diminishing (Marginal) Returns (Productivity).
      2. Listing and defining the costs, revenues, and profits for a firm
         1. Fixed costs, variable costs, total and total revenue, AFC, AVC, ATC, MC, AR, MR.
         2. Calculating profit or loss, net worth, and identifying fixed and variable costs from a set of hypothetical business figures.
         3. Differentiating between implicit and explicit costs.
         4. Identifying the difference between accounting profits and economic profits.
      3. Demonstrating an understanding of the relationship between different types costs by
         1. defining marginal physical product of labor, land, and capital
         2. Identifying the relationship that exists between marginal product and marginal cost.
         3. Identify total, average, and marginal costs together.
            1. Calculate the above measurements.
            2. Graph the above measurements with correct shapes and intersections.
         4. Explaining the relationship between total, average, and marginal costs
         5. Differentiating between returns to scale and diminishing returns.
      4. Determining the efficiency of firms by
         1. Defining and graphing productive efficiency/efficient scale
         2. Explaining the difference between economies of scale, diseconomies of scale, and constant returns to scale.
         3. Differentiating between productive and allocative efficiency
      5. Defining and explaining the profit maximizing rule, including why it maximizes profits.
      6. Determining from a graph, prompt, or cost data a firms profitability
         1. TR – TC
         2. Q(P-ATC)
   2. Students should be able to demonstrate an understanding of how and why firms in perfectly competitive markets behave differently than firms in other market structures based upon the production and sales requirements of their products by:
      1. Listing and defining the characteristics of a perfectly competitive market.
         1. Providing examples of firms in competitive markets
         2. Describing the effects these characteristics have on the market in which the firm operates.
            1. Pricing and output decisions
            2. Profits
            3. Graphing and explaining the shape of the firm’s demand and marginal revenue curve.
      2. Correctly drawing and labeling a perfectly competitive markets including
         1. Cost curves for the firm
         2. Side-by-side graphs of the market and the typical firm
         3. Showing the link between the market and firm price
      3. Explaining and graphing various short-run scenarios for a firm and describing their decision for each.
         1. Profit
         2. Break Even
         3. Operate with losses
         4. Shut down
         5. Demonstrating why it is rational to operate at a loss rather than shut down in some cases.
      4. Explaining and graphing various long-run scenarios for a firm and describing their decision for each.
         1. entry
         2. exit
         3. microeconomic/long-run equilibrium, including why profits equal zero.
         4. explain why firms continue to operate at equilibrium
         5. show and explain how the short-run adjusts to long-run equilibrium
      5. Describing the advantages and disadvantages to consumers and to society received when each market structure exists within a nation’s economy.
         1. Describing productive and allocative efficiency and indicating how they are achieved in perfectly competitive markets.
      6. Showing the effects of policy on competitive markets by
         1. Differentiating between lump-sum and per-unit taxes/subsidies
         2. Show on a graph how lump-sum and per-unit taxes/subsidies affect pricing and output
         3. Explaining the impact of lump-sum and per-unit taxes/subsidies
   3. Students should be able to demonstrate an understanding of how and why monopolies behave differently than firms in other market structures based upon the production and sales requirements of their products by:
      1. Listing and defining the characteristics of a monopoly market.
         1. Providing examples of monopolies
         2. Explaining the sources of monopoly
            1. Natural/technical
            2. Resource
            3. Government
      2. Describing the effects of these characteristics on the market in which the firm operates.
         1. Pricing and output decisions
         2. Profits
         3. Graphing and explaining the relationship between the firm’s demand and marginal revenue curves.
      3. Correctly drawing and labeling a monopoly markets including
         1. Cost curves for the firm
         2. Deadweight loss
         3. Price and quantity
         4. Profits
         5. Natural monopoly
      4. Explain the behavior of monopolies including
         1. Price seeking/lack of supply curve
         2. Creation of deadweight loss
         3. Defining and explaining price discrimination and its consequences
         4. Show and explain how the changes in demand or costs affect pricing, output, and profits.
      5. Describing the advantages and disadvantages to produces, consumers, and to society when monopolies exist.
         1. Defining deadweight loss and explaining why monopolies are inefficient for society.
         2. Describing natural monopolies and relating the concept of economies of scale to market structure.
         3. Describing the process of government regulation of monopolies and its effect on economic efficiency.
            1. Doing nothing
            2. Marginal Cost/Socially Optimal Pricing
            3. Fair Return/Break-even pricing
            4. Antitrust laws
            5. Patents and copyrights
   4. Students should be able to demonstrate an understanding of how and why Oligopolies behave differently than firms in other market structures based upon the production and sales requirements of their products by:
      1. Listing and defining the characteristics of an oligopoly.
         1. Providing examples of oligopoly markets
         2. Describing the effects of these characteristics on the market in which the firm operates.
            1. Explaining potential for monopoly price and quantities
            2. Using the Game Theory and the Prisoner’s Dilemma to explain firm behavior

Pricing and output decisions

Profits

* + - * 1. Creating and reading Prisoner’s Dilemma payoff schedules and using them to determine

Dominant strategies

Non dominant strategies

Dominated strategies

* + 1. Describing the advantages and disadvantages to produces, consumers, and to society when oligopolies exist, including.
       1. Explaining the effects of collusion and cartels
       2. Listing some government responses to oligopolies
       3. Price wars
  1. Students should be able to demonstrate an understanding of how and why monopolistically competitive firms behave differently than firms in other market structures based upon the production and sales requirements of their products by:
     1. Listing and defining the characteristics of a monopolistically competitive market.
        1. Differentiating between the monopolistic and competitive aspects of the market.
        2. Providing examples of monopolistically competitive markets
     2. Graphing monopolistically competitive markets that show
        1. Graphing and explaining the relationship between the firm’s demand and marginal revenue curves.
        2. Excess capacity
        3. Changes in demand
        4. Long run adjustments to equilibrium
     3. Describing the effects of these characteristics on the market in which the firm operates.
        1. Pricing and output decisions
        2. Profits (short and long-run profits)
     4. Describing the advantages and disadvantages to produces, consumers, and to society when monopolistically competitive markets exist.
        1. Identifying sources of product differentiation
        2. Debating different perspectives on the role of advertising.
        3. Explaining the prevalence of monopolistically competitive markets and society’s response.

**Unit IV:** Resource Markets

*CR3- This course provides instruction in markets for factors such as land labor and capital*

1. Students will demonstrate an understanding of resource markets by
   1. Students should demonstrate an understanding of the general differences between resource and product markets by:
      1. Drawing and explaining the resource market from a circular flow diagram, including the flow of resources and money and the specific terms used to describe them.
      2. Drawing a graph of a resource market with correct labels.
      3. Stating who represents supply and demand in the resource market.
      4. Recognizing that wages, rents, and interest rates are prices.
   2. Students should demonstrate an understanding of the process of wage determination in a competitive market by
      1. Stating the characteristics of a competitive labor market.
      2. Distinguishing between market structure in product and factor markets for a firm.
      3. Explaining the firm’s demand for labor by
         1. Defining derived demand.
         2. Defining Marginal Revenue Product (MRP)
         3. Graphing MRP for a firm.
         4. Relating the Law of Diminishing Marginal Utility to the shape of the MRP curve.
         5. Explaining why MRP is the firm’s labor demand curve.
      4. Explaining how firms determine the number of workers to hire by
         1. Defining Marginal Resource Cost (MRC) and explaining the determination of wages the firm pays.
         2. Employing marginal analysis to determine the number of workers hired.
         3. Graphing the labor market and a typical firm together and showing
            1. Market determination of wages.
            2. The number of workers hired by the firm.
         4. Listing and describing the determinants of labor demand and their impact on the firm and market.
         5. Explaining the determinants of labor productivity.
         6. Graphing and explaining how changes in the supply of or demand for labor affect wages and employment.
   3. Students should demonstrate an understanding of the process of wage determination in a monopsonisitc market by
      1. Listing the characteristics of a monopsony
      2. Explaining the monopsonist’s demand for labor.
      3. Graphing and explaining the relationship between the labor supply and MRC curves for a monopsonisitc firm.
      4. Showing on a graph and explaining the outcome of monopsony on wages and employment.
      5. Describing the role of labor unions in labor markets via the 3 labor union models and their effects on wages and employment.
      6. Graphing and explaining dead weight loss in a labor market.
   4. Students should demonstrate an understanding of the compensation/pricing of other productive resources by
      1. Deriving demand curves for land and capital based on their marginal productivity.
      2. Applying the process of wage determination to other factors of production
      3. Defining Economic Rent and explaining the source of economic rent.
      4. Drawing a Loanable Funds Market and
         1. Defining interest rates
         2. Explaining the sources of supply and demand of loanable funds.
         3. Explaining the role of loanable funds within the economy
         4. Showing and explaining the effects of changes in the supply or demand for loanable funds on investments and their profitability.
   5. Students should demonstrate an understanding of how firms allocate resources by
      1. Applying the marginal productivity theory of resource demand to problem sets.
         1. Define and calculate marginal product per dollar.
         2. Explain how firms determine the optimum resource mix.
         3. Calculate the least-cost combination of inputs for a given output.
         4. Calculate the profit-maximizing combination of inputs.

Unit V: Public Finance

CR 4: This course provides instruction in market failures and government intervention.

1. Students will understand the limitations of market and the role of government in the economy.
   1. Students will demonstrate an understanding of “market failure” by
      1. Defining market failure
      2. Explaining the causes of market failure
      3. Identifying positive and negative externalities and how they relate to over or under allocations of resources.
      4. Drawing graphs of market failures and distinguishing between private and social costs and benefits
      5. Explaining the use of taxes, subsidies, and regulation to mediate the negative effects of externalities and how these relate to marginal analysis.
      6. Applying Coase Theorem to problems involving externalities.
   2. Students will demonstrate an understanding of how a society decides which goods and services will be provided by or with the assistance of the government by
      1. Distinguishing between rival and shared goods.
      2. Distinguishing between excludable and non excludable goods.
      3. Correctly listing the characteristics of a pure public good, pure private, and quasi public goods.
      4. Explaining what characteristics-tests are commonly employed to evaluate whether government should spend money to undertake a particular activity or project.
      5. Describing complexities of mixed private/public provision of goods and services such as
         1. The role of information in public and private markets
         2. Public choice economics
         3. Median voter Theory
         4. Rent seeking Behaviors
   3. Students will demonstrate and understanding of effective taxation by
      1. Listing the characteristics of a fair and efficient tax.
      2. Explaining and calculating the difference between a "nominal" vs. an "effective" tax rate.
      3. Explaining how regressive, progressive, and proportional taxes impact low, medium, and high-income individuals and families.
      4. Categorizing the taxes commonly used by federal, state, and local governments in terms of the criteria for fair and efficient taxes.
      5. Explaining the consequences of taxation levied against each of the possible bases: income, wealth, and consumption.
      6. Describing the different purposes of taxation (correcting externalities, financing public good, macroeconomic management).
   4. Students should understand the role of government in the US economy by
      1. Reading about the sources of revenue and expenditure at the federal, state, and local level.
      2. Defining budget surplus and deficit
      3. Differentiating between deficits and debt.
      4. Describing the relationship between debt and interest in budgeting.

**Unit VI:** Macroeconomic Indicators

*CR 2- This course provides instruction in the measurement of economic performance, specifically GDP, Unemployment and Inflation.*

1. Students will understand how economic performance is measured.
   1. Students will demonstrate an understanding of the principle differences between micro and macroeconomics by:
      1. Drawing a circular flow model of the economy and explain how the parts relate to each other.
      2. Listing the major macroeconomic indicators.
      3. Defining leading, lagging, and coincident indicators.
      4. Describing nominal versus real values for various aggregate measurements.
   2. Students will demonstrate an understanding of GDP and its relation to economic performance by:
      1. Describing the component areas of consumer, investment, government, and foreign spending and the effect they have on the economy.
      2. Calculating GDP using the output/expenditures approach.
      3. Differentiating between different measures of GDP (total, per capita).
      4. Explaining the difference between nominal and real GDP.
      5. Calculating the GDP deflator.
      6. Relate the concept of GDP to national income and standard of living, including over time.
      7. Describe the difference between GDP and GNP.
      8. State the target rate for growth in GDP and explain why economists consider it ideal.
   3. Students will demonstrate an understanding of inflation and its relation to the economy by
      1. Defining inflation
      2. Describing price indexes in general, and listing some common price indexes (CPI, PPI).
      3. Describing how the CPI is calculated and used to measure inflation.
         1. Calculating weighted “basket” values
         2. Generating a price index
         3. Computing the inflation rate from the price index.
      4. Listing and explaining some of the problems of using the CPI as a measure of inflation.
      5. Listing some of the sources of inflation, including cost-push and demand-pull.
      6. Stating the target inflation rate for the economy and explaining why economists consider it ideal.
      7. Comparing the effects of inflation on different groups in society.
   4. Students will demonstrate and understanding of unemployment and its relation to economic performance by
      1. Explaining how unemployment is measured.
      2. Defining the various types and causes of unemployment: structural, seasonal, cyclical, and frictional.
      3. Stating the natural rate of unemployment for the economy and why economists consider it ideal.
   5. Students will demonstrate an understanding of how the various indicators of the economy relate to each other and the business cycles by:
      1. Knowing that the level of business activity in the economy will fluctuate over time.
      2. Defining economic growth and list factors that contribute to the growth.
      3. Describing the stages of a business cycle.
      4. Graphing a business cycle.
      5. Describing how the major indicators of the business cycle relate to each other in each phase of the business cycle.

**Unit VII:** *AD/AS Model, Business Cycles, and Fiscal Policy*

*CR-3: This course provides instruction in national income and price determination through the Aggregate Supply and Aggregate Demand Model*

*CR-5: This course provides instruction in fiscal policy.*

1. Students will understand the AS-AD model and understand and evaluate Fiscal Policy.
2. Students will demonstrate an understanding of the composition and principles of aggregate demand by:
   1. Defining aggregate demand (AD).
   2. Listing the different components of AD.
   3. Classifying situational changes to the determinants of AD.
      1. Defining investment demand.
      2. Graphing investment demand
      3. Explaining the impact of the interest rate on investment component of AD.
   4. Explaining the reasons the AD curve is downward sloping.
   5. Contrasting the AD curve from individual and market demand curves.
   6. Differentiating between movement along and shifts of AD.
   7. Showing movements of and shifts in AD on a graph with proper labels.
3. Students will demonstrate an understanding of the composition and principles of short-run aggregate supply by:
   1. Defining aggregate supply (AS).
   2. Listing the different components of AS.
   3. Classifying situational changes to the determinants of AS.
   4. Identify the different ranges of the AS curve and the implications for growth and inflation in each.
   5. Relating the AS curve to RGDP.
   6. Differentiating between movement along and shifts of AS.
   7. Showing movements of and shifts in AS on a graph with proper labels.
4. Students will demonstrate an understanding of long run aggregate supply by:
   1. Explaining the difference between short and long run aggregate supply.
   2. Stating the shift factors for LRAS.
   3. Showing movements of and shifts in AS on a graph with proper labels.
5. Students will demonstrate and understanding of macroeconomic equilibrium and changes in equilibrium by:
   1. Drawing a correctly labeled graph AS/AD diagram in equilibrium, including LRAS.
   2. Distinguish between short run changes in output/capacity and economic growth.
   3. Relate the concept of LRAS to production possibility frontier.
   4. Showing and explaining changes to AS and AD on employment and output.
   5. Utilizing the AS/AD model to demonstrate various economic scenarios.
6. Students will demonstrate an understanding of the principles of fiscal policy by:
   1. Defining fiscal policy and its relationship to the Employment Act of 1946.
   2. Describing the tools of fiscal policy.
   3. Describing the appropriate applications for deficit, surplus and balanced budget fiscal policies.
   4. Explaining the implementation process of fiscal policy.
   5. Analyzing a given set of data to determine the major problem presented.
   6. Applying the tools of fiscal policy to solve a problem as determined from a set of economic data.
   7. Defining and calculating the multiplier effect, including Spending, Tax, and Balanced Budget Multipliers.
   8. Identifying and explaining the interest rate effect (crowding out) and its effects on Fiscal Policy.
   9. Identifying the effect of expansionary and contractionary fiscal policy on the dollar.
   10. Identifying the effect of expansionary and contractionary fiscal policy on imports and exports.
7. Students should understand Classical and Keynesian views of fiscal policy by:
   1. Explaining the origins of the Classical view of the economy.
   2. Explaining the origins of the Keynesian view of the economy.
   3. Distinguishing between Keynesian and Classical views of
      1. The shape of the aggregate supply curve
      2. Adjustment mechanisms
         1. Price and wage flexibility
         2. Interest rates and leakage of saving
         3. Stability of AD
   4. Evaluating the validity of different arguments of each perspective during historical periods.

**Unit VIII:** Money, Banking, Monetary Policy

*CR-4: The course provides instruction in the financial sector.*

*CR-7: The course provides instruction in the open economy: international trade and finance.*

1. Students will understand the role of money, banks, and monetary policy in the economy.
   1. Students will demonstrate an understanding of money and banking by:
      1. Defining money
      2. Listing the components of and calculating M1 and M2 from given data.
      3. Describing the major functions of money and their relationship to M1 and M2.
      4. Distinguishing between fiat money, commodity money, and near money.
      5. Defining and explaining fractional reserve banking and the business model of a bank.
      6. Stating the formula for the money multiplier.
      7. Calculating how money much money is created or destroyed by the banking system from a given set of data.
      8. Analyzing the advantages and disadvantages of fractional reserve banking.
      9. Identifying how deposit insurance protects the depositor and banking system as a whole.
   2. Students will demonstrate an understanding of the Federal Reserve System by:
      1. Describing the structure of the Federal Reserve System and characteristics of its governance including
         1. Commercial banks.
         2. Regional Banks.
         3. The Federal Open Market Committee.
         4. Board of Governors.
      2. Characterizing the Fed’s role as a quasi-governmental institution.
      3. Listing and explaining the functions of the Fed such as
         1. Regulating banks.
         2. Acting as the lender of last resort.
         3. Managing the money supply.
   3. Students will demonstrate an understanding of the mechanics of monetary policy by:
      1. Describing the tools of monetary policy and their prevalence of use including
         1. The reserve requirement
         2. Interest rates
         3. Open market operations
         4. Selective credit controls and moral suasion.
      2. Evaluating the effectiveness of each of the monetary policy tools.
      3. Distinguishing between the Discount and Federal funds rate, including the Feds level of control over each.
      4. Drawing a graph of the money market.
      5. Differentiating between the money and loanable funds markets.
      6. Illustrating and describing Monetary Policy Transmission Mechanism.
      7. Calculating the real interest rate and contrasting it with the nominal rate.
      8. Creating the proper monetary policy to solve the problems of inflation or recession as determined from a set of economic data.
   4. Students will demonstrate an understanding of historical and current monetary policy and its effects by:
      1. Evaluating previous and current monetary policies.
      2. Describing the basic principles and origins of the Monetarist school.
      3. Stating the Equation of exchange and
         1. Defining the variables within the equation.
         2. Calculating nominal GDP based on a given data set.
      4. Appraising the short and long run effects of monetary policy.
      5. Assessing the disadvantages of monetary policy, including
         1. Time lags.
         2. Indirect nature of policy decisions.
         3. Predictability of future money values and inflation.
      6. Analyzing the effects of different monetary policies on the domestic and international value of the dollar.
      7. Analyzing the effects of different monetary policies on imports and exports.

**Unit IX:** Macroeconomic Policy, Issues, and Analysis

*CR-2: The course provides instruction in the measurement of economic performance.*

*CR-5: The course provides instruction on inflation, unemployment, and stabilization policies.*

*CR-6: The course provides instruction in economic growth and productivity.*

1. Students will demonstrate an understanding of competing theories that explain economic performance and policy.
   1. Students will demonstrate an understanding of economic growth by:
      1. Applying the concepts of “real” and “nominal” values to:
         1. GDP.
         2. Wages.
         3. Interest rates.
      2. Explaining why growth is desirable.
      3. Listing factors that contribute to economic growth.
         1. Defining capital.
         2. Defining productivity.
         3. Analyzing the importance of capital to productivity, output, and growth.
         4. Identifying factors that contribute to changes productivity and capital.
         5. Explaining the impact of changes in capital stock on long-run growth.
         6. Differentiating between the short run effects on GDP of fiscal and monetary policy and long run economic growth.
   2. Students will demonstrate an understanding of the Rational Expectations Theory by:
      1. Explaining the Short-Run Phillips Curve (SRPC).
         1. Differentiating between a movement along and shift of the SRPC.
         2. Listing factors that could cause the SRPC to shift.
      2. Explaining the Long Run Phillips Curve (LRPC).
         1. Defining the natural rate of unemployment.
         2. Stating the current natural rate of unemployment.
         3. Differentiating between SRPC and LRPC.
      3. Drawing a correctly labeled graph of SRPC and LRPC in equilibrium.
      4. Interpreting changes economic conditions and their effects on the short and long run Phillips Curves.
         1. Show the process of long run adjustment for Phillips curves, including connections to AS/AD diagrams.
         2. Explaining long run adjustments including the role of expected and actual inflation.
   3. Students will evaluate Classicalism, Keynesianism, Monetarism, Rational Expectations Theory, and Supply-Side theory.
      1. Comparing the assumptions of each.
      2. Explaining each theory’s principle arguments and/or recommendations.
      3. Knowing development of the theories as well as their major proponents.
      4. Prescribing policy for given data based on each theory.
      5. Comparing and contrasting the theories.
      6. Stating the strengths and weaknesses of each approach.
      7. Applying the theories to different historical situations.

**Unit X:** *International Economics*

*CR-1: The course provides instruction in basic economic concepts.*

*CR-7: The course provides instruction in the open economy: international trade and finance.*

1. Students will demonstrate an understanding of international trade and finance.
   1. Students should demonstrate an understanding of the mechanics and benefits of trade by:
      1. Defining absolute advantage.
      2. Explaining why it is not in a nation’s best interest to produce entirely for itself.
      3. Defining comparative advantage.
      4. Calculating comparative advantage using the input and output method.
      5. Explaining what conditions must be satisfied for trade to be beneficial.
      6. Explaining the advantages of specialization in a comparative advantage product(s).
      7. Stating the benefits of trade such as
         1. Increased production.
         2. Lower prices.
         3. Greater efficiency.
      8. Determining the terms of trade from data.
      9. Graphing a person or nation’s production possibilities curve based on data.
      10. Calculating the gains from trade.
      11. Graphing and explaining consumption possibilities curves.
   2. Student should understand the arguments for and against free trade by:
      1. Explaining why trade occurs and under what conditions.
      2. Explaining the effects of free trade on employment and output in both the short and long-run.
      3. Stating the domestic opportunity costs that can cause nations to interfere with free trade.
      4. Explaining why some nations, firms, and individuals argue for trade restrictions
      5. Defining protectionist policies such as
         1. Tariffs.
         2. Quotas.
         3. Embargos.
         4. Subsidies.
      6. Drawing correctly labeled graph of free trade versus competitive markets.
   3. Student will demonstrate an understanding of a nations balance of payments by:
      1. Defining the term “Balance of Payments.”
      2. Explaining why nations are concerns with maintaining a balance of payments.
      3. Applying the terms debit and credit appropriately to international transactions.
      4. Listing the characteristics of the current and capital account.
      5. Classifying transactions into the current and capital accounts.
      6. Defining and calculating trade deficits and surpluses.
      7. Explaining how the balance of trade and balance of payments demonstrate where a nation's trade problems and strengths exist.
   4. Students will demonstrate an understanding of currency values and markets by:
      1. Defining exchange rates.
      2. Explaining the role of currency in international trade.
      3. Describing how currency values are determined in fixed and flexible systems.
      4. Drawing correctly labeled graphs of currencies and
         1. Analyzing effect of various changes on the supply and demand for a currency.
         2. Showing the changes on the graph.
         3. Explaining the effects of the changes in the values and quantities of all currencies involved.
      5. Explaining and calculating how currency exchange rates might help or hinder trade for selected groups within the economy.
      6. Determining the effects of the real interest, or a change therein, on the value of currencies.
      7. Appraising the connections between different fiscal and monetary policies and their impact on currency values and balance of payments.