

ELEMENTS OF ECONOMICS

	Student Text	Practice Book	Teacher Resource Edition
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	2, 43, 44, 91	2, 43, 44, 91	
• Explaining land (an example of a natural resource), labor (an example of a human resource), capital (an example of a physical or human resource), and entrepreneurship to be the factors of production	2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37	2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37	Activities & Projects: Ch1, Ch2, Ch8, Ch13
• Explaining opportunity cost as the next best alternative to relinquish when individuals, businesses, and governments confront scarcity by making choices	44	44	Activities & Projects: Ch1, Ch2, Ch6, Ch8, Ch9, Ch13, Ch15
2. Explain how rational decision making entails comparing additional costs of alternatives to additional benefits.			
• Illustrating on a production-possibilities curve how rational decision making involves trade-offs between two options	1, 2, 33, 34, 35, 36, 37, 40, 41, 43, 44, 45, 46, 47, 48, 49, 50, 90, 92	1, 2, 33, 34, 35, 36, 37, 40, 41, 43, 44, 45, 46, 47, 48, 49, 50, 90, 92	Activities & Projects: Ch1, Ch2, Ch6, Ch7, Ch8, Ch9, Ch13
• Explaining rational decision making as the comparison between marginal benefits and marginal costs of an action	1, 2, 33, 34, 35, 36, 37, 40, 41, 43, 44, 45, 46, 47, 48, 49, 50, 90, 92	1, 2, 33, 34, 35, 36, 37, 40, 41, 43, 44, 45, 46, 47, 48, 49, 50, 90, 92	Activities & Projects: Ch1, Ch2, Ch6, Ch7, Ch8, Ch9, Ch12, Ch15

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

- Defining command, market, and mixed economic systems 12, 13, 14, 15, 16, 80, 81, 82, 83 12, 13, 14, 15, 16, 80, 81, 82, 83 Activities & Projects: Ch3
- Describing how different economic systems answer the three basic economic questions of what to produce, how to produce, and for whom to produce 12, 13, 14, 15, 16, 80, 81, 82, 83 12, 13, 14, 15, 16, 80, 81, 82, 83 Activities & Projects: Ch3
- Evaluating how each type of system addresses private ownership, profit motive, consumer sovereignty, competition, and government regulation 12, 13, 14, 15, 16, 43, 44, 45, 46, 47, 93, 94 12, 13, 14, 15, 16, 43, 44, 45, 46, 47, 93, 94 Activities & Projects: Ch3

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.

Activities & Projects: Ch1, Ch2, Ch3

- Explaining how government regulation and deregulation policies affect consumers and producers 12, 13, 14, 15, 16, 47, 48, 53, 54, 55 12, 13, 14, 15, 16, 47, 48, 53, 54, 55 Activities & Projects: Ch1, Ch2, Ch3, Ch12

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

2, 3, 7, 8, 9, 11, 17, 23, 33, 34, 36, 38, 43, 49, 65 2, 3, 7, 8, 9, 11, 17, 23, 33, 34, 36, 38, 43, 49, 65 Activities & Projects: Ch2

- Explaining productivity as the amount of outputs, or goods and services, produced from inputs, or factors of production 49 49 Activities & Projects: Ch2

<ul style="list-style-type: none"> • Describing how investments in factories, equipment, education, new technology, training, and health improve economic growth and living standards 	11, 67, 91	11, 67, 91	Activities & Projects: Ch2
6. Describe how specialization and voluntary exchange between buyers and sellers lead to mutually beneficial outcomes.			
<ul style="list-style-type: none"> • 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 	4	4	Activities & Projects: Ch1, Ch2
<ul style="list-style-type: none"> • Constructing examples of specialization and exchange 	65	65	Activities & Projects: Ch1, Ch2
<ul style="list-style-type: none"> • Illustrating on a table and graph the law of supply and demand 			Activities & Projects: Ch2
<ul style="list-style-type: none"> • Describing the role of buyers and sellers in determining market clearing price 	2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 48, 49, 50, 51, 92, 93, 94	2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 48, 49, 50, 51, 92, 93, 94	Activities & Projects: Ch1, Ch2, Ch7, Ch11, Ch13, Ch14
<ul style="list-style-type: none"> • Illustrating on a table and graph how supply and demand determine equilibrium price and quantity 			Activities & Projects: Ch2
<ul style="list-style-type: none"> • Illustrating on a graph of supply and demand how price movements eliminate shortages and surpluses 			Activities & Projects: Ch2
<ul style="list-style-type: none"> • Illustrating on a graph how different factors cause changes in a market supply and demand 			Activities & Projects: Ch2
<ul style="list-style-type: none"> • Explaining how prices serve as incentives in a market economy 	33, 43, 44, 45, 46, 47, 92		Activities & Projects: Ch1, Ch2, Ch7

7. Describe the organization and role of business.

<ul style="list-style-type: none"> • Comparing types of business firms, including sole proprietorships, partnerships, and corporations 	38, 39, 40, 41, 42	38, 39, 40, 41, 42	Activities & Projects: Ch7
<ul style="list-style-type: none"> • Explaining the role of profit as an incentive, including short-term versus long-run decisions, for all firms 	38, 39, 40, 41, 42, 43, 44, 45, 46	38, 39, 40, 41, 42, 43, 44, 45, 46	Activities & Projects: Ch7, Ch9
<ul style="list-style-type: none"> • Describing basic characteristics of pure competition, monopoly, monopolistic competition, and oligopoly 	43, 44, 45, 46, 47, 48, 54, 81, 84, 85	43, 44, 45, 46, 47, 48, 54, 81, 84, 85	Activities & Projects: Ch9, Ch11
<ul style="list-style-type: none"> • Explaining ways firms finance operations, including retained earnings, stocks, and debt, and the advantages and disadvantages of each 	74, 75, 78	74, 75, 78	
<ul style="list-style-type: none"> • Explaining ways firms engage in price and nonprice competition 	46, 47, 54	46, 47, 54	Activities & Projects: Ch9
<ul style="list-style-type: none"> • Recognizing the role of economic institutions, including labor unions and nonprofit organizations, in market economies 	27, 28, 29, 30, 31, 42, 83, 84, 85, 86, 87, 88, 89	27, 28, 29, 30, 31, 42, 83, 84, 85, 86, 87, 88, 89	Activities & Projects: Ch8, Ch9, Ch17
8. Explain the impact of the labor market on the United States' economy.	5, 6, 23		
<ul style="list-style-type: none"> • Identifying regional characteristics of the labor force of the United States, including gender, race, socioeconomic background, education, age, and regional specialization 	24, 52	24, 52	Activities & Projects: Ch1, Ch5
<ul style="list-style-type: none"> • Explaining how supply of and demand for labor affect wages 	30, 62, 86, 89	30, 62, 86	Activities & Projects: Ch1, Ch5
<ul style="list-style-type: none"> • Describing characteristics that are most likely to increase wage and nonwage benefits, including skill, productivity, education, occupation, and mobility 	30, 62, 86, 89	30, 62, 86	Activities & Projects: Ch1, Ch5
<ul style="list-style-type: none"> • Explaining how unemployment and inflation impose costs on individuals and nations 	62, 89		Activities & Projects: Ch1

- 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

Activities & Projects: Ch1

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

27, 28, 29, 30, 31, 83, 84, 85, 86, 87, 88, 89 27, 28, 29, 30, 31, 83, 84, 85, 86, 87, 88, 89 Activities & Projects: Ch17

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

1, 2, 49, 62 1, 2, 49, 62 Activities & Projects: Ch1, Ch2, Ch7, Ch10, Ch11

- Identifying structural, cyclical, and frictional unemployment

49, 62 49, 62 Activities & Projects: Ch5

- Describing stages of the business cycle and how employment and inflation change during those stages

49, 62 49, 62 Activities & Projects: Ch5

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

69, 70, 71, 72, 73, 75, 90 69, 70, 71, 72, 73, 75, 90 Activities & Projects: Ch16, Ch18

• Defining monetary policy	69, 70, 71, 72, 73, 75, 90	69, 70, 71, 72, 73, 75, 90	Activities & Projects: Ch16, Ch18
• Describing how the central bank uses its tools of monetary policy to promote price stability, full employment, and economic growth	69, 70, 71, 72, 73, 75, 90	69, 70, 71, 72, 73, 75, 90	Activities & Projects: Ch16, Ch18
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	8, 40, 59, 60, 61, 68	8, 40, 59, 60, 61, 68	Activities & Projects: Ch2, Ch3, Ch10, Ch11, Ch12, Ch16
• Comparing government deficits and the national debt	76, 77	76, 77	Activities & Projects: Ch3
12. Explain why individuals, businesses, and governments trade goods and services in the global economy.			
• Defining absolute advantage and comparative advantage	17, 18, 19, 20, 21	17, 18, 19, 20, 21	Activities & Projects: Ch4, Ch13, Ch14
• Explaining how gains from trade, whether between two individuals or two countries, are based on the principle of comparative advantage	17, 18, 19, 20, 21, 71, 72, 73	17, 18, 19, 20, 21, 71, 72, 73	Activities & Projects: Ch4, Ch13, Ch14
• Defining exchange rates	69, 70, 71, 72, 73	69, 70, 71, 72, 73	Activities & Projects: Ch14
• Explaining how changes in exchange rates impact purchasing powers of individuals and businesses	71, 72, 73	71, 72, 73	Activities & Projects: Ch14
• Explaining tariffs, quotas, embargoes, standards, and subsidies as trade barriers	66, 68	66, 68	Activities & Projects: Ch14
• Explaining why countries sometimes impose trade barriers and sometimes advocate free trade	67, 68	67, 68	Activities & Projects: Ch14