

## JA Economics®

*JA Economics* examines the fundamental concepts of micro-, macro-, and international economics. Seven required volunteer-led activities.

The key learning objectives listed beside each activity state the skills and knowledge students will gain.

### Chapter 1: What is Economics

Economics is a social science that studies how people, acting individually and in groups, decide to use scarce resources to satisfy their wants.

### Key Learning Objectives

The student will:

- Describe the nature of human wants and how they are satisfied.
- Identify and define the four factors of production.
- Define the meanings of scarcity and opportunity cost.
- Explain the key ideas in the economic way of thinking.
- Explain what it means to think at the margin.
- Describe the choices businesses face and a major goal of business.
- Identify the basic economic decisions facing all societies.
- Describe the two branches of economics.

## Chapter 2: Free Enterprise in the United States

A key content of this chapter is the pillars of free enterprise – private property, specialization, voluntary exchange, the price system, market competition, and entrepreneurship.

## Chapter 3: Demand

In economics, demand is the various qualities of something consumers are willing and able to buy at many different prices at a particular time.

## Key Learning Objectives

The students will:

- Explain why private property, specialization, voluntary exchange, the price system, market competition, and entrepreneurship are considered the pillars of free enterprise.
- Describe the nature of command, traditional, and mixed economic systems.
- Explain the three kinds of models economists use.
- Describe how the Circular Flow of Money, Resources, and Products explains the function of a free market economy.
- Define money and explain its three functions.
- Identify the goals of the U.S. economic system.

## Key Learning Objectives

The students will:

- Explain the role prices play in a market economy.
- Define demand and describe how it illustrates the price effect.
- Explain why people buy more of something at lower prices and less at higher prices.
- Describe the relationship between individuals' demands and market demand.
- Define the price elasticity of demand and explain what determines it.
- Describe the difference between the price effect and a change in demand.

## Chapter 4: Supply

Supply is the various quantities of a product that producers are willing and able to sell at different prices at a particular time.

## Chapter 5: Market-Clearing Price

A market-clearing price exists when the amount of a product that buyers want to buy at that price is the same amount that sellers want to sell at that price.

## Key Learning Objectives

The students will:

- Describe how supply is related to opportunity cost.
- Define supply and explain the price effect related to supply.
- Explain why producers want to sell more of something at higher prices and less at lower prices.
- Describe the relationship between market supply and the supplies of individual sellers.
- Explain the price elasticity of supply and what determines it.
- Describe the difference between the price effect and a change in supply.

## Key Learning Objectives

The students will:

- Describe how competitive markets “clear” the amount buyers want to purchase with the amount sellers want to sell.
- Explain the nature of shortages and surpluses and how market competition eliminates them.
- Describe how market-clearing prices motivate people to produce goods and services.
- Describe the kinds of changes that occur in demand and supply, and how these changes affect market-clearing prices.

## Chapter 6: Consumers, Savers, and Investors

People earn most of their income from jobs. They also earn some of it by putting their wealth to work. Over time, people increase their wealth by saving and investing. It pays for individuals to become familiar with the options available to investors and to shop for investments that offer the return, safety, and liquidity they desire.

## Chapter 7: The Business of Free Enterprise

Enterprising individuals who put their creative talent to work in both large and small companies drive innovation in the U.S. economy.

### Key Learning Objectives

The students will:

- Identify two main sources of household income.
- Describe the factors that influence wealth accumulation.
- Explain how personal budgets help people make good choices as consumers and savers.
- Identify what an individual should consider in making saving and investing decisions.
- Identify options for one's savings.
- Describe the advantages and disadvantages of using credit.
- Explain how consumer interests are protected in our market economy.

### Key Learning Objectives

The students will:

- Identify the characteristics of entrepreneurs.
- Describe some of the paths successful entrepreneurs have followed.
- Explain the role of small business in the U.S. economy.
- Identify the kinds of information that can be helpful in starting a small business.
- Explain the advantages and disadvantages of sole proprietorships, partnerships, and corporations.
- Identify other types of business organizations, such as not-for-profits.
- Describe how large corporations are organized.

## Chapter 8: Financing a Business

Financial markets play an important role in a free enterprise economy by channeling money from savers to businesses that use it to invest in new capital resources.

## Chapter 9: Production and Productivity

Production of goods and services is important because it determines people's incomes and their consumption of goods and services.

### Key Learning Objectives

The students will:

- Describe how financial markets help businesses obtain capital resources.
- Explain how businesses grow.
- Define equity and explain how it is used to finance business growth.
- Identify the ways businesses save.
- Explain how a small business can get started.
- Define what a stock market is and describe why it is important.
- Distinguish between a balance and an income statement.

### Key Learning Objectives

The students will:

- Define Gross Domestic Product (GDP) and describe how it is measured.
- Explain how Real Gross Domestic Product is calculated and what this means.
- Explain how changes in Real GDP affect living standards.
- Define the meaning of Real Per Capita GDP.
- Define the meaning of productivity and describe its main determinants.
- Identify ways in which business managers have improved productivity.
- Explain why production costs change as output changes.
- Define the law of diminishing marginal returns and how this law affects production costs.
- Identify the point at which managers decide what to produce.
- Explain the benefits of economies of scale.

## Chapter 10: The U.S. Labor Force

The U.S. labor force has changed over the years. Beginning in the 19<sup>th</sup> century, the percentage of all workers in agriculture began to drop while the percentage of workers in goods-producing and service-producing industries rose. The percentage of workers in service-producing industries has continued to rise in recent years, while the percentage in manufacturing and other goods-producing industries has fallen.

## Chapter 11: Competition Among Businesses

In a free enterprise economy, businesses compete by coordinating their efforts with one another to produce things that others value and are willing to pay for.

### Key Learning Objectives

The students will:

- Describe how the growth of labor productivity has enabled businesses and workers to earn more over time while also providing consumers with better and lower-priced products.
- Explain the relationship between product demand and the demand for labor.
- Describe the major changes in the U.S. labor force over the past 100 years.
- Identify what accounts for differences in wages and salaries.
- Identify non-market forces that have affected the labor force.
- Describe how unions arose in the United States and how their growth was influenced by labor legislation.
- Identify some of the aspects of current labor-management relations.

### Key Learning Objectives

The students will:

- Explain how a business is like a sports team in competing in a market.
- Identify the four characteristics of a market structure.
- Explain how firms in the four types of market structure make production and pricing decisions.
- Describe why businesses merge and the kinds of business mergers.
- Explain how marketing helps businesses compete.
- Identify the four P's of marketing and explain what they mean.

## Chapter 12: Government and the United States Economy

People debate the proper role and size of government in our free-market economy. The federal government has assumed a referee role in the economy with respect to establishing and enforcing private property rights and the law, dealing with external costs and benefits, ensuring market competition, and protecting consumers. The federal government has also taken on the management tasks of stabilizing the economy, promoting economic security, and providing public goods and services.

## Chapter 13: Money and Financial Institutions

Money can be anything that is generally accepted as final payment for goods and services. Financial institutions such as commercial banks, savings and loan associations, and savings banks are essential to the smooth operation of the U.S. economic system.

## Key Learning Objectives

The students will:

- Describe the four referee roles the federal government fulfills in the economy.
- Explain how the federal government manages the economy.
- Describe how the federal government spends and raises its money.
- Identify and define the two principles of taxation.
- Explain how proportional, progressive, and regressive taxes differ.
- Describe the justifications for and the criticisms of federal deficits and the national debt.

## Key Learning Objectives

The students will:

- Define money and describe its functions.
- Describe the kind of money in use in the United States.
- Explain the services banks and other financial institutions offer.
- Describe how banks create money.
- Explain what the Federal Reserve System is and what it does.
- Explain why the value of money changes.
- Identify the nature of inflation and describe how people are affected by it.

## Chapter 14: Economic Stability

United States economic activity is monitored very carefully by government officials, members of the business community, and economists. A variety of statistical measurements—economic indicators—is used to assess the economy's health.

## Chapter 15: International Trade

Instead of each of us trying to produce everything we consume, we concentrate our work on tasks we do best. We specialize. Then we use our earnings to buy the goods and services we want. World trade takes place in the same way.

## Key Learning Objectives

The students will:

- Identify and describe the major indicators economists use to measure the health of the economy.
- Explain the components of the Gross Domestic Product.
- Define unemployment and describe the types of unemployment.
- Explain the tools of fiscal policy.
- Explain the tools of monetary policy.
- Describe the advantages and disadvantages of fiscal and monetary policies.

## Key Learning Objectives

The students will:

- Explain why international trade is considered a two-way street.
- Describe how imports and exports depend on each other.
- Explain how absolute and comparative advantage differ.
- Explain why productivity is important in international trade.
- Identify the arguments for and against trade barriers.
- Describe the purpose of international trade organizations.
- Explain the nature of exchange rates and why they change.
- Explain why a nation's balance of payments always balances.

## Chapter 16: Our Globalized World

Our world is becoming more and more globalized. Globalization is the process of increasing interdependence among countries and their citizens.

## Key Learning Objectives

The students will:

- Define and describe globalization.
- Identify the worldwide changes that have occurred as a result of globalization.
- Explain the relationship between economic development and population growth.
- Describe how China has changed its economy to achieve greater prosperity.
- Identify the concerns about income growth in less-developed countries.
- Explain the role property rights and markets can play in the protection of environmental resources.
- Describe how government can use market incentives to protect the environment.

*JA Economics* enhances students' learning of the following concepts and skills:

**Concepts**—Advantage, Demand, Economic systems, Exchange rates, Fiscal policy, Gross domestic product, Government, Income distribution, Inflation, Investment, Labor, Markets, Opportunity costs, Productivity, Scarcity, Supply, Trade

**Skills**—Applying information, Classifying, Critical thinking, Decision-making, Giving reports, Graphing, Interpreting data, Math computation, Reading, Research, Taking notes, Writing

*JA Economics* is a one-semester course and is recommended for students in grades 11 and 12. Instructional materials include textbooks and study guides. The *JA Company Program*, *JA Titan*, *JA Banks in Action*, and *JA Success Skills* are supplementary.

All JA programs are designed to support the skills and competencies identified by the Partnership for 21<sup>st</sup> Century Skills. These programs also augment school-based, work-based, and connecting activities for communities with school-to-work initiatives.