

Essential Standard:

- CE.E.3 Analyze the role of government and economic institutions in developing and implementing economic stabilization policies in the U.S.
 - Concept(s): Economic Institutions, Stabilization, Policy

CE.E.3.1

Summarize basic macroeconomic indicators and how they vary over the course of a business cycle (e.g., gross domestic product, unemployment, consumer price index, etc.)

Students will understand:

1. A nation's overall levels of income, employment and prices are determined by the interaction of spending and production decisions.
2. Leading indicators help investors predict and react to the direction the market is headed.
3. Inflation redistributes purchasing power and as a result imposes undesirable costs on some people while benefiting others.

Students will know:

1. The difference between macroeconomics and microeconomics.
2. The definition of Gross Domestic Product (GDP).
3. What GDP does and does not measure. For example: GDP measures final goods and services, not intangible things like leisure time. It measures production, which is a flow, as opposed to wealth, which is a stock.
4. How the unemployment level is calculated.
5. The definition of inflation.
6. How the rate of inflation is measured using the Consumer Price Index (CPI).
7. The phases of the business cycle (expansion, peak, contraction, trough).
8. Why inflation is a problem.
9. Ways in which governments attempt to avoid inflation.
10. Economic indicators tend to vary over the course of the business cycle. For example: In a trough, unemployment is high and GDP is low.
11. Various forces affect economic conditions and an economy's stability.

Key Terminology:

- Economic forces - Factors such as level of employment, rate of inflation, rate of interest, demographic changes, and fiscal and monetary policies, which determine the state of competitive environment in which a business operates. These forces affect the outcome of the business's marketing activities, by determining the volume and strength of demand for its products
- Economic activity - Actions that involve the production, distribution and consumption of goods and services at all levels within a society. Gross domestic product or GDP is one way of assessing economic activity, and the degree of current economic activity and forecasts for its future level can significantly impact business activity and profits, as well as inflation and interest rates.
- Economic issues - are matters, which directly or indirectly affect the distribution of intellectual and material resources in a society.