

ECONOMICS, 3RD EDITION

LESSON PLAN OVERVIEW

Topic(s)	TE Pages	ST Pages	Activity Manual	Content Objectives and Christian Worldview
Chapter 1: What Is Economics?				
The Science of Choice	2–7	2–7		<p>Objectives:</p> <ol style="list-style-type: none"> 1. Define economics. 2. Explain why choices are necessary. 3. Explain how a Christian's perspective of economics differs from an unbeliever's. <p>Worldview:</p> <ol style="list-style-type: none"> 1. Economics is a good part of God's creation. 2. All choices are based on foundational loves in our lives. 3. Christians are called to be content. 4. Christians are called to be good stewards of the material possessions that God gives them.
The Cost of Choice	7–12	7–12	Activity 1: Economic Choices and Subjective Value (p. 3)	<p>Objectives:</p> <ol style="list-style-type: none"> 1. Differentiate between economic goods and services, nuisance goods, and free goods and services. 2. Contrast the concepts of intrinsic and subjective value. 3. Describe the opportunity benefits and opportunity costs of a purchase.
The Scope and Purpose of Choice	12–14	12–14		<p>Objectives:</p> <ol style="list-style-type: none"> 1. Differentiate between microeconomics and macroeconomics. 2. Differentiate between positive and normative economics.
Chapter Review	15	15	Activity 2: Crossword Puzzle (pp. 5–6) Activity 3: Review (pp. 7–9)	
Chapter Test				
Chapter 2: Economic Models				
Models: The Tools of the Economist	22–26	22–26	Activity 1: Economic Models (pp. 13–14) Activity 2: Production Possibilities Curves (pp. 15–16)	<p>Objectives:</p> <ol style="list-style-type: none"> 1. Identify the two purposes of economic models. 2. Identify the two common forms of economic models. 3. Explain the production possibilities curve. <p>Worldview:</p> <ol style="list-style-type: none"> 1. Christians must seek God's wisdom to help them make choices. 2. God uses the concept of models to help make difficult ideas more understandable.
The Circular Flow Model	26–36	26–36	Activity 3: Factors of Production (p. 17) Activity 4: Circular Flow Diagram (p. 18)	<p>Objectives:</p> <ol style="list-style-type: none"> 1. Explain the purpose of the circular flow model. 2. List the participants in the circular flow model. 3. List and define the four factors of production. 4. List and describe the four factor costs.
Chapter Review	37	37	Activity 5: Review (pp. 19–21)	
Chapter Test				
Chapter 3: Value and Demand				
Value	44–50	44–50	Activity 1: Law of Demand (p. 25)	<p>Objectives:</p> <ol style="list-style-type: none"> 1. Identify and explain the principle of diminishing marginal utility. 2. Describe the three functions of price. <p>Worldview:</p> <ol style="list-style-type: none"> 1. The Bible can help us determine what we value. 2. We as consumers demand what we value. 3. Material things can become a distraction in our lives. 4. We need fairness and honesty in our dealings with others.

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Demand	50–56	50–56	Activity 2: Graphing (p. 27) Activity 3: Reading Graphs (p. 28)	Objectives: 1. Define demand. 2. Identify the law of demand. 3. Explain how changes in demand occur.
Chapter Review	57	57	Activity 4: Review (pp. 29–31)	
Chapter Test				
Chapter 4: Supply and Prices				
Supply	64–71	64–71	Activity 1: Graphing (p. 35) Activity 2: Reading Graphs (p. 36)	Objectives: 1. Define supply. 2. Identify the law of supply. 3. Explain how changes in supply occur. Worldview: Though their prices may adjust as demand and supply change, material possessions always come ultimately from God.
Determining Prices	71–78	71–78	Activity 3: Supply and Demand Curves (pp. 37–38) Activity 4: Combination of Supply and Demand (pp. 39–40)	Objectives: 1. Explain the existence of the market equilibrium point. 2. Describe the causes of a surplus and of a shortage. 3. Explain how the free market works to alleviate a surplus or a shortage. 4. Determine an appropriate response for a Christian seller to the questions raised by a surplus or a shortage.
Chapter Review	78–79	79	Activity 5: Review (pp. 41–43)	
Chapter Test				
Chapter 5: What Is the Economic Problem?				
National Economic Goals	86–88	86–88	Activity 1: National Economic Goals Survey (pp. 49–50)	Objectives: 1. Identify the economic problem. 2. List the four primary economic goals of most nations. 3. Evaluate the economic goals of a nation based on a biblical worldview. Worldview: Work is God's way to provide personal income.
Three Economic Questions	88–100	88–100	Activity 2: The Distribution Question (p. 51) Activity 3: The Output Question	Objectives: 1. List the three critical economic questions. 2. Explain the command and market solutions to each of the three economic questions. 3. Describe the egalitarian and libertarian concepts of fairness. 4. Explain the biblical principles that apply to the distribution question. 5. Evaluate solutions to the three economic questions from a biblical worldview.
Chapter Review	101	101	Activity 4: Review (pp. 54–56) Activity 5: Crossword Puzzle (pp. 57–58)	
Chapter Test				
Chapter 6: Economic Systems				
Early Economic Systems	106–10	106–10	Activity 1: I, Pencil (pp. 61–63)	Objectives: 1. Describe mercantilism. 2. Describe Adam Smith's contribution to economics. 3. Define laissez-faire liberalism. Worldview: 1. Christians should guard against coveting others' wealth. 2. God considers wisdom to be of more value than wealth.

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Modern Economic Systems	110–20	110–20	Activity 2: Economic Systems and Public Opinion (pp. 65–66)	Objectives: <ol style="list-style-type: none"> 1. Identify the two questions that help determine whether an economy is capitalistic or socialistic. 2. Describe each of the major forms of capitalism. 3. Describe each of the major forms of socialism. 4. Explain how free-market capitalism compares to scriptural principles. 5. Explain how socialism compares to scriptural principles.
Chapter Review	121	121	Activity 3: Review (pp. 67–69)	
Chapter Test				
Chapter 7: Forms of Business Ownership				
Sole Proprietorships	129–31	129–31		Objectives: <ol style="list-style-type: none"> 1. Define sole proprietorship. 2. List the advantages and disadvantages of a sole proprietorship. Worldview: <ol style="list-style-type: none"> 1. Gaining a knowledge of the forms of business can be a tool for the Christian to discern God’s will for his life. 2. The Christian entrepreneur must be diligent in his business to be successful in God’s eyes.
Partnerships	132–35	132–35		Objectives: <ol style="list-style-type: none"> 1. Define partnership. 2. List the advantages and disadvantages of a partnership. 3. Describe the scriptural principles that apply to Christian involvement in partnerships.
Corporations	135–40	135–40	Activity 1: Becoming Incorporated (pp. 75–81) Activity 2: Corporate Income Taxes (pp. 83–84) Activity 3: Marginal and Average Tax Rates (pp. 85–86)	Objectives: <ol style="list-style-type: none"> 1. Define corporation. 2. Describe the two types of corporations. 3. Explain the significance of stock to a corporation. 4. List the advantages and disadvantages of incorporation.
Chapter Review	141	141	Activity 4: Review (pp. 87–88)	
Chapter Test				
Chapter 8: The Stock Market				
Stock	146–50	146–50	Activity 1: A Day in the Life of a Stock (pp. 91–92) Activity 2: Company Profile (p. 93) Activity 3: A Moment in the Life of a Stock (p. 94)	Objectives: <ol style="list-style-type: none"> 1. Define supply. 2. Identify the law of supply. 3. Explain how changes in supply occur. Worldview: Christians should evaluate stock and stock markets as an investment option to make prudent use of God-given finances.
Stock Markets	150–53	150–53	Activity 4: Understanding the Dow Jones Industrial Average (p. 95)	Objectives: <ol style="list-style-type: none"> 1. Describe the circumstances surrounding the origin of stock exchanges. 2. List and describe the differences between the NYSE, NASDAQ, and other regional stock exchanges. 3. Describe the purpose of a stock index. 4. Identify two well-known stock indices.
The Market and the Economy	154–58	154–58		Objectives: <ol style="list-style-type: none"> 1. Explain the three benefits of the stock market to the overall economy. 2. Describe the circumstances leading up to the crash of 1929. 3. Define speculation and speculative bubble. 4. Describe the purpose and function of the Securities and Exchange Commission. 5. Analyze Christian involvement in the stock market.

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Chapter Review	159	159	Activity 5: Review (pp. 97–99)	
Chapter Test				
Chapter 9: Market Structure and Competition				
Market Differences	165–67	165–67		<p>Objectives:</p> <ol style="list-style-type: none"> List the four ways in which industries differ. Distinguish between differentiated and undifferentiated products. Define barriers to entry. <p>Worldview: Competition promotes change for the better in one who is seeking to win the prize.</p>
Types of Competition	168–75	168–75	Activity 1: Measuring Competitive Performance (pp. 101–3)	<p>Objectives:</p> <ol style="list-style-type: none"> Explain the conditions of perfect competition. Explain the conditions of imperfect competition. Describe an oligopoly. Describe a monopoly.
Antitrust Policy	175–78	175–78		<p>Objectives:</p> <ol style="list-style-type: none"> Describe a trust. Name and describe the five pieces of legislation intended to curb monopolies.
Chapter Review	178–79	179	Activity 2: Crossword Puzzle (pp. 105–6) Activity 3: Review (pp. 107–8)	
Chapter Test				
Chapter 10: Money and the Financial Market				
Money	187–95	187–95	Activity 1: Do You Really Know Your Money? (pp. 113–14) Activity 2: Barter and Prices (pp. 115–16)	<p>Objectives:</p> <ol style="list-style-type: none"> Define money. Define legal tender. List the functions of money. List the desirable characteristics of money. Identify the different kinds of money. Describe the banking activities of goldsmiths that led to an expansion of the money supply. <p>Worldview: Christians should not let the desire for money control their lives.</p>
The Financial Market	195–200	195–200		<p>Objectives:</p> <ol style="list-style-type: none"> Describe a commercial bank. Describe the existing dual banking system. List the functions of commercial banks.
Chapter Review	201	201	Activity 3: Review (pp. 117–19)	
Chapter Test				
Chapter 11: Central Banking				
Organization of the Federal Reserve System	209–14	209–14	Activity 1: Federal Reserve Notes and Federal Reserve Districts (pp. 121–22)	<p>Objectives:</p> <ol style="list-style-type: none"> List the three creators of money in the United States. Explain why the Federal Reserve System was organized with twelve district banks. Identify and describe the group responsible for guiding the Fed. Explain the necessity of the Federal Reserve's independence. <p>Worldview:</p> <ol style="list-style-type: none"> God owns the world's wealth. God distributes the world's wealth as He sees fit. God provides for the financial needs of His children.

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Functions of the Federal Reserve System	214–22	214–22	Activity 2: The Money Multiplier (pp. 123–25)	Objectives: <ol style="list-style-type: none"> List and describe the functions of the Federal Reserve System. Explain how the money multiplier effect works. Describe the effects that changing the discount rate has upon the money supply. Describe the effects that changing the reserve requirement has upon the money supply. Describe the effects that using open market operations has upon the money supply.
Money and the Economy	222–26	222–26		Objectives: <ol style="list-style-type: none"> Define monetary policy and explain how it is put into action. Identify two reasons that the Fed attempts to control the supply of money. Explain the dangers of the Fed's actions to control the money supply.
Chapter Review	227	227	Activity 3: Crossword Puzzle (pp. 127–28) Activity 4: Review (pp. 129–30)	
Chapter Test				
Chapter 12: Measuring the Wealth of the Nation				
Gross Domestic Product	234–43	234–43	Activity 1: Calculation of Nominal GDP (pp. 135–36) Activity 2: Comparing Nominal and Real GDP (p. 137) Activity 3: Gross Domestic Product (p. 138)	Objectives: <ol style="list-style-type: none"> Define gross domestic product. Differentiate between final and intermediate goods. Identify the four categories of expenditures used to tabulate the GDP. Explain why the nominal GDP figure is not entirely accurate and needs adjustment to become more useful. Worldview: All true knowledge and understanding come from God.
Foreign Trade	243–50	243–50	Activity 4: Foreign Exchange Rates and Case Studies (pp. 139–40)	Objectives: <ol style="list-style-type: none"> Define trade deficit and trade surplus. List the reasons that a nation might experience a trade deficit. Explain the positions of the protectionists and the supporters of free trade.
Chapter Review	251	251	Activity 5: Review (pp. 141–42)	
Chapter Test				
Chapter 13: The Business Cycle and Unemployment				
The Business Cycle	256–62	256–62	Activity 1: Identifying Phases in the Business Cycle (p. 145)	Objectives: <ol style="list-style-type: none"> Name and describe the four phases of the business cycle. List and describe three possible causes of the business cycle. Worldview: Christians should prepare for changes in the business cycle and unemployment while increasing their faith in God's provision regardless of the economy's condition.
Unemployment	262–72	262–72	Activity 2: Calculating the Unemployment Rate and Employment Rate (pp. 147–48) Activity 3: Duration of Unemployment (pp. 149–52)	Objectives: <ol style="list-style-type: none"> Explain how the unemployment rate is determined. Describe the weaknesses in unemployment statistics. List and describe the four types of unemployment. Describe the measures the government may use to deal with unemployment and their results. Explain how the market reacts to the dictates of supply and demand to deal with unemployment.
Chapter Review	273	273	Activity 4: Review (pp. 153–54)	
Chapter Test				

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Chapter 14: Inflation				
Impact and Measurement	278–85	278–85	Activity 1: How Inflation Affects You (pp. 157–58) Activity 2: Creating Your Own CPI (p. 159) Activity 3: Changes in the Price Level vs. Changes in the Prices of Classes of Goods (pp. 161–62)	Objectives: 1. Explain the reason for COLAs. 2. Identify the groups that are harmed by inflation and explain why. 3. Name the two measures used by economists to gauge inflation. 4. Identify the uses of the CPI. 5. Describe the limitations of the CPI. Worldview: Inflationary woes, like other economic problems, are often produced by man’s sin and consequently are remedied by turning from man’s way to God’s way.
Causes and Cures	285–92	285–92	Activity 4: The Phillips Curve: An Either/Or Fallacy (pp. 163–65)	Objectives: 1. Describe cost-push inflation. 2. Describe demand-pull inflation. 3. Explain why growth of the money supply is the root cause of inflation. 4. Explain the results of using wage and price controls as a cure for inflation.
Chapter Review	293	293	Activity 5: Review (pp. 167–68)	
Chapter Test				
Chapter 15: Fiscal Policy				
Governmental Spending	301–7	301–7	Activity 1: The National Debt and the GDP (pp. 171–72)	Objectives: 1. Define fiscal policy. 2. Explain Keynes’s solution to the business cycle. 3. Describe the marginal propensity to consume and its effect on the money supply. 4. List and explain the problems of governmental spending as a tool of fiscal policy. Worldview: 1. A Christian has a responsibility to pray for his country and its leaders. 2. Though not neglecting civic responsibilities, the Christian’s confidence is not in government or its leaders but in God.
Taxation	308–13	308–13	Activity 2: Taxes and Incentive to Work (pp. 173–74)	Objectives: 1. List the major sources of the government’s tax revenue. 2. Contrast proportional taxes, progressive taxes, and regressive taxes. 3. List and explain the problems with taxation as a tool of fiscal policy.
Governmental Borrowing	313–16	313–16	Activity 4: Computations (p. 177)	Objectives: 1. Explain the Keynesian concept of “pump priming.” 2. List and explain the problems with governmental borrowing as a tool of fiscal policy.
Chapter Review	317	317	Activity 3: Crossword Puzzle (pp. 175–76) Activity 5: Review (pp. 179–80)	
Chapter Test				