



Waste Reduction & Recycling

Principles of American Democracy and Economics

12. Principles of Economics

- 12.1 Students understand common economic terms and concepts and economic reasoning.
- (1) Examine the causal relationship between scarcity and the need for choices.
 - (2) Explain opportunity cost and marginal benefit and marginal cost.
 - (3) Identify the difference between monetary and nonmonetary incentives and how changes in incentives cause changes in behavior.
 - (4) Evaluate the role of private property as an incentive in conserving and improving scarce resources, including renewable and nonrenewable natural resources.
 - (5) Analyze the role of a market economy in establishing and preserving political and personal liberty (e.g., through the works of Adam Smith).
- 12.2 Students analyze the elements of America's market economy in a global setting.
- (1) Understand the relationship of the concept of incentives to the law of supply and the relationship of the concept of incentives and substitutes to the law of demand.
 - (2) Discuss the effects of changes in supply and/ or demand on the relative scarcity, price, and quantity of particular products.
 - (3) Explain the roles of property rights, competition, and profit in a market economy.
 - (4) Explain how prices reflect the relative scarcity of goods and services and perform the allocative function in a market economy.
 - (5) Understand the process by which competition among buyers and sellers determines a market price.
 - (6) Describe the effect of price controls on buyers and sellers.
 - (7) Analyze how domestic and international competition in a market economy affects goods and services produced and the quality, quantity, and price of those products.
 - (8) Explain the role of profit as the incentive to entrepreneurs in a market economy.
 - (10) Discuss the economic principles that guide the location of agricultural production and industry and the spatial distribution of transportation and retail facilities.



California Science Standards linked with Generation Earth Service Learning Projects: Government and Economics

- 12.3 Students analyze the influence of the federal government on the American economy.
- (1) Understand how the role of government in a market economy often includes providing for national defense, addressing environmental concerns, defining and enforcing property rights, attempting to make markets more competitive, and protecting consumers' rights.
 - (2) Identify the factors that may cause the costs of government actions to outweigh the benefits.