

# Introduction

*Economics Book 2: Macroeconomics and the American Economy* introduces high school students to the study of the broad flow of goods, services, money, and governmental influence and actions throughout the American economy. The second of a two-book series, it is designed to supplement a basic economics text for the macroeconomics portion of the course.

As in the first book of the series, this book offers more than mere facts, principles, and explanations. It provides skill development in the decision-making process, including critical thinking, analysis, and evaluation. It reinforces the concept that national economic decisions are determined on the basis of individual and collective values. It examines many facets of the role that the federal government plays, portraying the government as neither national foe nor savior. Rather, it is shown simply as an integral component of the American economy whose directions and effects are ultimately determined by the people it serves.

Structurally, the book is divided into three major parts. Part 1 introduces students to modern-day economic systems and examines each, both on individual merits and in comparison to the others. Part 2 focuses on the American economy from a national perspective, asking students to grapple with problems in taxes, inflation, and unemployment, as well as political realities. The role of the Federal Reserve and the influence of its chairperson is explored, as well as the economic impact of various social policies. Part 3 extends the students' spectrum into the international arena, calling for realistic decisions in the world of international trade, lending, protectionism, and sanctions.

In sum, the combined parts of *Economics Book 2* provide a wide overview of the American economy and of the students' position in it, nationally and internationally, individually and collectively.

## Objectives

1. To foster a knowledge, understanding, and application of major economic concepts
2. To develop student awareness that economic decisions are determined on the basis of values
3. To develop students' ability to use analytical inquiry skills to interpret basic economic data
4. To encourage independent thinking and responsible citizenship in a democratic society

## Concepts

- |                            |                           |
|----------------------------|---------------------------|
| 1. Traditional             | 17. Affirmative Action    |
| 2. Market                  | 18. Poverty               |
| 3. Command                 | 19. Defense Spending      |
| 4. Gross Domestic Product  | 20. International Trade   |
| 5. Gross National Product  | 21. International Finance |
| 6. Aggregate Demand        | 22. Exchange Rates        |
| 7. Aggregate Supply        | 23. Urban Planning        |
| 8. Demand-Side Economics   | 24. Protectionism         |
| 9. Supply-Side Economics   | 25. Free Trade            |
| 10. Monetarist Economics   | 26. Sanctions             |
| 11. Fiscal Policy          | 27. Social Goals          |
| 12. Taxation               | 28. Unemployment          |
| 13. Inflation              | 29. Nuclear Power         |
| 14. Consumer Price Index   | 30. EEC                   |
| 15. Federal Reserve System | 31. NAFTA                 |
| 16. Labor Unions           | 32. GATT                  |

## Themes

1. Our society delegates certain responsibilities to our federal government, both by law and by custom. It is the responsibility of each student to be aware of how our federal government was, is, and will be involved in the economic well-being of our society.
2. An economy is the organized system in which goods and services are produced and distributed to meet the needs of the society. Macroeconomics is the study of the flow of goods, services, and money as well as the government's influence upon these flows. In our society government influence is to promote freedom, equity, full employment, stable prices, productivity, and economic growth.
3. International economic interaction is a necessity in today's world. The complexities and occasional conflicts of this interaction call for a greater understanding of this process.

# Skills

## **Critical Thinking Skills**

1. Identifying relevant factual materials
2. Evaluating conflicting sources and interpretations
3. Drawing inferences and conclusions from data
4. Recognizing, creating, and testing hypotheses
5. Detecting cause-and-effect relationships
6. Forming and defending an opinion based upon the critical examination of data
7. Interpreting graphs, charts, tables
8. Recognizing and appreciating different value needs and assumptions
9. Making predictions
10. Recognizing instances in which more than one interpretation of factual material is valid

## **Communication Skills**

11. Reading for a variety of purposes
12. Writing well-developed sentences, paragraphs, and essays
13. Critiquing resource materials
14. Interviewing
15. Communicating ideas effectively in speaking
16. Listening for information

## **Organizational and Research Skills**

17. Using library materials for research needs
18. Forming a simple organization of key ideas related to a topic