

P R E N T I C E H A L L

ECONOMICS

Principles in Action

Guide to the Essentials of Economics



Needham, Massachusetts
Upper Saddle River, New Jersey

TO THE TEACHER

The *Guide to the Essentials of Economics* is designed to provide students with the most essential content in their high school Economics course in an easy-to-follow format. The text summaries and graphic organizers will help students organize key information. Vocabulary terms are highlighted and defined in the text narrative, as well as in the Glossary. A chapter test at the end of each chapter checks students' understanding of the basic content.

You may wish to use the *Guide to the Essentials* as a preview or review of the textbook chapters covered in the course, or as a summary of textbook chapters that cannot be studied in detail because of time considerations.

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NATIONAL STANDARDS FOR ECONOMICS

The following guide presents the correlation of the voluntary *National Content Standards in Economics* to Prentice Hall's *Economics: Principles in Action*. The standards were developed by the National Council on Economic Education in partnership with the National Association of Economic Educators and the Foundation for Teaching Economics. The chart on these four pages lists the standards for grades 4-12 and shows which chapters in *Economics: Principles in Action* focus on each standard. The economic principle for each standard is identified in the left column; the chapters that address each standard are listed in the right column.

<p>Content Standard 1</p> <p><i>Students will understand that:</i></p> <p>Productive resources are limited. Therefore, people cannot have all the goods and services they want; as a result, they must choose some things and give up others.</p>	<p>Chapter 1</p>
<p>Content Standard 2</p> <p><i>Students will understand that:</i></p> <p>Effective decision making requires comparing the additional costs of alternatives with the additional benefits. Most choices involve doing a little more or a little less of something; few choices are all-or-nothing decisions.</p>	<p>Chapter 1</p>
<p>Content Standard 3</p> <p><i>Students will understand that:</i></p> <p>Different methods can be used to allocate goods and services. People, acting individually or collectively through government, must choose which methods to use to allocate different kinds of goods and services.</p>	<p>Chapter 2</p>
<p>Content Standard 4</p> <p><i>Students will understand that:</i></p> <p>People respond predictably to positive and negative incentives.</p>	<p>Chapters 2, 4, 5</p>

Content Standard 5

Students will understand that:

Voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and among individuals or organizations in different nations.

Chapter 17

Content Standard 6

Students will understand that:

When individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase.

Chapter 17

Content Standard 7

Students will understand that:

Markets exist when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.

Chapters 4, 17

Content Standard 8

Students will understand that:

Prices send signals and provide incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives.

Chapters 5, 6

Content Standard 9

Students will understand that:

Competition among sellers lowers costs and prices, and encourages producers to produce more of what consumers are willing and able to buy. Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.

Chapter 7

