

# Unit 8: Role of Government: Are you in trouble? We can bail you out

Content Area: **Social Studies**  
Course(s): **AP Micro Economics**  
Time Period: **April**  
Length: **4 weeks**  
Status: **Published**

## Transfer

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### Enduring Understandings

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Since the early 1900's the government has used antitrust legislation to protect consumers from monopolies. The variety of legislation is important to limit monopolies and allow for free entry into markets.

The government enacts laws and creates organizations to help consumers. These laws come with a cost to producers who pass on the cost of the law to the consumer based upon the elasticity of the demand curve.

Property laws are in place to help establish clear property rights and to gauge the value of land. Laws like eminent domain help to protect people's property from government misuse.

During the most recent economic crisis, the government has used its power to help failing businesses that have a major stake in the United States' economy. There is a great deal of debate over the legality and constitutionality of their influence in the private sector.

### Essential Questions

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What are the positives and negatives of anti-trust legislation in the United States from both a political and economic point of view?

How has consumer protection impacted how firms produce goods for consumers?

How do we use demand and supply curve analysis to determine how much of the cost of regulation goes to consumers?

How do property laws help create a more positive climate for companies in the United States?

What lessons have we learned from the most recent economic downturn and how it changed how firms conduct business?

Should the federal government be involved in a capitalist economy?

## **Skills**

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Graph and analyze how international markets impact supply and demand for the firm.

Analyze how firms react to tariffs and other international factors and how it impacts their production of goods.

Evaluate current economic climate through Economic Literacy Projects (ELP) where students choose a current event article and write up an analysis of it using economic standards.

Assess the ways the government can impact and change policies in international markets, and how these changes will impact buyers and sellers in that market.

Vocab: Infant Industry Argument, Dumping, Quota System, General Agreement on Tariffs and Trade, World Trade Organization.

## **Standards**

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6.5.8 A. 4. Describe the role credit plays in the economy and explain the difference in cost between cash and credit purchases.

6.5.8 A. 8. Compare and contrast the characteristics of the three basic economic systems: traditional or barter and trade, market capitalism, and command (e.g., communism).

6.5.8 B. 1. Discuss how meeting the needs and wants of a growing world population impacts the environment and economic growth.

6.5.8 B. 4. Describe how inventions and innovations have improved standards of living over the course of history.

6.5.12 A. 5. Discuss how a market economy experiences periodic business cycles of prosperity and recession and that the federal government can adjust taxes, interest rates, spending, and other policies to help restore economic health.

6.5.12 A. 8. Define basic terms associated with international trade such as imports, exports, quotas, embargoes, tariffs, and free trade.

6.5.12 B.2. Evaluate international trade principles and policies.

6.5.12 B. 3. Analyze labor and environmental issues affecting American citizens raised by economic globalization and free trade pacts.

6.5.12 B. 8. Evaluate the activities and impact in various countries of major international institutions including the World Bank, the International Monetary Fund, and the World Trade Organization.