

Unit 6: Market Failure and the Role of Government

Content Area:

Course(s):

Time Period: **Year**

Length: **180**

Status: **Published**

Summary

This unit prepares students to understand the theoretical arguments for and against government intervention in markets and therefore has important public policy applications. Students will examine the conditions under which markets may fail and the effectiveness of government policies that are designed to correct market failures. In exploring the idea of market failures and government interventions to correct them, students will build on their understanding of efficiency and what it means for a firm to produce the socially optimal quantity or not.

Standards

Priority Content Standards

H/SS.MICE.IV	Market Failure and the Role of Government
H/SS.MICE.IV.A	Externalities
H/SS.MICE.IV.A.1	Marginal social benefit and marginal social cost
H/SS.MICE.IV.A.2	Positive externalities
H/SS.MICE.IV.A.3	Negative externalities
H/SS.MICE.IV.A.4	Remedies
H/SS.MICE.IV.B	Public goods
H/SS.MICE.IV.C	Public policy to promote competition
H/SS.MICE.IV.D	Income distribution
H/SS.MICE.IV.D.1	Equity
H/SS.MICE.IV.D.2	Sources and measures of income inequality

Supplemental Content Standards

ECON.4.13	Income
ECON.4.15	Economic Growth
ECON.4.16	Role of Government and Market Failure
ECON.4.16.1	There is an economic role for government in a market economy whenever the benefits of

a government policy outweigh its costs. Governments often provide for national defense, address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Most government policies also have direct or indirect effects on people's incomes.

ECON.4.16.2	Identify and evaluate the benefits and costs of alternative public policies, and assess who enjoys the benefits and who bears the costs.
CRP.K-12.CRP1	Act as a responsible and contributing citizen and employee.
CRP.K-12.CRP2	Apply appropriate academic and technical skills.
CRP.K-12.CRP3	Attend to personal health and financial well-being.
CRP.K-12.CRP4	Communicate clearly and effectively and with reason.

Interdisciplinary Connections (Standards)

Please select relevant "Standards for Mathematical Practice (2023)", science and engineering practice standards "Grades 9-12/6-8 (2023)", ELA anchor statements, Social Studies practice standards. (3-6 total are suggested)

Planning and Carrying Out Investigations
Obtaining, Evaluating, and Communicating Information
Using Mathematics and Computational Thinking
Developing and Using Models
Constructing Explanations and Designing Solutions
Analyzing and Interpreting Data
Engaging in Argument from Evidence
Asking Questions and Defining Problems

Career Readiness, Life Literacies, and Key Skills PRACTICES

These practices should be taught and reinforced in all content areas with increasingly higher levels of complexity and expectation as a student advances through a program of study.

WRK.K-12.P.1	Act as a responsible and contributing community members and employee.
WRK.K-12.P.2	Attend to financial well-being.
WRK.K-12.P.3	Consider the environmental, social and economic impacts of decisions.
WRK.K-12.P.4	Demonstrate creativity and innovation.
WRK.K-12.P.5	Utilize critical thinking to make sense of problems and persevere in solving them.
WRK.K-12.P.6	Model integrity, ethical leadership and effective management.
WRK.K-12.P.7	Plan education and career paths aligned to personal goals.
WRK.K-12.P.8	Use technology to enhance productivity increase collaboration and communicate effectively.
WRK.K-12.P.9	Work productively in teams while using cultural/global competence.

Climate Change Standards

Select the Performance Expectations.

ClimateChange Education

Stage I: Desired Results

STAGE I Desired Results	
<i>Learning Objective (Transfer)</i>	
<p><i>Students will be able to use their learning to independently...</i></p> <ul style="list-style-type: none">• <i>Define social efficiency.</i>• <i>Explain (using graphs where appropriate) why resource allocation in perfectly competitive markets is socially efficient.</i>• <i>Explain equilibrium allocations in imperfect markets relative to efficient allocations (using graphs where appropriate) and why these markets are inefficient.</i>• <i>Define externalities.</i>• <i>Explain (using graphs where appropriate) how in the presence of externalities, private markets do not take into consideration social costs or social benefits.</i>• <i>Explain how the nature of rival and/or excludable goods influences the behavior of individuals and groups.</i>• <i>Define government policy interventions in imperfect markets.</i>• <i>Define measures of economic inequality in income and wealth.</i>	
Mastery	
<u>Enduring Understanding</u>	<u>Essential Questions/ Big Ideas</u>
<p><i>Students will understand that...</i></p> <ul style="list-style-type: none">• The optimal quantity of a good occurs where the marginal benefit of consuming the last unit equals the marginal cost of producing that last unit, thus maximizing total economic surplus.• Market inefficiencies can be eliminated by designing policies that equate marginal social benefit with marginal social cost.• The socially optimal quantity of a good occurs where the marginal social benefit of consuming the last unit equals the marginal social cost of producing that last unit, thus maximizing total economic surplus.• Sources of income and wealth inequality include differences in tax structures (progressive and regressive tax structures), human capital, social capital, inheritance, effects of discrimination, access to financial	<ul style="list-style-type: none">• How do markets fail?• What role should the government play in markets?

markets, mobility, and bargaining power within economic and social units (firms, labor unions, and families).

Acquisition

Essential Knowledge...

- Private goods are rival and excludable, and public goods are non-rival and non-excludable.
- Per-unit taxes and subsidies affect the total price consumers pay, net price firms receive, equilibrium quantity, consumer and producer surpluses, deadweight loss, and government revenue or cost. The impact of change depends on the price elasticity of demand and supply.
- Governments use antitrust policy in an attempt to make markets more competitive.

Suggested Skills....

- Using economic concepts, principles, or models, explain how a specific economic outcome occurs or what action should be taken in order to achieve a specific economic outcome.
- Demonstrating understanding of a specific economic situation on an accurately labeled graph or visual.
- Demonstrating the effect of a change in an economic situation on an accurately labeled graph or visual.

Stage II: Assessment Evidence

STAGE II Assessment Evidence	
Practices	Assessments
Unit 6 Progress Check Positive and negative externalities graphs	Environmental and Antitrust Policy Case Study Unit 6 Test

Modifications

Additional time on assessments

Guided notes

Audio/video examples

Study guides

Acceleration

Additional graphing practice

Supplemental readings

Additional free response questions

Stage III: Learning Plan

Unit 6- 2 weeks

- Lesson 1.1: Socially Ineffective and Inefficient Market Outcomes
- Lesson 1.2: Externalities- graphing positive and negative
- Lesson 1.3: Public and Private Goods
- Lesson 2.1: The Effects of Government Intervention in Different Market Structures/Inequality
- Lesson 2.2: Fiscal policy proposals
- Lesson 2.3: Environmental and Antitrust Policy Case Study
- Lesson 3.1: Unit 6 Test

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Diversity, Equity, & Inclusion

Diversity, Equity & Inclusion

Provide a brief description of how this unit addresses DE&I.

Specific Resources for Unit

[jacob clifford youtube channel](#) & [website](#)

[Jason Welker youtube channel](#) (has useful videos aligned to the course and a ton of videos about graphs)

[Review Econ \(Jacob Reed\) youtube channel](#)

[T-Pock's economics course](#) & [T-Pock youtube channel](#)

[Wizeprep online course](#)*: (similar to Khan academy but focused on the principles of microeconomics)

[MRU online course](#)* (has not only review videos but teacher resources, review games, etc to use)

[Federal Reserve Education](#) (can filter the site based on unit/topic and it will provide lesson plans that you can download as a PDF or link to google classroom)

[AP micro Khan academy](#)*

[AP practice exams.com](#) (useful platform with practice questions, links to helpful videos/youtube channels)

[The Economist youtube channel](#) (various videos pertaining to economics)

[Economics Explained](#) (various videos pertaining to economics)

[Think Econ](#) (great resource with many videos pertaining to the course)

[One minute economics](#) (short videos about different economic topics)

[UMASS Amherst economics](#) (videos from professors)

[Department of Economics Oxford U](#)

[Crash course economics](#) (same as the John Green network making these crash course videos)

[EconDal](#) (videos from an economics teacher about various topics)

[lessons for AP micro](#)

Free practice tests/questions:

[Varsity Tutors](#)

https://highschooltestprep.com/ap/microeconomics/?utm_source=chatgpt.com

https://knowt.com/exams/AP/AP%20Microeconomics/practice-test-room?utm_source=chatgpt.com

<https://www.crackap.com/ap/microeconomics/index.html>

Articles:

[financial times](#)

[Albert IO](#)

Technology Integration

Northern supports the integration of the [SAMR Model](#): a framework which extends learning through the use of technology. The installation of interactive boards, the purchase of softwares and subscriptions, and the investment in 1:1 laptops and various other instructional technologies are examples of Northern's commitment to enhancing students' learning and preparing the 21st century learner for college and careers.