



Alaska Content Standards—Government and Citizenship

What Citizens Need to Know About Economics

addresses select Alaska Content Standards—Government and Citizenship for the economics component of the government and citizenship curriculum grades 9-12.



***Note: Alaska does not provide content standards for economics, opting instead to integrate economic components in the government and citizenship curriculum.**

Introduction:

In 1993, Alaskans embarked on a campaign to bring higher standards and accountability to their public school system. The cornerstone of this effort was the development of content standards in ten core subject areas. The standards represent what Alaskans want students to know and be able to do as a result of their public schooling.

This booklet presents the content standards and their associated key elements for English/Language Arts, Mathematics, Science, History, Geography, Government and Citizenship, Skills for a Healthy Life, Arts, World Languages, and Technology.

During 1994 and 1995, the Alaska State Board of Education adopted these standards and key elements as voluntary guidelines for Alaska's schools.

Scores of Alaskans--educators, parents, business people, and professionals, from all areas of the state--worked together to develop and refine the standards. Before adopting them, the Board of Education heard comments from hundreds of other Alaskans about what they liked and disliked in the standards.

Even before the last set of standards was adopted in December, 1995, teams of educators were working on curriculum frameworks, plans for how to teach the new standards and how to integrate them into the classroom. Another team examined assessment issues, answering the critical question: "How will we know if students are reaching the standards?"

These standards are already defining the way Alaska approaches education issues. The focus has shifted from what goes into our education system to what comes out of it. The standards will accomplish three primary goals:

- Standards will give students and teachers a clear and challenging target.
- Standards will help focus energy and resources on the bottom line: student achievement.
- Standards will give all of us a tool for judging how well our students are learning and how well our schools are performing.

Government and Citizenship

F. A student should understand the economies of the United States and the state and their relationships to the global economy.

A student who meets the content standard should:

1. understand how the government and the economy interrelate through regulations, incentives, and taxation;

- *Chapter 12 describes the role of government in the economy. Government regulations are addressed and Web links are available to government regulatory agencies, such as the Food and Drug Administration, the Environmental Protection Agency and the Occupational Safety and Health Administration. The federal budget-making process is described and illustrated with a graphic. Web links are provided to government agencies involved in the budget process, including the Office of Management and Budget and the Congressional Budget Office.*
- *Chapter 13 examines the government's power of taxation. Different types of taxation—progressive, regressive and proportional—are defined and the criteria for determining a fair tax are presented. Related articles and Web sites include opposing views on the fairness of tax policy and suggested reforms are discussed. A link is also provided to the Web site of the Internal Revenue Service for more information on current U.S. tax policies.*
- *Chapter 21 explains how the government uses incentives to influence economic activity in the context of American agricultural production. Different types of incentives, such as parity and price supports, are identified and the debate over the fairness of such incentives is presented. Related articles and Web sites include opposing views on this debate.*

2. be aware that economic systems determine how resources are used to produce and distribute goods and services;

- *Chapter 1 defines economics as the study of the allocation of scarce resources. Basic economic principles, such as the difference between goods and services, are explained. Related articles and Web sites are included for more information.*
- *Chapter 2 explains how resources are used to produce and distribute goods and services. The factors of production are defined as being—land, labor, capital and management. Related articles and Web sites present current statistics on the distribution of labor and natural resources in the United States.*

3. compare alternative economic systems;

- *Chapter 3 identifies different types of economic systems. Economic systems are defined as being traditional, command, market or mixed economies. A comparison of capitalism, socialism and communism is also presented. Important economic philosophers like Adam Smith and Karl Marx are highlighted and links include their biographies and the complete texts of their most influential works.*

4. understand the role of price in resource allocation;
5. understand the basic concepts of supply and demand, the market system, and profit;

- *Chapter 4 explains how price is an important factor in consumer decisions. The way consumers influence what is produced and how it is distributed is explored and illustrated with a graphic. Consumer protection issues are addressed and links are included to consumer protection Web sites maintained by the government and consumer watchdog groups.*

- *Chapter 7 describes profit as an incentive to businesses. Different types of businesses are identified and their role in the market system is explained. The role of the entrepreneur is examined and links are available to biographies of successful entrepreneurs like Ray Kroc, the founder of McDonald's, and Bill Gates, the founder of Microsoft.*

- *Chapter 8 defines the laws of supply and demand. Graphics and examples are provided throughout the chapter to help explain how supply and demand interacts with prices. Related articles and Web sites include more information and more examples.*

- *Chapter 9 explores competition in the market system. Key concepts and terms, such as pure competition, monopoly and oligopoly, are defined. The role of government in maintaining stable competition is discussed and links are included to the complete texts of important government legislation like the Sherman Antitrust Act and the Robinson-Patman Act.*

6. understand the role of economic institutions in the United States, including the Federal Reserve Board, trade unions, banks, investors, and the stock market;

- *Chapter 7 explores the role of the stock market and explains how investors provide capital to businesses. Web links are available to major stock and commodity exchanges around the world, including the New York Stock Exchange, the Chicago Mercantile Exchange, the London Stock Exchange and the Tokyo Stock Exchange. An activity for this chapter in the Educator's Guide involves students investing an imaginary sum of money in the stock market and charting its progress over a specified period of time.*

- *Chapter 10 examines issues associated with labor and trade unions. A history of organized labor in the United States is presented and tools of labor unions, such as collective bargaining and strikes, are identified. Web links are provided to major U.S. labor organizations, such as the AFL-CIO and the Teamsters.*

- *Chapter 11 describes the role of banks in the economy. The way lending and borrowing increases the money supply is explained and illustrated with a graphic. Different types of banking institutions are identified and the role of the Federal Reserve System is discussed. Tools that the Federal Reserve uses to influence interest rates, such as reserve requirements and discount rates, are highlighted. The impact of changes to interest rates on individuals and the economy as a whole is discussed. Web links are available to all branches of the Federal Reserve for more information on their structure and functions.*

7. understand the role of self-interest, incentives, property rights, competition, and corporate responsibility in the market economy;

- *Chapter 3 compares economic incentives, such as profit and property rights, in different types of economic systems. Adam Smith's concept of an "invisible hand" that guides the marketplace, which contends that individuals acting in their own self-interest will make economic decisions that benefit the entire society, is explained. Links are included to biographies of Smith and other economic philosophers and the complete texts of their most influential works, including The Wealth of Nations.*

- *Chapter 7 identifies incentives, such as property rights and profits, which encourage entrepreneurs to take risks associated with business ventures. Different types of businesses are identified and the role of the entrepreneur is discussed. Links are available to the biographies of successful entrepreneurs like Ray Kroc, the founder of McDonald's, and Bill Gates, the founder of Microsoft.*

- *Chapter 9 explores issues associated with competition and corporate responsibility. Key concepts and terms, such as pure competition, monopoly and oligopoly, are defined. The role of the government in maintaining stable competition is discussed and links are provided to the complete texts of important government legislation like the Sherman Antitrust Act and the Robinson-Patman Act. Corporate responsibility is also addressed and business ethics are explored. The 2002 business scandals that forced Enron and WorldCom into bankruptcy are examined and links to related articles and Web sites include other examples of business scandals and their impact on individuals and the economy. The government's response to business scandals is also highlighted.*

8. understand the indicators of an economy's performance, including gross domestic product, inflation, and the unemployment rate;

- *Chapter 1 identifies the major economic indicators (e.g., gross domestic product, inflation, unemployment, personal income) that are used to determine the health of the economy. Graphics are provided for every economic indicator to illustrate long-term trends. Links to related articles and Web sites include the most current information and analysis on these economic indicators.*

- *Chapter 5 explains how the consumer price index (CPI) is used to calculate the level of inflation or deflation in an economy. The impact of inflation on individuals and the economy as a whole is discussed. Related articles and Web sites include current CPI statistics and a Web link is available to a program that uses CPI to compare the value of a dollar during different time periods in U.S. history.*
- *Chapter 14 explores in greater detail gross domestic product (GDP). The accuracy of GDP is debated and alternatives, such as the human development index (HDI), are presented. Related articles and Web sites include the most current GDP and HDI statistics for the U.S. and other nations.*
- *Chapter 16 examines how inflation impacts the economy. The business cycle is described and factors that cause inflation are identified. The impact of major events, such as the September 11, 2001, terrorist attacks, on inflation and the business cycle is explored. Related articles and Web sites are available for more information and more examples.*
- *Chapter 19 describes how the unemployment rate is calculated. Key concepts and terms like structural unemployment and underemployed workers are defined. The impact of unemployment on individuals and the economy is addressed. Related articles and Web sites include the most current unemployment statistics from the government. An activity for this chapter in the Educator's Guide suggests students research unemployment trends in their own community.*

9. understand those features of the economy of the state that make it unique, including the importance of natural resources, government ownership and management of resources, Alaska Native regional corporations, the Alaska Permanent Fund Corporation, the Alaska Housing Finance Corporation, and the Alaska Industrial Development and Export Authority; and

- *Chapter 12 discusses the role of state and local governments in the economic system. State and local income and expenditure categories are identified and illustrated with a graphic. Links are included to the Web sites of all state and local governments, including Alaska, for more information on issues unique to the individual states and localities.*
- *Chapter 22 describes the importance of natural resources and explains how it is a major factor that influences foreign trade. The U.S. dependence on foreign oil is cited as an example and the debate over drilling in the Arctic National Wildlife Refuge is presented. Related articles and Web sites are available for further research and present opposing views on the debate over drilling in pristine wildlife preserves.*

10. understand how international trade works.

- *Chapter 22 explains how international trade works. Key concepts, such as balance of trade, comparative advantage and specialization are defined. Trade barriers like tariffs and quotas are identified. A history of U.S. trade policy is presented. The debate between free trade and protectionism is addressed and related articles and Web sites include opposing views on this debate. The rise of regional trade associations is discussed and Web links are included to such organizations as the North American Free Trade Agreement and the European Union.*
- *Chapter 23 describes how the rise of international trade has led to an interdependent global economy. The impact of changes in one nation on the economies of other nations is explored and the U.S. decision in 1971 to abandon the gold standard and the 1997 Asian financial crisis are cited as examples. Key concepts and terms, such as foreign exchange rates and balance of payments, are defined. A Web link is provided to a program that calculates the current exchange rate for the U.S. dollar and other currencies. Web links are also included to supranational organizations that operate in the global economy like the World Trade Organization, the International Monetary Fund and the World Bank.*

G. A student should understand the impact of economic choices and participate effectively in the local, state, national, and global economies.

A student who meets the content standard should:

1. apply economic principles to actual world situations;

- *Activities for every chapter in the Educator's Guide require students to apply economic principles to actual world situations. For example, an activity for Chapter 2 suggests students create a business plan that considers how to organize the factors of production. An activity for Chapter 7 requires students to invest imaginary money in the stock market. And, an activity for Chapter 19 recommends students research unemployment trends in their community.*
- *Related articles and Web sites linked to every chapter provide students with information on current and historical events that will inform them on actual world situations from an economic perspective.*

2. understand that choices are made because resources are scarce;
3. identify and compare the costs and benefits when making choices;
4. make informed choices on economic issues;

- *Chapter 2 explains that choices are made because resources are scarce. Key concepts and terms like scarcity and opportunity cost are defined. The use of the production possibilities curve to compare costs and benefits of economic choices is described and illustrated with a graphic. Related articles and Web sites are included for more information and specific examples.*

- *Chapter 6 discusses the importance of making informed economic choices in the context of consumer credit. Ramifications of poor credit decisions, such as debt and bankruptcy, are identified. The use of budgeting to maintain proper credit is explained and a graphic of a household budget is included. That graphic can be downloaded and used as a worksheet to create a personal budget. An activity for this chapter in the Educator's Guide suggests students create a personal budget to achieve a future economic goal.*
- *Chapter 7 describes how businesses must compare the marginal cost of production to the marginal benefit received when determining how to efficiently implement the factors of production. The law of diminishing returns is defined and illustrated with a graphic. Related articles and Web sites provide more information and specific examples.*
- *Chapter 12 examines how government officials must calculate cost/benefit ratios when determining what programs to fund with the national budget. The budget-making process is described and illustrated with a graphic. Web links are available to all the major government organizations involved in the budget process, including the Office of Management and Budget and the Congressional Budget Office. An activity for this chapter in the Educator's Guide recommends students work in groups and recreate the federal budget process.*
- *Chapter 15 explains how cost/benefit analysis is used to assess the costs and benefits of economic growth. Problems associated with economic growth, such as pollution, are identified. Key concepts, such as forced obsolescence and infrastructure, are defined. Related articles and Web sites are available for further research.*

5. understand how jobs are created and their role in the economy;
6. understand that wages and productivity depend on investment in physical and human capital; and

- *Chapter 10 explains how jobs are created and discusses the role of labor in the economy. The way supply and demand influences wages is described and the role of labor unions is explored. Web links are available to major labor organizations in the United States like the AFL-CIO and the Teamsters. An activity for this chapter in the Educator's Guide suggests students research possible career options and identify requirements, such as education and training, associated with that occupation. A Web link is included to the Occupational Outlook Handbook to assist in the research.*
- *Chapter 15 explains how investment in physical and human capital impacts productivity. The accelerator effect and multiplier effect are defined and illustrated with graphics. Related articles and Web sites are included for further research.*

7. understand that economic choices influence public and private institutional decisions.

- *Chapter 2 discusses economic choices and explains how they influence economic decisions. Key concepts and terms like opportunity cost and scarcity are defined. The use of the production possibilities curve to identify economic choices is described and illustrated with a graphic. Related articles and Web sites provide more information and specific examples.*
- *Chapter 4 describes how economic choices by consumers influence public and private institutional decisions. The role of the consumer in determining what is produced and how it is distributed is explained and illustrated with a graphic. Key concepts and terms like caveat emptor and diminishing utility are defined. Consumer protection issues are addressed and links are provided to consumer protection Web sites maintained by the government and consumer watchdog groups.*
- *Chapter 7 explains how economic choices influence public and private institutions. Different types of business institutions (e.g., sole proprietorships, corporations, franchises, nonprofit organizations) are identified. The role of the entrepreneur in organizing the factors of production is explored and links to related articles and Web sites include biographies of successful entrepreneurs like Ray Kroc, the founder of McDonald's, and Bill Gates, the founder of Microsoft.*
- *Chapter 12 explores the government decision-making process and explains how it impacts public and private institutions. Key concepts, such as externalities and cost/benefit ratios, are addressed. The impact of government regulations is discussed and links are provided to various government regulatory agencies like the Environmental Protection Agency and the Food and Drug Administration.*