



North Carolina Social Studies Standard Course of Study

What Citizens Need to Know About Economics
addresses select North Carolina Social Studies Standard Course of Study for the economics component of the Civics and Economics curriculum grade 10 and the economics component of the elective curriculum grade 12.



Tenth Grade Civics and Economics

COMPETENCY GOAL 7: The learner will investigate how and why individuals and groups make economic choices.

Objectives

- 7.01 Describe the basic factors of production such as land, labor, capital, and entrepreneurial skills and their impact on economic activities.
- 7.02 Explain how scarcity influences producers and consumers to make choices.
- 7.03 Compare examples of tradeoffs and opportunity costs of economic choices.

- *Chapter 2 describes the basic factors of production as being land, labor, capital and management (entrepreneurs) and explores their impact on economic activities. This chapter also explains how scarcity influences producers and consumers to make choices and explains how tradeoffs and opportunity costs impact economic choices. The production possibilities curve is described and illustrated with a graphic to demonstrate how tradeoffs and opportunity costs affect choices.*

- 7.04 Analyze the impact on economic activities of specialization, division of labor, consumption and production increases.
- 7.05 Explain the impact of investment on human, capital, productive, and natural resources.

- *Chapter 7 explores the impact of the division of labor on economic activities and explains the impact of investment on the factors of production. The law of diminishing returns is explained and illustrated with a graphic. Links to related articles and Web sites are included for further research.*

- *Chapter 8 explains what happens to economic activity when consumption and/or production increase. The laws of supply and demand are explained and graphics are provided throughout the chapter to illustrate what happens when consumption (demand) and/or production (supply) increases or decreases.*

- *Chapter 10 describes the division of labor and explains how management interacts with employees. The concept of pay equity is debated and the role of labor unions is explored. Web links are available to many labor organizations, including the AFL-CIO and the Teamsters.*
- *Chapter 15 explains the impact of investment on human, capital, productive, and natural resources. Key concepts and terms, such as the multiplier effect and the accelerator effect, are defined and illustrated with graphics.*
- *Chapter 22 discusses the economic impact of specialization from the context of foreign trade. The term specialization is defined along with other key economic terms, such as comparative advantage and balance of trade. Links to related articles and Web sites are included for more information and specific examples.*

7.06 Compare and contrast how different economic systems address key economic factors.

- *Chapter 3 describes how different economic systems address key economic factors. Different economic systems—command, traditional, market and mixed economies—are defined and examples are cited of each. A comparison and contrast of capitalism, socialism and communism is also presented. Links are included to biographies of influential philosophers, such as Adam Smith and Karl Marx, and the complete texts of their most famous works.*

COMPETENCY GOAL 8: The learner will analyze features of the economic system of the United States.

Objectives

- 8.01 Compare characteristics of command, market, traditional, and mixed economies.
- 8.02 Describe how the free enterprise system encourages private ownership of property and promote individual initiative.

- *Chapter 3 compares characteristics of command, market, traditional and mixed economies and describes how the free enterprise system encourages private ownership of property and promotes individual initiative. A comparison of capitalism, socialism and communism is also included and Web links include biographies of influential philosophers and the complete texts of their most famous works.*
- *Chapter 7 explains how private ownership of property and individual initiative are important aspects of a market economy. The role of the entrepreneur is explored and risks and incentives are identified. Web links are provided to biographies of successful entrepreneurs, such as Ray Kroc, the founder of McDonald's, and Bill Gates, the founder of Microsoft.*

- 8.03 Explain the circular flow of economic activities and how interactions determine the prices of goods and services.
- 8.04 Illustrate how supply and demand affects prices.
- 8.04 Predict how prices change when there is either a shortage or surplus.

- *Chapter 8 explains how interactions between consumers and producers influence the price of goods and services. The way supply and demand affects prices is explained and illustrated with graphics. The impact of a shortage or surplus of goods and services is explored and graphics are included to illustrate the impact of shortages and surpluses on prices. An activity for this chapter in the Educator's Guide involves creating graphs and charts to illustrate changes in supply and demand and the impact of shortages and surpluses.*
- *Chapter 14 defines the circular flow of money principle and graphics are included to illustrate this concept. Links to related articles and Web sites are included for more information.*

- 8.05 Explain how changes in the level of competition can affect price and output levels.

- *Chapter 9 explains how changes in the level of competition can affect price and output levels. Key concepts and terms, such as pure competition, monopoly and oligopoly are defined. The role of government to regulate competition in the marketplace is explained and links are available to the complete texts of important government legislation, such as the Sherman Antitrust Act and the Robinson-Patman Act.*

- 8.06 Identify and describe the roles and functions of various economic institutions and business organizations.

- *Chapter 7 explores the roles and functions of various business organizations and investment institutions. Different types of businesses—sole proprietorship, partnership, corporation and franchise—are defined. The role of investment institutions, like stock and commodity exchanges, to provide investment capital to corporations is explained. Web links are included to stock and commodity markets around the world, including the New York Stock Exchange, the Chicago Mercantile Exchange and the London Stock Exchange.*
- *Chapter 10 describes the roles and functions of labor institutions. Key terms like collective bargaining and arbitration are defined. Web links are included to major labor organizations, including the AFL-CIO and the Teamsters.*

- *Chapter 11 examines the roles and functions of banking institutions. Different types of banks are identified and the role of the Federal Reserve System is explained. Web links are included to all branches of the Federal Reserve.*

8.08 Evaluate the investment decisions made by individuals, businesses, and the government.

- *Chapter 6 explores investment decisions made by individuals, businesses and the government. Key terms such as bankruptcy and debt are defined. The consequences of poor financial decisions are discussed. Links to related articles and Web sites provide specific examples of the consequences of poor financial decisions on individuals, businesses and the government.*
- *Chapter 7 describes the impact of investment decisions on businesses. The way the stock market provides investment capital to corporations is explained and illustrated with a graphic. Web links are available to stock exchanges around the world, including the New York Stock Exchange, the London Stock Exchange and the Tokyo Stock Exchange. Other investment options like bonds and commodities are also identified and links are provided to commodity exchanges, such as the Chicago Mercantile Exchange.*
- *Chapter 11 examines investment options associated with banking. Different types of investments, like savings accounts, Treasury bills and bonds, are identified and concepts, such as interest and moral hazard, are defined. The role of the Federal Reserve System in setting interest rates is explained and Web links are included to all branches of the Federal Reserve.*
- *Chapter 12 highlights the roles of government in economic systems. The federal government's investment in the country through the national budget is explained. The budget-making process is described and illustrated with a graphic. Key terms, such as cost/benefit ratios and deficit financing, are defined. Web links are included to government agencies involved in the budget-making process, including the Office of Management and Budget and the Congressional Budget Office.*

8.09 Describe the role of money in trading, borrowing, and investing.

- *Chapter 11 describes the role of money in trading, borrowing and investing. Key concepts and terms, such as barter and interest, are defined. The way borrowing and investing increases the amount of money in circulation is explained and illustrated with a graphic. The role of the Federal Reserve System in maintaining a stable money supply is explored and Web links are included to all branches of the Federal Reserve.*

- *Chapter 23 discusses the importance of money in international trade. Different types of money and investments, such as special drawing rights and foreign direct investments, are defined. The importance of the foreign exchange rate is explained and a Web link is included to a program that calculates the current exchange rate for the U.S. dollar and other currencies.*

COMPETENCY GOAL 9: The learner will analyze factors influencing the United States economy.

Objectives

- 9.01 Identify phases of the business cycle and the economic indicators used to measure economic activities and trends.

- *Chapter 1 identifies different economic indicators used to measure economic activities and trends. Graphics are included to illustrate long term trends in such indicators as gross domestic product, unemployment and consumer price index. Links to related articles and Web sites provide the most current statistics on these and other economic indicators directly from the federal government.*
- *Chapter 14 explains why gross domestic product (GDP) is one of the most important economic indicators. The accuracy of GDP is debated and alternatives to GDP, such as the human development index (HDI), are suggested. Web links are included for current GDP and HDI statistics.*
- *Chapter 16 describes the phases of the business cycle and illustrations are included to demonstrate fluctuations in the business cycle. Key concepts and terms, such as inflation, recession and depression, are defined. An oral history of the Great Depression is included to illustrate the impact of changes in the business cycle on individuals.*

- 9.02 Describe the impact of government regulation on specific economic activities.

- *Chapter 12 describes the impact of government regulation on specific economic activities. Concepts, such as externalities and cost/benefit ratios, are defined. Web links are included to many government regulatory agencies like the Environmental Protection Agency and the Food and Drug Administration.*

- 9.03 Explain the impact of the movement of human and capital resources on the United States economy.

- *Chapter 15 explores the impact of human and capital resources on the United States economy in the context of economic growth. Factors that contributed to economic growth in the U.S. are described and the implications of economic growth are addressed. Key concepts, such as the multiplier effect and accelerator effect, are defined. Links to related articles and Web sites are included for further research.*
- *Chapter 24 explains the importance of the movement of human and capital resources on a nation's economy. Key terms, such as brain drain, colonialism and development, are defined. Links to related articles and Web sites are included for more information and specific examples.*

9.04 Assess how current events impact decisions made by consumers, producers, and government policy makers.

- *Chapter 2 describes the process of economic decision-making. The production possibilities curve is explained and illustrated with a graphic. The chapter includes a timeline of important events in U.S. history that had economic implications. Links to related articles and Web sites explain how these events impacted economic decisions. Current events are identified and their economic impacts are explored.*
- *Chapter 4 explains how consumers make economic decisions. Key concepts and terms, such as caveat emptor and diminishing utility, are defined. Related articles identify current events that have an impact on consumers' economic decisions.*
- *Chapter 7 examines how businesses make economic decisions. The impact of current events on business decisions are explored and links to related articles and Web sites highlight current events that impact business decisions.*
- *Chapter 12 explains the process by which government policy makers formulate economic decisions. Key terms, such as cost/benefit analysis and externalities, are defined. The budget-making process is explored and links are included to government agencies involved in the budget process, including the Office of Management and Budget and the Congressional Budget Office. Links to related articles and Web sites also identify current events that have implications for government decisions.*
- *Related articles and Web sites linked to all the chapters identify current events associated with the topics addressed in each chapter and the implications of those events on the economy and economic decisions.*

9.05 Explain the impact on the United States economy of international trade and global products.

- *Chapter 22 explains the impact on the United States economy of international trade and global products. Key concepts and terms, such as specialization and comparative advantage, are defined. The debate over free trade and protectionism is addressed and different forms of protectionism, such as tariffs and quotas, are identified. Links to related articles and Web sites include opposing views of the free trade debate and provide examples of the impact of international trade and global products on domestic and international markets.*

9.06 Investigate the ways that domestic and international economies are interdependent.

- *Chapter 23 explains how domestic and international economies are interdependent. The impacts of economic decisions on the global and domestic markets are explored and the 1971 decision by the U.S. government to abandon the gold standard and the 1997 Asian financial crisis are cited as examples. Key terms like the contagion effect are defined. Web links are included to major international organizations that function in the global economy, such as the World Trade Organization and the International Monetary Fund.*

9.07 Analyze the short- and long-term effects of fiscal and monetary policy on the United States economy.

- *Chapter 17 explores the short- and long-term effects of fiscal and monetary policy on the U.S. economy. Different fiscal and monetary policy options, such as deficit financing and open market operations, are explained. The debate between Keynesian and supply-side economists is presented. Links to related articles and Web sites include information on current fiscal and monetary policy decisions and their short- and long-term effects on the economy.*

9.08 Analyze the influence of environmental factors, economic conditions, and policy decisions on individual economic activities.

- *Chapter 12 describes the influence of economic policy decisions on individual economic activities. Governmental regulatory functions are explained and Web links are included to government regulatory agencies, such as the Federal Communications Commission and the Occupational Safety and Health Administration. Links to related articles cite specific examples of the influence of policy decisions on individual economic activity.*

- *Chapter 15 explains how environmental factors influence individual economic activities in the context of economic growth. The environmental impact of economic growth is explored and links to related articles and Web sites provide specific examples.*
- *Chapter 16 explains how economic conditions influence individual economic activities. An oral history of the Great Depression is included to illustrate how economic conditions influence individual activities.*

ECONOMICS

Economics is designed to equip students with the knowledge and tools necessary to understand the mechanics and functions of the American economic system. Key elements include the study of scarcity, supply and demand, market structures, the role of government, national income determination, money and the role of financial institutions, economic stabilization, trade and interdependence, and comparative economic systems. As a result of acquiring information and developing a reasoned approach to decision making, students will be able to make informed choices in their respective roles as consumers, producers, employees, employers, borrowers, lenders, savers, investors as well as voters.

Strands: Deductive Reasoning, Graph and Chart Interpretation, Data Analysis, Microeconomics, Macroeconomics, International Trade and Levels of Economic Activity

COMPETENCY GOAL 1: The learner will demonstrate the role of economic choices within a market economy.

Objectives

- 1.01 Define the categories of productive resources and site examples of each.
- 1.02 Explain the condition of scarcity and relate the concept of scarcity to choice, opportunity costs, and tradeoffs.

- *Chapter 2 defines the categories of productive resources (factors of production) as being land, labor, capital and management. Examples are cited of each and Web links are included for statistics on U.S. natural resources (land) and the labor force. This chapter also explores concepts of scarcity, choice and opportunity costs. The production possibilities curve is described and illustrated with a graphic.*

- 1.03 Identify and explain broad economic and social goals.

- *Chapter 1 provides an introduction to economics and identifies and explains broad economic and social goals. Key concepts and terms, such as macroeconomics and microeconomics, are defined. Links to related articles and Web sites are included to highlight current economic issues.*

- 1.04 Compare and contrast traditional, market, command, and mixed economic systems and their responses to production.
- 1.05 Describe the impact of defined and enforced property rights on a market economy.

- Chapter 3 compares and contrasts traditional, market, command and mixed economic systems. Examples are given of each and characteristics, such as property rights, are identified. A comparison and contrast of capitalism, socialism and communism is also provided. Important economic philosophers, like Adam Smith and Karl Marx, are highlighted and Web links are included to biographies and the complete texts of their most influential works.

- 1.06 Describe consumer response to positive and negative incentives.

- Chapter 4 describes the role of the consumer in a market economy. Positive and negative incentives are explored and terms, such as caveat emptor and diminishing utility, are defined. Consumer protection issues are examined and links are included to consumer protection Web sites maintained by the government and consumer watchdog groups.

- 1.07 Predict how interest rates act as an incentive for borrowing and saving.
- 1.08 Formulate a savings or financial investment plan for a future goal.

- Chapter 6 discusses issues associated with consumer credit. Concepts like debt and interest rates are defined. An activity for this chapter in the Educator's Guide requires students to formulate a budget plan to achieve a future goal. Budgeting strategies are discussed in the chapter and a downloadable worksheet of a household budget is available. The ramifications of poor financial decisions are explored and terms, such as bankruptcy, are described.

- Chapter 11 explains how interest rates act as incentives for borrowing and saving. The way borrowing and saving increases the money supply is described and illustrated with a graphic. The role of the Federal Reserve System in controlling interest rates is explored and terms, such as reserve requirements and discount rates, are defined. Web links are included to all branches of the Federal Reserve for current information on interest rates and other Federal Reserve functions.

- 1.09 Identify the conditions for voluntary exchange.

- *Chapter 3 explains the importance of voluntary exchange in a market economy. Adam Smith's concept of an "invisible hand" that guides the market place is described. Biographies of Adam Smith and other economic philosophers are included and Web links are available to the complete texts of their most influential works, such as the Wealth of Nations.*

1.10 Analyze public policy issues affecting decision making within a community.

- *Chapter 12 explores the roles of government in an economic system. Public policy issues on the federal, state and local levels of government are identified and concepts, such as cost/benefit ratios and externalities, are described. Links are included to state and local government Web sites and many different agencies of the Federal government like the Office of Management and Budget and the Congressional Budget Office.*

COMPETENCY GOAL 2: The learner will analyze the role that supply and demand, prices, and profits play in determining production and distribution in a market economy.

Objectives

- 2.01 Define supply and demand and identify factors that cause changes in market supply and demand.
- 2.02 Explain the functions of supply and demand.
- 2.03 Describe the role of producers and consumers in determining the equilibrium price.

- *Chapter 8 defines the laws of supply and demand and identifies the factors that cause changes in market supply and demand. The functions of supply and demand are explained and the role of producers and consumers in determining the equilibrium price is described. Key concepts and terms like equilibrium price, substitution effect and new buyer effect are defined. Graphics and charts are included throughout the chapter to illustrate changes in supply and demand models.*

2.04 Explain the concept of consumer sovereignty.

- *Chapter 4 describes the role of consumers in a market economy. Factors that influence consumer behavior are discussed and concepts, like caveat emptor and conspicuous consumption, are defined. Consumer protection issues are explored and links are included to consumer protection Web sites maintained by the government and consumer watchdog groups.*

2.05 Explain the function of profit in a market economy.

- *Chapter 7 explains how profit is a major incentive to entrepreneurs in a market economy. The role of the entrepreneur to organize the factors of production is described. Successful entrepreneurs, such as Ray Kroc, the founder of McDonalds, and Bill Gates, the founder of Microsoft, are identified and Web links provide biographies of these and other successful businesspersons.*

2.06 Describe the primary factors of production and their impact on the standard of living.

- *Chapter 2 describes the factors of production as being land, labor, capital and management. The impact that these factors of production have on the standard of living is explained and definitions and examples are provided. Graphics are included to illustrate how the factors of production interact to produce goods and services. Links to related articles and Web sites are included for current statistics on U.S. natural resources and the labor force. Links also provide examples of how these factors impact the standard of living and the economy as a whole.*

2.07 Explain how financial markets channel funds from savers to investors.

- *Chapter 7 explains how financial markets channel funds from savers to investors and describes how investments in the stock market provide capital to corporations. A graphic is included to illustrate this relationship and Web links are provided to stock exchanges around the world including the New York Stock Exchange, the London Stock Exchange and the Tokyo Stock Exchange.*

- *Chapter 11 explains how financial institutions, such as banks, channel funds from savers to investors. The way this interaction increases the money supply is described and illustrated with a graphic. The role of the government to secure U.S. deposits is explored and Web links are included to the Federal Deposit Insurance Corporation and other government run deposit insurance agencies.*

COMPETENCY GOAL 3: The learner will analyze the organization and role of business firms and assess the various types of market structures in the United States economy.

Objectives

- 3.01 Compare and contrast the different types of business organization.
- 3.02 Identify various ways firms finance operations and explain the advantages and disadvantages of each way.

- *Chapter 7 identifies different types of business organizations, including sole proprietorships, partnerships, corporations and franchises. The various ways firms finance and operate are explained and advantages and disadvantages are discussed. The way the stock market is used to provide investment capital to corporations is highlighted and illustrated with a graphic. Web links are included to stock exchanges around the world including the New York Stock Exchange, the London Stock Exchange and the Panama Stock Exchange.*

3.03 Explain the evolution and role of labor organizations and cooperatives in market economies.

- *Chapter 7 explains the role of cooperatives in a market economy. Examples of cooperatives are provided and links to related articles and Web sites are included for more information and other examples.*
- *Chapter 10 explores the evolution and role of labor organizations in the United States. Key concepts like collective bargaining and mediation are discussed. The role of the government to regulate and mediate the relationship between management and labor is explored and links are included to important government legislation, such as the National Labor Relations Act and the Taft-Hartley Act. Web links are also included to major labor organizations in the U.S. including the Teamsters and the AFL-CIO.*

3.04 Describe the four market structures in the United States and the impact of government regulations on them.

3.05 Describe the benefits of natural monopolies and the purposes of government regulation of these monopolies.

3.06 Analyze the importance of competition among producers.

- *Chapter 9 explores competition in the marketplace. Market structures, such as pure competition, monopolies and oligopolies, are described and examples are cited of each. The importance of competition among producers is explained and the role of government to regulate competition is discussed and examples, such as the U.S. case against Microsoft, are cited. Links are included to the complete texts of important government legislation, like the Sherman Antitrust Act and the Robinson-Patman Act.*

3.07 Explain the role of marginal analysis in determining prices and output.

- *Chapter 7 explains how entrepreneurs must calculate the marginal benefits and marginal costs while determining prices and output. Links to related articles and Web sites are included for more information and specific examples.*

COMPETENCY GOAL 4: The learner will evaluate the roles of government in a market economy.

Objectives

- 4.01 Explain the basic functions of government in a market economy.
- 4.02 Identify ways the government responds to market failures.
- 4.03 Describe major revenue and expenditure categories and their respective proportions of local, state, and federal budgets.
- 4.04 Explore ways tax revenue is used in the community.
- 4.05 Define progressive, proportional, and regressive taxation.
- 4.06 Describe how and when costs of government policies may exceed benefits.
- 4.07 Distinguish between federal deficits and the national debt and predict their future effects on the economy.
- 4.08 Predict the effects of federal spending and taxation on budget deficits and surpluses and the national debt.

- *Chapter 12 explains the basic functions of government in a market economy and describes major revenue and expenditure categories and their respective proportions of local, state and federal budgets. Graphics are included to identify major revenue and expenditure categories for state and local governments. Links are included to state and local government Web sites for more information on specific state budget expenditures. The federal budget-making process is explained and illustrated with a graphic. The use of cost/benefit ratios to determine how and when costs of government policies exceed their benefits is explored. The impact of deficits and national debt are explained. Web links are included to government agencies involved in the budget process including the Office of Management and Budget and the Congressional Budget Office.*
- *Chapter 13 describes ways tax revenue are collected and used in the community on the federal, state and local level. Different types of taxation—progressive, proportional and regressive—are defined and examples are cited of each. Web links provide current information on federal, state and local tax policies.*
- *Chapter 17 debates the consequences of deficit financing and the national debt. The arguments of Keynesian and supply-side economists are presented and the effects of fiscal policy decisions, such as federal spending and taxation, on budget deficits and surpluses and the national debt are explored. Links to related articles and Web sites include information on current U.S. fiscal policy decisions and their impact on the economy.*

COMPETENCY GOAL 5: The learner will examine the various ways economic performance is measured.

Objectives

- 5.01 Describe the various economic performance indicators and explain how they are calculated.

5.02 Explain the limitations of using GDP to measure economic welfare.

- *Chapter 1 identifies various economic performance indicators, such as gross domestic product, consumer price index and unemployment, and explains how they are calculated. Graphics are provided for each economic indicator to illustrate long-term trends. Web links are included to the governmental agencies that maintain the various economic indicators for the most current statistics. Links to related articles include evaluations of the current economic indicator reports.*
- *Chapter 14 explains the importance of gross domestic product (GDP) in determining the health of the economy. The limitations of GDP are discussed and alternatives to GDP, such as the human development index (HDI), are presented. Links to related articles and Web sites include the most current GDP and HDI statistics.*

5.03 Describe the nature and causes of business cycles and analyze the impact of major events on them.

5.04 Identify the causes of inflation and analyze its impact on economic decisions.

- *Chapter 16 describes the nature and causes of the business cycle and inflation and their impact on economic decisions. The impact of major events, such as the September 11, 2001, terrorist attacks, on the business cycle is explored. Key concepts and terms, such as recession and depression, are defined. An oral history of the Great Depression is included to illustrate the impact of changes in the business cycle on individuals and the economy as a whole.*

5.05 Assess how individual spending and production decisions impact levels of income, employment, and prices.

- *Chapter 4 describes the role of the consumer in a market economy and explains how individual spending decisions impact production, employment and prices. A graphic is included to illustrate the role of the consumer in a market economy. The impact of production decisions on prices and consumer spending is also explored. Key terms, such as caveat emptor and diminishing utility, are defined. Links to related articles and Web sites are included for further research.*
- *Chapter 10 explains how production decisions impact levels of income and employment. The factors that determine income are discussed and the roles of labor organizations are addressed. Web links are included to major labor organizations, such as the AFL-CIO and the Teamsters.*

- *Chapter 18 examines income distribution in the United States. The impact of spending and production decisions on income and employment are discussed. Concepts, such as middle class and working poor, are defined. Web links include current statistics on income distribution in the United States and related articles provide examples of the impact of spending and production decisions on individuals and the economy as a whole.*
- *Chapter 19 explains how production decisions impact employment. Key terms, such as displaced workers and structural unemployment, are defined. Web links include statistics and analysis of the current U.S. unemployment rate.*

- 5.06 Identify causes and effects of inflation, and analyze its impact on economic decisions.
- 5.07 Illustrate and explain the determinant of unemployment and inflation in an economy.
- 5.08 Compare and analyze current unemployment rates at the local, state, and national levels.
- 5.09 Propose solutions for addressing issues of unemployment in the community.

- *Chapter 5 identifies causes and effects of inflation and analyzes its impact on economic decisions. Graphics are included to illustrate the impact of inflation on individuals. The use of the consumer price index (CPI) to determine the rate of inflation or deflation is discussed. Web links are included to current CPI statistics and a program that uses CPI to calculate inflation rates and compares the value of a dollar during different time periods in U.S. history.*
- *Chapter 17 explores the relationship between unemployment and inflation. A graphic is included to illustrate this relationship. The government's role to maintain stable employment and inflation rates is discussed and fiscal and monetary policy options are explored. Links to related articles and Web sites include current information on U.S. fiscal and monetary policy decisions and their impact on inflation, unemployment and the economy as a whole.*
- *Chapter 19 explores issues associated with unemployment. Key concepts and terms, such as displaced workers and structural unemployment, are defined. Solutions to unemployment are suggested and links to related articles and Web sites include opposing views of dealing with unemployment. Web links also include current statistics on unemployment at the federal, state and local levels.*

COMPETENCY GOAL 6: The learner will describe the role of money and financial institutions in a market economy.

Objectives

- 6.01 Explain the basic functions of money.
- 6.02 Identify the composition of the money supply of the United States.

- 6.03 Explain the role of banks and other financial institutions in the economy of the United States.
- 6.04 Describe the organization and functions of the Federal Reserve System.

- Chapter 11 explains the basic functions of money and the role of banks and other financial institutions. The composition of the money supply of the United States is identified and illustrated with a graphic. The organization and functions of the Federal Reserve System are also discussed and terms like reserve requirement and discount rate are defined. Web links are provided to all branches of the Federal Reserve for more information on its organization and functions and current information on Federal Reserve policy decisions.

- 6.05 Compare and contrast credit, savings, and investment services available to the consumer from financial institutions.

- Chapter 6 identifies various credit services available to the consumer from financial institutions. The wise use of credit is stressed and the ramifications of poor credit decisions, such as debt and bankruptcy, are described. Links to related articles and Web sites explore other issues associated with consumer credit, such as identity fraud and truth-in-lending. A comparison of various types of credit, such as credit cards, mortgages and payday loans, is included and the positive and negative aspects of each are identified. An activity for this chapter in the Educator's Guide requires students to compare and contrast various credit card agreements to determine the best value.

- Chapter 11 describes various credit, savings and investment services available to the consumer from financial institutions. Key concepts and terms, such as interest, moral hazard and redlining, are defined. The government's role in regulating financial institutions is explained and Web links are included to government agencies like the Federal Deposit Insurance Corporation.

- 6.06 Research and monitor financial investments, such as stocks, bonds, and mutual funds.

- Chapter 7 identifies various financial investments, such as stocks, bonds and mutual funds. Web links are included to stock and commodity exchanges around the world, including the New York Stock Exchange, the Chicago Mercantile Exchange and the London 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 monitoring their investment over a specific period of time.

6.07 Formulate a credit plan for purchasing a major item comparing different interest rates.

- Chapter 6 explores issues associated with consumer credit. Credit plans, such as budgets, are described and a downloadable worksheet for formulating a household budget is included. The consequences of poor credit management are discussed. Activities for this chapter in the Educator's Guide includes comparing different interest rates on credit cards and formulating a budget to achieve a future goal like purchasing a major item or saving for college.

COMPETENCY GOAL 7: The learner will assess economic stabilization policies and how they impact the economy.

Objectives

- 7.01 Define and explain fiscal and monetary policy.
- 7.02 Describe the negative impact unemployment and unintended inflation has on the economy.
- 7.03 Explain how monetary policy affects the level of inflation.
- 7.04 Analyze the role of taxation and fiscal policy in promoting price stability, full employment, and economic growth.
- 7.05 Analyze the purpose of monetary tools used by the Federal Reserve.
- 7.06 Articulate the impact of monetary or fiscal policy on purchasing decisions.

- Chapter 17 describes how the government stabilizes the economy through the use of fiscal and monetary policies. The terms fiscal and monetary policies are defined and monetary and fiscal policy tools, such as deficit financing, taxation and open market operations, are identified. The negative impact unemployment and unintended inflation has on the economy is explained and the affects monetary policy has on inflation are discussed. A graphic is included to illustrate the relationship between inflation and unemployment. The role of taxation and fiscal policy in promoting price stability, full employment and economic growth is explained and the debate between Keynesian and supply-side economists is highlighted. Links to related articles and Websites include current information on U.S. fiscal and monetary policy decisions and their impact on the economy. Links to related articles also provide opposing views on various ways to stabilize the economy.

COMPETENCY GOAL 8: The learner will analyze the international dimensions of economics.

Objectives

- 8.01 Explain the benefits of trade among individuals, regions, and countries.
- 8.02 Define trade barriers, such as quotas and tariffs, and site how different countries use them.
- 8.03 Distinguish between balance of trade and balance of payments.

- 8.04 Compare and contrast labor productivity trends in the United States and other developed countries.
- 8.05 Discuss the concept of balance of trade and explain its benefits and costs.
- 8.06 Explain the impact of exchange rates on purchasing power.
- 8.07 Evaluate the benefits and costs of free trade.

- *Chapter 10 discusses labor productivity in the United States. The global role of labor organizations is discussed and a comparison and contrast of labor in the United States and other developed and developing countries can be explored from links to related articles and Web sites.*
- *Chapter 22 explains the benefits of trade among individuals, regions and countries. Trade barriers, such as quotas and tariffs, are defined and their uses by the United States and other countries are explained. The concept of balance of trade is explained. A comparison of labor productivity trends in the United States and other developed and developing countries is provided and links to related articles and Web sites are available for more information. The costs and benefits of free trade are discussed and links to related articles and Web sites include opposing views of the free trade debate. A history of U.S. trade policy is presented and the rise of regional and international trade associations is described. Web links are included to many regional trade associations, such as the North American Free Trade Agreement and the European Union.*
- *Chapter 23 explores the interdependence of the global economy. Key concepts and terms, such as exchange rates and balance of payments, are defined and illustrated with graphics. Web links are included to major international organizations, like the World Trade Organization and the International Monetary Fund. A Web link is also included to a program that calculates the current exchange rate for the U.S. dollar and other currencies.*