



## Priority Academic Student Skills—Social Studies

### *What Citizens Need to Know About Economics*

addresses Oklahoma Priority Academic Student Skills standards for the economics component of the social studies curriculum grades 9-12.



#### ECONOMICS

#### High School

**Standard 1: The student will evaluate how societies answer the three basic economic questions: what goods and services to produce, how to produce them and for whom are they produced?**

1. Examine the different economic systems used to allocate resources, goods and services and wealth in other countries around the world.
2. Compare the relative size and responsibilities of governments in different countries.

- *Chapter 2 identifies the three basic questions of economics as being: what goods and services to produce, how to produce them and for whom are they produced? Links to related articles and Web sites are included for further research.*
- *Chapter 3 examines different economic systems and explains how they answer the three basic economic questions. A comparison of traditional, command and market economies is provided and an overview of capitalism, socialism and communism is included. Web links are available for biographies of influential economic philosophers and the complete texts of their most famous works. A comparison is also included of the responsibilities of governments in capitalist, socialist and communist societies.*
- *Chapter 12 explores the role of government in an economic system. The U.S. government is cited as an example and Web links to many governmental organizations are provided.*

**Standard 2: The student will explain how prices are set in a market economy by using supply and demand graphs, and determine how prices provide incentives to buyers and sellers.**

1. Determine how price and nonprice factors affect the demand and supply of goods and services available in the marketplace.
2. Explain what causes shortages and surpluses, including government imposed price floors and price ceilings; and determine the impact they have on prices and people's decisions to buy or sell.

- *Chapter 8 explains how the laws of supply and demand determine prices in the marketplace. Graphics are included to illustrate these concepts.*
- *Chapter 21 explains how nonprice factors affect the demand and supply of goods and services in the context of American farms. Terms such as price floors and ceilings are defined and their impact on prices and economic decisions are discussed.*

**Standard 3: The student will evaluate how changes in the level of competition in different markets affect prices.**

1. Explain how competition among sellers lowers costs and prices while encouraging producers to produce more, and competition among buyers increases prices and allocates goods and services to those persons willing and able to pay higher prices.
2. Explain how people's own self-interest helps markets make decisions.

- *Chapter 3 describes Adam Smith's concept of the "invisible hand" that guides the marketplace, which explains how self-interest helps markets make decisions. A link is available to a biography of Adam Smith and the complete texts of his most influential works, such as the Wealth of Nations.*
- *Chapter 4 explores the role of the consumer in economic systems. The interaction between consumers and producers and the impact of prices are discussed. Graphics are included to illustrate this concept.*
- *Chapter 8 explains how the laws of supply and demand influence prices. The impact of competition is discussed and graphics are included.*
- *Chapter 9 examines competition in the marketplace. Concepts such as pure competition, monopoly and oligopoly are defined. The response of government to unfair business practices is discussed and links are provided to the complete texts of important governmental legislation such as the Sherman Antitrust Act and the Robinson-Patman Act.*

**Standard 4: The student will describe the role of economic institutions (e.g., banks, labor unions, corporations, legal systems, and not-for-profits) in a market economy.**

1. Evaluate the impact of different institutions in a market economy (e.g., the legal system ensuring private property rights, banks matching savers with borrowers, and corporations allowing people to pool their incomes and provide future income investing in stocks).
2. Describe how some institutions (e.g., labor unions, religious organizations, and not-for-profits) work to promote the goals of certain interest groups.

- *Chapter 7 explores the role of corporations in an economic system. The way that the stock market is used to invest in corporations is discussed and Web links are included to major stock exchanges around the world, including the New York Stock Exchange, the London Stock Exchange and the Tokyo Stock Exchange. This chapter also describes the role of entrepreneurs and identifies incentives that influence entrepreneurs, such as property rights.*
- *Chapter 10 examines the role of labor unions in economic systems. A history of labor in America is provided and Web links are included to major U.S. labor organizations, such as the AFL-CIO and the Teamsters. The way labor organizations work to promote the goals of specific interest groups are also discussed.*
- *Chapter 11 explains how banks match savers with borrowers and how that impacts the money supply. Different types of banks are identified and the role of the Federal Reserve System is explored. Web links are included to all branches of the Federal Reserve.*

**Standard 5: The student will analyze how money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.**

1. Explain how individuals, businesses and the overall economy benefit from using money.
2. Determine the components of the money supply in the United States (e.g., currency, coins, and checking account deposits).
3. Identify the different functions of money and give examples of each.
4. Explain how the value of money is determined by the goods and services it can buy.

- *Chapter 11 provides a history of money from barter to electronic funds transfers. The money supply in the United States is identified, as are different functions of money. Links to related articles and Web sites are included for further research.*
- *Chapter 23 explains how money is used in the international marketplace. Concepts such as exchange rates are defined and a Web link is included to a program that calculates the current exchange rate for the U.S. dollar and other currencies.*

**Standard 6: The student will evaluate the role of interest rates in a market economy.**

1. Identify current interest rates on different kinds of savings instruments and loans, and compare those rates with current interest rates on credit cards.
2. Discuss the relationship between interest rates and inflation rates, and determine how changes in real interest rates impact people's decisions to borrow money and purchase goods.

3. Determine the factors affecting the differences in interest rates (e.g., new *versus* used car loans, home mortgages, and “good” *versus* “bad” credit ratings).

- *Chapter 5 explains how inflation influences interest rates and the cost of living. Links to related articles and Web sites are included for further research.*
- *Chapter 6 explores how interest rates impact borrowing. The wise use of credit is stressed and the impact of poor decisions about borrowing on households is discussed. Concepts, such as bankruptcy and debt, are defined. A suggested activity for this chapter in the Educator's Guide recommends students compare interest rates and other fees on different credit cards to determine the best consumer choice.*
- *Chapter 11 describes how interest rates are calculated. The role of the Federal Reserve System in determining interest rates is discussed and Web links are included to all the branches of the Federal Reserve.*
- *Chapter 15 explains how changes in real interest rates impact people's decisions to borrow money and purchase goods.*
- *Chapter 17 identifies how the Federal Reserve System can adjust interest rates to stabilize the economy. Links to related articles and Web sites include current information on interest rates and monetary policy decisions of the Federal Reserve.*

**Standard 7: The student will explain the role of entrepreneurs, risks, and profits in a market economy.**

1. Identify an entrepreneur and describe how his/her decisions affect job opportunities for others.
2. Analyze the potential risks and potential gains of entrepreneurs opening new businesses or inventing a new product, and determine the nonfinancial incentives that motivate them, and the risks or disincentives they face.

- *Chapter 7 explores the role of entrepreneurs in an economic system. Incentives and risks that entrepreneurs face are described and the impact his/her decisions have on others, including consumers and workers, are discussed. Web links include biographies of influential entrepreneurs, such as Ray Kroc, the founder of McDonald's and Bill Gates, the founder of Microsoft. A suggested activity for this chapter in the Educator's Guide involves interviewing a local entrepreneur on their decision-making process and the impact those decisions have on others.*

**Standard 8: The student will evaluate the economic role of government in a market economy.**

1. Explain the role that government has in dealing with issues, such as poverty, pollution, and medical research.
2. Describe the costs and benefits of government assistance programs, education and other government-funded projects.
3. Identify projects or programs where the cost of government policies may have exceeded the economic benefits received, and explain why government would continue supporting such projects.

- *Chapter 12 identifies the role of government in an economic system. The way government administrators use cost/benefit ratios in the budget-making process is described. Web links are included to influential governmental agencies such as the Office of Management and Budget and the Congressional Budget Office. Government waste is also discussed and Web links are included to organizations that monitor government spending, such as Citizens Against Government Waste. The role of government in dealing with issues such as poverty, pollution and medical research are discussed and Web links are included to major governmental agencies such as the Equal Employment Opportunity Commission, the Environmental Protection Agency and the Food and Drug Administration.*
- *Chapter 20 examines federal programs that provide subsidies to the needy. The cost versus the benefit of these programs is debated and Web links are included to the governmental organizations that oversee these programs, such as the Social Security Administration.*

**Standard 9: The student will determine current economic conditions in the United States, and explain how these conditions have an impact on consumers, producers, and government policymakers.**

1. Explain what gross domestic product (GDP) is and how it can be used to describe economic output over time.
2. Compare the GDP per capita in the United States with the same data for other countries.
3. Describe the impact on the economy when GDP is growing or declining.

- *Chapter 1 identifies key economic indicators, including gross domestic product (GDP) that the government maintains to assess the economy. Web links to governmental organizations that maintain these statistics are included for the most current information on GDP and other economic indicators.*

- *Chapter 14 provides a more in-depth examination of GDP. The way the Bureau of Economic Analysis calculates GDP is discussed and the accuracy of GDP is debated. Alternative measurements to the GDP are identified, including the human development index (HDI). Web links are included to current statistics on GDP and HDI for the United States and other countries for comparative purposes.*
- *Chapter 15 explores the impact on the economy when GDP is growing or declining. Concepts such as real GDP and standard of living are defined.*

**Standard 10: The student will explain the role of inflation and unemployment in an economic system.**

1. Define inflation and unemployment, and explain the impact they have on an economy.
2. Determine when the United States historically has faced high unemployment, high inflation, low unemployment, and low inflation; and identify the economic conditions that existed during those times.
3. Give examples of the types of unemployment and analyze the differences among them.
4. Determine how inflation is measured and the impact it has on different sectors of the economy.

- *Chapter 5 defines inflation and explains how it impacts the cost of living. Graphics are included to help illustrate this concept. The way that inflation is measured through the consumer price index (CPI) is also discussed and links include current CPI statistics from the government.*
- *Chapter 16 defines the business cycle and explains how inflation impacts the business cycle. Periods of high unemployment, high inflation, low unemployment and low inflation in U.S. history are identified. The impact of terrorism on the economy and an oral history of the Great Depression are also presented.*
- *Chapter 17 describes how unemployment and inflation impact the economy and explores choices the government can make in stabilizing the economy. Web links include current statistics on inflation and unemployment rates in the U.S.*
- *Chapter 19 examines issues associated with unemployment. Concepts such as discouraged workers and underemployed workers are defined. Web links include current statistics on unemployment in the U.S.*

**Standard 11: The student will identify the potential economic impact of policy changes by the Federal Reserve and the federal government.**

1. Identify historical examples of fiscal policies, and explain why they were adopted.
2. Determine the differences between federal deficits and surpluses, and their impact on the economy.

3. Examine the tools of monetary policy and its impact on the economy.
4. Determine when the federal government and the Federal Reserve should use expansionary or contractionary policies.

- *Chapter 11 examines the role of the Federal Reserve in the banking system. Terms such as reserve requirements and discount rate are defined and the way that banks create money is explained. Web links are included to all branches of the Federal Reserve System.*
- *Chapter 17 explains how the government uses monetary and fiscal policies to stabilize the economy. Historical examples of fiscal and monetary policy decisions are cited. The debate between Keynesian and supply-side economists is described. The impacts of deficit financing and government surpluses are also discussed. The tools of monetary policy are defined and expansionary and contractionary policies are identified. Links to related articles and Web sites include information on current monetary and fiscal policy decisions of the federal government.*