



South Carolina Social Studies Curriculum Standards

What Citizens Need to Know About Economics
addresses South Carolina Social Studies Curriculum Standards for the economics
component of the social science curriculum grades 11-12.



Content Standard IV. Production, Distribution, and Consumption: Economics

12.9 The learner will demonstrate an understanding of how scarcity and choice impact economic activity. The student should be able to:

12.9.1 show how scarcity and choice impact the economic decisions of individuals, families, and communities;

- *Chapter 2 explains how scarcity and choice impact economic decisions. Links to related articles and Web sites are available for more information.*

12.9.2 describe the typical choices families must make as they budget their income and expenses;

- *Chapter 4 describes consumer-spending habits and the choices consumers must make as they budget their income and expenses. A graphic provides information on how the average American family spends their income.*
- *Chapter 6 discusses consumer credit. A suggested activity for this chapter, found in the Educator's Guide, includes creating a budget to achieve future goals.*

12.9.3 examine how money, goods, and services link households and businesses in the U.S. economy;

- *Chapter 4 explains how households and businesses influence each other's decisions. A graphic is provided to better illustrate this relationship.*

12.9.4 describe how people use psychological and intellectual resources to deal with scarcity;

12.9.5 explain how states and nations use scarce resources to satisfy human wants;

- Chapter 3 describes how economic philosophers approached the concept of scarcity and the allocation of resources using psychological and intellectual resources. Web links are available to the biographies of influential philosophers and the complete texts of their most famous works. The way different nations have responded to the allocation of scarce resources is also discussed. The mixed market economy of the U.S. is compared to the traditional caste system of India and the command system of ancient Egypt and the former Soviet Union.

12.9.6 analyze how money encourages specialization, promotes markets, helps organize production, and distributes goods and services;

- Chapter 11 explores the role of money and banking in the economic system. A history of money is described and alternatives to money, such as barter, are discussed.

12.9.7 assess how choices may translate into opportunity costs and result in trade-offs that determine what goods and services are provided;

- Chapter 2 defines the concept of opportunity cost and explains how choices result in trade-offs. This concept is illustrated with a graphic that explains the production possibilities curve.

12.9.8 explain economic decision-making based on marginal benefit and marginal cost for individuals and government;

- Chapter 12 describes how the government must use cost/benefit ratios in devising a national budget to determine what programs to fund. Web links are provided to influential governmental agencies such as the Office of Management and Budget and the Congressional Budget Office.

12.9.9 explain how consumers spend their budget to maximize the net benefits of their income;

- Chapter 6 explores issues associated with consumer credit. Maintaining proper credit is discussed and a suggested activity for this chapter in the Educator's Guide involves creating a budget.

12.9.10 identify present-day choices that have important future consequences;

- Chapter 2 explains the importance of understanding future consequences in making economic choices. Graphics are provided to help illustrate this concept and related articles and Web sites are available for current examples.

12.9.11 describe factors of production;

- Chapter 2 defines the factors of production as land, labor, capital and management. A graphic describes how the four interact to produce goods and services.

12.9.12 describe how specialization and division of labor permit scarce resources to be used more efficiently;

- Chapter 22 defines the term specialization and explains how it allows scarce resources to be used more efficiently.

12.9.13 explain how producers allocate their expenditures to minimize production costs;

- Chapter 7 explains the law of diminishing returns and shows how producers can manipulate the factors of production to minimize production costs or increase production. A graphic is provided to help illustrate this concept.

12.9.14 compare and contrast the ways people make economic decisions in traditional, command, market, and mixed-market economies.

- Chapter 3 compares and contrasts traditional, command, market and mixed economies. Web links provide examples, including the traditional caste economy of India and the command economies of ancient Egypt and the former Soviet Union. Web links are also available to the biographies of influential economic philosophers and the complete texts of their most important works.

12.10 The learner will demonstrate an understanding of markets and the role of demand and supply in determining price and resource allocation. The student should be able to:

12.10.1 identify conditions that make industries either more or less competitive;

- *Chapter 7 explores the role of businesses in the marketplace and explains what conditions make some businesses more competitive than others. Links to articles and Web sites provide examples of successful businesses and entrepreneurs, such as Ray Kroc, the founder of McDonald's and Bill Gates, the founder of Microsoft.*

12.10.2 describe the nature and roles of competition in a market economy;

-*Chapter 9 explores the nature of competition in a market economy. Key concepts and terms, such as monopoly and oligopoly are defined. The role of government to maintain competition is discussed and links are provided to the complete texts of influential governmental legislation, such as the Sherman Antitrust Act and the Robinson-Patman Act.*

12.10.3 explain the law of demand and the law of supply;

12.10.4 identify the nonprice determinants of demand and those of supply;

12.10.5 examine how changes in the nonprice determinants of demand cause demand to change;

12.10.6 examine how changes in the nonprice determinants of supply cause supply to change;

12.10.7 analyze how change in market price and quantity result from changes in demand and supply;

12.10.8 explain economic incentives that lead to the efficient use of resources;

12.10.9 explain market equilibrium and the mechanism for eliminating shortages and surpluses;

12.10.10 identify the components of market research and its impact on products.

- *Chapter 8 defines the laws of supply and demand and explains how they interact in a market economy. Graphics are provided to help illustrate these concepts.*

12.11 The learner will demonstrate an understanding of the sources of income and growth in a free enterprise economy. The student should be able to:

12.11.1 illustrate how entrepreneurial decisions are influenced by changes in taxation and government regulation;

- *Chapter 12 describes the role of government in an economic system. The impact of government regulations is discussed and Web links are provided to many governmental regulatory agencies, such as the Environmental Protection Agency and the Federal Communications Commission.*

- Chapter 13 explores the role of taxation in an economic system. The impact that taxes have on businesses is discussed and links to related articles and Web sites are provided for current examples.

12.11.2 define interest and explain how interest rates and investment are related;

- Chapter 11 defines interest and explains how it influences investment. The role of the Federal Reserve is discussed and Web links are available to all branches of the Federal Reserve System.

12.11.3 explain the importance of profits and losses in a free enterprise economy;

- Chapter 7 explores the role of businesses in a free enterprise economy. The importance of profits and losses are examined. Links are provided to the biographies of influential businesspersons such as Ray Kroc, the founder of McDonald's and Bill Gates, the founder of Microsoft.

12.11.4 describe the relationships among technology, productivity, and capital;

- Chapter 7 defines the law of diminishing returns, which explains how changes in technology, land, labor or capital can impact productivity. A graphic is provided to help illustrate this concept.

12.11.5 explain the relationship of an educated workforce to economic growth and prosperity;

- Chapter 15 identifies an educated workforce as a determinant of economic growth. The United States is cited as an example.
- Chapter 24 identifies the importance of an educated workforce for economic growth and prosperity. The impact this has on developing countries is discussed.

12.11.6 analyze how profits affect investment and hence productivity and living standards;

- Chapter 7 explores the role of businesses in an economic system. The importance of profit is identified and the effect of investments on productivity is discussed. This concept is illustrated with a graphic.
- Chapter 15 explains how investment and productivity interact through the multiplier effect and accelerator effect.

12.11.7 explain and compare personal income distribution and functional income distribution.

- Chapter 18 explains how the distribution of income in a free market system influences economic classes. Different economic classes are defined and Web links provide current statistics on the distribution of income in the United States.

12.12 The learner will demonstrate an understanding of the various economic institutions vital to a market economy. The student should be able to:

12.12.1 describe examples of the basic institutions of capitalism: private property, free enterprise, competition, and the profit motive;

- Chapter 3 defines capitalism and compares it to communism and socialism. Web links are provided to biographies of influential philosophers, such as Adam Smith and Karl Marx, and the complete texts of their most famous works.

12.12.2 examine the interaction of banks and business firms to create and expand business enterprise through savings and investments;

- Chapter 7 explores the role of businesses in an economic system. The importance of investment is discussed. Links to related articles and Web sites are provided for more information.
- Chapter 11 examines the role of banks in an economic system. The impact of savings and investment on the money supply and the economy is discussed. Web links are available to all branches of the Federal Reserve System for current information.

12.12.3 explain positive and negative impacts on market-driven economies when dominated by a strong authoritarian government.

- Chapter 3 compares and contrasts traditional, command and market economies. Links to related articles and Web sites provide examples.

12.13 The learner will demonstrate an understanding of government in the operation of markets. The student should be able to:

12.13.1 list the commonly accepted economic responsibilities of government in the economy;

- *Chapter 12 defines the roles of government in the economy. Web links are available to important governmental agencies, such as the Environmental Protection Agency and the Office of Management and Budget.*

12.13.2 explain why government produces some goods and services;

- *Chapter 1 differentiates between the public and private sector. The role of government to provide goods and services that the private sector is unable or unwilling to provide is discussed.*

12.13.3 examine the use of government subsidies and taxes to influence the output of certain goods and services;

- *Chapter 21 explains how government uses subsidies and taxes to influence the output of goods and services. Agriculture in the United States is cited as an example and Web links are provided to important governmental organizations, such as the U.S. Department of Agriculture.*

12.13.4 compare the major sources of federal, state, and local revenues;

12.13.5 compare proportional, progressive, and regressive taxes and explain justifications of each in past and current times;

- *Chapter 13 explores issues associated with taxes. Sources of federal, state and local revenues are discussed, and proportional, progressive and regressive taxes are defined.*

12.13.6 explain the functions of government regulations;

12.13.7 define externalities and explain how the government deals with them;

- *Chapter 12 explores the roles of government in an economic system. The functions of government regulations are discussed and Web links are provided to major governmental regulatory agencies, such as the Environmental Protection Agency and the Federal Trade Commission. The concept of externalities is also discussed in this chapter.*

12.13.8 explain the role of government in income redistribution;

- *Chapter 20 describes how governments redistribute income through federal subsidies. Web links are available to governmental organizations that perform this function, such as the Social Security Administration.*

12.13.9 define property rights and explain how government protects property rights;

- Chapter 3 defines property rights as a key factor that differentiates capitalism and socialism from communism. The role of government to protect property rights is also discussed.

12.13.10 describe special interest groups and explain their economic objectives.

- Chapter 12 describes how government must answer to the public and special interest groups when formulating a budget. Web links are provided to important governmental agencies and watchdog groups that monitor governmental spending, such as the Congressional Budget Office and Citizens Against Government Waste.

12.14 The learner will demonstrate an understanding of the national economy and economic policies. The student should be able to:

12.14.1 define the following selected indicators of economic health: gross domestic product, unemployment, the consumer price index, and personal disposable income;

- Chapter 1 identifies major economic indicators that the government calculates to determine economic health. Graphics are provided to help illustrate these concepts and Web links are available for current statistics.

12.14.2 distinguish between nominal and real gross domestic product;

12.14.3 distinguish between potential and actual gross domestic product;

12.14.4 explain how increased or decreased spending impacts gross domestic product;

12.14.5 explain the basic circular flow of economic activity;

- Chapter 14 defines the gross domestic product (GDP) and explains how it is calculated. The impact of spending on the GDP is also discussed, as is the circular flow of economic activities. Graphics are provided to help illustrate these concepts and a Web link to the Bureau of Economic Analysis is available for current GDP statistics.

12.14.6 compare frictional, cyclical, and structural unemployment;

- Chapter 19 explores issues associated with unemployment. Definitions are provided for such concepts as structural unemployment. Related articles and Web sites are available for more information and current employment statistics for the United States.

12.14.7 explain who benefits and who suffers from inflation;

- Chapter 16 examines the impact of inflation on the economy and individuals. The effect of inflationary prices on a family budget is discussed and graphics are provided to help illustrate this concept.

12.14.8 define fiscal policy and identify examples of fiscal policy measures;

12.14.9 explain the effects of expansive and contractionary fiscal policy;

- Chapter 17 defines fiscal policy and differentiates it from monetary policy. Related articles and Web sites provide current information on fiscal policy.

12.14.10 enumerate the various forms the money supply takes in the United States;

12.14.11 explain how banks “create” money;

12.14.12 explain the impact of interest rates, budgeting and savings, and the use of loans and credit cards on individual financial decision-making;

12.14.13 describe the structure and function of the Federal Reserve System.

- Chapter 11 examines the roles of money and banking in an economic system. The various forms of the money supply in the United States are described, as is the concept of how banks create money. The impact of interest rates, budgeting and saving, and the use of loans are all discussed. The structure and function of the Federal Reserve System is also described. Web links are available to all branches of the Federal Reserve for further research.

12.14.14 define monetary policy;

12.14.15 identify the major monetary policy measures available to the Federal Reserve System;

12.14.16 explain how the banking system can affect the money supply and economic activity;

12.14.17 explain the chain of consequences of expansive and contractionary monetary policy.

- Chapter 17 defines monetary policy and identifies measures available to the Federal Reserve System. The ways that the banking systems can affect the money supply are identified and the consequences of monetary policy are discussed. Web links are available to the Federal Reserve System for current information on monetary policy.

12.15 The learner will demonstrate an understanding of the principles of trade and economic development. The student should be able to:

12.15.1 analyze the concept of a global economy;

- Chapter 23 explores many concepts related to the global economy. Web links are provided to major international organizations, such as the World Bank and International Monetary Fund.

12.15.2 explain the balance of trade;

- Chapter 22 examines issues associated with foreign trade. Concepts such as balance of trade are defined and Web links are available to regional trade associations such as the North American Free Trade Agreement and the European Union.

12.15.3 identify problems facing developing nations;

- Chapter 24 identifies problems facing developing nations and the role of developed nations is discussed. Web links are available to international aid organizations, such as the U.S. Agency for International Development and the Grameen Bank.

12.15.4 define “balance of payments”;

- Chapter 23 defines balance of payments and Web links are available for current statistics on the U.S. balance of payments.

12.15.5 explain the fundamental principles of absolute and comparative advantage;

- Chapter 22 defines the law of comparative advantage and explains its importance to international trade.

12.15.6 describe the impact of a rise or a fall in the American dollar relative to another nation’s currency;

- Chapter 23 examines the impact of fluctuations in the foreign currency exchange rate. A link is available to a program that calculates the current foreign exchange rate for the U.S. dollar and other currencies.

- 12.15.7 describe barriers to international trade;
12.15.8 define terms such as “tariff,” “quota,” “exchange rate,” “most favored nation trade status,” and the like.

- Chapter 22 examines issues associated with foreign trade. Barriers to international trade are discussed and definitions are provided for terms such as tariff and quota.