



Washington Essential Academic Learning Requirements—Economics

What Citizens Need to Know About Economics

addresses Washington Essential Academic Learning Requirements for the economics component of the social studies curriculum grades 9-12.



Essential Academic Learning Requirements—Social Studies: Economics

1. Students understand the impact of scarcity on their personal lives and on the households, businesses, governments, and societies in which they are participants.

To meet this standard, the student will:
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- 1.1. Understand that the condition of scarcity requires people to choose among alternatives and bear the consequences of that choice.
 - 1.1.3a. Using the concepts of scarcity, choice, and incentives explain the use of a contemporary resource.
 - 1.1.3b. Analyze how choices made by businesses and individuals can impose costs on others.

- *Chapter 2 explains how the scarcity of resources requires economic choices. Key concepts and terms like scarcity and opportunity cost are defined. Economic choices with regard to the use of various types of energy resources (fossil fuels, nuclear power or solar energy) are cited as an example of the contemporary use of resources. Links to related articles and Web sites include more information and other examples.*
- *Chapter 4 explores the role of individuals as consumers in economic systems. The impact of consumer choices on businesses and the influences of businesses on consumer choices is discussed and illustrated with graphics. Key concepts and terms, such as conspicuous consumption and diminishing utility, are defined. Links to related articles and Web sites explore this and other issues associated with consumerism.*
- *Chapter 7 describes how choices made by businesses can impose costs on others and explores how investment choices impact businesses. The role of the stock market in providing investment capital to businesses is explained 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 Tokyo Stock Exchange.*

- 1.2. Understand that the availability and use of resources influences the production of goods and services to the economy.

- 1.2.3a. Identify how cost of resources impact production decisions.
- 1.2.3b. Explain how the difficulty of assessing the real costs of resources has consequences on present and future production and quality of life.

- *Chapter 2 explains how access to resources (factors of production) impact costs and production decisions. The factors of production are identified as being land, labor, capital and management and concepts, such as opportunity cost and scarcity are defined. The use of the production possibilities curve to determine costs of production is described and illustrated with a graphic.*
- *Chapter 7 describes how entrepreneurs must compare the marginal costs with the marginal benefit while evaluating production decisions. The law of diminishing returns is defined and illustrated with a graphic. Links to related articles and Web sites are included for further research.*
- *Chapter 15 explores the present and future consequences of economic growth on production and quality of life. The terms accelerator effect and multiplier effect are defined and illustrated with graphics. The impact of economic growth and production on the quality of life is explained and problems associated with growth, such as pollution, are identified. Key concepts like standard of living and forced obsolescence are defined. Links to related articles and Web sites are available for more information.*

2. Students understand the essential characteristics of past and present economic systems.

To meet this standard, the student will:
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2.1. Recognize that both buyers and sellers participate in voluntary trade because both expect to gain.

- 2.1.3. Explain how comparative advantage within markets leads to production choices and specialization.

- *Chapter 22 explains how comparative advantage within markets leads to production choices and specialization in the context of foreign trade. Key concepts and terms, such as comparative advantage, specialization and balance of trade, are defined. The impacts of trade on the global, regional and local economies are explored and the debate between protectionism and free trade is highlighted. Links to related articles and Web sites include opposing views of the free trade debate.*

2.2. Explain how different economic systems produce, distribute, and exchange goods and services.

- 2.2.3a. Evaluate how the nature of distribution may advantage or disadvantage particular groups of people.

- 2.2.3b. Predict how a change in a law or custom could affect production, distribution, or consumption of a good or service.
- 2.2.3c. Evaluate how the characteristics of economic systems may advantage or disadvantage particular groups of people.

- Chapter 3 describes the nature and characteristics of different economic systems—traditional, command, market and mixed economies. The way different economic systems impact particular groups in the society is discussed. The caste system of India is cited as an example. The effects of change in law or custom on production, distribution or consumption of a good or service is explored and the collapse of the Soviet Union is cited as an example. A comparison of capitalism, socialism and communism is also included and Web links provide biographies of influential philosophers, such as Adam Smith and Karl Marx, and the complete texts of their most famous works.

2.3. Understand that prices in competitive markets create incentives that influence the choices of buyers and sellers.

- 2.3.3a. Explain how prices provide information and serve as incentives that assist producers and consumers in making decisions.
- 2.3.3b. Analyze how prices coordinate production and exchange in domestic and international markets.

- Chapter 8 explains how prices provide information and serve as incentives that assist producers and consumers in making economic decisions. The laws of supply and demand are defined and graphics are included to illustrate how changes in supply or demand impact prices and economic choices. Key concepts and terms, such as substitute goods and income effect, are defined. Links to related articles and Web sites include examples and more information on the laws of supply and demand and the impact of prices.

- Chapter 23 explains how prices coordinate production and exchange in domestic and international markets. The impact of changes in the exchange rate on domestic and international prices is explored and a Web link is included to a program that calculates the current exchange rate for the U.S. dollar and other currencies.

2.4. Understand that investment in people, tools, and technology affect employment levels and standard of living.

- 2.4.3a. Explain how investments in human capital can increase productivity but such investments entail opportunity costs and risks.

- *Chapter 7 explores the risks and rewards associated with increased productivity. The law of diminishing returns is defined and illustrated with a graphic to demonstrate how increased investments in the factors of production, such as human capital, can entail more risks and costs than profit. Links to related articles and Web sites are available for more information and specific examples. Concepts like marginal costs and marginal benefits are explained.*
- *Chapter 15 explains how increased investment in people, tools and technology can increase productivity but entail further risks and costs. Key concepts and terms, such as multiplier effect and accelerator effect, are defined and graphics are provided. Links to related articles and Web sites are available for further research.*

3. Students understand the role of government and institutions in past and present economic systems.

To meet this standard, the student will:
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3.1. Analyze the role of government as participant in an economy through taxation, spending, and policy setting.

- 3.1.3a. Analyze costs and benefits of the roles of government in establishing and enforcing property rights or contractual agreements to protect the producer and consumer while attending to the public interest.
- 3.1.3b. Analyze costs and benefits of how governments redistribute income through taxation and government expenditures.

- *Chapter 3 compares the role of government in various economic systems. The role of government to enforce property rights in a capitalist and socialist economic system is compared to the power to retain property rights in a communist economic system. Examples of various economic systems are cited and links to related articles and Web sites are included for further research.*
- *Chapter 4 explores the role of government in protecting consumers. The concept of caveat emptor is described and Web links are included to government agencies involved in consumer protection, including the Consumer Product Safety Commission and the Food and Drug Administration.*
- *Chapter 9 describes the role of government in protecting consumers and producers from unfair business practices. Key concepts and terms, such as pure competition, monopoly and oligopoly, are defined. Current examples of the government's response to unfair business practices, such as the Microsoft antitrust case, are cited and links to related articles and Web sites include more information and other current examples. Links are also provided to the complete texts of influential government legislation like the Sherman Antitrust Act and the Robinson-Patman Act.*

- *Chapter 10 examines the government's role in enforcing contractual agreements between labor organizations and businesses. The role of labor unions is explored and tools of labor unions, such as collective bargaining and strikes, are identified. Web links are included to the complete texts of important government legislation, including the National Labor Relations Act and the Taft-Hartley Act.*
- *Chapter 12 discusses the roles of government in an economic system. The use of regulations to protect producers, consumers and the environment is explored and Web links are included to many government regulatory agencies, including the Environmental Protection Agency, the Federal Trade Commission and the Occupational Safety and Health Administration. The use of the national budget to address issues of public interest is explained. The budget process is described and illustrated with a graphic. Web links are included to government agencies involved in the budget process, such as the Office of Management and Budget and the Congressional Budget Office.*
- *Chapter 13 explains how taxes are used to pay for government expenditures that serve the public interest and redistribute income. The concept of a fair tax is debated and the criteria for evaluating tax policies are highlighted. Different types of taxes—progressive, regressive and proportional—are identified. Links to related articles and Web sites include opposing views of the concept of a fair tax. A Web link is also included to the Internal Revenue Service for current information on U.S. federal tax policies.*
- *Chapter 20 explores the costs and benefits of the redistribution of income. The use of federal subsidies to redistribute income is explained and a history of federal subsidies in the United States is highlighted. The debate over the fairness of federal subsidies is described and links to related articles include opposing views of this debate. Links are also included to the Web sites of government agencies that oversee such programs as Social Security, Medicare, Medicaid and Head Start.*

3.2. Understand the role of money, banking, and financial institutions and how individuals and businesses use them.

- *Chapter 7 describes the role of financial institutions, such as stock and commodity markets, to provide investment capital to businesses. The way businesses use these markets to acquire investment capital and the way individuals use these markets to invest for the future is explored. 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 investing an imaginary sum of money in the stock market and charting the progress of the investment over a specified period of time.*

- *Chapter 11 explores the role of money, banking and financial institutions like the Federal Reserve System in the U.S. economy. A history of money and banking is provided and a description of how individuals and businesses use them is included. Key concepts and terms, such as interest and money supply, are defined. The role of the Federal Reserve System in maintaining a stable money supply is explained and the impact of changes to the discount rate and reserve requirement is discussed and illustrated with a graphic. Web links are included to all branches of the Federal Reserve for more information on its roles and functions.*