

Economics

Standard ECON-1: The student will demonstrate an understanding of how scarcity and choice impact the decisions of families, businesses, communities and nations.

Enduring Understanding:

Economics is the science of choice. The study of economics equips a student with the knowledge to evaluate the benefits versus the costs of goods and services. To make informed decisions about benefits versus costs, the student will assess and evaluate costs and benefits within the context of a societal objective.

Indicator:

ECON 1.2 Explain why the productive resources of land, labor, and capital are limited.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In first grade students learned about the concept of scarcity related to what goods and services can be obtained (1-4.4). There are no other references to limited land, labor, and capital in the standards. In the future, students will use information from this indicator to help them make wise economic decisions.

It is essential for students to know:

Students need to know that different societies set social and economic goals and apply varying criteria to achieve and evaluate these goals. All economic resources are scarce and exist in limited supply; therefore, a society must use these limited resources efficiently in order to achieve economic goals. The physical resources of land, labor, and capital are limited because they all exist in finite supply: within categories, sub units of these resources are also limited – there is a limited supply of agricultural land, a limited supply of land suited for growing peaches, labor is limited and specific kinds of labor are limited as well. There is a limited supply of medical professionals, of teachers qualified to train them, etc. Capital, machines and equipment as well as the financial resources required to purchase these machines and equipment are also limited. All resources with the exception of free goods: air, water, and sunshine are considered

by the economist to be limited – indeed, even free goods may exist in limited supply – i.e., clean air, fresh water, etc.

It is not essential for students to know:

Students do not need to know specific information regarding how and why different societies set disparate economic and social goals. For example, it is not necessary that students know that many European countries set societal goals that are unlike social goals in the United States nor to understand the reasons contributing to these differences

Social Studies Literacy Skills for the 21st Century:

- Analyze how a scarcity of productive resources affects economic choices.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

Understand

Interpreting

Exemplifying

Classifying

Summarizing

Inferring

Comparing

Explaining

Or any verb from the **Remember** cognitive process dimension.

Economics

Standard ECON-1: The student will demonstrate an understanding of how scarcity and choice impact the decisions of families, businesses, communities and nations.

Enduring Understanding:

Economics is the science of choice. The study of economics equips a student with the knowledge to evaluate the benefits versus the costs of goods and services. To make informed decisions about benefits versus costs, the student will understand that individuals and societies will behave in their own best interests in order to exploit the opportunities available to them.

Indicator:

ECON 1.3 Apply the concept that people respond to positive and negative incentives to past and current economic decisions.

Taxonomy Level: Apply/Procedural Knowledge – 3/C

Previous and Future Knowledge:

Although there are numerous examples of people's reactions to economic situations throughout history, this is the first time students will be asked to apply the concept of positive and negative incentives to the economic decision making process. In the future, students will use information from this indicator to help them identify positive and negative incentives and understand how they affect the decisions that are made.

It is essential for students to know:

Students need to know if economics is the science of choice and people and societies are most inclined to exploit resources accessible to them, incentives will guide the economic behavior of individuals and societies.

It is not essential for students to know:

Students do not need to know specific instances from economic history pertaining to the setting of economic incentives. For example, it is not necessary that they know the reasoning behind

changes in agricultural policy in the 1980s, nor how specific governmental policy related to manufacturing employment is set.

Social Studies Literacy Skills for the 21st Century:

- Examine the relationship of the present to the past and use knowledge of the past to make informed decisions in the present and extrapolate into the future.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

Apply

Executing

Implementing

Or any verb from the **Remember or Understand** cognitive process dimensions.

Economics

Standard ECON -1: The student will demonstrate an understanding of how scarcity and choice impact the decisions of families, businesses, communities, and nations.

Enduring Understanding:

Economics is the science of choice. The study of economics equips a student with the knowledge to evaluate the benefits versus the costs of goods and services. To make informed decisions about benefits versus costs, the student will demonstrate the ability to evaluate the marginal benefit of an action to the marginal cost of an action.

Indicator:

ECON 1.1 Explain that the practice of economic decision making is an evaluation process that measures additional benefits versus additional costs.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In Kindergarten students learned that families in the past had to make choices to fulfill their wants and needs and that families do so in the present (K-4.3). Students in first grade learned about the concept of scarcity and how it forces individuals and families to make choices about the goods and services they can obtain (1-4.4). In Modern World History students will have evaluated the benefits and costs of increasing worldwide trade and technological growth (MWH-8.7). In the future, students will use information from this indicator to help them make wise economic decisions.

It is essential for students to know:

That all actions have costs and that the cost of any decision is the alternative benefits that could have been realized. The concept of opportunity cost is essential in economics. The cost of any action is its alternative. For example, the cost of a hamburger would be the hot dog that you could have purchased if you had not purchased the hamburger. Alternatively, the cost of the hot dog would be the hamburger.

It is not essential for students to know:

Students do not need to know how to determine opportunity costs quantitatively.

Social Studies Literacy Skills for the 21st Century:

- Examine the relationship of the present to the past and use knowledge of the past to make informed decisions in the present to extrapolate into the future.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

Understand

Interpreting

Exemplifying

Classifying

Summarizing

Inferring

Comparing

Explaining

Or any verb from the **Remember** cognitive process dimension.

Economics

Standard ECON-2: The student will demonstrate an understanding of how markets facilitate exchange and how market regulation costs both consumers and producers.

Enduring Understanding:

Markets arise in order to allow people and institutions to trade items of perceived value for something else of perceived value. Markets are most efficient when they are unrestricted. The prices in a market send signals to producers and consumers. To understand how markets function, the student will develop an understanding of the price system and apply this acumen to various markets and sundry market structures.

Indicator:

ECON 2.1 Explain how markets arise when voluntary exchanges occur between buyers and sellers.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In Kindergarten students were asked to recognize ways that community businesses have provided goods and services to families in the past and present (K-4.3). In second grade students identified examples of markets and price in the local community and explained the roles of buyers and sellers in creating those markets and prices (2-3.4). Students in fifth grade summarized the effects of economic developments; such as consumerism, new technologies, expanding job markets, and service industries on the United States during the Cold War era (5-5.2). In eighth grade students summarized key economic issues facing present-day South Carolinians such as the decline of the textile industry, changes in agricultural emphasis, and the growing globalization and foreign investment (8-7.4). In Modern World History students evaluated the benefits and costs of increasing worldwide trade (MWH-8.7). In the future, students will use information from this indicator to help them better understand markets.

It is essential for students to know: Students must know the definitions of supply, demand, price, quantity supplied, and quantity

ECON 2.1

demanded. It is also essential that students know examples of suppliers and understand that consumers demand goods and services. Students should clearly understand what happens to supply when things like technology or wages change. For example, what happens to the supply and price of a good or service if the technology used to produce it increases or the wages of the workers increase?

Students should also understand what happens to demand when things like consumer income or trends change. Students will understand the graphical illustration of both supply and demand. They should be able to identify the equilibrium price and quantity and further to identify what happens to price when a market is not in equilibrium. It is also essential that students should understand the determinants of demand and supply. Students should further understand the kinds of movements in the supply or demand curve that these determinants cause.

It is not essential for students to know:

Students do not need to understand what happens with a quota, price ceiling or price floor. It is also not essential for students to understand the precise impacts of taxation or government regulation on supply and demand.

Social Studies Literacy Skills for the 21st Century:

- Examine the costs and the benefits of economic choices made by a particular society and explain how those choices affect overall economic well-being.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to:

Understand

Interpreting

Exemplifying

Classifying

Summarizing

Inferring

Comparing

Explaining

Or any verb from the **Remember** cognitive process dimension.

Economics

Standard ECON-2: The student will demonstrate an understanding of how markets facilitate exchange and how market regulation costs both consumers and producers.

Enduring Understanding:

Markets arise in order to allow people and institutions to trade items of value for something else of value. Markets are efficient when they are unrestricted. The prices in a market send signals and provide incentives to buyers and sellers. To understand how markets function, the student will . . .

Indicator:

ECON 2.2 Explain how markets allocate goods, services, and the factors of production in a market-based economy.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In Kindergarten students were asked to recognize ways that community businesses have provided goods and services to families in the past and present (K-4.3). In second grade they explained how people's choices about what to buy determines what goods and services are produced (2-3.2). Students in World Geography classes classified and described the spatial distribution of major economic systems, including traditional, command, and market economic systems (WG-5.2). In the future, students will use information from this indicator to help them better understand a market-based economy.

It is essential for students to know:

That markets allocate scarce resources based upon a price system. That the price system is neither fair nor rational. Consumers, businesses, and other entities interact with a market via the price system in order to satisfy needs and wants. Students must be able to define the primary characteristics of perfect competition. Students should understand the relationship between domestic and international trade and increased competition. Students should also understand the impact of increased trade, and thus increased competition, on the variety, price and quality of goods and services in a market.

It is not essential for students to know:

The methods by which price systems evolved even though this information may be of historical interest

Social Studies Literacy Skills for the 21st Century:

- Compare the ways different economic systems answer the fundamental questions of what goods and services should be produced, how they should be produced, and who will consume them.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

Understand

Interpreting

Exemplifying

Classifying

Summarizing

Inferring

Comparing

Explaining

Or any verb from the **Remember** cognitive process dimension.

Economics

Standard ECON-2: The student will demonstrate an understanding of how markets facilitate exchange and how market regulation costs both consumers and producers.

Enduring Understanding:

Markets arise in order to allow people and institutions to trade items of value for something else of value. Markets are efficient when they are unrestricted. The prices in a market send signals and provide incentives to buyers and sellers. To understand how markets function, the student will . . .

Indicator:

ECON 2.3 Illustrate how competition among sellers lowers cost and prices.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In second grade students learned how people's choices about what to buy determines what goods and services are produced (2-3.2). They were also asked to identify examples of markets and price in the local community and explain the roles of buyers and sellers in creating markets and pricing (2-3.4). Students in seventh grade analyzed the beginnings of capitalism in the 1600s and 1700s and the ways it was affected by mercantilism, the developing market economy, international trade, and the rise of the middle class (7-1.4). In the future students will use this information to better understand the concept of economic competition.

It is essential for students to know:

Students should understand that increasing competition creates increased efficiency within the market system. Barriers to competition include taxes, subsidies, trade restrictions and other pricing limitations that create inefficiencies within the market system which are detrimental to producers, consumers, or both. Students should further understand that efficiency and benefit are reduced when market structures are altered.

It is not essential for students to know:

Students do not need to know how to explain market restrictions graphically even though this

knowledge would be of benefit to more sophisticated learners. Students do not need to understand positive and negative externalities. It is also not essential for students to be able to calculate or graphically illustrate producer and consumer surplus.

Social Studies Literacy Skills for the 21st Century:

- Examine the costs and the benefits of economic choices made by a particular society and explain how those choices affect overall economic well-being.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

Understand

Interpreting

Exemplifying

Classifying

Summarizing

Inferring

Comparing

Explaining

Or any verb from the **Remember** cognitive process dimension.

Economics

Standard ECON-2: The student will demonstrate an understanding of how markets facilitate exchange and how market regulation costs both consumers and producers.

Enduring Understanding:

Markets arise in order to allow people and institutions to trade items of value for something else of value. Markets are efficient when they are unrestricted. The prices in a market send signals and provide incentives to buyers and sellers. To understand how markets function, the student will . . .

Indicator:

ECON 2.4 Illustrate how an economically efficient market allocates goods and services to the buyers who are willing to pay for them.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In Kindergarten students recognized the ways that community businesses provide goods and services for families K-4.3). Students in second grade identified examples of markets and price in the local community and explained the roles of buyers and sellers in creating markets and pricing (2-3.4). They also explained how people's choices about what to buy determines what goods and services are produced (2-3.2). In seventh grade Contemporary Cultures class students analyzed the beginnings of capitalism and the ways it was affected by mercantilism, the developing market economy, international trade, and the rise of the middle class (7-1.4). In high school World Geography students summarized changes in the spatial distribution of production and consumption of selected goods and services as they vary from one region of the world to another (WG-5.1). Modern World History students analyzed the relationship between the expanding world economy and the development of industrialization in Great Britain, the United States, Germany, and Japan (MWH-5.4). While no future knowledge is required, students should have a basic understanding of and be able to identify examples of market failure.

It is essential for students to know:

Students should understand that interaction within a market is a voluntary choice made by buyers and sellers. Entities interact in a market in an attempt to make themselves better off. The market system is the primary method of trading goods and services in a developed economy. Students must understand the definition of a shortage and surplus. Students must further understand the graphical illustration of a shortage and a surplus. Students should be able to explain and illustrate graphically the impact on prices and market quantity due to shortages and surpluses. Students should understand examples of shortages and surpluses.

Students should understand the definition of price ceiling and price floor and should clearly understand how these policy measures create shortages and surpluses. Examples of these policies and their outcomes would be appropriate. Students should have a clear understanding conceptually and graphically of the market mechanisms required to eliminate a shortage or surplus.

It is not essential for students to know: Students do not need to know other examples of price controls beyond price ceilings and price floors. It is not essential for students to understand the policy incentives behind government intervention in the form of price ceilings and price floors.

Social Studies Literacy Skills for the 21st Century:

- Examine the costs and the benefits of economic choices made by a particular society and explain how those choices affect overall economic well-being.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to:

Understand

Interpreting

Exemplifying

Classifying

Summarizing

Inferring

Comparing

Explaining

Or any verb from the **Remember** cognitive process dimension.

Economics

Standard ECON-2: The student will demonstrate an understanding of how markets facilitate exchange and how market regulation costs both consumers and producers.

Enduring Understanding:

Markets arise in order to allow people and institutions to trade items of value for something else of value. Markets are efficient when they are unrestricted. The prices in a market send signals and provide incentives to buyers and sellers. To understand how markets function, the student will . . .

Indicator:

ECON 2.5 Explain how business cycles, market conditions, government policies, and inequalities affect the living standards of individuals and other economic entities.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In first grade students illustrated ways that government affects the lives of individuals and families with a focus on taxation (1-2.3). Students in third, fifth, eighth grades and U.S History and the Constitution in high school explained the daily effects of the Great Depression on daily life in South Carolina and the United States, including the widespread poverty and unemployment and the efforts of the federal government to create jobs through a variety of New Deal programs (3-5.3, 5-4.3, 8-6.4, USHC-6.3 and 6.4). In the future students will use this information to better understand how markets function.

It is essential for students to know:

Students should understand that the American-based free enterprise mixed market system is a conglomeration of multiple entities. The American mixed market system has evolved over many years and involves elements present in other economies. The American economic system is not static, but rather evolutionary and has been throughout our history. Student should further understand that the American mixed market system has been shaped by events and outcomes throughout our history.

It is not essential for students to know:

Students do not need to know detailed information related to market classification such as quantitative measurements of market power.

Social Studies Literacy Skills for the 21st Century:

- Examine the costs and the benefits of economic choices made by a particular society and explain how those choices affect overall economic well-being.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

Understand

Interpreting

Exemplifying

Classifying

Summarizing

Inferring

Comparing

Explaining

Or any verb from the **Remember** cognitive process dimension.

Economics

Standard ECON-2: The student will demonstrate an understanding of how markets facilitate exchange and how market regulation costs both consumers and producers.

Enduring Understanding:

Markets arise in order to allow people and institutions to trade items of value for something else of value. Markets are efficient when they are unrestricted. The prices in a market send signals and provide incentives to buyers and sellers. To understand how markets function, the student will . . .

Indicator:

ECON 2.6 Explain how market power enables some businesses to affect their situations to varying degrees and to use this market power to increase prices and reduce output.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

This is the first time students will learn about market power and market structures and their ability to affect prices and output. Although no future knowledge is required, students will use this information to better understand how markets function.

It is essential for students to know:

That decreasing competition usually allows for increasing market power. Businesses benefit from increasing market power and that the result is decreased benefit to consumers. As marketplace competition declines, firms are able to benefit from decreased efficiency and this decreased efficiency is translated into higher prices and decreased benefit for consumers. Purely competitive firms are efficient by nature because they must be in order to remain in business. As the level of competition reduces, the firm is able to enjoy a position of reduced efficiency. Increased competition forces businesses to be efficient. The concepts of efficient and “good” should not be confused. The student should be able to classify various market structures to include perfect competition, monopolistic competition, oligopoly, and monopoly.

It is not essential for students to know:

Students do not need to know quantitative measurements of market power.

Social Studies Literacy Skills for the 21st Century:

- Examine the costs and the benefits of economic choices made by a particular society and explain how those choices affect overall economic well-being.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

Understand

Interpreting

Exemplifying

Classifying

Summarizing

Inferring

Comparing

Explaining

Or any verb from the **Remember** cognitive process dimension.

Economics

Standard ECON-3: The student will demonstrate an understanding of how government policies, business cycles, inflation, deflation, savings rates, and employment affect all economic entities.

Enduring Understanding:

Macroeconomics examines the aggregate behavior of the economy; price levels, business cycles, Federal Reserve policies, and inflation and deflation, as well as the ways that changes in these aggregate levels affect individual economic entities. To understand economic behavior, the student will . . .

Indicator:

ECON 3.1 Explain that institutions in a market economy help individuals and groups accomplish their goals.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In fifth grade students analyzed the geographic and economic factors that influenced westward expansion and the ways these factors affected travel and settlement (5-2.1) and explained the government's response to the Great Depression in the New Deal policies of President Franklin Roosevelt (5-4.3). In United States History and the Constitution students evaluated the role of capitalism and its impact on democracy (USHC-4.3). While no future knowledge is required, students must have a basic knowledge of economic growth and income in order to understand how the overall economic health of the United States economy may affect individual or family circumstances.

It is essential for students to know:

Students should understand that government is an integral part of the economic system in the United States. That government participates in the US economy as both a consumer of goods and services and through taxation and regulation. Government as an entity draws income through taxation, thus increasing government participation in economic activity, thereby decreasing economic efficiency and total benefit. Students must understand that all resource categories; land, labor, capital, and entrepreneurial ability are limited. Students must know the definition of personal income, disposable personal income, and related per capita

measures. They should also understand the definition of income inequality and how this is illustrated with a Lorenz Curve. Students should further understand examples of income inequality and the possible challenges that come as a society has more inequality. It is also essential for students to have a general understanding of how income inequality impacts public policy measures. A general understanding of each resource categories income share and how this has changed throughout United States history would be beneficial. For example, in colonial America, land was the most productive resource and consequently yielded the greatest income. During the industrial revolution, capital and capital equipment (steel mills and railroads) became the dominant factor of production and therefore the most productive. After World War II, labor became the predominant factor of production with the growth of service industries and the decline in manufacturing. Indeed, in the modern era, most income is earned from salaries and wages.

It is not essential for students to know: Students do not need to know how to calculate the income share received by each factor of production. It is also not essential for students to know how to create a Lorenz curve or the details of the many government programs that are used to minimize income inequality. As well, students do not need to know details of other nation's income and inequality measures.

Social Studies Literacy Skills for the 21st Century:

- Analyze the role of the government in promoting entrepreneurial activity.
- Explain how the United States government provides public services, redistributes income, regulates economic activity, and promotes economic growth.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to:

Understand

Interpreting

Exemplifying

Classifying

Summarizing

Inferring

Comparing

Explaining

Or any verb from the **Remember** cognitive process dimension.

Economics

Standard ECON-3: The student will demonstrate an understanding of how government policies, business cycles, inflation, deflation, savings rates, and employment affect all economic entities.

Enduring Understanding:

Macroeconomics examines the aggregate behavior of the economy; price levels, business cycles, Federal Reserve policies, and inflation and deflation, as well as the ways that changes in these aggregate levels affect individual economic entities. To understand economic behavior, the student will . . .

Indicator:

ECON 3.2 Illustrate how money and the consequent banking system facilitate trade, historically and currently.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In seventh grade students analyzed the beginnings of capitalism and the ways it was affected by mercantilism, the developing market economy, international trade, and the rise of the middle class (7-1.4). Students in United States History and the Constitution classes analyzed the factors that influenced the economic growth of the United States and its emergence as an industrial power, including . . . the expansion of international markets (USHC-4.2). While no future knowledge is required, students should use this information to understand that banks and the money they possess are needed to facilitate trade.

It is essential for students to know:

Students must understand that the mixed market system in the United States is managed partially by the Federal Reserve Bank and the branch banks of the FED. The FED regulates the flow of money and the money supply thereby controlling the level of economic activity. The student should be able to explain the behavior of the FED through the use of an appropriately designed circular flow diagram. This diagram would be very helpful in illustrating economic events and changes over time.

It is not essential for students to know:

Students do not need to know specific information related to how the FED makes policy decisions or how policy goals are implemented.

Social Studies Literacy Skills for the 21st Century:

- Assess the relative importance of multiple causes on outcomes.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

Understand

Interpreting

Exemplifying

Classifying

Summarizing

Inferring

Comparing

Explaining

Or any verb from the **Remember** cognitive process dimension.

Economics

Standard ECON-3: The student will demonstrate an understanding of how government policies, business cycles, inflation, deflation, savings rates, and employment affect all economic entities.

Enduring Understanding:

Macroeconomics examines the aggregate behavior of the economy; price levels, business cycles, Federal Reserve policies, and inflation and deflation, as well as the ways that changes in these aggregate levels affect individual economic entities. To understand economic behavior, the student will . . .

Indicator:

ECON 3.3 Explain how real interest rates adjust savings with borrowing, thus affecting the allocation of scarce resources between present and future users.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

This is the first exposure students will have to interest rates and their effects on present and future resources. Instruction on this indicator will help students understand the effects that interest rates can have on saving and borrowing.

It is essential for students to know:

Students should understand that the FED regulates the money supply and the rate of money creation. The interest rate is essentially the price of money and that this is largely a market mechanism. While the FED can impact and affect the rate of money creation as well as affect inflation levels, taxes, and economic activity; it is largely the interaction between borrowers and lenders which impacts the interest rate. Borrowing and investment, affected by interest rates, also impact the levels of employment and savings rates. Uncertainty affects both borrowing and savings levels of consumers and businesses.

It is essential for students to know the definition of economic growth and have a general understanding of how it is measured. Students should know the difference between economic growth and economic development. As well, they should have a general understanding of the many variables; political, economic, social, and geographical, that impact economic growth. Students must also have a general idea of the kinds of things that may hinder

economic growth.

It is also essential for students to understand the general relationship between economic growth and investment in both human capital and real physical capital. Different individual and/or national examples of these types of investments would be appropriate. As well, students should understand the basic relationship between a nation's economic growth and reductions in poverty; improvements in a nation's standard of living; growth in the middle class; creation of new employment opportunities, and changes in income equality measures.

It is not essential for students to know:

It is not essential for students to know how to calculate the rate of economic growth in the United States. Students do not have to understand historical patterns of economic growth in the United States. It is also not essential for students to know various theories of economic development.

Social Studies Literacy Skills for the 21st Century:

- Assess the relative importance of multiple causes on outcomes.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

Understand

Interpreting

Exemplifying

Classifying

Summarizing

Inferring

Comparing

Explaining

Or any verb from the **Remember** cognitive process dimension.

Economics

Standard ECON-3: The student will demonstrate an understanding of how government policies, business cycles, inflation, deflation, savings rates, and employment affect all economic entities.

Enduring Understanding:

Macroeconomics examines the aggregate behavior of the economy; price levels, business cycles, Federal Reserve policies, and inflation and deflation, as well as the ways that changes in these aggregate levels affect individual economic entities. To understand economic behavior, the student will . . .

Indicator:

ECON 3.4 Use a circular flow diagram to explain how changes in economic activity affect households and businesses.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

Throughout their education up to this point students have learned indirectly how changes in economic activity affects households and businesses (the colonization of America, the Revolutionary War, Reconstruction following the Civil War, the “boom and bust” period of the 1920s and the subsequent Great Depression). This, however, will be the first time they are asked to explain the changes through the use of a circular flow diagram.

It is essential for students to know:

Students should understand that while government regulates economic activity in the United States it does not control it and it is not able to do so. Government is one component of a much larger system that is controlled by many stakeholders.

It is not essential for students to know:

Students do not need to know how to construct complicated circular flow diagrams.

Social Studies Literacy Skills for the 21st Century:

- Assess the relative importance of multiple causes on outcomes.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

Understand

Interpreting

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Classifying

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Inferring

Comparing

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Or any verb from the **Remember** cognitive process dimension.

Economics

Standard ECON-3: The student will demonstrate an understanding of how government policies, business cycles, inflation, deflation, savings rates, and employment affect all economic entities.

Enduring Understanding:

Macroeconomics examines the aggregate behavior of the economy; price levels, business cycles, Federal Reserve policies, and inflation and deflation, as well as the ways that changes in these aggregate levels affect individual economic entities. To understand economic behavior, the student will . . .

Indicator:

ECON 3.5 Explain how the federal government regulates the American economy in order to provide economic security, full employment, and economic equity.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In first grade students illustrated ways that government affects the lives of individuals and families (1-2.3). Second grade students identified the basic functions of government, including making and enforcing laws, protecting citizens, and collecting taxes (2-2.1). In third, fifth, and eighth grades and United States History and the Constitution students learned about the role the government played in attempting to alleviate the effects of the Great Depression (3-5.3, 5-4.3, 8-6.4, USHC-6.4). While no future knowledge is required, students should understand that since the Great Depression the role of the United States government in regulating the economy has increased.

It is essential for students to know:

Students should understand that while the Federal Government of the US attempts to regulate the American economy in order to meet the goals of economic security, full employment, and economic equity, these economic goals are contradictory in nature and that attainment of one may detract from attainment of another. Many factors, including communication and transportation infrastructure, have contributed to the foundation of an evolved and interdependent national economy as opposed to the regional economies extant in the United

States prior to World War II. Laws and regulations favorable to efficient business operations have allowed for this evolution.

It is not essential for students to know:

Students do not need to know detailed information related to government regulation in the economy.

Social Studies Literacy Skills for the 21st Century:

- Explain how the United States government provides public services, redistributes income, regulates economic activity, and promotes economic growth.
- Assess the relative importance of multiple causes on outcomes.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

Understand

Interpreting

Exemplifying

Classifying

Summarizing

Inferring

Comparing

Explaining

Or any verb from the **Remember** cognitive process dimension.

Economics

Standard ECON-3: The student will demonstrate an understanding of how government policies, business cycles, inflation, deflation, savings rates, and employment affect all economic entities.

Enduring Understanding:

Macroeconomics examines the aggregate behavior of the economy; price levels, business cycles, Federal Reserve policies, and inflation and deflation, as well as the ways that changes in these aggregate levels affect individual economic entities. To understand economic behavior, the student will . . .

Indicator:

ECON 3.6 Explain how economic indicators are used to evaluate changes in economic activity.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

This will be the students' first exposure to the use of economic indicators to evaluate economic activity.

It is essential for students to know:

Students should understand that the government of the United States measures changes in economic activity using a variety of quantitative measurements in order to accurately assess changes in spending patterns within the economy. These measurements are used in an attempt to regulate economic activity in order to more closely achieve economic goals and maximize total benefit for consumers and producers. Students should be able to identify and define measures of economic health such as gross domestic product (GDP), consumer price index (CPI), personal income (PI), disposable income (DI), the inflation rate, and the unemployment rate. Students should understand the main variables that make up the GDP. They should also understand potential weaknesses of this measurement.

Students should be able to explain the natural rate of employment and identify what constitutes full employment. As well, students should be able to define the three main types of unemployment and understand a simple unemployment calculation. Students should also know the difference between nominal and real prices and how this relates to inflation.

Students should further be able to define the business cycle and explain specific phases of the business cycle over time. Students should understand how GDP, unemployment and inflation may change as the business cycle changes.

It is not essential for students to know:

Students do not need to know lists or numbers pertaining to economic indicators. Students do not need to be able to compute GDP or its components measures. Students also do not need to know the difference between GDP and GNP. As well, students do not need to know how to calculate an inflation rate. It is not essential for students to understand policy issues related to unemployment, income, or inflation. Students do not need to know how the Federal Reserve uses monetary policy to manage interest rates or concerns over inflation.

Social Studies Literacy Skills for the 21st Century:

- Assess the relative importance of multiple causes on outcomes.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to:

Understand

Interpreting

Exemplifying

Classifying

Summarizing

Inferring

Comparing

Explaining

Or any verb from the **Remember** cognitive process dimension.

Economics

Standard ECON-3: The student will demonstrate an understanding of how government policies, business cycles, inflation, deflation, savings rates, and employment affect all economic entities.

Enduring Understanding:

Macroeconomics examines the aggregate behavior of the economy; price levels, business cycles, Federal Reserve policies, and inflation and deflation, as well as the ways that changes in these aggregate levels affect individual economic entities. To understand economic behavior, the student will . . .

Indicator:

ECON 3.7 Illustrate the relationships among business cycles and unemployment, growth, price levels, wage rates, and investment.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

This will be the students' first experience in determining relationships among business cycles and unemployment, growth, price levels, wage rates, and investment.

It is essential for students to know:

Students should understand that in the integrated economy of the United States, increased economic interdependence creates increased economic interaction among regions, industries, firms, and individuals. As the economy of the United States increases in interdependence and continually evolves into more service orientated functions, the impact of changes in one sector will increasingly affect the well-being of others. This is a desirable outcome.

A circular flow diagram illustrates how the fundamental sectors of the economy fit together. A circular flow diagram also illustrates that the value of output is equal to income.

In a market system, consumers are sovereign and therefore dictate what goods and services will be produced. This decision is made by producers who respond to the desires of consumers. In this way, firms produce what consumers are willing to buy. Income and prices determine who

gets what and income is determined by the resources that are owned by the purchasers of the goods and services. The consumer side of the economy is represented by households – a unit consisting of one spending unit whether related to one another or not. A firm is an organization controlled by one management entity. Businesses are organized through a several legal methods. International trade in the US occurs primarily with other industrialized economies. Factors of production (LLC) (Land, Labor, Capital and Entrepreneurship) are combined in differing amounts in order to create goods and services. The total amount of production is equal to the income received by the owners of these factors of production.

It is not essential for students to know:

Students do not need to know technical information related to the direction of U.S. trade nor information related to the GDP of U.S. trading partners.

Social Studies Literacy Skills for the 21st Century:

- Assess the relative importance of multiple causes on outcomes.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

Understand

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Explaining

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Economics

Standard ECON-3: The student will demonstrate an understanding of how government policies, business cycles, inflation, deflation, savings rates, and employment affect all economic entities.

Enduring Understanding:

Macroeconomics examines the aggregate behavior of the economy; price levels, business cycles, Federal Reserve policies, and inflation and deflation, as well as the ways that changes in these aggregate levels affect individual economic entities. To understand economic behavior, the student will . . .

Indicator:

ECON 3.8 Explain how the Federal Reserve regulates the amount of money that banks can create and therefore helps to provide a foundation for economic stability.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In fifth grade students explained the American government's response to the Great Depression by examining, among other things, the roles of the Federal Deposit Insurance Corporation and the Securities and Exchange Commission (5-4.3). Students in United States History and the Constitution will have summarized key political and economic issues of the last twenty-five years including increases in economic disparity, tax policies, the national surplus, debt, and deficits (USHC-8.5). In the future students will utilize this information to better understand how the Federal Reserve helps provide a foundation for economic stability.

It is essential for students to know:

Students should understand that the FED regulates the creation of money through the fractional reserve banking system. Money is created through lending and the FED regulates the money supply by setting the reserve requirement for commercial banks. The commercial banking system in the United States, although regulated, operates independently of the FED and even the FED is only quasi-public. Cash represents only a small portion of the total money supply and most money is in the form of electronic deposits. US currency and demand deposits are fiduciary and are not "backed up" by gold or any other commodity. There is no gold standard.

Money is accepted because of the integrity of the US government and the ability of the US military to preserve that integrity.

It is not essential for students to know:

Students do not need to understand the detailed theoretical and ethical debates behind many of the stated economic goals.

Social Studies Literacy Skills for the 21st Century:

- Assess the relative importance of multiple causes on outcomes.
- Explain how the United States government provides public services, redistributes income, regulates economic activity, and promotes economic growth.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

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Economics

Standard ECON-3: The student will demonstrate an understanding of how government policies, business cycles, inflation, deflation, savings rates, and employment affect all economic entities.

Enduring Understanding:

Macroeconomics examines the aggregate behavior of the economy; price levels, business cycles, Federal Reserve policies, and inflation and deflation, as well as the ways that changes in these aggregate levels affect individual economic entities. To understand economic behavior, the student will . . .

Indicator:

ECON 3.9 Exemplify how government, in a market economy, provides for services that private markets fail to provide and thus the costs of government policies often exceed benefits.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In first grade students illustrated ways that government affects the lives of individuals and families through taxation that provides services such as public education, roads, and security (1-2.3). Second grade students identified the basic functions of government such as making and enforcing laws, protecting citizens, and collecting taxes. In eighth grade students explained the basic principles of government as established in the United States Constitution (8-3.3) and explained the lasting impact of the New Deal on people and programs in South Carolina (8-6.4). Students also analyzed the effectiveness of New Deal programs in relieving suffering and achieving economic recovery in United States History and the Constitution (USHC-6.4). In the future students will use the information from this indicator to help them understand the interaction between the government and private markets in a market economy.

It is essential for students to know:

Students need to know that free markets fail to provide some goods and services. This is termed market failure. The most common examples of market failures are national defense, public education, infrastructure (such as highways, the internet, airports, air traffic control, public

libraries, state and national parks, and to a lesser extent, public universities which also receive some private funds.) Government provides these services because the free market would either not provide the services at all, or would provide less than is desired by a given society. Societal goals are constantly changing. In the United States, government is now scheduled to begin supporting medical benefits as well as contributing to public welfare. Cost benefit analysis is a study which compares the costs and benefits to a society of providing a public good.

It is not essential for students to know:

Students do not need to know quantitative methods related to the determination of cost benefit analysis, willingness to pay for public goods, or income analysis of willingness to pay.

Social Studies Literacy Skills for the 21st Century:

- Assess the relative importance of multiple causes on outcomes.
- Explain how the United States government provides public services, redistributes income, regulates economic activity, and promotes economic growth.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

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Economics

Standard ECON-4: The student will demonstrate an understanding of how trade among nations affects markets, employment, economic growth, and other activity in the domestic economy.

Enduring Understanding:

The economy of the United States is but one system operating within an increasingly global arena. All institutions and individuals in the United States are impacted in varying degrees by global commerce. To understand the implications of the global economy, the student will . . .

Indicator:

ECON 4.1 Summarize how differing factor endowments – such as geography, the development of technology, and the abundance of labor – affect the goods and services in which a nation specializes.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In third grade students summarized the development and subsequent dependence on slavery in antebellum South Carolina due to favorable growing conditions for cotton and the invention of the cotton gin (3-4.2). Students in fourth grade explained the significant economic and geographic differences between the North and the South in 1860 (4-6.1). In fifth grade students analyzed geographic and economic factors that influenced westward expansion (5-2.1) and summarized how technologies (such as railroads, steel plows and barbed wire) and access to natural resources affected the development of the West (5-2.2). Eighth grade students explained the importance of agriculture in antebellum South Carolina, including the plantation system and the impact of the cotton gin (8-4.1). In World Geography students explained the spatial relationships between various economic activities, such as the integrated relationship between farms and markets in agriculture (WG-5.3). Students in United States History and the Constitution analyzed the factors that influenced the economic growth of the United States and its emergence as an industrial power, including the abundance of natural resources (USHC-4.2).

It is essential for students to know:

Students need to know that the United States is a resource rich country. In addition to mineral resources and petroleum reserves, the economy of the United States benefits from a moderate climate, productive farmland and a productive population. The political climate in the United States has allowed for the development of these resources, to include advanced education and other human resources, and American workers are among the most productive in the world due to the business climate and the labor capital mix. Students should also know that the United States specializes in goods and services which are most suited to production in this country and thereby applies the concept of opportunity cost and comparative advantage for maximum benefit. It is also important for students to understand that the costs and benefits are not shared equally.

It is not essential for students to know:

Students do not need to know specific information related to the development of the theories of specialization and comparative advantage. For example, it is not necessary for students to read *The Wealth of Nations* or David Ricardo's *Principles of Political Economy and Taxation*.

Social Studies Literacy Skills for the 21st Century:

- Compare the ways that different economic systems answer the fundamental question of what goods and services should be produced, how they should be produced, and who will consume them.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

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Economics

Standard ECON-4: The student will demonstrate an understanding of how trade among nations affects markets, employment, economic growth, and other activity in the domestic economy.

Enduring Understanding:

The economy of the United States is but one system operating within an increasingly global arena. All institutions and individuals in the United States are impacted in varying degrees by global commerce. To understand the implications of the global economy, the student will . . .

Indicator:

ECON 4.2 Explain how the United States specializes in the production of those goods and services in which it has a comparative advantage.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In first grade students identified the ways that families and communities in America and around the world cooperate and compromise with one another in order to obtain goods and services to meet their needs and wants (1-4.3). Second grade students explained how people's choices about what to buy determines what goods and services are produced (2-3.2). In eighth grade students explained how South Carolinians used their natural, human, and political resources uniquely to gain economic prosperity, including settlement by and trade with the people of Barbados, rice and indigo planting, and the practice of mercantilism (8-1.5). In Modern World History students analyzed the relationship between the expanding world market economy and the development of industrialization in Great Britain, the United States, Germany, and Japan during the Industrial Revolution (MWH-5.4). In the future students will use this information to understand why certain goods and services produced in the United States.

It is essential for students to know:

Students should know that the United States is a country rich in natural resources and other factor endowments. The United States has been very successful in exploiting these resources in order to provide societal members with the greatest benefit. While inequities will always exist, it is not the role of government to eliminate these economic inequities, but rather to provide for economic opportunity. Production in the United States and in other countries

naturally embraces arenas in which the greatest value is added. In recent decades, this development has been in service related arenas rather than manufacturing. It is essential for students to understand that resource and product specialization is the basis for international trade and that the philosophies of Adam Smith and David Ricardo established the foundations of international trade. Students should be able to define absolute and comparative advantage and provide basic calculations of examples of absolute and comparative advantage. Students should also be able to illustrate the concept of comparative advantage using the production possibilities frontiers.

Students should be able to explain and identify how specialization occurs among nations. They should be able to explain what labor, land, and capital intensive specialization means and provide examples of nations that meet these criteria. It is also important for students be able to differentiate between the balance of trade and balance of payments and to explain the significance of these measurements.

It is not essential for students to know: It is not essential for students to know specific statistics related to US trade; however, this knowledge is not detrimental and does not detract from the indicator. For example, students do not need to know major trading partners or the monthly trade deficit but this information is certainly useful as relevant examples. Students also do not need to know the details of international trade agreements, such as the GATT, NAFTA, WTO, and others. In addition, students do not have to understand details of the ongoing debate over the significance of the trade deficit.

Social Studies Literacy Skills for the 21st Century:

- Compare the ways that different economic systems answer the fundamental questions of what goods and services should be produced, how they should be produced, and who will consume them.

Assessment Guidelines:

Appropriate assessment **could** require students to be able to:

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Economics

Standard ECON-4: The student will demonstrate an understanding of how trade among nations affects markets, employment, economic growth, and other activity in the domestic economy.

Enduring Understanding:

The economy of the United States is but one system operating within an increasingly global arena. All institutions and individuals in the United States are impacted in varying degrees by global commerce. To understand the implications of the global economy, the student will . . .

Indicator:

ECON 4.3 Explain how the rise of a global marketplace contributes to the well-being of all societies but the benefits derived from globalization are unequal.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In fifth grade students identified examples of cultural exchanges, including those in food, fashion, and entertainment that illustrate the growing interdependence between the United States and other countries (5-6.5). Eighth grade students summarized key economic issues in present-day South Carolina, including the decline of the textile industry, the state's continuing right-to-work status, the changes in agricultural emphasis, and the growing globalization and foreign investment (8-7.4). In World Geography students explained the consequences of the current global trade systems for economic and environmental sustainability in both importing and exporting countries (WG-5.5) and explained how a country's ambition to obtain foreign markets and resources can cause fractures and disruptions in the world (WG-7.5). United States History and the Constitution students summarized, among other things, key political and economic issues of the last twenty-five years, including continuing dependence on foreign oil, trade agreements and globalization, and increases in economic disparity (USHC-8.5). In the future students will utilize this information to better understand the global marketplace.

It is essential for students to know:

Students should know that globalization and increased world trade has benefits that outweigh costs. Through globalization, total benefits increase as restrictions decrease. However, this

increase in benefit is neither equal nor equitable. Increased benefits to some parties may decrease benefits to others even though total benefit is greater. Pertinent examples of this for South Carolina would be found in the manufacturing sector – with the decrease in textile manufacturing, much employment was lost, even though textile commodities are currently less expensive than in the past. Other pertinent local examples could address changes in agricultural production and regional changes in manufacturing.

It is essential that students be able to define and provide examples of tariffs, quotas, and other non-tariff barriers. Students should understand the kinds of goods and that fall into these respective categories. Students should be able to use a graphical illustration to show the effect of a tariff and or a quota. This includes the student being able to identify the efficiency loss of a tariff on consumer surplus and the resulting changes in producer surplus. It is also essential that students be able to compare graphically the outcome of a quota and a tariff on the price and quantity of an example good.

It is also essential that students can identify the potential winners and losers from both free trade and protectionist trade policy. It is essential that students understand the political nature of these policies and be able to use this information to clarify potential winners and losers from specific trade policy.

It is not essential for students to know: It is not essential for students to be able to explain or illustrate how the levying of a tariff or a quota affects foreign consumers and producers; or be able to explain how tariffs or quotas impact world prices and trade. It is not essential for students to have knowledge of specific tariffs or quotas. They also do not need to know details of other nation's tariffs or quotas or international policies concerning tariffs or quotas. Students do not need to understand the historical trend and evolution of tariff reduction, driven, in part, by international agreements/organizations like the GATT, WTO, and others.

Social Studies Literacy Skills for the 21st Century:

- Explain how an interdependent, specialized, and voluntary worldwide trade network affects a nation's standard of living and economic growth.

Assessment Guidelines:

Appropriate assessment **could** require students to be able to:

Understand

Interpreting

Exemplifying

Classifying

Summarizing

Inferring

Comparing

Explaining

Or any verb from the **Remember** cognitive process dimension.

Economics

Standard ECON-4: The student will demonstrate an understanding of how trade among nations affects markets, employment, economic growth, and other activity in the domestic economy.

Enduring Understanding:

The economy of the United States is but one system operating within an increasingly global arena. All institutions and individuals in the United States are impacted in varying degrees by global commerce. To understand the implications of the global economy, the student will . . .

Indicator:

ECON 4.4 Explain how a global marketplace influences domestic labor markets, wage rates, unemployment levels, and disparities in earning potentials.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In first grade students compared the daily lives of families together in American and across the world, including the roles of family members; typical food, clothing, and shelter; and the ways that families earn a living (1-4.2). Second grade students explained how people's choices about what to buy determines what goods and services are produced (2-3.2). In seventh grade students analyzed the beginnings of capitalism and the ways that it was affected by mercantilism, the developing market economy, international trade, and the rise of the middle class (7-1.4). Students in eighth grade explained how South Carolinians used their natural, human, and political resources uniquely to gain economic prosperity, including settlement by and trade with the people of Barbados, rice and indigo planting, and the practice of mercantilism (8-1.5). In World Geography students summarized the changes in the spatial distribution and the patterns of production and consumption of selected goods and services as they vary from one region of the world to another (WG-5.1). Students in United States History and the Constitution summarized key political and economic issues of the last twenty-five years, including continuing dependence on foreign oil, trade agreements and globalization, and increases in economic disparity (USHC-8.5). In the future students will utilize this information to better understand the global marketplace.

It is essential for students to know:

Students need to know that in a continually evolving global marketplace that commodity prices, including labor, will begin to establish world prices if transferable resources are allowed to reposition without restriction. For example, land is not moveable and consequently not subject to the same price fluctuations as labor. Commodities which can easily be relocated will be priced in terms of a global marketplace and this is a natural part of an evolving global economy. Consequently, commodity prices and the related wages will move to global pricing as these factors are allowed to migrate to the highest priced market. For example, Canadian crude oil is priced in terms of world prices even though this petroleum is located physically closer to US markets than Saudi Arabian crude oil.

It is not essential for students to know:

Students do not need to know quantitative elements related to international wage rates nor details of advanced public policy related to trade issues and globalization

Social Studies Literacy Skills for the 21st Century:

- Explain how an interdependent, specialized, and voluntary worldwide trade network affects a nation's standard of living and economic growth.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

Understand

Interpreting

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Explaining

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Economics

Standard ECON-5: The student will demonstrate an understanding of how personal financial decisions affect an individual's present and future economic status.

Enduring Understanding:

Individuals are impacted by the financial choices they make and the careers they choose. Wise and informed personal financial decisions can benefit individuals in both the immediate and the distant future. To understand the impact of personal financial decisions, the student will . . .

Indicator:

ECON 5.1 Explain how individuals make personal economic decisions and how current spending and acquisition of debt can impact future income.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

In first grade students explained the concept of scarcity and the way it forces individuals and families to make choices about which goods and services they can obtain (1-4.4). Second grade students were asked to explain the effects of supply and demand on the price of goods and services (2-3.5). In the future students will utilize the information from this indicator to help them make wise personal economic decisions.

It is essential for students to know:

Students should know that debt acquisition is a decision made at the margin. Borrowing money at the present time results in decreased future income. Students should carefully assess if the marginal benefit of debt acquisition is greater than the marginal cost of the debt. Most income earned by individuals in the United States is earned through wages rather than from other sources such as investment, rent, et. al. This trend is expected to continue as our economy transitions from manufacturing to service based. Thus, the choice of a career will have enduring impact upon current and future earning potential. Students must know the definitions of both scarcity and opportunity cost. They must also understand personal examples of both. Students should also understand marginal cost/marginal benefit when applied to personal decision making and understand personal examples of this process.

In addition, students should be exposed to simple budgeting examples and understand the

tradeoffs associated with saving and investing money. They should further understand the different types of consumer decisions that require both short and long-term savings. Students must also understand the basics of taking a loan. They should further understand that credit cards are one type of loan and recognize the definitions of simple and compound interest. Students must also understand the basic tradeoffs between popular investment choices such as, savings accounts, CD's, and stocks.

It is not essential for students to know:

Students do not need to know how to buy a car or home although these exercises may well prove to be beneficial and appropriate teaching activities. They also do not need to understand the characteristics and associated risks of all investment vehicles.

Social Studies Literacy Skills for the 21st Century:

- Explain the use of a budget in making personal economic decisions and planning for the future.
- Illustrate the fact that some choices provide greater benefits than others.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

Understand

Interpreting

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Economics

Standard ECON-5: The student will demonstrate an understanding of how personal financial decisions affect an individual's present and future economic status.

Enduring Understanding:

Individuals are impacted by the financial choices they make and the careers they choose. Wise and informed personal financial decisions can benefit individuals in both the immediate and the distant future. To understand the impact of personal financial decisions, the student will . . .

Indicator:

ECON 5.2 Explain that income for most people is determined by the market value of the productive resources they sell.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

This is the first time students receive standards-based instruction about how their future income will be determined by the productive resources they are able to sell.

It is essential for students to know:

Students should know that the demand for labor is a derived demand and that the demand for any labor is dependent upon the price of the commodity produced by the labor. This amount may be impacted by regulation or the lack thereof; however, most labor in the United States operates in a perfectly competitive environment and that labor is compensated at an established equilibrium price based upon informal agreements between buyers and sellers. Students must further understand that the labor market in the United States is fluid and evolving and is greatly impacted by factor market changes as well as changes in immigration and technology. Unionization has decreasing influence on labor rates in the United States as manufacturing continues to decrease. Much new industry is not unionized and consequently operates in a perfectly competitive factor market.

It is not essential for students to know:

Information pertaining to international factor markets, although this information may be appropriate for some audiences.

Social Studies Literacy Skills for the 21st Century:

- Illustrate the fact that some choices provide greater benefits than others.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

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Economics

Standard ECON-5: The student will demonstrate an understanding of how personal financial decisions affect an individual's present and future economic status.

Enduring Understanding:

Individuals are impacted by the financial choices they make and the careers they choose. Wise and informed personal financial decisions can benefit individuals in both the immediate and the distant future. To understand the impact of personal financial decisions, the student will . . .

Indicator:

ECON 5.3 Explain how wage rates for most workers depend upon the market value of what the workers produce for the marketplace.

Taxonomy Level: Understand/Conceptual Knowledge – 2/B

Previous and Future Knowledge:

This is the first time students will receive standards-based instruction on wage rates and the market value of what they produce for the marketplace.

It is essential for students to know:

Students should understand that the demand for labor is a derived demand and that the demand for any labor is dependent upon the price of the commodity produced by the labor. This amount may be impacted by regulation or the lack thereof; however, most labor in the United States operates in a perfectly competitive environment and that labor is compensated at an established market equilibrium price based upon informal agreements between buyers and sellers. The labor market in the United States is fluid and evolving and is greatly impacted by factor market changes as well as changes in immigration and technology. That unionization has decreasing influence on labor rates in the United States as manufacturing continues to decrease. Much new industry is not unionized and consequently operates in a perfectly competitive factor market. The value (VMP_L – *Value of the marginal product of labor*) of the worker's labor is dependent upon the price that the finished commodity yields in the marketplace and that this wage rate is fluid and evolving as commodity prices react to adjustments in the fluid global economy.

It is not essential for students to know:

Students do not need to know technical information related to financial planning such as terminology related to life insurance, term insurance, investing, technical information related to investment plans, stock market simulations (although beneficial are not required), nor technical and detailed information related to state and federal income tax forms, loan amortizations, or lending practices.

Social Studies Literacy Skills for the 21st Century:

- Explain how investment in human capital such as health, education, and training leads to economic growth.

Assessment Guidelines:

Appropriate classroom assessments *could* require students to be able to:

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