



Hawai'i Content and Performance Standards—Social Studies

What Citizens Need to Know About Economics

addresses Hawai'i Social Studies Content and Performance Standards (HCPS II)
for the economics component of the social studies curriculum grades 9-12.



Economics Content Standards and Grade Cluster Benchmarks

A better understanding of economics enables people to comprehend the forces that affect them every day and helps them identify and evaluate the consequences of private decisions and public policies. Economics should and can be interwoven in all subject areas for economic decisions are the basis for human activity.

CONTENT STANDARDS

LIMITED RESOURCES AND CHOICE

1. Students understand costs and benefits of economic choice and use this knowledge to make sound economic decisions.

9 - 12

- Explain why their choices and opportunity costs are subjective and explain why they differ with individuals and society.

- Chapter 2 explains how needs and wants are subjective and differ with individuals and societies. Key concepts and terms, such as standard of living and subsistence level, are defined. The relationship between economic choices and opportunity costs are explored and the production possibilities curve is illustrated. Related articles and Web sites include more information and specific examples.

CONTENT STANDARDS

ROLE AND FUNCTION OF MARKETS

2. Students understand how markets function and analyze the role of prices and incentives to realize how economic interactions affect human behavior.

9 - 12

- Compare market structures, their barriers for entry, and how they promote market efficiency and lower prices.
- Explain how incentives (profit, interest rates, subsidies, etc.) affect individual, businesses, labor, and government.

- *Chapter 4 discusses the role of individuals as consumers in an economic system. The way consumers influence what is produced and how it is distributed is explained and illustrated with a graphic. Key terms like conspicuous consumption and diminishing utility are defined. Related articles and Web sites explore issues related to consumer protection and consumer choice.*
- *Chapter 7 describes the role of businesses in the economy. Different types of businesses—sole proprietorships, partnerships and corporations—are highlighted and examples are provided. Incentives, such as profit and property rights, that encourage entrepreneurs to take risks involved with organizing the factors of production, are identified. The role of the stock market in providing incentives to investments in capital is explained and illustrated with a graphic. Web links are included to major stock and commodity exchanges around the world, such as the New York Stock Exchange, the London Stock Exchange and the Tokyo Stock Exchange.*
- *Chapter 8 explains how supply and demand operates in market economies to determine prices. The relationships among supply, demand and prices are explored and graphics are included to illustrate how changes in supply, demand or prices impact the others. Related articles and Web sites include specific examples.*
- *Chapter 9 explores competition in the market structure. Key concepts and terms like pure competition, monopoly and oligopoly are defined. The impact of unfair competition on businesses, individuals and the economy as a whole is addressed. The government's response to unfair business practices is examined and links are included to the complete text of important government legislation like the Sherman Antitrust Act and the Robinson-Patman Act.*
- *Chapter 10 examines how incentives work in the labor market. The way the laws of supply and demand affect wages is described and the role of labor unions is explored. Key concepts and terms like collective bargaining and labor market are defined. Links are included to the Web sites of major U.S. labor organizations, such as the Teamsters and the AFL-CIO.*
- *Chapter 11 explains how interest rates act as incentives to lenders and borrowers. The way banks determine interest rates is described and the way lending and borrowing increases the money supply is highlighted and illustrated with a graphic. The role of the Federal Reserve System in maintaining stable interest rates is examined and tools of the Federal Reserve, such as reserve requirements and discount rates, are identified. Links are provided to all Federal Reserve branches for more information.*
- *Chapter 20 discusses federal subsidies and identifies alternative legislation aimed at incentives for poor people to become more independent. A history of federal subsidies is presented and Web links are included to the government agencies that run such programs as Social Security, Head Start, Medicare and Medicaid.*
- *Chapter 21 describes government incentives in the agriculture industry used to control the supply and demand of agricultural products. The debate over the fairness of these programs is presented and related articles and Web sites include opposing views of this debate. Key terms like price supports are defined.*

CONTENT STANDARDS

ECONOMIC INTERDEPENDENCE

3. Students evaluate the costs and benefits of trade among individuals, nations, and organizations to explain why trade results in higher overall levels of production and consumption.

9 - 12

- Analyze how the distribution of the world's resources, political stability, and national efforts encourage or discourage trade and the flow of investment patterns.

- *Chapter 22 explores issues associated with foreign trade. The distribution of the world's resources is described as a major reason for the rise of foreign trade. Key concepts and terms like specialization and comparative advantage are defined. Barriers to trade, such as tariffs and quotas, are identified. The debate between free trade and protectionism is presented and related articles and Web sites include opposing views on this debate. A history of U.S. trade policy is included and the rise of regional trade agreements is highlighted. Web links are included to regional trade associations like the North American Free Trade Agreement and the European Union.*
- *Chapter 23 describes how the rise in foreign trade has led to an interdependent global economy. The U.S. decision in 1971 to abandon the gold standard and the 1997 Asian financial crisis are cited as examples of national events that had global impact. Investment patterns are explored and terms like balance of payments and special drawing rights are defined. The way currency exchange rates impact trade is discussed and illustrated with a graphic. A Web link is available to a program that calculates the current exchange rate for the U.S. dollar and other currencies. Web links are also provided to supranational organizations that operate in the global economy, such as the World Trade Organization, the International Monetary Fund and the World Bank.*
- *Chapter 24 examines economic development and explains how trade impacts developing countries. Issues affecting developing countries, such as political stability and trade and investment patterns, are addressed. The responsibility of developed countries to assist developing countries is debated and related articles and Web sites present opposing views on this debate. Web links are also provided to international aid organizations like the Grameen Bank and the U.S. Agency for International Development.*

CONTENT STANDARDS

ROLE OF GOVERNMENT

4. Students understand how the government influences the well being of people and institutions.

9 - 12

- Explain economic roles of the government such as providing public goods and services, redistributing of income, encouraging employment, and sustaining reasonable rates of economic growth.

- Analyze the functions of the Federal Reserve System and the government role to set policy and how these policies influence the economy.

- *Chapter 1 explains how the government is responsible for providing goods and services that the private sector is unable or unwilling to provide. Cooperation between the public and private sector is explored and examples are cited. Related articles and Web sites include more examples.*
- *Chapter 11 describes the functions of the Federal Reserve System. The role of the Federal Reserve in maintaining stable interest rates is explained. The impact that changes in interest rates have on the money supply is discussed and illustrated with a graphic. Tools of the Federal Reserve System, such as reserve requirements and discount rates, are identified. Web links are provided to all branches of the Federal Reserve for more information.*
- *Chapter 12 identifies the various roles of national, state and local governments. Categories of income and spending at the national, state and local levels are identified and illustrated with a graphic. Links are available to the Web sites of all state and local governments. The federal budget-making process is described and Web links are included to all government agencies involved in the budget process, such as the Office of Management and Budget and the Congressional Budget Office. The impact of government regulations is also addressed and Web links to various government regulatory agencies, including the Environmental Protection Agency and the Occupational Safety and Health Administration, are available.*
- *Chapter 15 discusses the government responsibilities in encouraging economic growth. The way the government encourages technological innovation through patents is explained and a Web link is provided to the U.S. Patent and Trademark Office. Problems associated with economic growth, such as pollution, are examined and terms like forced obsolescence are defined.*
- *Chapter 17 explores the government's role in maintaining economic stability through monetary and fiscal policies. The role of the Federal Reserve System in maintaining a stable money supply is explained. Different monetary and fiscal policy tools, such as open market operations and deficit financing, are identified. The debate between Keynesian and supply-side economists on the best way to stabilize an economy is highlighted. Related articles and Web sites present current information on U.S. monetary and fiscal policies and opposing views on the best way to stabilize the economy.*
- *Chapter 19 examines the government's goal of achieving full employment. Key concepts and terms like structural unemployment and discouraged workers are defined. Related articles and Web sites include the most current employment statistics from the federal government. An activity for this chapter in the Educator's Guide requires students to interview individuals at the unemployment office and assess the unemployment situation in their community.*

- *Chapter 20 explains how the government redistributes income through federal subsidies. A history of federal subsidy programs in the United States is presented and terms like entitlement programs and subsidies are defined. Web links are included to the government agencies that oversee such programs as Social Security, Head Start, Medicare and Medicaid. Related articles and Web sites present opposing views on ways to reform the welfare system.*

CONTENT STANDARDS

ECONOMIC ANALYSIS

5. Students understand and use the tools of the economist to help them make informed decisions.

9 - 12

- Interpret information from indices, averages, and distributions around the average to analyze economic changes and their impact on nations.

- *Chapter 1 identifies the major economic indicators (e.g., gross domestic product, industrial production, personal income) used to evaluate the health of the economy. Graphics are included for each economic indicator to illustrate long-term trends. Related articles and Web sites include the most recent statistics on all the major economic indicators and evaluations of their meaning to the economy. This chapter also identifies the major tools of economists, including graphs, tables, charts and models. Graphics are included for each type of tool to illustrate its properties.*
- *Chapter 5 explains how the consumer price index (CPI) is used to calculate the level of inflation or deflation in the economy. The impact that inflation or deflation has on households, businesses and the economy as a whole is explored. Related articles and Web sites include current CPI statistics and a Web link is provided to a program that uses CPI to compare the value of a dollar over different time periods in U.S. history.*
- *Chapter 14 describes in more detail the importance of gross domestic product (GDP) as an economic indicator. The way the Bureau of Economic Analysis calculates GDP is explained and the accuracy of GDP is debated. Alternatives to GDP, such as the human development index (HDI), are presented. Related articles and Web sites include the most current GDP and HDI statistics.*
- *Chapter 19 examines how unemployment statistics are calculated. The impact of high unemployment on individuals and the economy is explained. Key concepts and terms, such as discouraged workers and structural unemployment, are defined. Related articles and Web sites present the most current unemployment statistics for the nation. An activity for this chapter in the Educator's Guide requires students to research unemployment statistics in their community.*
- *Many related articles and Web sites linked to every chapter include current economic statistics on the issues covered in the respective chapters. Many of these articles and Web sites include graphics and charts that highlight important economic statistics.*

- *Learning Tools linked to every chapter provide students with worksheets that can help the student interpret and evaluate economic information. Learning Tools consist of four worksheets—Analyzing Graphs and Charts, Problem Solving, Understanding Basic Knowledge, and Map Skills—that can be used in conjunction with the text, related articles, Web sites or other textbooks. These worksheets can be completed online and e-mailed to the instructor or downloaded and completed offline.*