



Illinois Learning Standards for Social Science

What Citizens Need to Know About Economics
addresses Illinois Learning Standards for the economics component of the social science curriculum grades 9-12.



STATE GOAL 15: Understand economic systems, with an emphasis on the United States.

Why This Goal Is Important:

People's lives are directly affected by the economies of cities, states, nations and the world. All people engage in economic activity: buying, selling, trading, producing and consuming. By understanding economic systems—and how economics blends with other social sciences, students will be able to make more informed choices, prudently use resources and function as effective participants in the economies around them.

Learning Standards

- A. Understand how different economic systems operate in the exchange, production, distribution and consumption of goods and services.**

Early High School

- 15.A.4a** Explain how national economies vary in the extent that government and private markets help allocate goods, services and resources.

- *Chapter 1 differentiates between the private and public sectors of the economy. Collaboration between the private and public sector is explored and links to related articles and Web sites provide specific examples.*
- *Chapter 3 explains how national economies vary in the extent that government and private markets help allocate goods, services and resources. Different types of economies—command, traditional, market and mixed economic systems—are identified and examples are given of each. A comparison/contrast of capitalism, socialism and communism is also presented. Web links include biographies of influential philosophers, such as Adam Smith and Karl Marx, and the complete texts of their most famous works.*

- 15.A.4b** Describe Gross Domestic Product (GDP).

- Chapter 14 describes gross domestic product (GDP) and explains how it calculates economic growth. The accuracy of GDP is debated and alternatives to GDP, such as the human development index (HDI), are presented. Web links include the most current GDP and HDI statistics.

15.A.4c Analyze the impact of inflation on an individual and the economy as a whole.

- Chapter 5 explores the impact of inflation on individuals and the economy as a whole. A graphic is included that illustrates the impact of changing prices on the cost of living for a family. The way inflation is calculated through the consumer price index (CPI) is explained and Web links include current CPI statistics.

15.A.4d Explain the effects of unemployment on the economy.

- Chapter 19 explains the effects of unemployment on the economy. Key concepts and terms, such as structural unemployment and discouraged workers, are defined. Links to related articles and Web sites include current unemployment statistics.

Late High School

15.A.5a Explain the impact of various determinants of economic growth (e.g., investments in human/physical capital, research and development, technological change) on the economy.

15.A.5b Analyze the impact of economic growth.

- Chapter 15 identifies various determinants of economic growth and analyzes the positive and negative impacts of economic growth. Problems of economic growth, such as pollution, are also identified. Links to related articles and Web sites include current statistics on economic growth and the impact on the economy.

15.A.5c Analyze the impact of various determinants on the levels of GDP (e.g., quantity/quality of natural/capital resources, size/skills of the labor force).

- Chapter 14 describes the impact of various determinants on the levels of GDP. Links to related articles and Web sites are available for more information on GDP and include current GDP statistics.

15.A.5d Explain the comparative value of the Consumer Price Index (e.g., goods and services in one year with earlier or later periods).

- *Chapter 5 explains the comparative value of the consumer price index (CPI). A graphic is included to illustrate how prices change over a period of time. Web links include current CPI statistics and a calculating program that uses CPI to determine the value of the U.S. dollar during specific periods of time. An activity for this chapter in the Educator's Guide suggests students compare the present day cost of a good or service with the cost of the same good or service decades earlier.*

B. Understand that scarcity necessitates choices by consumers.

Early High School

- 15.B.4a** Explain the costs and benefits of making consumer purchases through differing means (e.g., credit, cash).

- *Chapter 6 explores the costs and benefits of consumer credit purchases. The costs and benefits of buying on credit are compared to buying with cash. Maintaining proper credit is stressed and concepts, such as bankruptcy, are defined. Links to related articles and Web sites explore the implications of debt.*

- 15.B.4b** Analyze the impact of current events (e.g., weather/natural disasters, wars) on consumer prices.

- *Chapter 5 explores the impact of events on consumer prices. Links to related articles and Web sites provide current examples of the impact of events on consumer prices and the cost of living.*
- *Chapter 21 describes how natural disasters can impact consumer prices for agricultural goods. The use of price supports to stabilize the production costs and consumer prices of agricultural goods is explored. Links to related articles and Web sites include specific examples of the impact of current natural disasters on agricultural production and consumer prices.*
- *Chapter 23 explains how current events around the world impact the global economy. The 1997 Asian financial crisis is cited as an example and links to related articles and Web sites include more examples of the impact of current global events on consumer prices and the economy as a whole.*

Late High School

- 15.B.5a** Analyze the impact of changes in non-price determinants (e.g., changes in consumer income, changes in tastes and preferences) on consumer demand.

- *Chapter 4 explores issues associated with consumerism. The impact of non-price determinants, like advertisement and preferences, on consumer demand is described. Concepts, such as caveat emptor and diminishing utility, are defined. Links to related articles and Web sites are included for further information on this topic.*
- *Chapter 8 analyzes the impact of changes in non-price determinants on consumer demand and explains how those changes impact the supply and demand of products. Key terms, such as complimentary and substitute goods and the new buyer effect, are defined. Graphics are included to illustrate the changes in supply and demand.*

15.B.5b Analyze how inflation and interest rates affect consumer purchasing power.

- *Chapter 5 explains how inflation affects consumer purchasing power. Graphics are included to illustrate this concept and links to related articles and Web sites provide current statistics on consumer purchasing power.*
- *Chapter 11 describes how changes in interest rates affect the supply of money and consumer purchasing power. The way saving and borrowing creates money is explained and illustrated with a graphic. The role of the Federal Reserve System in adjusting interest rates is examined and concepts like reserve requirement and discount rate are defined. Web links are included to all branches of the Federal Reserve for current information on interest rates and the functions of the Federal Reserve.*

15.B.5c Analyze elasticity as it applies to supply and demand and consumer decisions.

- *Chapter 8 explains the laws of supply and demand. Concepts, such as elasticity, substitution effect and income effect, are defined. Graphics are included to illustrate changes in supply, demand and consumer decisions. Links to related articles and Web sites are available for more information.*

C. Understand that scarcity necessitates choices by producers.

Early High School

15.C.4a Analyze the impact of political actions and natural phenomena (e.g., wars, legislation, natural disaster) on producers and production decisions.

- *Chapter 7 explores the role of businesses in the economy. Production decisions are examined and the impact of political actions and natural phenomena are described. Links to related articles and Web sites provide specific examples.*

- *Chapter 9 explains how government legislation impacts producers and production in the context of unfair and unethical business practices. The government's response to unfair competition through antitrust legislation and the government's response to unethical business practices, such as the 2002 scandals that forced Enron and WorldCom into bankruptcy, are explored. Links are included to the complete texts of important government legislation, like the Sherman Antitrust Act and the Sarbanes-Oxley Act.*
- *Chapter 21 describes the impact of political actions and natural phenomena on producers and production decisions for American agricultural producers. The unique circumstances of agricultural production are explained and the impacts of weather and government programs are explored. The debate over how to protect agricultural production from natural disasters and foreign competition is addressed and concepts, such as price supports and parity, are defined. Links to related articles and Web sites include opposing views of the farm debate.*
- *Chapter 23 examines the impact of political actions and natural phenomena on producers and production decisions at the global level. Key terms like the contagion effect and multinational corporations are defined. Links to related articles and Web sites provide specific examples.*

15.C.4b Explain the importance of research, development, invention, technology and entrepreneurship to the United States economy.

- *Chapter 15 explains how research, development, invention, technology and entrepreneurship are all factors that have led to the unprecedented growth of the U.S. economy. Key concepts and terms, such as standard of living and infrastructure, are defined. A link is included to the Web site of the U.S. Patent and Trademark Office for more information on the importance of technology and invention to the U.S. economy.*

Late High School

15.C.5a Explain how competition is maintained in the United States economy and how the level of competition varies in differing market structures (e.g., monopoly, oligopoly, monopolistic and perfect competition).

- *Chapter 9 explores competition in the marketplace. Key concepts and terms, such as monopoly, oligopoly and perfect competition, are defined. The role of government to maintain stable competition is explained and examples are cited. Links are included to the complete texts of important antitrust legislation, like the Sherman Antitrust Act and the Robinson-Patman Act.*

15.C.5b Explain how changes in non-price determinants of supply (e.g., number of producers) affect producer decisions.

- *Chapter 7 explains how changes in non-price determinants of supply affect producer decisions and the law of diminishing returns is defined. A graphic is included to illustrate this concept.*
- *Chapter 8 describes how changes in non-price determinants of supply affect producer decisions. The laws of supply and demand are explained and graphics are included to illustrate how changes in supply impact producer decisions.*

15.C.5c Explain how government intervention with market prices can cause shortages or surpluses of a good or service (e.g., minimum wage policies, rent freezes, farm subsidies).

- *Chapter 11 explains how government intervention with market prices can cause shortages or surpluses in the context of minimum wage laws. The impact of minimum wage laws on businesses and individuals is explored and links to related articles and Web sites are included for further research. Key concepts and terms like living wage are defined.*
- *Chapter 21 examines how government intervention with market prices can cause shortages or surpluses of goods or services in the context of farm subsidies. Key terms such as parity and price supports are defined. The debate over how to protect farmers from natural disasters and foreign competition is presented and links to related articles and Web sites include opposing views of the farm debate.*

D. Understand trade as an exchange of goods or services.

Early High School

15.D.4a Explain the meaning and importance of "balance of trade" and how trade surpluses and deficits between nations are determined.

15.D.4b Describe the relationships between the availability and price of a nation's resources and its comparative advantage in relation to other nations.

- *Chapter 22 explores issues associated with foreign trade. Key concepts and terms, such as balance of trade and comparative advantage are defined. The way trade surpluses and deficits are determined is explained and illustrated with graphics. The relationship between the availability and price of a nation's resource and its comparative advantage in relation to other nations is addressed and the U.S. dependence on foreign oil is cited as an example. Links to related articles and Web sites are included for more information.*

15.D.4c Describe the impact of worker productivity (output per worker) on business, the worker and the consumer.

- *Chapter 10 explores the impact of worker productivity on business, the worker and the consumer. The relationship between the employer and employee is explored and the role of labor unions is addressed. Web links are included to major labor unions, such as the AFL-CIO and the Teamsters.*

Late High School

- 15.D.5a** Explain how transaction costs affect decisions to produce or consume.
- 15.D.5b** Analyze why trade barriers and exchange rates affect the flow of goods and services among nations.
- 15.D.5c** Explain how technology has affected trade in the areas of transportation, communication, finance and manufacturing.

- *Chapter 22 explains how trade barriers affect the flow of goods and services among nations. Terms, such as tariffs and quotas, are defined. The debate between free trade and protectionism is presented and links to related articles and Web sites provide opposing views of the free trade debate.*
- *Chapter 23 describes how transaction costs affect decisions to produce or consume. Key concepts like exchange rates and balance of payments are defined. A Web link is included to a program that calculates the current exchange rate for the U.S. dollar and other currencies for comparative purposes. The impact of technology on the global economy is also explored and links to related articles and Web sites are available for further research.*

E. Understand the impact of government policies and decisions on production and consumption in the economy.

Early High School

- 15.E.4a** Explain why government may intervene in a market economy.

- *Chapter 12 identifies the roles of government in an economic system and explains why a government may intervene in a market economy. Government regulations are explored and Web links are included to many government regulatory agencies, including the Occupational Safety and Health Administration, the Food and Drug Administration and the Environmental Protection Agency.*

- 15.E.4b** Describe social and environmental benefits and consequences of production and consumption.

- *Chapter 15 describes social and environmental benefits and consequences of economic growth. Problems of growth, such as pollution and societal issues, are identified and solutions are offered. Links to related articles and Web sites are included for further research.*

15.E.4c Analyze the relationship between a country's science/technology policies and its level and balance of trade.

- *Chapter 22 explores the relationship between a country's use of resources, including science and technology, and its level and balance of trade. A history of U.S. trade policy is presented and links to related articles and Web sites are included for more information.*

- *Chapter 24 examines issues associated with economic development. The relationship between a country's science and technology policies and its level of trade is explored. Key terms, such as technology, research and development, and brain drain, are defined. The role of developed countries to aid developing countries is debated and links are included to the Web sites of international aid organizations, such as the U.S. Agency for International Development and the Grameen Bank.*

Late High School

15.E.5a Explain how and why government redistributes income in the economy.

- *Chapter 20 explains how and why governments redistribute income through subsidies. The impact of federal subsidies on individuals, businesses and the economy as a whole is explored and different types of federal subsidies are identified. Links are included to the Web sites of agencies involved with such programs as Social Security, Medicare, Medicaid and Head Start.*

15.E.5b Describe how fiscal, monetary and regulatory policies affect overall levels of employment, output and consumption.

15.E.5c Describe key schools of thought (e.g., classical, Keynesian, monetarist, supply-side) and explain their impact on government policies.

- *Chapter 12 explains how regulatory policies affect overall levels of employment, output and consumption. Web links are included to government regulatory agencies, including the Federal Communications Commission and the Equal Employment Opportunity Commission.*

- *Chapter 17 describes how fiscal and monetary policies affect overall levels of employment, output and consumption. Different fiscal and monetary policy tools, such as open market operations and deficit financing, are identified. Different schools of thought (e.g., classical, Keynesian, monetarist, supply-side) on the use of fiscal and monetary policy are explored and their impact on government policies is explained. Links to related articles and Web sites include current information on U.S. fiscal and monetary policy decisions and their impact on the economy.*