



Kansas Curricular Standards for Economics

What Citizens Need to Know About Economics

addresses Kansas Curricular Standards for the economics component of the social studies curriculum grade 12.



Economics Standard: The student uses a working knowledge and understanding of major economic concepts, issues, and systems of the United States and other nations; and applies decision making skills as a consumer, producer, saver, investor, and citizen in an interdependent world.

Benchmark 1: The student understands how **scarcity** of resources requires choices.

By the end of Twelfth Grade

Indicators:

The student:

1. describes ways people respond to incentives in order to allocate scarce resources to provide the highest possible return. ●
2. explains how economic choices made by individuals, businesses, or **governments** often have intended and unintended consequences (illustration: choosing a location for a new airport creates noise pollution and influences **community** growth).

- *Chapter 2 examines economic choices and the intended and unintended consequences of those choices. A graphic of the production possibilities curve is provided to help illustrate this concept.*
- *Chapter 7 identifies economic incentives for entrepreneurs such as property rights and explains how that impacts the allocation of scarce resources. Web links include profiles of famous U.S. entrepreneurs, such as Ray Kroc, the founder of McDonald's, and Bill Gates, the founder of Microsoft.*
- *Chapter 12 explores economic choices of government. The use of the cost/benefit ratio to determine the consequences of budget-making decisions is described and Web links are included to major governmental agencies, such as the Office of Management and Budget and the Congressional Budget Office.*
- *Chapter 15 reflects on the consequences of economic growth. Problems of growth, such as pollution, are identified. Web links are included for further research.*

Benchmark 2: The student understands how the market **economy** works in the United States.

By the end of Twelfth Grade

Indicators:

The student:

1. defines **Gross Domestic Product (GDP)** and Gross National Product (GNP).

- Chapter 1 identifies major economic indicators including gross domestic product (GDP). The transition of economic measurements from gross national product to GDP is described. Web links are included to governmental agencies that maintain economic statistics for information on the current state of the economy.

- Chapter 14 explores in more detail the way GDP is calculated. The accuracy of GDP is debated and alternatives to GDP, such as the human development index (HDI), are discussed. Web links include current GDP and HDI statistics.

2. explains the importance of economic growth to an **economy** and how **GDP** is used to measure it. ▲ 11

- Chapter 15 identifies the importance of economic growth to an economy and explains how it is measured by GDP. Concepts such as real GDP and standard of living are defined. Problems associated with economic growth are discussed and links to related articles and Web sites are included for further research.

3. explains the factors that could change the **supply** or **demand** for a product. ●
4. analyzes how **prices** change when either a shortage or surplus of goods or services develops. ▲ 11

- Chapter 8 describes the laws of supply and demand and explains how prices are determined. The impact of a change in the supply or demand for a product is discussed. Graphics are provided to help illustrate these concepts.

- Chapter 21 explores how prices change when there is either a shortage or surplus of goods or services, in the context of American agricultural production. Links to related articles and Web sites are included for more information.

5. describes what happens to the product price and output of businesses when the degree of competition changes in an industry (e.g., pure competition versus pure monopoly).

- *Chapter 9 explores competition in the market place. Concepts such as pure competition, monopolies and oligopolies are defined. The government's response to unfair business practices is also discussed and links are included to the complete texts of governmental legislation intended to regulate business competition, such as the Sherman Antitrust Act and the Robinson-Patman Act.*

6. describes the advantages and disadvantages of forming a partnership, proprietorship, and corporation. ●

- *Chapter 7 examines the role of businesses and entrepreneurs in market economies. The terms partnership, proprietorship and corporation are defined. Advantages and disadvantages of each are discussed, as are incentives that encourage entrepreneurs to take risks.*

7. analyzes the role of money, banking, and the **Federal Reserve System** in the **economy** (e.g., interest rates, monetary policy).

- *Chapter 11 explores the role of money and banking in an economic system. The role of the Federal Reserve System is also discussed and Web links are included to all branches of the Federal Reserve System. Terms such as interest rates and reserve requirements are defined.*
- *Chapter 17 describes the role of the Federal Reserve System to institute monetary policy in an attempt to stabilize the economy. Concepts such as monetary and fiscal policy and open market operations are discussed. Links to related articles and Web sites include current information on monetary and fiscal policy decisions of the government.*

Benchmark 3: The student analyzes how different **economic systems**, institutions, and incentives affect people.

By the end of Twelfth Grade

Indicators:

The student:

1. provides examples of **absolute** and **comparative advantage** between nations. ●
2. explains that **trade** based on **comparative advantage** is mutually advantageous (i.e., individuals and nations have a **comparative advantage** in the production of **goods** or **services** if they can produce a product at a lower opportunity cost than other individuals or nations). ▲ 11

- *Chapter 22 identifies issues associated with international trade. The mutual advantages of comparative advantage are discussed. The debate between free trade and protectionism is also described. Links to related articles and Web sites provide current examples of absolute and comparative advantage between nations.*

3. compares the **benefits** and **costs** of different **allocation methods** (e.g., first come, first serve; prices, contests, lottery, majority rule).
4. explains how a change in **exchange rates** affects the flow of **trade** between nations and a nation's domestic **economy**.
5. compares characteristics of **traditional**, **command**, **market**, and **mixed** economies. ▲ 11

- *Chapter 3 explains how different economic systems have different allocation methods. A comparison of traditional, command, market and mixed economies is provided. The differences between capitalism, socialism and communism are also discussed. Web links are included to biographies of influential philosophers, such as Adam Smith and Karl Marx, and the complete texts of their most famous works.*
- *Chapter 23 explains how a change in exchange rates affects the flow of trade between nations and a nation's domestic economy. A Web link is included to a program that calculates the current exchange rates for the U.S. dollar and other currencies.*

Benchmark 4: The student analyzes the role of the **government** in the **economy**.

By the end of Twelfth Grade

Indicators:

The student:

1. explains why certain **goods** and **services** are provided by the **government** (e.g., **infrastructure**, schools, waste management, national defense).

- *Chapter 1 explains the difference between the public and private sectors of the economy and describes how the government is responsible for goods and services that the private sector is unable or unwilling to provide.*
- *Chapter 12 examines the role of government in an economic system. The role of local, state and federal governments are described and Web links are included to major governmental organizations.*

2. explains the advantages and disadvantages when **fiscal policy** is used by the Federal Government to influence the U.S. **economy** (e.g., change in taxes, **spending**). ●

- *Chapter 17 identifies the advantages and disadvantages of using fiscal policy to stabilize the economy. Links to related articles and Web sites include current information on U.S. fiscal policy decisions.*

3. evaluates issues relationship between Federal budget and the national debt (e.g., **deficits**, surpluses) and the national **debt**. ●

- *Chapter 6 explores the issue of debt and identifies the impact of the national debt on individuals. Links to related articles and Web sites provide more information.*
- *Chapter 12 explains the federal budget-making process and a graphic is included to illustrate the interaction of the many different governmental agencies. Web links are included to governmental agencies, such as the Office of Management and Budget and the Congressional Budget Office.*
- *Chapter 17 explains how deficit financing impacts the economy. The debate between supply-side and Keynesian economics is also discussed. Links to related articles and Web sites include information on current fiscal and monetary policy decisions of the federal government.*

4. analyzes how **trade** agreements affect **international trade** and economic and social conditions (i.e., GATT, NAFTA, Most Favored Nation Status). ▲ 11

- *Chapter 22 explores issues associated with international trade including the affects of regional and global international trade agreements. A history of U.S. international trade policies is included and terms, such as most favored nation status, are described. A link is available to the complete text of the General Agreement on Tariffs and Trade (GATT). Web links are also included to major international trade associations such as the North American Free Trade Agreement and the European Union.*

5. gives examples of how government policies influence the economy (i.e., minimum wage laws, anti-trust laws, EPA, WPA, farm subsidies). ▲ 11

- *Chapter 9 explains how government policies influence the economy in relation to businesses and competition. The impact of antitrust laws are discussed and links are provided to major antitrust legislation, such as the Sherman Antitrust Act and the Robinson-Patman Act. Government policies that regulate businesses are also discussed in the context of business ethics. The government's response to the 2002 business scandals that forced Enron and WorldCom into bankruptcy are cited as examples.*
- *Chapter 10 describes the impact of government regulation of the labor market. The impact of minimum wage laws is identified and the concept of a living wage is defined. The government role in labor disputes is also discussed and links are available to the complete texts of influential governmental legislation, such as the National Labor Relations Act and the Taft-Hartley Act.*
- *Chapter 12 explores the role of government in an economic system. Government regulations are discussed and Web links are included to major governmental regulatory agencies such as the Environmental Protection Agency, the Federal Trade Commission and the Securities and Exchange Commission.*

- *Chapter 16 explains how government policies influenced the economy during the Great Depression. Web links are available to historical archives of the Work Projects Administration (WPA) and the Civilian Conservation Corps (CCC).*
- *Chapter 20 explores how federal subsidies influence the economy. A history of federal subsidies is provided and Web links are included to governmental agencies that oversee these programs, such as the Social Security Administration and Head Start.*
- *Chapter 21 describes how farm subsidies impact the domestic and international economy. Concepts such as parity and price supports are defined. Links to related articles and Web sites include current information on governmental policies toward agriculture and their impact on the economy.*

Benchmark 5: The student makes effective decisions as a **consumer, producer, saver, investor, and citizen.**

By the end of Twelfth Grade

Indicators:

The student:

1. describes the impact of changes in the **economy** on personal **income**.

- *Chapter 16 explains how changes in the business cycle impact personal income. An oral history of the Great Depression is included to provide examples of the personal impact of changes in the economy.*
- *Chapter 18 examines how changes in the economy impact people from different economic classes. Concepts such as poverty and the working poor are discussed. Web links include current statistics on the distribution of income in the United States.*
- *Chapter 19 describes how changes in the economy affect unemployment rates and personal income. Concepts such as underemployed and discouraged workers are defined. Web links include current statistics on unemployment in the U.S.*

2. illustrates how the **demand** and **supply** of labor is influenced by **productivity**, education, skills, and retraining. ▲ 11
3. explains how an individual's **income** will differ in the labor **market** depending on **supply** and **demand** for his/her skills, abilities, and/or education level. ▲ 11

- *Chapter 10 identifies issues associated with the labor market. The way demand and supply of labor are influenced by productivity, skills and training is discussed. The influence of supply and demand on income is also mentioned. Web links include information from the federal government on current labor trends in the U.S.*

- *Chapter 18 identifies the factors that influence income. The disparities in income for minorities and women are discussed and current statistics on income distribution in the United States are included.*
- *Chapter 19 explains how unemployment is influenced by supply and demand. Key concepts and terms, such as displaced, discouraged and underemployed workers, are defined. Web links include current unemployment statistics from the federal government.*

4. develops a personal budget that identifies sources of **income** and **expenditures** (e.g., wages, rent, payments, savings, taxes, insurance). ●
5. determines the **costs** and **benefits** of using a credit card. ●

- *Chapter 6 examines issues associated with consumer credit. The costs and benefits of credit are discussed and concepts such as bankruptcy and debt are defined. Maintaining proper credit is stressed and information on how to formulate a budget is provided. A suggested activity for this chapter in the Educator's Guide involves students creating a budget to achieve future goals.*

6. analyzes the **costs** and **benefits** of investment alternatives (e.g., stock **market**, bonds, certificates of deposit).

- *Chapter 7 explains the costs and benefits of investing in bonds, the stock market or commodities markets. The benefits to the individual and the economy as a whole are described. Web links are available to major stock and commodity markets around the world, including the New York Stock Exchange, the Chicago Mercantile Exchange and the London Stock Exchange. A suggested activity for this chapter in the Educator's Guide involves students pretending to invest in stocks and bonds and monitoring the progress of their investments.*
- *Chapter 10 describes banking functions and the costs and benefits of savings on the individual and the economy are discussed. Links to related articles and Web sites provide more information.*

Explanation of Key

- ▲ Recommended indicators to be assessed by the Kansas Social Studies Assessment. Grade level (6, 8, or 11) is indicated.

In general, items marked for assessment at each grade level provide the basic foundation needed to be successful with items marked for assessment at subsequent grade levels.

- Indicators suggested for local assessment.

i.e. Testable items.

e.g. Provided examples

illustration Illustration provided

Bold Term defined in glossary.