



Maine Learning Results—Social Studies

What Citizens Need to Know About Economics

addresses Maine Learning Results for the economics component of the social studies curriculum grades 9-12.



ECONOMICS

A. PERSONAL AND CONSUMER ECONOMICS

Students will understand that economic decisions are based on the availability of resources and the costs and benefits of choices. Students will be able to:

SECONDARY GRADES

1. Conduct a cost benefit analysis of a personal or business decision.

- *Chapter 2 describes the production possibilities curve and explains how it can be used to determine the opportunity costs of economic choices. A graphic of the production possibilities curve is included for illustrative purposes.*
- *Chapter 12 describes how government administrators use cost/benefit ratios to determine what programs to fund with the national budget. The budget-making process is explained and illustrated with a graphic. Web links are included to government agencies involved in the budget process, such as the Office of Management and Budget and the Congressional Budget Office.*
- *Chapter 15 explains how cost/benefit analysis is used to weigh the costs versus the benefits of economic growth. The term cost/benefit analysis is defined and links to related articles and Web sites are included for further research. An activity for this chapter in the Educator's Guide involves applying cost/benefit analysis to a personal economic decision.*

2. Evaluate different forms of savings and investments for short and long term returns (e.g., stocks, bonds, money market funds).

- *Chapter 7 identifies different forms of savings and investment options and explains the differences between the short- and long-term returns on various investments. Key concepts and terms, such as stocks, bonds and mutual funds, are defined. Web links are available to stock and commodity exchanges around the world, including the Chicago Mercantile Exchange, the New York Stock Exchange and the London Stock Exchange.*

- *Chapter 11 describes different forms of saving and investment options associated with banking. The impact of short and long term returns is explored and securing investments is discussed. Web links are included to saving insurance sites, such as the Federal Deposit Insurance Corporation.*

3. Demonstrate an understanding of credit history and the positive and negative impacts that credit can have on an individual's financial life.

- *Chapter 6 addresses issues associated with consumer credit. The positive and negative impacts that credit can have on an individual's financial life are explored. Concepts like bankruptcy are defined. Maintaining proper credit is stressed and an activity for this chapter in the Educator's Guide includes examining credit statements.*

EXAMPLE

- Given a fixed amount of "money" for investment purposes, create a portfolio of stocks, bonds, and other investments, trading to maximize profits over a fixed period of time.

- *Chapter 7 discusses investment strategies and an activity for this chapter in the Educator's Guide includes investing an imaginary sum of money in the stock market and charting the progress of the investment over a fixed period of time. Web links are included within the text of the chapter to stock exchanges around the world, including the New York Stock Exchange, the American Stock Exchange, and the Tokyo Stock Exchange.*

B. ECONOMIC SYSTEMS OF THE UNITED STATES

Students will understand the economic system of the United States, including its principles, development, and institutions. Students will be able to:

SECONDARY GRADES

1. Describe the factors (i.e., physical, capital, technology, monetary resources) that impact the development and the distribution of a product.

- *Chapter 2 identifies the factors of production—land, labor, capital and management—that impact the development and the distribution of a product. A graphic is included to demonstrate how these factors interact to produce and distribute goods and services. Links to related articles and Web sites provide more information on the factors of production and include current statistics on land, labor and capital resources in the United States.*

2. Identify and analyze the role of government in the United States economic system (e.g., taxing, spending, setting interest rates, regulatory policy).

- *Chapter 12 identifies the roles of government in the United States economic system. Spending and regulatory functions are addressed and Web links are included to government agencies involved in the budget-making process, such as the Congressional Budget Office, and to government regulatory agencies, like the Environmental Protection Agency and the Food and Drug Administration.*
- *Chapter 13 describes the government's power of taxation at the local, state and federal levels. Different types of taxation—progressive, regressive and proportional—are defined and the criteria for determining a fair tax are identified. Links to related articles and Web sites include opposing views on the debate over the composition of a fair tax. A Web link is also included to the Internal Revenue Service for current information on U.S. tax policy.*
- *Chapter 17 explores the government's role in maintaining a stable economy. Different fiscal and monetary policy options, like deficit financing and adjusting interest rates, are identified. The impact of those economic decisions on the economy and individuals is examined. Links to related articles and Web sites include current information on U.S. fiscal and monetary policy decisions and the impact on the economy.*

3. Explain the positive and the negative impacts of advertising techniques on consumer behavior.

- *Chapter 4 examines consumer behavior and identifies the positive and negative impacts of advertising techniques. Concepts, such as caveat emptor and diminishing utility, are defined. Consumer protection issues are addressed and links are included to consumer protection Web sites maintained by the government and consumer watchdog groups.*
- *Chapter 9 identifies advertising techniques used by large corporations. The symbiotic relationship between movies and products is described and the advertisement blitz associated with the film "Harry Potter and the Sorcerer's Stone" is cited as an example. The positive and negative impacts of advertisements are explored.*

4. Describe the full costs (including externalities) associated with the use of natural and human resources to produce economic goods and services (e.g., solar power versus nuclear power to provide electricity).

- *Chapter 2 identifies the costs and benefits of economic choices. A graphic of the production possibilities curve is included to demonstrate the costs and benefits of economic choices. Options associated with the use of natural resources to produce goods and services are addressed and the use of fossil fuels, solar power and nuclear energy are compared. Links to related articles and Web sites include more information on these and other topics.*

- *Chapter 12 explores the role of government in an economic system. The concept of externalities is explained. Links to related articles and Web sites are included for further research.*

EXAMPLE

- After an examination of the role of the Federal Reserve in regulating the money supply and interest rates, analyze economic scenarios in terms of likely actions by the Federal Reserve.

- *Chapter 11 describes the role of the Federal Reserve in regulating the money supply and interest rates. The impact of Federal Reserve decisions on the money supply are explained and concepts, such as reserve requirement and discount rate, are defined. Web links are included to all branches of the Federal Reserve System.*
- *Chapter 17 describes the functions of the Federal Reserve to stabilize the economy. Key concepts and terms like open market operations are defined. Links to related articles and Web sites include current information on U.S. monetary policy decisions and its impact on the economy. An activity for this chapter in the Educator's Guide involves analyzing economic scenarios in terms of likely actions by the Federal Reserve.*

C. COMPARATIVE SYSTEMS

Students will analyze how different economic systems function and change over time. Students will be able to:

SECONDARY GRADES

1. Explain the impact of cultural values on economic decisions, using at least two examples.
2. Compare strengths and weaknesses of the market economy with other economic models, using broad societal goals such as freedom, equity, security, employment, stability, and economic growth.

EXAMPLE

- Compare and contrast the Swedish economic system with that of the United States. Explain the differences in the role of government in each country (e.g., the different approaches to taxation and social policy).

- *Chapter 3 explores different types of economic systems, including traditional, command, market and mixed economies. The impact of cultural values on economic decisions is explained and the traditional caste system of India is compared to the command systems of ancient Egypt and the former Soviet Union. The U.S. mixed economic system is also described and a comparison and contrast of capitalism, socialism and communism is provided. The strengths and weakness of the market economy and other economic models, using broad societal goals, are examined. Activities for this chapter in the Educator's Guide involve comparing and contrasting economic systems around the world.*

D. INTERNATIONAL TRADE AND GLOBAL INTERDEPENDENCE

Students will understand the patterns and results of international trade. Students will be able to:

SECONDARY GRADES

1. Demonstrate an understanding that a nation has a competitive advantage when it can produce a product at a lower cost than its trading partner.
2. Evaluate the effect on international trade of domestic policies which either encourage or discourage exchange of goods and services (e.g., quotas, tariffs, skilled labor, stable government).

- *Chapter 22 explores issues associated with international trade. The concepts of comparative advantage and specialization are defined. A history of U.S. trade policy is included and different trade barriers, such as tariffs and quotas, are identified. The debate between protectionism and free trade is presented and links to related articles and Web sites include opposing views of the free trade debate. Other links are included to the Web sites of major regional trade associations, such as the North American Free Trade Agreement and the European Union.*
- *Chapter 23 examines the interdependence of the global economy. The impact of international and domestic policies on the global economy is addressed. The 1971 U.S. decision to abandon the gold standard and the 1997 Asian financial crisis are cited as examples. Web links are included to international organizations, like the World Trade Organization and the International Monetary Fund.*