



Michigan Curriculum Framework—Social Studies

What Citizens Need to Know About Economics

addresses Michigan Curriculum Framework Social Studies Content Standards for the economics component of the social studies curriculum grades 9-12.



Strand IV. Economic Perspective

Students will use knowledge of the production, distribution, and consumption of goods and services to make personal and societal decisions about the use of scarce resources.

Content Standard 1: All students will describe and demonstrate how the economic forces of scarcity and choice affect the management of personal financial resources, shape consumer decisions regarding the purchase, use, and disposal of goods and services and affect the economic well-being of individuals and society. (Individual and Household Choices)

- *Chapter 2 explores the relationship between scarcity and choices using the production possibilities curve as an example. Graphics are provided to help illustrate these concepts.*
- *Chapter 4 identifies what shapes consumer decisions regarding the purchase, use and disposal of goods and services. Concepts such as conspicuous consumption, diminishing utility and caveat emptor are defined.*

High School

1. Design a strategy for earning, spending, saving, and investing their resources.

- *Chapter 6 explores issues associated with consumer credit. Maintaining proper credit is stressed and links to government Web sites provide information on the proper use of credit. A suggested activity for this chapter in the Educator's Guide includes creating a budget to achieve a future goal.*

2. Evaluate the impact on households of alternative solutions to societal problems such as health care, housing, or energy use.

- *Chapter 2 explores choices that businesses and households must make in determining what to produce or purchase. Energy choices are cited as examples and Web links to information on fossil fuels, nuclear power and solar energy are available for comparative purposes.*

- *Chapter 12 describes how the government must evaluate the impact on households of alternative solutions to societal problems while formulating a national budget. Web links are provided to major governmental agencies, such as the Environmental Protection Agency and the Food and Drug Administration.*
- *Chapter 20 identifies the impact on households of alternative solutions to societal problems through an assessment of federal subsidies. The impact of federal subsidies on beneficiaries is compared to its impact on those who pay for the subsidies through taxes. Web links are available to governmental organizations that provide subsidies, such as the Social Security Administration.*

3. Analyze ways individuals can select suppliers of goods and services and protect themselves from deception in the marketplace.

- *Chapter 4 considers consumer protection issues. Concepts such as caveat emptor and consumers' right to privacy are discussed. Links are available to consumer protection Web sites maintained by the government and consumer watchdog groups, such as the Consumer Product Safety Commission and the Better Business Bureau.*

Content Standard 2: All students will explain and demonstrate how businesses confront scarcity and choice when organizing, producing, and using resources, and when supplying the marketplace. (Business Choices)

- *Chapter 7 explores the role of businesses in an economic system. Business choices are discussed and different types of businesses are identified.*

High School

1. Outline the decision making process a business goes through when deciding whether to export to a foreign market.

- *Chapter 7 explores the role of businesses in an economic system. The decision-making process of businesses is discussed and the role of investment and the stock market are identified. Web links are available to major stock exchanges around the world including the New York Stock Exchange, the London Stock Exchange and the Tokyo Stock Exchange.*
- *Chapter 9 explains how businesses can expand into multinational corporations. Terms such as integration, diversification and conglomeration are defined. Links to related articles and Web sites are available for further research.*

- *Chapter 22 explores issues associated with foreign trade. Concepts such as exports and imports are defined. Web links are available to major international trade associations, such as the European Union and the North American Free Trade Agreement.*
- *Chapter 23 identifies issues that a business must address while deciding whether to export to a foreign market. Concepts, such as the currency exchange rate, are discussed and a Web link is available to a program that calculates the current exchange rate for the U.S. dollar and other currencies.*

2. Evaluate ways to resolve conflicts resulting from differences between business interests and community values.

- *Chapter 9 explores the conflicts between business interests and community values in the context of business ethics. The response of government to resolve these disputes through legislation is discussed. Links are available to the complete texts of influential governmental legislation, such as the Sherman Antitrust Act and the Sarbanes-Oxley Act.*

Content Standard 3: All students will describe how government decisions on taxation, spending, public goods, and regulation impact what is produced, how it is produced, and who receives the benefits of production. (Role of Government)

- *Chapter 12 examines the role of government in an economic system. Governmental spending and the impact of regulations are discussed. Web links are provided to many governmental agencies, including those that perform a regulatory function and those that provide oversight of governmental expenditures.*
- *Chapter 13 describes how governments use taxation to provide funding for programs that benefit the public. Links to related articles and Web sites are available for more information.*

High School

1. Describe the use of economic indicators and assess their accuracy.

- *Chapter 1 identifies economic indicators that provide information on the current state of the economy. Web links to governmental agencies that maintain these statistics, such as the White House's Economic Statistics Briefing Room and the Department of Commerce, are available for current economic statistics. The debate over the accuracy of these statistics is also presented.*

- Chapter 14 provides a more detailed description of the gross domestic product (GDP). The accuracy of the GDP is debated and alternative indicators, such as the human development index (HDI), are identified. Web links to current GDP and HDI statistics are included.

2. Distinguish between monetary and fiscal policy and explain how each might be applied to problems such as unemployment and inflation.

- Chapter 17 differentiates between monetary and fiscal policies and explains how each are applied to maintain a stable economy. Links to related articles and Web sites are available for current information on monetary and fiscal policy decisions.

3. Compare governmental approaches to economic growth in developing countries.

- Chapter 24 explores approaches to economic growth in developing countries. Ways to help developing countries improve their standards of living are identified. Web links are available to foreign aid agencies, such as the U.S. Agency for International Development and the Grameen Bank.

4. Evaluate a government program on the basis of its intended and unintended results.

- Chapter 12 explains how government policymakers must determine the cost/benefit ratio of governmental programs while deciding what to fund with the national budget. Web links are available to major governmental agencies, such as the Office of Management and Budget and the Congressional Budget Office.

- Chapter 20 explores the intended and unintended results of federal subsidies. The impact these programs have on the beneficiaries is compared to the impact on those who pay for the programs with their taxes. The intended and unintended economic and social consequences of these programs are discussed. Web links are available to governmental agencies that maintain these programs including the Social Security Administration.

- Chapter 21 explores the intended and unintended results of subsidies to American agriculture producers. The global and domestic consequences of these programs are discussed and concepts such as price supports and parity are defined. Web links, such as the U.S. Department of Agriculture, are included in this chapter.

5. Select criteria to use in evaluating tax policy.

- *Chapter 13 examines issues associated with taxation. The criteria to determine a fair tax is discussed and terms such as progressive, regressive and proportional taxation are defined. Links to related articles and Web sites include differing viewpoints on taxation.*

Content Standard 4: All students will explain how a free market economic system works, as well as other economic systems, to coordinate and facilitate the exchange, production, distribution, and consumption of goods and services. (Economic Systems)

- *Chapter 3 identifies different economic systems including traditional, command, market and mixed economies. A comparison of capitalism, socialism and communism is provided and Web links are available to biographies of important economic philosophers, such as Adam Smith and Karl Marx, and the complete texts of their most influential works.*

High School

1. Use case studies to exemplify how supply and demand, prices, incentives, and profits determine what is produced and distributed in a competitive world market.

- *Chapter 4 explains how consumers interact with businesses to determine what and how much is produced and distributed and at what cost. Graphics are included to help illustrate this relationship.*
- *Chapter 7 identifies incentives, such as profit, that influence business decisions. Links to related articles and Web sites are available for more information and current examples.*
- *Chapter 8 defines the laws of supply and demand and explains how they determine the price of a good or service. Graphics are provided to better illustrate these concepts.*

2. Describe relationships between a domestic economy and the international economic system.

- *Chapter 22 explains how foreign trade affects domestic and international economic systems. The impact of trade barriers, such as tariffs and quotas, on domestic and international markets are discussed. The debate over free trade versus protectionism is identified and links to related articles and Web sites provide opposing viewpoints on this subject.*
- *Chapter 23 explores the interdependence of economic systems. The impact of changes in foreign markets on domestic industry is discussed. The U.S. decision in 1971 to abandon the gold standard and the 1997 Asian financial crisis are cited as examples. A Web link is available to a program that calculates the current exchange rate of the U.S. dollar and other currencies.*

3. Evaluate the United States and other economic systems on their ability to achieve broad social goals such as freedom, efficiency, equity, security, development, and stability.

- Chapter 3 compares different economic systems and their ability to achieve broad social goals. The traditional caste system in India is compared to the command system of ancient Egypt and the former Soviet Union. The mixed economies of the U.S., Europe and parts of Asia are also discussed. Web links are available to biographies of important economic philosophers and the complete texts of their most influential works.

4. Describe relationships among the various economic institutions that comprise economic systems such as households, business firms, banks, government agencies, and labor unions.

- Chapter 4 explores the relationship between consumers (households) and businesses in determining what to produce and how much to produce. Graphics are provided to help illustrate this relationship.

- Chapter 7 identifies the role of business firms in an economic system. Different types of businesses are described and their relationships with other economic institutions, such as the stock market, are discussed. Web links are available to major stock exchanges around the world including the New York Stock Exchange, the London Stock Exchange and the Tokyo Stock Exchange.

- Chapter 10 addresses the role of labor in an economic system. A history of the labor movement in the United States is discussed and the role of labor unions is described. The relationship between labor unions, businesses and the government is explained and links are available to the complete texts of important governmental legislation, such as the Norris-LaGuardia Act and the National Labor Relations Act. Links are also available to the Web sites of major labor unions, such as the Teamsters and the AFL-CIO.

- Chapter 11 explains the role of banks in an economic system. Different types of banks are identified and the relationships between the Federal Reserve System and member banks are discussed. Web links are available to all branches of the Federal Reserve.

- Chapter 12 describes the role of government in an economic system. The relationships between the government, businesses and households are discussed in the context of governmental regulations. Web links are available to major governmental regulatory agencies, such as the Federal Trade Commission and the Occupational Safety and Health Administration.

5. Compare and contrast a free market economic system with other economic systems.

- *Chapter 3 compares and contrasts free market economic systems with other economic systems such as traditional economies and command economies. A comparison of capitalism, socialism and communism is also provided. Web links include biographies of influential philosophers, such as Adam Smith and Karl Marx, and the complete texts of their most important works.*

Content Standard 5: All students will describe how trade generates economic development and interdependence and analyze the resulting challenges and benefits for individuals, producers, and government. (Trade)

- *Chapter 22 explores issues associated with foreign trade. The challenges and benefits for individuals, producers and governments are discussed. Links to related articles and Web sites provide more information on current issues.*
- *Chapter 23 explains how foreign trade has created an interdependent global economy. Concepts such as the contagion effect, imports and exports are defined. Web links are provided to major supranational organizations such as the United Nations and the World Bank.*

High School

1. Evaluate the benefits of an economic system built on voluntary exchange.

- *Chapter 3 explains the importance of voluntary exchange in economic systems. A comparison of capitalism, socialism and communism is provided and Web links are included to the biographies of influential economic philosophers and the complete texts of their most famous works.*
- *Chapter 22 explores foreign trade and the debate between free trade and protectionism is highlighted. Links to related articles and Web sites include opposing viewpoints on this subject.*

2. Trace the historical development of international trading ties.

- *Chapter 22 includes a history of U.S. trade policies. The development of regional and global trading ties is explored. Web links are available to major international trade associations, such as the North American Free Trade Agreement and the European Union.*

3. Explain how specialization, interdependence and economic development are related.

- *Chapter 22 explains how specialization is important for trade. Concepts such as the law of comparative advantage are presented. Links are available to related articles and Web sites that explore current issues associated with foreign trade.*
- *Chapter 23 explores the interdependence of the global economy. The U.S. decision to abandon the gold standard in 1971 and the 1997 Asian financial crisis are cited as examples. The impact of interdependence on developing countries is also discussed. Web links are included to major international organizations, such as the Organization for Economic Cooperation and Development and the United Nations Development Programme.*
- *Chapter 24 reflects on the relationship of developing and developed countries. Problems that developing countries face are discussed and the role of developed countries to provide aid is addressed. Web links are available to major aid organizations, such as the U.S. Agency for International Development and the Grameen Bank.*

4. Describe the effects of currency exchange, tariffs, quotas, and product standards on world trade and domestic economic activity.

- *Chapter 22 explores issues associated with international trade. Terms such as tariffs and quotas are defined. The impact of trade barriers on world trade and domestic economic activity is discussed. Links to related articles and Web sites include varying viewpoints on free trade versus protectionism.*
- *Chapter 23 describes the effects of currency exchange and product standardization on world trade and domestic economic activity. Web links are available to international organizations such as the International Labour Organization and the International Organization for Standardization. Another Web link in this chapter includes a program that calculates the current exchange rate for the U.S. dollar and other currencies.*