



## Missouri Frameworks for Curricular Development—Social Studies (Economic Perspective)

*What Citizens Need to Know About Economics*  
addresses Missouri Frameworks for Curricular Development for the economics  
component of the social studies curriculum grades 9-12.



### Strand I.D: Why Have People Established Governance Systems? (Economic Perspective)

**Grades 9-12:** Required courses at this level often pertain to United States history, world history, civics or government and world geography.

#### What All Students Should Know

*Teachers should adapt the Guiding Questions listed below, as appropriate, for the use in their courses, units, and lessons. (They should adjust verb tenses depending upon whether the content students are studying pertains to history or current events.)*

1. How do *traditional, market, command, and mixed economic systems* answer basic economic questions: What shall be produced? How? For whom? How are those questions answered in the United States and other nations? (SS1; SS3; SS4; SS6; SS7)

- *Chapter 2 describes the three basic questions that economics addresses as being: What shall be produced? How? And, for whom? A graphic is included to illustrate this concept.*
- *Chapter 3 identifies different economic systems and explains how they answer those questions. The terms traditional, market, command and mixed economic systems are defined and the United States and other nations are cited as examples. An overview of capitalism, socialism and communism is also included and Web links are provided to biographies of influential philosophers, such as Adam Smith and Karl Marx, and the complete texts of their most famous works.*

2. In the U.S. economy, what goods and services are produced by private businesses, which by government entities, and which by both? Why do governments produce services? What issues exist in this area? How should some of them be resolved? (SS3: SS4; SS6: SS7)

- *Chapter 1 differentiates between the public and private sector. The role of government to provide goods and services that the private sector is unable or unwilling to provide is discussed. Areas where the private and public sector collaborate to produce goods and services are also identified. Links to related articles and Web sites identify current issues that exist in this area and include current examples of collaboration between the public and private sector.*
- *Chapter 12 describes the role of government in an economic system. Web links are available to major governmental organizations such as the National Transportation Safety Board and the Securities and Exchange Commission.*

3. How do different kinds of taxes vary in their *progressivity*? How do they impact upon households, businesses, and the economy? How should various tax proposals be evaluated? (SS4; SS6; SS7)

- *Chapter 13 identifies issues associated with taxation. The terms progressive, regressive and proportional taxation are defined. The concept of a fair tax is addressed and the criteria to evaluate tax policies are identified. A Web link is included to the Internal Revenue Service for current information on U.S. tax policy.*

4. How are major decisions made by private corporations? How are decisions made regarding wages, hours, and working conditions in companies that have unions? How are decisions made by multinational corporations? (SS3; SS6; SS7)

- *Chapter 7 examines the role of business in economic systems. Different types of businesses are identified and the different decision-making processes in each type of business are described. The role of the entrepreneur is also addressed and Web links include biographies of influential entrepreneurs, such as Ray Kroc, the founder of McDonald's, and Bill Gates, the founder of Microsoft.*
- *Chapter 9 defines multinational corporations and explains how the global economic market influences its decisions. Links to related articles and Web sites are included for further information.*
- *Chapter 10 provides a history of labor in America. The role of labor unions are discussed and the negotiating process between management and labor is described. Governmental regulations of labor/management relations are also identified and links are included to the complete texts of influential legislation, such as National Labor Relations Act and the Taft-Hartley Act. Web links are also available to the major labor unions in the U.S., including the AFL-CIO and the Teamsters.*

5. Why and how do governments impose regulations on businesses? How should various regulations be evaluated? (SS1; SS3; SS6; SS7)

6. Why do governments involve themselves with economic issues and find themselves faced with the need to make economic decisions? What *economic goals* do they try to accomplish? (SS3; SS4; SS6; SS7)

- *Chapter 9 explains how the government regulates unfair and unethical business practices. Major antitrust legislation is described and Web links are included to the complete texts of these laws. The U.S. government's response to the 2002 business scandals that forced Enron and WorldCom to declare bankruptcy is also presented.*
- *Chapter 10 explores the government's role in regulating labor and management relations. Links are included to major governmental legislation such as the Norris-LaGuardia Act and the Landrum-Griffin Act.*
- *Chapter 12 identifies the roles of government in economic systems. The role of government to regulate businesses is described and Web links are included to major regulatory agencies, such as the Environmental Protection Agency and the Food and Drug Administration. The governmental decision-making process is also described in the context of formulating a national budget. Web links are provided to major governmental agencies involved in the process, including the Office of Management and Budget and the Congressional Budget Office.*

7. How do *fiscal policies* and *monetary policies* at the national level impact upon households and businesses and upon the realization of a society's competing economic goals? (SS4; SS6; SS7)
8. How do economic conditions (level of employment, price stability, distribution of income, etc.) impact upon politics and political systems? (SS3; SS4; SS6; SS7)

- *Chapter 12 explains how economic conditions impact the political system in the context of the national budget. Concepts such as cost/benefit ratios and deficit financing are defined. Web links are included to major governmental organizations involved in the budget-making process, such as the Office of Management and Budget and the Congressional Budget Office.*
- *Chapter 16 explains how economic conditions impact politics in the context of the Great Depression. The reaction of the Hoover administration is compared to that of the Roosevelt administration. Web links are included to histories of government programs instituted by the Roosevelt administration, including the Work Projects Administration and the Civilian Conservation Corps.*
- *Chapter 17 describes how the government uses fiscal and monetary policies to maintain a stable economy. The impacts these decisions have on society are described and the politics behind these decisions are identified. The debate between Keynesian and supply-side economists is also presented.*

**Strand II.D: How Do Individuals Relate To and Interact with Groups? (Economic Perspective)**

**Grades 9-12:** Required courses at this level often pertain to United States history, world history, civics or government and world geography.

### **What All Students Should Know**

*Teachers should adapt the Guiding Questions listed below, as appropriate for use in their courses.*

1. Why do household economic wants provide an incentive to earn incomes? What consequences follow when a household's income is high or low? (SS4; SS6; SS7)

- *Chapter 2 examines households wants and needs and explains how that is an incentive to earn incomes. Links to related articles and Web sites are included for more information.*
- *Chapter 18 identifies issues associated with income distribution. The consequences of high and low income are described and terms, such as middle class and working poor are defined. Web links include statistics from the government on the current income distribution in the United States.*

2. How is people's behavior affected by economic conditions? (Such conditions may include relative differences among: prices and quality of goods and services; wages of different jobs; interest rates charged on loans; interest rates paid on savings accounts, and probable risks with regard to profit-making enterprises.) (SS4; SS6; SS7)

- *Chapter 4 explores consumer behavior and explains how changes in price or quality influence economic decisions. Terms such as caveat emptor and diminishing utility are defined. Web links are included to consumer protection sites maintained by the government and consumer watchdog groups.*
- *Chapter 7 identifies risks and incentives that influence entrepreneurs in business decisions. Web links are provided to biographies of influential entrepreneurs, such as Ray Kroc, the founder of McDonald's, and Bill Gates, the founder of Microsoft.*
- *Chapter 10 explains how wages vary based on demand for that occupation and other factors, such as education levels and training levels. A Web link is included to the Labor Department's Occupational Outlook Handbook, which provides current information on the job market for many occupations.*
- *Chapter 15 describes how economic conditions influence interest rates and subsequently people's behavior toward saving and borrowing. Concepts, such as real interest rates, are defined. Web links include statistics on the current state of the economy and issues that are affected by the current economic conditions.*

3. How have changes in production technologies affected demand for natural, human, and capital resources? (SS2; SS4; SS7)

- *Chapter 2 identifies the factors of production as being land (natural resources), labor and capital. The way these factors interact to produce goods and services are described and illustrations are provided.*
- *Chapter 7 explains how changes in production technologies, such as the assembly line, affect demand for the factors of production. The law of diminishing returns is defined and illustrated with a graphic.*
- *Chapter 10 explains how changes in technology impact the job market. The transition from a goods-producing to service- and information-providing economy is described and its impact on labor is identified. Links to related articles and Web sites provide more information.*

4. Why and how do individuals, businesses, and nations strive to increase productivity? What are the benefits, costs, and risks in specific cases? (SS2; SS4; SS6; SS7)

- *Chapter 7 examines issues associated with business enterprises. The issue of productivity is addressed and the costs, benefits and risks of increased productivity are described. The law of diminishing returns is defined and illustrated with a graphic. Links to related articles and graphics provide specific examples.*
- *Chapter 15 explains how productivity is important for a growing economy. Costs, benefits and risks of a growing economy are described and links to related articles and Web sites include specific examples.*

5. For (a) localities and (b) nations, what consequences follow when business demand for human, natural, and capital resources increases or declines? What consequences follow when household demand for goods and services increases or declines? (SS2; SS4; SS6; SS7)

- *Chapter 8 explains how the law of supply and law of demand dictate what happens when demand for goods and services increase or decline. Graphics are provided to illustrate these concepts.*
- *Chapter 15 explores the consequences of economic growth on localities and nations. Problems of growth are identified and links to related articles and Web sites provide specific examples.*
- *Chapter 19 identifies the consequences of business demands for human resources on localities and the nation in the context of unemployment trends. Key concepts, such as displaced workers and disadvantaged workers are defined.*
- *Chapter 24 examines the impact of economic development on nations. Terms such as brain drain and standard of living are defined. Links to related articles and Web sites explore the impact of development on developing countries.*

6. What are the functions of economic institutions? (The institutions may include households, businesses, labor unions, banks, insurance companies, stock markets, not-for-profit organizations, and multinational economic organizations, such as the E.E.C., N.A.F.T.A., and O.P.E.C.) (SS2; SS4; SS6; SS7)

- *Chapter 4 describes the functions of consumer households in an economic system. Key concepts and terms, such as caveat emptor and diminishing utility, are defined. Links are included to consumer protection Web sites maintained by the government and consumer watchdog groups. The interrelationship between businesses and households are also discussed and a graphic is provided.*
- *Chapter 7 identifies the functions of businesses and stock markets. Different types of businesses are identified and the way the stock market is used to provide investment capital to businesses is described. Web links are included to major stock exchanges around the world, including the New York Stock Exchange, the London Stock Exchange and the Tokyo Stock Exchange.*
- *Chapter 10 examines the functions of labor unions. A history of labor in America is presented and the interaction between labor unions, management and the government is described. Web links are included to major U.S. labor unions, such as the Teamsters and the AFL-CIO.*
- *Chapter 11 explains how banks function in an economic system. Different types of banks are identified and the role of the Federal Reserve System is described. Web links are included to all branches of the Federal Reserve.*
- *Chapter 22 explores the rise of multinational economic organizations. The impact these organizations have on foreign trade is described and Web links are included to major multinational economic organizations, including the European Union, the North American Free Trade Agreement and the Organization of Petroleum Exporting Countries.*

7. How do a culture's values, beliefs, institutions, and patterns of behavior impact on the nature and functioning of its economic system? How does the economic system impact upon the culture? (SS2; SS4; SS6; SS7)

- *Chapter 3 describes how culture impacts the nature and functioning of economic systems and how economic systems impact culture. The traditional caste system in India is compared to the command system of ancient Egypt and the former Soviet Union and the mixed capitalist system of the United States. Links to related articles and Web sites are included for further research.*

8. What are the *opportunity costs* for a nation to specialize in producing one line of products (e.g., bananas) rather than another (e.g., wheat)? Why do nations produce goods and services for which they have a *comparative advantage* and trade for products for which they have a comparative disadvantage? What consequences follow when governments impose barriers to trade? (SS4; SS7)

- *Chapter 2 defines the term opportunity costs and uses the production possibilities curve to demonstrate economic options. Related articles, graphics and Web sites are included for more information and specific examples.*
- *Chapter 22 examines issues associated with foreign trade. Key concepts and terms, such as comparative advantage and specialization, are defined. The consequences of barriers to trade, such as tariffs and quotas, are discussed and the debate between free trade and protectionism is explored. Links to related articles and Web sites include opposing views of the debate over free trade. Other links provide specific examples of current trade policies in the U.S. and abroad.*

9. How can changing economic conditions in one nation affect economic conditions in other nations? (SS4, SS6; SS7)

- *Chapter 23 explores the interdependence of the global economy. The impact of the 1971 decision of the U.S. government to abandon the gold standard and the impact of the 1997 Asian financial crisis are cited as examples. Concepts such as the contagion effect are defined and Web links are available to major international organizations, such as the International Monetary Fund and the World Trade Organization, which are responsible for responding to multinational economic crises.*

**Strand III.D: How Do Events and Developments in this and Other Places Relate to Us and to Each Other? (Economic Perspective)**

**Grades 9-12:** Required courses at this level often pertain to United States history, world history, civics or government and world geography.

**What All Students Should Know**

*Teachers should adapt the Guiding Questions listed below, as appropriate, for the use in their courses. (They should adjust verb tenses depending upon whether the content students are studying pertains to history or current events.)*

1. What factors are contributing/may contribute to changes in the demand, supply, and prices of specific goods and services? What are likely consequences of those changes? (SS4; SS7)

- *Chapter 8 provides an overview of the laws of supply and demand. The factors that contribute to changes in demand, supply and prices of goods and services are described along with the consequences of those changes. Graphics and examples are provided.*
- *Chapter 21 identifies factors that may contribute to changes in demand, supply and prices of agricultural products. The impact of natural events, such as floods and droughts, are cited as examples.*

2. What short- and long-term consequences will likely result from economic decisions or economic decision patterns of individuals, businesses, or governments? What are the opportunity costs of decisions to consume, save, or invest in human or capital resources? (SS2; SS4; SS6; SS7)

- *Chapter 2 explores the consequences of economic decisions. Terms such as opportunity cost are defined and a graphic of the production possibilities curve is provided to help illustrate this concept.*
- *Chapter 7 describes the consequences of business decisions like investing in human or capital resources. The law of diminishing returns is defined and the impact of investments on business enterprises is explored. Graphics are included to illustrate these concepts.*
- *Chapter 15 identifies the consequences of economic decisions and economic growth. Terms such as accelerator effect and multiplier effect are defined. Links to related articles and Web sites are included for further research.*
- *Chapter 17 describes the consequences of economic decisions by the government. The impacts of fiscal and monetary policies are explored and the short- and long-term consequences of deficit financing are addressed. Links to related articles and Web sites include current information on the consequences of economic decisions of the government.*

3. What factors affect this (or another) nation's total production of goods and services, its productivity, its unemployment rate, and the stability of its prices? What consequences will likely follow as a result of those developments? (SS2; SS4; SS7)

- *Chapter 5 explores issues associated with price stability in the context of the cost of living. The way that the government calculates the consumer price index (CPI) is described and a Web link provides current CPI statistics. The consequences of changes in CPI are identified.*
- *Chapter 14 describes the factors that determine a nation's total production of goods and services and explains how they are calculated to determine a nation's gross domestic product (GDP). A Web link is included to the Bureau of Economic Analysis for current GDP statistics.*
- *Chapter 15 identifies the factors that affect a nation's total production of goods and services, its productivity, its unemployment rate, and the stability of its prices. Terms such as real GDP, aggregate supply and aggregate demand are defined.*
- *Chapter 19 addresses issues of unemployment. Terms such as displaced and discouraged workers are defined and the consequences of high unemployment are explored. Web links include current unemployment statistics from the Department of Labor.*

4. What consequences are likely when national governments change their *fiscal policies* or when central banks (e.g., the Federal Reserve Bank) change their

- monetary policies?* Why are such policies changed? How shall a person evaluate those policies? (SS2; SS4; SS6; SS7)
5. How are changes in economic systems affecting individuals, businesses, households, and nations? (SS2; SS4; SS6; SS7)
  6. How are government policies and economic conditions affecting one another? (SS2; SS4; SS6; SS7)

- *Chapter 17 describes government efforts to maintain a stable economy. The consequences of fiscal and monetary policies are described and their affect on individuals, households, and nations are explored. The debate between Keynesian and supply-side economists is presented and the impact of deficit financing is addressed. The way that government policies and economic conditions affect one another are also examined. Links to related articles and Web sites include statistics on the current state of the economy and the government's reaction.*

7. What factors have led to patterns of trade among nations and to changes in those patterns? What consequences will likely result from those changing patterns? (SS2; SS4; SS6; SS7)

- *Chapter 22 examines issues associated with foreign trade. A history of U.S. trade policy is included and patterns are identified. The consequences of changing patterns are explored. Web links are included to major trade organizations, such as the North American Free Trade Agreement and the European Union.*

#### **Strand IV.D: How Do the Lives of Individuals and Conditions in Society Affect Each Other? (Economic Perspective)**

**Grades 9-12:** Required courses at this level often pertain to United States history, world history, civics or government and world geography.

#### **What All Students Should Know**

*Teachers should adapt the Guiding Questions listed below, as appropriate, for use in their courses. (They should adjust verb tenses depending upon whether the content students are studying pertains to history or current events.)*

1. What short- and long-term consequences and *opportunity costs* accompany specific economic decisions made by consumers, workers, and business people? How could they make rational economic decisions? (SS2; SS4; SS5; SS6; SS7)

- *Chapter 2 identifies the consequences of economic decisions. Terms such as opportunity costs are defined. A description and graphic of the production possibilities curve is included to show how consumers, workers and business people can make rational economic decisions.*

2. How do some personal and business economic decisions affect the public good in the community, nation, and world? How could those decisions be analyzed and evaluated? (SS2; SS4; SS5; SS6; SS7)

***- Chapter 3 describes the theory, suggested by the economic philosopher Adam Smith, that an "invisible hand" guides the market place. That is to say that the self-interests that guide an individual's economic decisions will also be beneficial to the society as a whole. Web links include biographies of influential philosophers and the complete texts of their most famous works, including Adam Smith and his book Wealth of Nations.***

3. How do government programs, taxes, and regulations affect options of men, women, families of different social classes, businesses, communities, and regions? Similarly, how do decisions of other organizations affect people's lives? What issues are being debated in this area? How should those issues be analyzed and resolved in specific cases? (SS2; SS4; SS5; SS6; SS7)
4. Why do individuals, groups, and organizations vary in their evaluations of public policies that have economic implications? How do they try to influence political decision making? (SS2; SS4; SS6; SS7)

***- Chapter 12 describes the impact of government regulations on individuals, businesses, communities and regions. The way individuals, groups, and organizations vary in their evaluation of public policies and the way they try to influence political decision-making is described. Web links are included to major government regulatory agencies, such as the Food and Drug Administration and the Environmental Protection Agency. Other links are available to independent watchdog groups that attempt to influence political decisions with regard to the national budget. Related articles identify current issues being debated in this area.***

***- Chapter 13 explains how government tax policies affect individuals of different social classes, businesses, communities, and regions differently. The concept of a fair tax is debated and terms such as proportional, progressive and regressive taxation are defined. Web links are provided to organizations that call for reforms in American tax policies. Links to related articles and Web sites also include information on current issues being debated in this area.***

***- Chapter 18 examines the distribution of income in the United States. The way governmental policies and policies of other organizations impact social classes differently are described. The impact of these policies on men, women, minorities and different communities are also addressed. Web links include current statistics on the distribution of income in the U.S. Links to related articles identify current issues being debated in this area.***

- *Chapter 20 describes federal subsidy programs and explains how they impact individuals of different social classes. Web links are included to government organizations that oversee such programs as Social Security, Medicaid and Head Start. Links to related articles identify current issues being debated in this area.*