



Administrative Rules of Montana (ARM) Content and Performance Standards for Social Studies

What Citizens Need to Know About Economics

Addresses select Administrative Rules of Montana Content and Performance Standards for the economics component of the social studies curriculum grades 9-12.



10.54.6050 SOCIAL STUDIES CONTENT STANDARD 5

- (1) To satisfy the requirements of social studies content standard 5, a student must make informed decisions based on economic principles of production, distribution, exchange, and consumption.

(History: Sec. 20-2-114, MCA; IMP, Sec. 20-2-121, 20-3-106, 20-7-101, MCA; NEW, 2000 MAR p. 2685, Eff. 10/6/00.)

10.54.6053 BENCHMARK FOR SOCIAL STUDIES CONTENT STANDARD 5 UPON GRADUATION

- (1) The benchmark for social studies content standard 5 for a student upon graduation is the ability to:
- (a) analyze the impact that supply and demand, scarcity, prices, incentives, competition, and profits influence what is produced and distributed in various economic systems;

- *Chapter 2 explores the issue of scarcity and explains how scarcity influences what is produced and distributed in various economic systems. Key concepts and terms, such as opportunity costs and factors of production, are defined. The production possibilities curve is explained and illustrated with a graphic.*
- *Chapter 7 identifies incentives, such as profit and property rights, that influence entrepreneurs' decisions about what to produce and distribute in a competitive market system. The role of the entrepreneur is discussed and links are available to biographies of successful entrepreneurs, such as Ray Kroc, the founder of McDonald's, and Bill Gates, the founder of Microsoft.*
- *Chapter 8 explains how the laws of supply and demand influence prices and what is produced and distributed in a market system. Specific examples are cited and graphics are provided to illustrate the relationships between supply, demand, prices and production. Key concepts and terms, such as substitute goods and purchasing power, are defined. Links to related articles and Web sites are included for more information and more examples.*

- *Chapter 9 explains how competition influences what is produced and distributed in an economic system. Different levels of competition, such as pure competition, monopoly and oligopoly, are defined and examples of each are cited. The role of government in maintaining stable competition is explored and links are included to the complete texts of important government legislation, like the Sherman Antitrust Act and the Robinson-Patman Act.*

(b) use basic economic concepts (e.g., production, distribution, consumption, market economy, command economy) to compare and contrast local, regional, national, and global economies across time and at the present time;

- *Chapter 1 discusses basic economic concepts and identifies economic indicators that can be used to compare and contrast local, regional, national and global economies across time and at the present time. Graphics are included for every major economic indicator to illustrate long-term trends. Links to related articles include the most current statistics on economic indicators and past economic statistics can be accessed as well for comparative purposes.*
- *Chapter 2 includes a timeline of historical events that have shaped the U.S. economy. Links to related articles and Web sites include more information on these events and their impact on the economy.*
- *Chapter 3 differentiates between traditional, command and market economies. Examples of each are cited and a comparison of capitalism, socialism and communism is also presented. Links to related articles and Web sites include biographies of influential philosophers, such as Adam Smith and Karl Marx, and the complete texts of their most famous works.*
- *Chapter 5 explains how inflation and deflation varies from place to place and time to time. Graphics are included to demonstrate how inflation or deflation causes changes to the prices of goods and services. The use of the consumer price index (CPI) to determine the level of inflation or deflation is discussed. Web links include current CPI statistics and a program that uses CPI to compare the buying power of a dollar during different time periods in U.S. history. An activity for this chapter in the Educator's Guide involves researching the cost of living for different locations and different time periods.*
- *Chapter 8 defines the laws of supply and demand and explains how they influence production, distribution and prices. Graphics are included to illustrate changes in supply and demand over periods of time and examples are cited. Key concepts and terms, such as substitute goods and new buyer effect, are defined. Links to related articles and Web sites are available for further research and more examples.*
- *Chapter 10 examines how labor and wages vary from time to time and place to place. Factors that determine wages are identified and the role of labor unions is explored. A history of the labor movement in the United States is provided and Web links are included to many labor organizations in the U.S. including the AFL-CIO and the Teamsters.*

- *Chapter 16 discusses fluctuations in the business cycle and explains how the state of the economy varies from time to time and place to place. A graphic is included to illustrate fluctuations in the business cycle and examples of when the U.S. was in periods of recession, depression, recovery and prosperity are provided. An oral history of the Great Depression is included to illustrate how changes in the business cycle impact individuals differently based on location and time.*
- *Related articles and Web sites are linked to every chapter of the book and identify issues past and present that have an impact on the economic topics covered in the chapter. These sources can be used to compare and contrast local, regional, national and global economies across time and at the present time.*
- *A Glossary of Key Concepts and Terms is included and can be accessed from the Table of Contents and all chapters. Key terms, including production, distribution, consumption, command, and market system, are defined.*

(c) assess the costs and benefits to society of allocating goods and services through private and public sectors;

- *Chapter 1 differentiates between the public and private sectors of the economy. The government's role to allocate goods and services that the private sector is unable or unwilling to provide is explained. Collaboration between the public and private sector is also explored and examples are cited. Links to related articles and Web sites are included for further research.*

(d) compare and contrast how values and beliefs influence economic decisions in different economic systems;

- *Chapter 3 explains how values and beliefs influence decisions in different economic systems. Different economic systems—traditional, command, market and mixed economies—are identified and examples are cited of each. A comparison and contrast of capitalism, socialism and communism is also included and examples of each are cited. Important economic philosophers, such as Adam Smith and Karl Marx, are identified and Web links include biographies and the complete texts of their most influential works.*

(e) explain the operations, rules, and procedures of common financial instruments (e.g., stocks and bonds, retirement funds, IRAs) and financial institutions (credit companies, banks, insurance companies); and

- *Chapter 6 explores consumer credit and explains how credit companies and banks use interest rates. Key concepts and terms, such as credit, debt and bankruptcy, are defined. The wise use of credit is stressed and an activity for this chapter in the Educator's Guide includes evaluating and comparing credit card agreements to determine the best economic choice.*
- *Chapter 7 explains the operations of common financial instruments, such as stocks and bonds. The risks and rewards of investments are identified. The way investments in stocks and bonds provide investment capital to corporations is explained and illustrated with a graphic. Links are provided to the Web sites of stock and commodity markets around the world, including the New York Stock Exchange, the Chicago Mercantile Exchange and the London Stock Exchange. An activity for this chapter in the Educator's Guide recommends students invest an imaginary sum of money in the stock market and chart the progress of the investment over a specified period of time.*
- *Chapter 11 describes the role of financial institutions, such as banks. Different types of banks are identified and different financial instruments like savings accounts and Treasury Bills are identified. The role of insurance to protect investments is discussed and a Web link is included to the Federal Deposit Insurance Corporation. The role of the Federal Reserve System is also discussed and Web links are included to all branches of the Federal Reserve.*
- *Chapter 13 discusses taxes and explains the benefits of individual retirement funds and other tax deferred retirement options. Links to related articles and Web sties are included for further research.*

- (f) explain and evaluate the effects of new technology, global economic interdependence, and competition on the development of national policies (e.g., social security system, medicare, other entitlement programs) and on the lives of the individuals and families in Montana, the United States, and the world (e.g., international trade, space exploration, national defense).

- *Chapter 9 explains and evaluates the effects of competition on the development of national policies and on the lives of individuals and families in the U.S., states with in the U.S., like Montana, and the world. Key concepts and terms, such as pure competition, monopoly and oligopoly, are defined. Links are included to influential government legislation pertaining to competition, like the Sherman Antitrust Act and the Robinson-Patman Act.*
- *Chapter 12 discusses the role of government in an economic system and identifies factors that influences national policies. Key concepts and terms, such as externalities and cost/benefit ratios, are defined. Important national policies such as entitlement programs, national defense and international trade are explored. The federal budget-making process is described and illustrated with a graphic. Links are included to government agencies involved in the budget process, like the Office of Management and Budget and the Congressional Budget Office. Links are also provided to government agencies, like the Food and Drug Administration and the Federal Trade Commission, that develop and enforce national policies.*

- *Chapter 15 explains how new technology impacts the development of national policies and individuals and families. Key terms, like forced obsolescence, are defined. The impact of new technology on a growing economy is discussed and problems associated with a growing economy and new technologies, such as pollution, are identified. Links to related articles and Web sites are available for further research and specific examples.*
- *Chapter 20 examines national entitlement policies, such as Social Security, Medicare and Medicaid. The effects of these policies on individuals and families in the United States and states within the United States, such as Montana, are explored. Links are available to the Web sites of government agencies that oversee such programs as Social Security, Medicare, Medicaid and Head Start.*
- *Chapter 22 describes how national policies toward international trade impact individuals and families, in the United States, states within the United States, including Montana, and the World. The debate between free trade and protectionism is addressed and different barriers to trade, such as tariffs and quotas, are identified. Links to related articles and Web sites include opposing views on the free trade debate. Links to related articles and Web sites also include information on the role of states, such as Montana, in international trade and its impact on the state, national and global economies.*
- *Chapter 23 explores the effects of global economic interdependence on the development of national policies and on individuals and families in the U.S. and the world. The impacts of the U.S. decision in 1971 to abandon the gold standard and the 1997 Asian financial crisis are cited as examples. Web links are included to international organizations that operate in the global economy, such as the International Monetary Fund and the World Trade Organization.*

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