



New Jersey Core Curriculum Content Standards for Social Studies

What Citizens Need to Know About Economics
addresses New Jersey Core Curriculum Content Standards for the economics
component of the social studies curriculum grade 12.



Descriptive Statement: Economics is the study of human behavior in relation to scarce resources. It is also about responsible citizenship. Effective economic decisions within the roles of consumer, producer, saver, and investor are more likely to be made if students understand economic concepts and their applications. The understanding of economic principles, concepts and analytical tools is also essential for career development and personal financial success in the 21st century. Our students live in a world of increasing global interdependence.

Students also need to understand that economic decisions of institutions, governments and individuals can have immediate and far-reaching impacts. Another goal of this standard is to provide students with the necessary economic knowledge and skills for a full understanding of political, social, and historical events. These events are often incompletely or inadequately understood without a firm grasp of their economic components. For example, no modern election is without economic aspects and, in fact, economic issues have dominated many recent elections. Therefore, it is essential that New Jersey's schools provide all students with a strong foundation in the social science of economics.

The following cumulative progress indicators are organized under three themes to include the core of essential knowledge for K-12 students in the subject as introduced at appropriate grade levels and further developed in later grades. These themes are:

- A. Economic Literacy
- B. Economics and Society
- C. Personal Financial Management

Cumulative Progress Indicators

Building upon knowledge and skills gained in preceding grades, by the end of **Grade 12**, students will:

A. Economic Literacy

1. Understand and interpret basic economic indicators, including Gross Domestic Product (GDP), Consumer Price Index (CPI) the rate of economic growth, the poverty rate, the deficit and national debt, and the trade deficit.

- *Chapter 1 identifies basic economic indicators, including gross domestic product, consumer price index, and the balance of trade. Graphics are included for each indicator to show trends and Web links are included to the governmental agencies that maintain economic indicators for the most current statistics on the state of the economy.*
- *Chapter 5 explains in more detail how the consumer price index (CPI) calculates inflation or deflation. The impacts of changes in the CPI on households, businesses and the economy as a whole are described. Links to related articles and Web sites include current CPI statistics and examples of how changes in CPI impact the economy.*
- *Chapter 14 provides an overview of gross domestic product (GDP). The accuracy of GDP is debated and alternatives to GDP, such as the human development index (HDI), are identified. Web links include current GDP and HDI statistics.*
- *Chapter 15 identifies major indicators, including gross domestic product (GDP), personal income and national income, which determine economic growth. The differences between GDP, real GDP and per capita GDP are explained. Web links are included to the Bureau of Economic Analysis's Web pages that provide statistics on the current level of economic growth.*
- *Chapter 17 explains how the deficit and national debt impact the health of the economy. The debate between Keynesian and supply-side economists is outlined and links to related articles and Web sites include information on U.S. fiscal and monetary policy decisions and opposing views of ways to stabilize the economy.*
- *Chapter 18 identifies the poverty rate and explains how income is distributed in the United States. Terms, such as middle class and working poor, are defined and Web links include current statistics on the poverty rate in the U.S.*
- *Chapter 19 explores issues associated with unemployment. Concepts, such as displaced workers and structural unemployment, are defined. The way the government calculates the unemployment rate is explained and links are included for current statistics on U.S. unemployment.*
- *Chapter 22 describes the impact of the trade deficit. Key terms, such as balance of trade and comparative advantage, are defined. The debate over the importance of the trade deficit is presented and solutions to the trade deficit are explored. Concepts, such as tariffs and quotas, are defined and the debate between protectionism and free trade is highlighted. Links to related articles and Web sites include opposing views of the free trade debate.*
- *Chapter 23 identifies issues associated with the interdependence of the global economy. Economic indicators, such as balance of payments and exchange rates, are identified. Web links include current statistics on U.S. balance of payments and exchange rates for the U.S. dollar and other currencies.*

2. Identify entrepreneurs in the community and describe the risks and rewards of starting a new business.

- *Chapter 7 identifies the role of entrepreneurs in an economic system. The risks and rewards of starting a new business are explored and famous entrepreneurs, such as Ray Kroc, the founder of McDonald's, and Bill Gates, the founder of Microsoft, are highlighted. Links to related articles and Web sites are included for further research. An activity for this chapter in the Educator's Guide involves students interviewing entrepreneurs in the community to describe the risks and rewards of business enterprises.*

3. Understand that a market economy experiences periodic business cycles of prosperity and recession and that the federal government can adjust taxes, interest rates, spending and other policies to help restore economic health.

- *Chapter 16 explains how the business cycle fluctuates between prosperity and recession. The causes and effects of these fluctuations are identified and the impact of terrorism on the business cycle is explored. Key concepts and terms, such as recession, depression and inflation, are defined. An oral history of the Great Depression is presented for accounts of how changes in the business cycle impact individuals.*

- *Chapter 17 identifies ways the federal government can stabilize the economy using fiscal and monetary policies. Concepts, such as open market operations and deficit financing, are defined. The debate between Keynesian and supply-side economists is presented and links to related articles and Web sites include current information on U.S. fiscal and monetary policy decisions and the impact those have on the economy.*

4. Know what items are included in federal and state budgets, and the proportional share of government spending to major elements such as social programs, public safety, military, foreign aid and welfare.

- *Chapter 12 describes the role of government in economic systems. The items that are included in federal and state budgets are identified and the budget-making process is examined. Concepts, such as mandatory and discretionary spending and cost/benefit analysis, are defined. A graphic is included to help illustrate the complex process involved in creating and implementing a federal budget. Web links are included to government agencies involved in the process, such as the Office of Management and Budget and the Congressional Budget Office.*

- *Chapter 20 explores in further detail the government's role in providing federal subsidies to the poor and needy. The proportional share of government spending for social programs are debated; and the costs versus the benefits of these programs are explored. Web links are included to the agencies that oversee such programs as Medicare, Medicaid, Social Security and Head Start.*

5. Apply the idea of supply and demand to market adjustments that affect prices of familiar items and in general.

- *Chapter 8 explains the laws of supply and demand and describes how these laws affect the prices of goods and services. Concepts, such as new buyer effect, substitution effect and purchasing power, are defined. Graphics and examples are included throughout the chapter to illustrate how the laws of supply and demand determine prices. An activity for this chapter in the Educator's Guide suggests students create their own graph demonstrating how the laws of supply and demand affect prices for an item of their choosing.*

6. Define basic terms associated with international trade such as imports, exports, quotas, embargoes, tariffs and free trade.

- *Chapter 22 explores issues associated with international trade and terms such as imports, exports, quotas, embargoes, tariffs and free trade are defined. The debate between protectionism and free trade is highlighted and links to related articles and Web sites include opposing views of the free trade debate.*

7. Demonstrate familiarity with the many different kinds and costs of insurance available to protect individuals from loss or damage to life, property, health, disability, personal liability, bank deposits, and old age.

- *Chapter 11 describes different kinds of insurance designed to protect individuals from bank failures. The role of the federal government to ensure that all banks provide insurance on bank deposits is described and a Web link is included to the Federal Deposit Insurance Corporation (FDIC). The consequences of not having banking insurance are explained and the savings and loan crisis of the 1980s is explored.*

- *Chapter 20 identifies many different types of insurance, including health insurance for the poor, disabled and elderly (Medicare and Medicaid), unemployment insurance and old age insurance (Social Security). The costs of these insurances on individuals and the economy as a whole are explored. Web links are included to the agencies that provide these services.*

B. Economics and Society

1. Understand the roles of the United States government and the private sector in our economy.

- *Chapter 1 differentiates between the public and private sector of the economy. The role of government to provide goods and services that the private sector is unwilling or unable to supply is discussed and projects that involve collaboration between the private and public sector are identified. Links to related articles and Web sites provide specific examples.*

- Chapter 12 describes the functions of government in an economic system. The different roles of government to provide for national security and social welfare programs are identified. The governmental power to regulate the private sector of the economy is also described and Web links are included to many regulatory agencies of the federal government, such as the Food and Drug Administration and the Environmental Protection Agency.

2. Evaluate international trade principles and policies.
3. Analyze the labor and environmental issues affecting American citizens raised by economic globalization and free trade pacts.

- Chapter 10 explores issues associated with labor. The impact of globalization on organized labor is discussed. Web links are included to major labor organizations, such as the AFL-CIO and the Teamsters.

- Chapter 22 examines international trade and its impact on individuals and the economy. The impact of globalization on the environment is discussed and the debate over drilling in the Arctic National Wildlife Refuge is cited as an example. The rise of regional trade agreements is explored and Web links are available to many trade organizations, including the North American Free Trade Agreement, the European Union and the Organization of Petroleum Exporting Countries.

4. Understand the value and role of free and fair competition versus the social need for cooperation and how business, industry and government try to reconcile these goals.

- Chapter 9 examines competition in the marketplace. Key concepts and terms, like pure competition, monopoly and oligopoly, are defined. The role of the government to regulate competition is discussed and links are provided to the complete texts of important government legislation, such as the Sherman Antitrust Act and the Robinson-Patman Act.

5. Understand the importance of economic issues to politics and distinguish the economic views of different political parties.

- Chapter 12 explores the role of government in economic systems. The political issues involved in the budget-making process are identified. Web links are included to governmental agencies involved in the budget process, such as the Office of Management and Budget and the Congressional Budget Office. Related articles identify current issues being debated in the American political arena with regards to the economy and the role of the government.

- Chapter 13 examines issues associated with taxes. The debate over a fair tax is presented and different types of taxes are identified. Related articles include opposing views from the Republican, Democrat and other political parties over current tax policies.

- *Chapter 17 identifies tools that the government can use to stabilize the economy. Different ways to stabilize the economy are presented and the debate between Keynesian and supply-side economists is explored. Links to related articles and Web site include the current economic views of the major U.S. political parties.*
- *Chapter 20 highlights issues associated with federal subsidies. The debate over the funding of federal subsidies is explored and the positions of the Republicans and Democrats with regard to federal subsidies are identified. Links to related articles and Web sites provide more information.*
- *Chapter 22 examines foreign trade. The debate over free trade versus protectionism is highlighted and the stances of the major political parties are identified. Links to related articles and Web sites include opposing views of free trade.*

6. Analyze the connections and potential effects of the widening gap between the rich and the poor in the United States, the decline in labor union membership since 1950, rapidly advancing technology, globalization, and problems of unequal quality in public schools.

- *Chapter 10 explores issues associated with the decline in labor union membership since 1950. A graphic is included that identifies labor union membership since 1930. The impact of rapidly advancing technology on the labor market is also discussed, along with the effects of globalization. Web links are included to major labor organizations like the AFL-CIO and the Teamsters. Related articles identify other issues that concern labor organizations.*
- *Chapter 18 examines the widening gap between rich and poor in the United States. Different classes are identified and the criteria for determining class are discussed. Concepts such as the middle class and working poor are defined. The unequal distribution of wealth in minority groups is described and Web links provide current statistics on the distribution of wealth in the United States.*
- *Chapter 20 explains how federal subsidies are used to address the problems of inequality in the United States, including the problem of unequal quality in public schools. A Web link is included to the Head Start program, designed to improve the education levels of low-income children.*
- *Chapter 23 identifies issues associated with the interdependence of the global economy. The effects of globalization on domestic and international economies are described. The U.S. decision to abandon the gold standard in 1971 and the 1997 Asian financial crisis are cited as examples. Web links are provided to international organizations that are responsible for dealing with international economic crises, such as the International Monetary Fund and the World Trade Organization. The debate over the future of globalization is presented and links to related articles and Web sites include opposing views of the impact of globalization on individuals, societies and the environment.*

7. Understand the causes and consequences of racial and gender discrimination in markets, employment, housing, business and financial transactions.

- *Chapter 10 identifies the causes and consequences of discrimination in labor practices. The government's response to employment discrimination is explored and links provide more information on U.S. laws designed to eliminate employment discrimination, such as the American with Disabilities Act, the Equal Pay Act and affirmative action programs.*
- *Chapter 11 examines discrimination in financial transactions and identifies the issue of redlining, the act of refusing mortgage loans to people in low-income or minority communities.*
- *Chapter 12 explores the role of government in an economic system and highlights regulatory agencies of the U.S. government, including those designed to prevent racial and gender discrimination. Web links are included to governmental agencies like the Equal Employment Opportunity Commission and the U.S. Commission on Civil Rights. A link is also included to the Department of Housing and Urban Development, which ensures equal access to housing and financial assistance for the poor and minorities.*
- *Chapter 18 describes the causes and consequences of racial and gender discrimination. The unequal distribution of incomes in the United States among minorities and women is discussed and a graphic is included to illustrate this concept.*

8. Understand the activities and impact in various countries of major international institutions including the World Bank, the International Monetary Fund, and the World Trade Organization.

- *Chapter 23 explores the activities and impact in various countries of major international institutions. Web links are included to the World Bank, the International Monetary Fund, the World Trade Organization and other international economic institutions. The debate over the success of these institutions is presented and related articles provide opposing views.*

C. Personal Financial Management

1. Demonstrate skills in basic financial tasks such as paying bills on time, balancing a checkbook, keeping financial records, and checking a credit card statement for accuracy.

- *Chapter 6 addresses issues associated with consumer credit. The consequences of poor personal financial decisions are described and terms like bankruptcy are defined. Activities for this chapter in the Educator's Guide include creating a personal budget and examining credit card contracts. Links to related articles and Web sites include issues related to personal financial management.*

2. Develop a realistic career plan that includes educational requirements and skill development.
3. Compare different jobs and analyze why wage/salary differences exist.

- Chapter 10 explores issues associated with labor. The reasons for differences in wages for different jobs and individuals are explored and the disparities of wages for women and minorities are identified. Activities for this chapter in the Educator's Guide require students to develop a realistic career plan that includes educational requirements and skill development. A Web link is included to the Department of Labor's Occupational Outlook Handbook, which identifies trends in different occupations including wages, the number of jobs available and educational and skill requirements.

4. Describe the purposes of social security and Medicare.

- Chapter 20 describes the purposes of Social Security, Medicare and other federal subsidies. A history of federal subsidies is presented and Web links are included to the Social Security Administration and other federal subsidy programs, such as Medicare, Medicaid and Head Start.

5. Explain how the federal income tax works and that deductions, exemptions and credits reduce taxable income.

- Chapter 13 explains how federal income tax works and how deductions, exemptions and credits reduce taxable income. The concept of a fair tax is explored and different types of taxation—progressive, regressive and proportional—are defined. A Web link is included to the Internal Revenue Service for information on current tax policy. An activity for this chapter in the Educator's Guide involves filling out an income tax form.

6. Explain the emotional appeal behind a current advertising slogan or campaign.

- Chapter 4 explains how advertisements influence consumers. Web links are included to sites that present a history of advertisement in the United States. Key concepts and terms, such as the revised sequence and caveat emptor, are defined.

- Chapter 9 describes how large corporations pool the resources within the company to promote goods and services. The way AOL Time Warner used its resources to promote the film "Harry Potter and the Sorcerer's Stone" is cited as an example. The use of movies to promote other products and the use of products to promote movies are explained and products associated with the Harry Potter movie are identified as examples.

7. Explain and describe the function and importance of insurance and describe life, health, disability, property and auto insurance.

- *Chapter 11 describes different kinds of insurance designed to protect individuals from bank failures. The role of the federal government to ensure that all banks provide insurance on bank deposits is described and a Web link is included to the Federal Deposit Insurance Corporation (FDIC). The consequences of not having banking insurance are explained and the savings and loan crisis of the 1980s is explored.*
- *Chapter 20 identifies many different types of insurance, including health insurance for the poor, disabled and elderly (Medicare and Medicaid), unemployment insurance and old age insurance (Social Security). The costs of these insurances on individuals and the economy as a whole are explored. Web links are included to the agencies that provide these services.*

8. Explain how such factors as peer pressure and living arrangements affect spending patterns of people.

- *Chapter 4 identifies factors that affect spending by consumer households. Concepts like diminishing utility and caveat emptor are defined. Links to related articles and Web sites are included for further research.*
- *Chapter 8 explains how peer pressure affects spending patterns. The concept of a fad is explained and the Beanie Baby fad of the 1990s is cited as an example. Links to related articles and Web sites include information on this and other fads.*

9. Evaluate actions a consumer could take in response to excessive debt such as renegotiating a repayment schedule, selling assets and their consequences.

- *Chapter 6 identifies issues associated with consumer credit. The concepts of debt and bankruptcy are explored and the consequences of poor credit management are explained. An activity for this chapter in the Educator's Guide involves creating a budget to manage finances.*

10. Compare the risks and returns of various saving and investment products.

- *Chapter 7 identifies various investment options and explores their risks and returns. Key terms, such as mutual funds, stocks and bonds are defined. Web links are included to stock and commodity exchanges around the world, including the Chicago Mercantile Exchange, the New York Stock Exchange, the London Stock Exchange and the Tokyo Stock Exchange. An activity for this chapter in the Educator's Guide involves investing an imaginary amount of money in the stock market and monitoring the progress of the investment for a period of time.*
- *Chapter 11 identifies various savings plans available through banking institutions. The security of investments in bank accounts is described and Web links are included to banking insurance organizations like the Federal Deposit Insurance Corporation.*