



## Nevada Social Studies Standards—Economics

### *What Citizens Need to Know About Economics*

Addresses Nevada Social Studies Standards for the economics component of the social studies curriculum grade 12.



## Economics

### Introduction

A comprehensive understanding of economic ideas is essential in today's world. The economic way of thinking helps people evaluate career choices, analyze personal finance decisions, make wise business decisions, and assess public policy issues. Economic education enhances logical reasoning and analytical skills, skills that are useful in a wide variety of occupational fields, including general business, government, law, banking, insurance, and real estate.

Thus, strengthening economic education will not only benefit individual students, but will also contribute to Nevada's efforts to diversify its economy.

The content standards presented here are intended to establish Nevada as a leader in economic education. The standards have been shaped by the depth and breadth of experience of the members of the standards writing team, including grade school and high school teachers, college professors of economics, non-educators from both the private sector and public sector, and parents of Nevada students. In making the inevitable choices about what to include and what not to include, the top priority of the writing team was quality.

A second important criterion was practicality. These economic standards raise the bar of expectations with the intent of providing Nevada students with knowledge, skills, and understanding that will better their own lives and better their community, state, and nation. To emphasize the personal relevance of economic concepts, each standard contains a "*Personal Economics*" strand that contains content benchmarks regarding the personal application of economic concepts. However, since these standards are personal in nature, performance standards were not written.

The *Nevada Social Studies Standards—Economics*, complete with content standards, performance level descriptors, and a glossary of key economic terms, are intended to establish uniform expectations for Nevada students in their K-12 educational careers. Nine content standards are included: 1) The Economic Way of Thinking, 2) Measuring U.S. Economic Performance, 3) Functioning of Markets, 4) Private U.S. Economic Institutions, 5) Money, 6) The U.S. Economy as a Whole, 7) An Evolving Economy, 8) The Role of Government in a Market Economy, and 9) The International Economy.

**Grade 12** Students know and are able to do everything required in earlier grades and:

**Content Standard 1.0: The Economic Way of Thinking:** *Students will use fundamental economic concepts, including scarcity, choice, cost, incentives, and costs*

*versus benefits to describe and analyze problems and opportunities, both individual and social.*

### **Scarcity, Choice, and Costs**

1.12.1 Explain why **choices** and their **costs** may differ across individuals and societies.

### **Incentives and Preferences**

1.12.2 Recognizing that people act out of self-interest, predict how a change in the economic environment will affect the **choices** made by consumers, producers, and savers.

### **Costs versus Benefits**

1.12.3 Examine decisions made by individuals, businesses, and government by comparing the **marginal benefits** and **marginal costs**.

### **Personal Economics**

1.12.4 Give examples of and evaluate the effectiveness of **incentive** systems used by parents, teachers, and employers.

- *Chapter 2 explores economic choices and costs. Key concepts and terms, such as scarcity and opportunity costs, are defined. The production possibilities curve is explained and illustrated with a graphic. The example used to explain the production possibilities curve gives examples of the effectiveness of incentive systems used by parents and teachers in the context of the letter grade received on a test.*
- *Chapter 3 explains how different societies address economic questions of choice and costs. A comparison of the traditional caste society in India and the command economic systems of ancient Egypt and the former Soviet Union is included and a comparison of capitalism, socialism and communism is also provided. Adam Smith's concept of an "invisible hand" that guides the market place is described to explain how people act out of self-interest. Links to related articles and Web sites include biographies of Adam Smith and other influential philosophers and the complete texts of their most famous works, such as the Wealth of Nations.*
- *Chapter 4 examines how consumers make economic choices and by doing so influences economic choices by producers. Key concepts and terms, such as conspicuous consumption and diminishing utility, are defined. Links to related articles and Web sites are included for further research.*
- *Chapter 7 describes the role of businesses in an economic system and identifies incentives that influence economic choices of producers and explains how changes in the economic environment affect those choices. The marginal benefits and marginal costs of production are discussed. The role of the entrepreneur is explained and links to related articles and Web sites include biographies of successful entrepreneurs, such as Ray Kroc, the founder of McDonald's, and Bill Gates, the founder of Microsoft.*

- *Chapter 11 explains how changes in the economic environment affect the choices of consumers, producers and savers, in the context of interest rates. The impact of changes to interest rates on savers and borrowers is discussed and the impact that has on the money supply is also described and illustrated with a graphic. The role of the Federal Reserve System in maintaining a stable money supply is explored and Web links are included to all branches of the Federal Reserve System.*
- *Chapter 12 examines the economic decisions made by governments. The budget-making process is described and illustrated with a graphic. Key concepts like externalities and cost/benefit ratios are addressed. Web links are included to many government agencies involved in the budget process, including the Office of Management and Budget and the Congressional Budget Office.*

**Content Standard 2.0: Measuring U.S. Economic Performance:** *Students will demonstrate a knowledge of past and present U.S. economic performance, identify the economic indicators used to measure that performance, and use this knowledge to make individual decisions and discuss social issues.*

### **Measuring Economic Growth**

- 2.12.1 Explain the difference between **nominal GDP** and **real GDP**.
- 2.12.2 Using **real GDP per capita** as a measure of the standard of living, describe how living standards have changed over time.
- 2.12.3 Using the change in **real GDP**, examine the U.S. economy over time, identifying **recessions** and high and low rates of growth.

- *Chapter 15 differentiates between gross domestic product (GDP) and real GDP. An explanation of how real GDP per capita is an accurate measure of the standard of living is included. An activity for this chapter in the Educator's Guide involves comparing economic growth in the U.S. economy over time. Links to related articles and Web sites include the most current statistics on nominal GDP, real GDP and real GDP per capita.*
- *Chapter 16 identifies periods in U.S. history when the economy was in recession and high and low rates of growth. The business cycle is described and illustrated with a graphic. Key concepts and terms like recession, depression and inflation are defined. Links to related articles and Web sites are included for more information.*

### **Measuring Inflation**

- 2.12.4 Using a **price index** to measure **inflation**, identify when the U.S. economy has experienced high and low rates of inflation and discuss their effects.
- 2.12.5 Use various **price indexes** to determine how the prices of different types of goods and services have changed.

- *Chapter 1 identifies various price indexes, including the consumer price index and the producer price index that are used to measure inflation. Graphics are included to illustrate changes in prices over periods of time and Web links include the most current statistics from the government on these and other economic indicators. Related articles include analysis of the most current economic statistics.*
- *Chapter 5 explains how the consumer price index (CPI) measures levels of inflation or deflation. Graphics are included to illustrate how inflation impacts individuals and households. The way CPI is calculated by combining the data from many different price indexes is described and its accuracy is debated. Links to related articles and Web sites provide the most current information on price indexes, inflation and their impact on individuals and the economy as a whole.*

### Measuring Unemployment

- 2.12.6 Explain and give examples of the costs of **unemployment** to the economy as a whole (e.g., lost income, lost tax revenue, and additional welfare burdens).
- 2.12.7 Compare the **unemployment rates** for groups of people who differ by age, gender, ethnic origin, occupation, and educational attainment.

- *Chapter 19 explores the costs of unemployment on the economy and individuals. The impact of gender, ethnic origin, occupation and educational attainment on unemployment is explained and graphics are included to illustrate disparities in the unemployment rate among women and minorities. The way the government calculates the unemployment rate is explained and concepts, such as displaced workers and structural unemployment, are defined. Links to related articles and Web sites include information on the current unemployment rate and its impact on the economy.*

### Measuring Interest

- 2.12.8 Explain why a **real interest rate** accurately measures the benefit of saving or the cost of borrowing.
- 2.12.9 Demonstrate knowledge of when **interest rate** levels have experienced relative highs and relative lows throughout U.S. history and discuss their effects.

- *Chapter 11 describes the role of interest rates in banking. Times when interest rate levels have experienced relative highs and lows throughout U.S. history are identified and the impact on the economy is explored. The role of the Federal Reserve System in maintaining a stable money supply through influencing change in interest rates is discussed. Web links are provided to all branches of the Federal Reserve for more information on interest rates and the role of the Federal Reserve.*
- *Chapter 15 explains why real interest rates accurately measure the benefits of saving or the cost of borrowing. Links to related articles and Web sites are included for further research.*

- *Chapter 16 identifies the relationship between interest rates and the business cycle. The impact of changes to interest rates on the business cycle is explained and time periods in U.S. history when interest rate levels have experienced relative highs and lows are identified. Links to related articles and Web sites include current statistics on the state of the economy and the impact of interest rates.*

### **Personal Economics**

- 2.12.10 Characterize career paths according to the rates of growth and employment.
- 2.12.11 Explain ways a high **interest rate** could be detrimental or beneficial
- 2.12.12 Evaluate saving and borrowing options in terms of **interest** and compare long and short-term costs and benefits.

- *Chapter 6 explains ways a high interest rate could be detrimental or beneficial and identifies savings and borrowing options in terms of interest. The long and short-term costs and benefits are also explored. Examples of various saving and borrowing options are explored in terms of interest, such as the difference between borrowing from a bank, credit union or loan shark. An activity for this chapter in the Educator's Guide suggest students compare interest rates and other fees for various credit cards to determine the best option.*
- *Chapter 10 explores the role of labor in an economic system. An activity for this chapter in the Educator's Guide involves researching various career paths according to rates of growth and employment and other factors such as income and educational and training requirements.*

**Content Standard 3.0: Functioning of Markets:** *Students will demonstrate an understanding of how markets work, including an understanding of why markets form, how supply and demand interact to determine market prices and interest rates, and how changes in prices act as signals to coordinate trade.*

### **Trade is Beneficial**

- 3.12.1 Demonstrate an understanding that all voluntary **trade**, by definition, benefits both parties.

- *Chapter 3 explains how voluntary trade benefits both parties Adam Smith's concept of an "invisible hand" that guides the marketplace is highlighted to demonstrate how voluntary exchange based on self-interest benefits all parties involved and the economy as a whole. Biographies of Adam Smith and other economic philosophers are included along with links to the complete texts of their most influential works, such as the Wealth of Nations.*

- *Chapter 22 describes how foreign trade benefits all parties. Key concepts and terms, such as specialization and comparative advantage, are defined. The impacts of barriers to trade are explored and the debate between free trade and protectionism is highlighted. Links to related articles and Web sites include opposing views of the free trade debate.*

### **Markets Determine Prices**

- 3.12.2 Use the concepts of **supply** and **demand** to analyze and predict the **price** changes occurring in **markets** for goods and services.

### **Prices as Signals**

- 3.12.3 Use the concept of **price elasticity** to analyze how buyers and sellers might adjust their purchase and sales decisions in response to **price** changes.
- 3.12.4 Discuss the effects of **price controls** (price ceilings and price floors) (e.g., minimum wage, rent control.).

### **Determining Interest Rates**

- 3.12.5 Use **supply** and **demand** to explain how **interest rates** are determined.

- *Chapter 8 discusses the laws of supply and demand and explains how it can be used to predict changes in prices. Key concepts and terms, such as elasticity and substitute goods, are defined. Graphics are included to illustrate changes in supply and demand and the impact on prices. Links to related articles and Web sites are provided for specific examples of the way the laws of supply and demand influence prices and the economy as a whole.*
- *Chapter 11 explains how the laws of supply and demand influence interest rates. The way the Federal Reserve System manipulates interest rates and subsequently its supply and demand is described. Key concepts, such as reserve requirement and discount rate, are defined. Web links are included to all branches of the Federal Reserve for current information on interest rates and the impact on the money supply and the economy as a whole.*
- *Chapter 21 discusses the effects of price controls and price supports on supply and demand in the context of American agricultural production. Different price controls and price supports, such as price floors, price ceilings and parity, are identified. The debate over protecting American farms or allowing for free economic trade is addressed and related articles and Web sites include opposing views of the debate.*

### **Personal Economics**

- 3.12.6 Analyze and predict instances in which people pay high and low **interest rates** (e.g., car loans and credit cards).
- 3.12.7 Analyze family spending decisions, drawing conclusions about the desirability of making substitutions, given the relative **prices** of various substitutes.

- *Chapter 6 identifies instances when people pay high and low interest rates, such as home mortgage and credit card payments. Family spending decisions are explored and the concept of a budget is discussed. Key terms like bankruptcy and debt are defined. An activity for this chapter in the Educator's Guide involves creating a household budget to manage various payments, including rent, car loans and credit cards. A downloadable graphic of household budget is included in the chapter and can be used as a worksheet to create a personal budget.*
- *Chapter 8 explains how substitute goods can be used to offset rising prices. An activity for this chapter in the Educator's Guide involves identifying and comparing various substitute goods.*

**Content Standard 4.0: Private U.S. Economic Institutions:** *Students will describe the roles played by various U.S. economic institutions, including, but not limited to, financial institutions, labor unions, corporations, and not-for-profit organizations.*

### **Financial Institutions**

4.12.1 Analyze the roles of financial institutions in creating credit.

- *Chapter 6 describes the use of credit in economic systems. The role of financial institutions in creating credit is discussed and the differences in interest rates among various financial institutions (e.g., banks, credit cards, loan sharks) are identified. An activity for this chapter in the Educator's Guide suggests students compare various credit options and determine the best economic choice.*
- *Chapter 11 explores the role of financial institutions in creating credit and the way saving and borrowing increases the amount of money in the money supply is discussed and illustrated with a graphic. Links to related articles and Web sites are included for further research.*

### **Labor Unions**

4.12.2 Discuss how **labor unions** affect employees and employers.

- *Chapter 10 explores the role of labor unions in the U.S. economic system. The effects of labor unions on employees and employers are discussed and tools of labor unions, such as collective bargaining and strikes, are identified. The role of the government to mediate the relationship between labor unions and employers is explained and links are included to the complete texts of important government legislation like the National Labor Relations Act and the Taft-Hartley Act.*

### **For-profit Business Organizations**

4.12.3 Identify current or historical mergers, buyouts, and acquisitions.

## Not-for-profit Organizations

4.12.4 Explain how the services of not-for-profit organizations impact other economic institutions.

- *Chapter 7 discusses the role of businesses in an economic system. Different types of businesses, like sole proprietorships, partnerships and corporations, are identified and the impact of not-for-profit organizations are explored. Links to related articles and Web sites include examples of for-profit and not-for-profit businesses and their impact on the economy.*
- *Chapter 9 examines competition in an economic system. The concept of mergers, buyouts and acquisitions are explored and current and historical examples are cited, such as the merger that created AOL Time Warner. The impact of these mergers on the consumer and the economy as a whole is explored and links to related articles and Web sites are included for more information and other examples.*

## Personal Economics

4.12.5 Compare and contrast the services offered by financial institutions, evaluating their usefulness to borrowers and lenders.

4.12.6 Compare and contrast careers associated with financial institutions, labor unions, for-profit business organizations, and not-for-profit organizations.

- *Chapter 6 compares and contrast services offered by various financial institutions, such as banks, credit card companies and loan sharks. The usefulness of each is explored. An activity for this chapter in the Educator's Guide involves comparing and contrasting the services offered by various financial institutions and determining the best economic choice.*
- *Chapter 10 discusses the role of labor in the economy. An activity for this chapter in the Educator's Guide suggests students research various career options, such as those with financial institutions, labor unions, for-profit businesses and not-for-profit organizations.*

**Content Standard 5.0: Money:** *Students demonstrate an understanding of various forms of money, how money makes it easier to trade, borrow, save, invest, and compare the value of goods and services; and how the Federal Reserve System and its policies affect the U.S. money supply.*

## Functions of Money

5.12.1 Explain the three functions of **money: medium of exchange, store of value, unit of account.**

## The Federal Reserve and the Banking System

5.12.2 Explain why the **money supply** increases when banks make loans.

5.12.3 Explain how the Federal Reserve influences bank loan activity using the **reserve requirement, discount rate, and open market operations.**

## History of Money

5.12.4 Describe the nation's current **money supply** measures, including **M1** and **M2.**

- *Chapter 11 explores the role of money and banking in the U.S. economic system. A history of money is included and its functions—medium of exchange, store of value and unit of account—are identified. The money supply is defined, including M1 and M2. The way money increases when banks make loans is explained and illustrated with a graphic. The role of the Federal Reserve and banking system is examined and the way the Federal Reserve influences bank loan activity using the reserve requirement, discount rate and open market operations is explained.*

### **Personal Economics**

5.12.5 Explain what a **credit** rating is and how it affects access to money.

- *Chapter 6 explores issues associated with personal credit. The concept of a credit rating is discussed. The consequences of poor credit decisions are explained and terms, such as debt and bankruptcy, are defined. Links to related articles and Web sites include more information on how to maintain proper credit.*

**Content Standard 6.0: The U.S. Economy as a Whole:** *Students will demonstrate an understanding of the U.S. economic system as a whole in terms of how it allocates resources; determines the nation's production, income, unemployment, and price levels; and leads to variations in individual income levels.*

### **Resource Allocation**

- 6.12.1 Compare the benefits and costs of allocating **resources** through markets or government.
- 6.12.2 Discuss how an economy determines what goods and services will be produced, how they will be produced, and who will receive them.

- *Chapter 1 defines economics as the study of the allocation of scarce resources. The benefits and costs of allocating resources through markets (the private sector) or government (the public sector) are explored. Collaboration between the private and public sector is also explained and examples are cited. Links to related articles and Web sites include more information on the roles of the private and public sectors of the economy.*
- *Chapter 2 explains how economics attempts to answer the three basic economic questions: What to produce? How to produce? And, for whom to produce? A graphic is included to illustrate the interaction of these three questions. Key concepts and terms, such as factors of production and scarcity, are defined. Links to related articles and Web sites are available for further research.*

### **The Nation's Production Level**

- 6.12.3 Analyze the potential production of goods and services for a nation as determined by its **resources** and **technology**.

### **The Nation's Income Level**

6.12.4 Use the **multiplier** concept to explain why an initial change in spending (by consumers, firms, or governments) can result in a larger change in national income.

- *Chapter 15 identifies factors that contribute to a growing economy, including access to resources and technology. Efforts to encourage technological innovations are explained and a Web link is included to the U.S. Patent and Trademark Office for more information on technological innovations in the U.S. The concepts of the multiplier effect and accelerator effect are explained and illustrated with graphics. Links to related articles and Web sites include more information and specific examples.*

### **The Nation's Unemployment Rate**

6.12.5 Make connections between the nation's **unemployment rate** and changes in seasons, changes in an industry, and changes in demographics.

- *Chapter 19 explains how the unemployment rate is calculated and identifies factors, such as seasons, changes in an industry and changes in demographics that can cause fluctuations in the unemployment rate. Key concepts and terms, such as structural unemployment and displaced workers, are defined. Links to related articles and Web sites include current U.S. unemployment statistics and analysis of its impact on individuals and the economy as a whole.*

### **Differences in Individual Incomes**

6.12.6 Explain how and why changes in product demand can affect the price of the product, which in turn can affect the wages paid to a worker.

- *Chapter 8 explains how and why changes in product demand can affect the price of the product. The laws of supply and demand are defined and graphics are provided throughout the chapter to illustrate changes in supply and demand curves. The impact of changes in supply and demand on wages is discussed. Links to related articles and Web sites are included for specific examples of the impact of changes to supply and demand.*
- *Chapter 10 describes how supply and demand impacts wages and employment prospects. The role of labor unions in negotiating wages through collective bargaining is explored. Web links are included to many labor unions in the United States, including the AFL-CIO and the Teamsters.*

### **Personal Economics**

6.12.7 Assess the attractiveness of career paths of interest and how they might be affected by changes in the national economy.

- *Chapter 10 explores the role of labor in an economic system. The impact of changes in the national economy on employment prospects in various sectors is examined. The changes caused by the shift from a goods-producing to a service-orientated to an information-based economy is cited as an example and a graphic is included to illustrate the impact on labor. Links to related articles and Web sites provide other examples of the impact of changes in the national economy on the labor force. An activity for this chapter in the Educator's Guide involves researching attractive career options and determining the future prospects in that field and identifying salary, job requirements and other factors associated with a career in a field of interest.*

**Content Standard 7.0: An Evolving Economy:** *Students will demonstrate an understanding of how investment, entrepreneurship, competition, and specialization lead to changes in an economy's structure and performance.*

### **Investment**

- 7.12.1 Describe the past, present, and future role of **investment** in enhancing economic growth and raising living standards.
- 7.12.2 Identify the benefits and the costs of investing in new **physical capital** and new **human capital**.
- 7.12.3 Examine government's impact on **investment** through taxes, fees, government regulation, enterprise zones, and subsidies.

- *Chapter 7 describes the role of investment in providing capital to businesses and in turn enhancing economic growth. This concept is illustrated with a graphic. The role of stock and commodity markets in providing investment capital to businesses is explained. Web links are included to stock and commodity exchanges around the world, including the New York Stock Exchange, the Chicago Mercantile Exchange and the London Stock Exchange. The benefits and costs of investing in new physical and human capital are explored. Key concepts, such as marginal cost, marginal benefit and diminishing returns, are discussed and graphics are included.*
- *Chapter 12 explains how government regulations and fees impact investments. Different government regulatory agencies are identified and Web links are available to various government regulatory agencies, including the Securities and Exchange Commission and the Federal Trade Commission.*
- *Chapter 13 discusses the government's power of taxation and explains how taxes impact investments. Different types of taxes, such as the capital gains tax and the estate tax are identified. Links to related articles and Web sites include more information on the impact of taxation on investment and identifies current tax policies. A Web link is also included to the Internal Revenue Service for more information.*

- *Chapter 15 explains how investment in human and physical capital can lead to economic growth and require more investment in the future. Key concepts and terms, such as the accelerator effect and the multiplier effect, are defined and illustrated with graphics. Links to related articles and Web sites provide specific examples.*
- *Chapter 19 discusses how investment impacts unemployment and the term enterprise zone is defined. Links to related articles and Web sites are available for further research and specific examples.*
- *Chapter 20 explores the role of federal subsidies in the U.S. economic system and explains how it impacts the economy and investments. Web links are included to many government agencies that oversee such services as Social Security, Medicare, Medicaid and Head Start.*

### **Entrepreneurship**

- 7.12.4 Discuss how **entrepreneurs** affect the economy by solving problems, taking risks, and taking advantage of opportunities to earn profits.

- *Chapter 7 describes the role of the entrepreneur in an economic system. Risks and incentives are identified and successful entrepreneurs are highlighted. Web links include biographies of successful entrepreneurs like Ray Kroc, the founder of McDonald's, and Bill Gates, the founder of Microsoft.*

### **Competition**

- 7.12.5 Explain how individual self-interest, channeled through the marketplace, can increase the overall standard of living.

- *Chapter 2 defines the term standard of living and identifies factors that can increase the overall standard of living. Links to related articles and Web sites include specific examples of factors that contribute to a nation's standard of living.*
- *Chapter 3 explains how individual self-interest, channeled through the marketplace, can benefit the economy as a whole. Adam Smith's concept of an "invisible hand" that guides the marketplace is explored. Web links include biographies of Smith and other economic philosophers and the complete texts of their most influential works, including the Wealth of Nations.*

### **Specialization**

- 7.12.6 Discuss the pros and cons of **specialization** and **interdependence**.

- *Chapter 22 explores the pros and cons of specialization in the context of foreign trade. Key concepts and terms like comparative advantage are defined. The rise of regional trade associations leading to greater specialization and interdependence is discussed. Web links are included to many regional trade associations, including the North American Free Trade Agreement and the European Union.*
- *Chapter 23 explains how technology and trade have led to an interdependent global economy. The pros and cons of economic interdependence are presented and the impact of changes in the global economy on individuals, businesses and governments is explored. The 1971 U.S. decision to abandon the gold standard and the 1997 Asian financial crisis are cited as examples. The role of international organizations in the global economy is addressed and Web links are included to such organizations as the United Nations, the World Bank and the International Monetary Fund.*

### **Personal Economics**

7.12.7 Explain why top performers in any field are specialists.

**Content Standard 8.0: The Role of Government in a Market Economy:** *Students will explain the role of government in a market economy.*

### **Public Goods**

8.12.1 Explain why government provides **public goods** rather than allowing the market to provide them.

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

### **Externalities**

8.12.2 Explain why government intervenes in markets in response to **externalities**.

- *Chapter 12 explores the role of government in an economic system. The concept of externalities is addressed and the role of government to intervene in markets through regulations is explained. Web links are provided to various government regulatory agencies, including the Environmental Protection Agency and the Food and Drug Administration.*

### **Redistributing Income**

8.12.3 Discuss whether redistributing income is an appropriate role of government.

- *Chapter 20 explains how governments redistribute income through federal subsidies. The debate over the fairness of federal subsidies is explored and reforms are suggested. Links to related articles and Web sites include opposing views of this debate. Web links are also included to the government agencies that oversee such programs as Social Security, Medicare, Medicaid and Food Stamps.*

### **Property Rights**

- 8.12.4 Demonstrate an understanding that government must define, establish, and enforce **property rights** in order for markets to function.

- *Chapter 3 explains how the ownership of property is a major factor that differentiates capitalism and socialism from communism. A comparison and contrast of all three economic systems is included and examples are cited. Links to related articles and Web sites are provided for further research.*
- *Chapter 7 identifies property rights as an incentive to entrepreneurs to take economic risks. The role of the entrepreneur in organizing the factors of production to produce goods and services is explained. Links to related articles and Web sites include biographies of successful entrepreneurs, such as Ray Kroc, the founder of McDonald's, and Bill Gates, the founder of Microsoft.*
- *Chapter 23 discusses the role of governments and supranational organizations to enforce intellectual property rights in the interdependent global economy. Links to related articles provide more information and a Web link is included to the World Intellectual Property Organization.*

### **Political Decisions**

- 8.12.5 Explain why it is possible that a government decision may impose costs on many, but only benefit a few.

- *Chapter 12 explains how governments must make economic decisions that may impose costs on many but only benefit a few. Key terms like cost/benefit ratios are defined. The government economic decision-making process is discussed in the context of the federal budget. Web links are included to government agencies involved in the budget process, such as the Congressional Budget Office and the Office of Management and Budget.*
- *Chapter 20 describes how federal subsidies impose costs on many, but only benefit a few. A history of federal subsidies in the United States is provided and the debate over the fairness of federal subsidies is addressed. Links to related articles and Web sites include opposing views of this debate. Web links are also included to government agencies that distribute such federal subsidies as Social Security, Medicare and Medicaid.*

## **Fiscal Policy**

- 8.12.6 Explain how **fiscal policy** affects production, employment, and price levels (e.g., the effects of changes in government spending and taxation).

- *Chapter 17 explains how fiscal policy affects production, employment and price levels. Key concepts and terms, such as deficit financing and built-in stabilizers, are defined. The debate between Keynesian and supply-side economists is explored and links to related articles and Web sites include opposing views on the economic impact of current fiscal policies.*

## **Personal Economics**

- 8.12.7 Give examples of **mandates** that increase prices of goods and services in Nevada.

- *Chapter 12 discusses the role of federal, state and local governments in the U.S. economic system. A link is included to all state and local government Web pages, including Nevada's, for more information on the role of the state and local governments and their impact on individuals and the economy as a whole.*

**Content Standard 9.0: The International Economy:** *Students explore the characteristics of non-U.S. economic systems in order to demonstrate an understanding of how they are connected, through trade, to peoples and cultures throughout the world.*

## **International Trade**

- 9.12.1 Analyze the pros and cons of foreign trade, comparing free trade with restricted trade.

## **Interdependence**

- 9.12.2 Describe how foreign economic events can impact the U.S. economy.

## **Characteristics of Non-U.S. Economic Systems**

- 9.12.3 Describe some characteristics of non-U.S. economies that affect international trade.

## **Exchange Rates**

- 9.12.4 Determine how a change in **exchange rates** affects the ability of residents of one country to consume products from other countries.

## **Personal Economics**

- 9.12.5 *Draw conclusions about how the prices of goods you purchase would change if imports were restricted.*
- 9.12.6 *Discuss how potential career paths could be affected by changes in foreign demand for U.S. products.*

- *Chapter 3 compares and contrasts characteristics of the U.S. economy and other economic systems. Different economic systems, including traditional, command, market and mixed economies, are identified and a comparison of capitalism, socialism and communism is also included. Links to related articles and Web sites are available for further research.*
- *Chapter 22 discusses foreign trade. Barriers to trade, such as tariffs and duties, are identified and the effects of restrictions to trade on the price of goods and services, the labor market and the economy as a whole are addressed. Links to related articles and Web sites include opposing views of the free trade debate.*
- *Chapter 23 explains how foreign events can impact the U.S. economy. The 1997 Asian financial crisis is cited as an example. The concept of exchange rates is defined and the impact of exchange rates on the ability of individuals to purchase goods and services from another country is discussed. A Web link is included to a program that calculates and compares the current exchange rate of the U.S. dollar and other currencies.*