



Rhode Island Standard Based Guide for Social Studies Programs

What Citizens Need to Know About Economics

addresses Rhode Island Standard Based Guide for Social Studies Programs for the economics component of the curriculum grades 9-12.



*Note: Rhode Island does not have specific social studies standards, opting instead to compile national and regional standards in a Standard Based Guide for Social Studies Programs. Please refer to the National Economic Standards accessible from the following Web link: <http://www.sirs.com/pdfs/WCNTKECONstandards.pdf> and also refer to the Rhode Island Social Studies Standards for the Certificate of Initial Mastery (CIM) correlated below.

Social Studies Standards for CIM

Economics

STANDARD 1 – Economic Decision Making

The student knows and is able to use the economic way of thinking in making decisions, and can evaluate alternative decision making systems that may be used by a society.

- *Chapter 2 explores the economic decision-making process. The use of the production possibilities curve to identify economic options is discussed. Examples are cited and a graphic of the production possibilities curve is included. Key concepts and terms, like scarcity and opportunity cost, are defined. Related articles and Web sites are available for further research and specific examples.*
- *Chapter 3 explains how different economic systems developed to make decisions on how to allocate scarce resources in the society. Different types of economic systems—traditional, command, market and mixed economies—are identified and compared. Examples of each are cited. A comparison of capitalism, socialism and communism is also presented. Links to related articles and Web sites include biographies of influential economic philosophers, like Adam Smith and Karl Marx, and the complete texts of their most important works.*
- *Chapter 12 describes how government policy makers use cost/benefit ratios to assess the value of programs when formulating the national budget. The federal decision-making process is discussed in the context of the national budget and links are included to Web sites of government organizations involved in the process, like the Office of Management and Budget and the Congressional Budget Office. An activity for this chapter in the Educator's Guide suggests students work in groups and recreate the decision-making process involved in formulating the national budget.*

- *Chapter 15 defines the term cost/benefit analysis and explains how policy makers must determine the costs and benefits of economic growth. Problems associated with economic growth are identified and key terms like forced obsolescence and infrastructure are defined. Related articles and Web sites are included for more information.*
- *Learning tools linked to every chapter include worksheets—Understanding Basic Knowledge, Problem Solving, Analyzing Graphs and Charts and Map Skills—that help students learn and apply decision-making skills. These worksheets can be used in conjunction with the chapter text, graphics, articles, Web sites and other supplemental materials. Worksheets can be completed online and E-mailed to the instructor or printed out and completed offline.*
- *Related articles and Web sites linked to every chapter provide readers with the resources necessary for making informed economic decisions. Related articles and Web sites include: the complete texts of primary documents, the complete texts of important economic books, current statistics on all economic indicators, examinations of the economic impact of current events and analysis and opposing views on all major topics covered in the respective chapters.*

STANDARD 2 – Markets and Prices

The student knows how markets function and is able to analyze the roles that prices play in a market-based economy.

- *Chapter 7 defines the term market and identifies different types of markets. Stock and commodity markets are cited as examples of formal market structures and Web links are included to major stock and commodity exchanges around the world, such as the New York Stock Exchange, the Chicago Mercantile Exchange, the London Stock Exchange and the Tokyo Stock Exchange. An activity for this chapter in the Educator's Guide involves investing an imaginary sum of money in the stock market and charting the progress of the investment over a specified period of time.*
- *Chapter 8 discusses the role prices play in a market-based economy. The laws of supply and demand are explained and graphics are provided throughout the chapter to illustrate how changes in supply, demand or prices impact the other factors. Examples are cited in the text and related articles and Web sites include more examples.*
- *Chapter 9 examines the role of competition in the marketplace. The impact that competition or lack of competition has on prices is explored and terms, such as pure competition, monopoly and oligopoly, are defined. Examples of anticompetitive business practices are cited and the response of the government to unfair business practices is discussed. The antitrust case against Microsoft is cited as an example.*

STANDARD 3 – Role of Government

The student knows and is able to evaluate the role of government in the United States economy.

- *Chapter 9 discusses the role of government in maintaining competition in the marketplace. Important government antitrust legislation is presented and links are included to the complete texts of these laws, including the Sherman Antitrust Act and the Robinson-Patman Act. Business ethics are explored and the government's response to unethical business practices is described. The 2002 business scandals that forced Enron and WorldCom into bankruptcy are cited as examples.*
- *Chapter 10 explores the government's role in labor/management relations. Key terms like arbitration and mediation are defined. Government intervention in labor/management disputes are discussed and the Professional Air Traffic Controllers Organization strike of the 1980s is cited as an example. Links are included to the complete texts of important government legislation, such as the National Labor Relations Act and the Taft-Hartley Act.*
- *Chapter 12 identifies the different responsibilities of government in the U.S. economy. The roles of the federal, state and local governments are explored and links are included to all state and local government Web sites. Web links are also included to many government agencies involved in regulating the economy, such as the Environmental Protection Agency and the Occupational Safety and Health Administration. The federal budget-making process is described and links are included to government organizations involved in the budget process like the Office of Management and Budget and the Congressional Budget Office. Related articles and Web sites explore current economic issues being addressed by the government.*
- *Chapter 13 explains how governments use taxes to fund their expenditures. Different types of taxation—progressive, regressive and proportional—are identified. The different types of taxes used by local, state and federal governments are highlighted, such as income tax, sales tax and property tax. A link is provided to the Web site of the Internal Revenue Service for more information on U.S. tax policy.*
- *Chapter 17 describes the government's role in maintaining a stable economy through the implementation of fiscal and monetary policy. Different fiscal and monetary policy tools like deficit financing and open market operations are identified. The debate between Keynesian and supply-side economists is explored. Related articles and Web sites highlight current U.S. fiscal and monetary policy actions and present opposing views on ways to stabilize the economy.*
- *Chapter 20 explores the role of government to provide aid to the needy through subsidies. A history of federal subsidies in the U.S. is presented and the impact of federal subsidies on individuals and the society as a whole is examined. Links are included to government agencies that run such federal subsidy programs as Social Security, Medicare, Medicaid and Head Start.*

STANDARD 4 – Trade

The student knows and is able to evaluate the costs and benefits of trade among individual and organizations, both within a nation and between different nations.

- *Chapter 3 discusses Adam Smith's concept of an "invisible hand" that guides the marketplace, which states that individuals acting in their own self-interest will participate in trade that is beneficial to the society as a whole. Links to related articles and Web sites include biographies of Adam Smith and other economic philosophers and the complete texts of their most influential works, including The Wealth of Nations.*
- *Chapter 22 examines issues associated with foreign trade. Reasons for trade, such as comparative advantage and specialization, are explored. Trade barriers like quotas and tariffs are identified and the debate between free trade and protectionism is highlighted. Related articles and Web sites present opposing views on the free trade debate. The rise of regional trade associations is discussed and Web links are included to many regional trade associations like the North American Free Trade Agreement and the European Union.*
- *Chapter 23 explains how the rise of foreign trade and technological innovation has led to global economic interdependence. The impact of events in one country on the economies of other countries is explored. The U.S. decision in 1971 to abandon the gold standard and the 1997 Asian financial crisis are cited as examples. The way financial interactions are managed in foreign trade is discussed and key terms, such as exchange rate and balance of payment, are defined. A Web link is included to a program that calculates the current exchange rate for the U.S. dollar and other currencies. Web links are also available to many supranational organizations that operate in the global economy like the International Monetary Fund and the World Trade Organization.*

STANDARD 5 – Income, Output, and Employment

The student knows how income, output, and employment are determined in a market economy, and is able to evaluate the impact of policy decisions on achieving the goals of economic growth, full employment, and price stability.

- *Chapter 7 explains how input and output are determined in a market economy. The law of diminishing returns is defined and illustrated with a graphic. Key terms like marginal cost and marginal benefit are defined. Related articles and Web sites are included for more information.*
- *Chapter 10 describes how income and employment are determined in a market economy. Factors that influence individual income and employment, such as education and job skills, are identified and the role of labor unions is explored. Different types of occupations—blue-collar, white-collar and pink-collar—are defined. An activity for this chapter in the Educator's Guide involves researching various career fields and identifying the requirements and future prospects for those occupations. A Web link is included to the Occupational Outlook Handbook to assist in this assignment.*

- *Chapter 15 explores issues associated with economic growth and discusses the impact of policy decisions on achieving the goal of economic growth. Problems associated with growth, such as pollution, are highlighted. The way economic growth impacts output is explained and terms like multiplier effect and accelerator effect are defined. Related articles and Web sites include more information and specific examples.*
- *Chapter 19 discusses the economic goal of full employment. Policy decisions aimed at reducing unemployment are explored and their impact is debated. Key concepts, such as structural unemployment and displaced workers, are defined. Related articles and Web sites include current statistics on unemployment at the national and state levels. An activity for this chapter in the Educator's Guide recommends students go to their local unemployment office and identify local unemployment trends and policies aimed at achieving full employment.*
- *Chapter 21 examines policy decisions aimed at price stability in the American agriculture sector. The impact of price stabilization on individuals, farmers and the regional and global economies is explored. Different types of price stability policies, such as parity and price floors and ceilings, are identified. The debate over providing price supports for American agriculture producers is highlighted and related articles and Web sites present opposing views on this issue.*