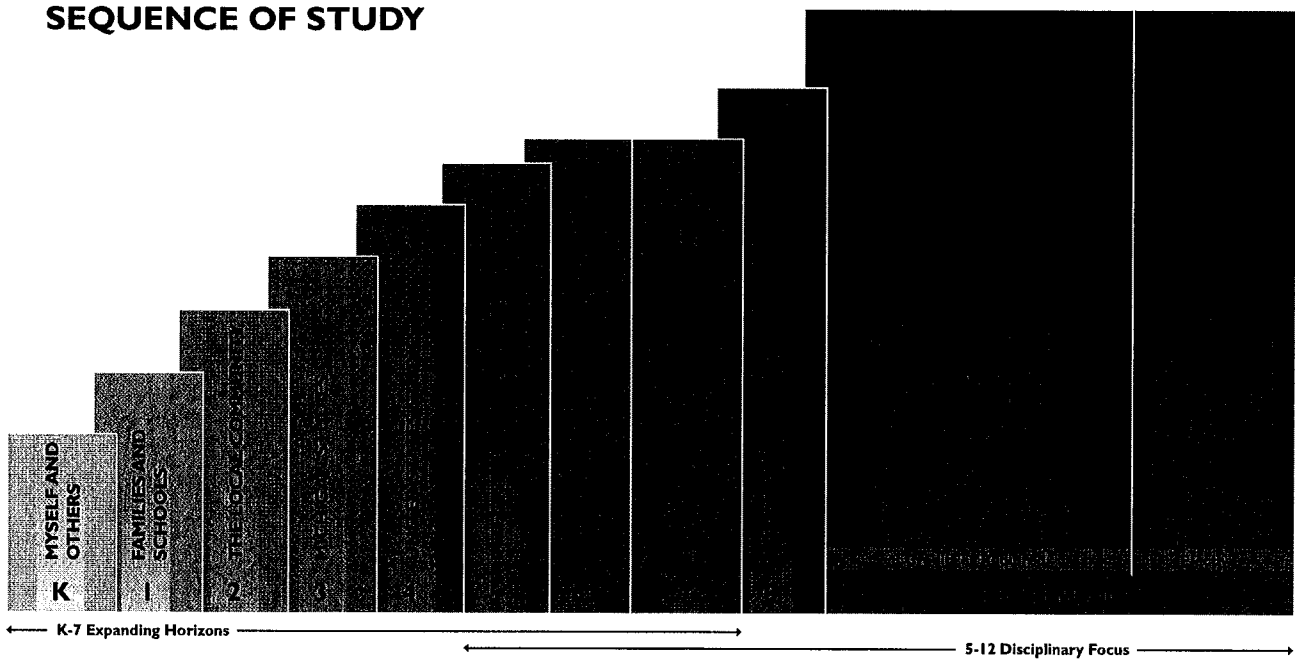


Michigan High School Social Studies

ECONOMICS

SEQUENCE OF STUDY



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General Social Studies Knowledge, Processes, and Skills

General Social Science Knowledge – embedded in economics standards and expectations

- K1.1 Know the defining characteristics of the discipline of economics.
- K1.2 Know that each discipline is subject to criticisms and limitations; be aware of the primary criticisms and limitations of economics.
- K1.3 Understand and analyze economic relationships, patterns, and trends.
- K1.4 Understand economic perspectives.
- K1.5 Understand the diversity of human beings and human cultures.
- K1.6 Analyze events and circumstances from the vantage point of others.
- K1.7 Understand social problems, social structures, institutions, class, groups, and interaction.
- K1.8 Apply social studies concepts to better understand major current local, national, and world events, issues, and problems.
- K1.9 Integrate concepts from at least two different social studies disciplines.
- K1.10 Understand significant concepts, generalizations, principles, and theories of economics.

Social Studies Procedures and Skills – embedded in economics standards and expectations

P1 Reading and Communication – read and communicate effectively.

- P1.1 Use close and critical reading strategies to read and analyze complex texts pertaining to social science; attend to nuance, make connections to prior knowledge, draw inferences, and determine main idea and supporting details.
- P1.2 Analyze point of view, context, and bias to interpret primary and secondary source documents.
- P1.3 Understand that diversity of interpretation arises from frame of reference.
- P1.4 Communicate clearly and coherently in writing, speaking, and visually expressing ideas pertaining to social science topics, acknowledging audience and purpose.
- P1.5 Present a coherent thesis when making an argument, support with evidence, articulate and answer possible objections, and present a concise, clear closing.

P2 Inquiry, Research, and Analysis – critically examine evidence, thoughtfully consider conflicting claims, and carefully weigh facts and hypotheses.

- P2.1 Understand the scientific method of inquiry to investigate social scientific and historical problems.
- P2.2 Read and interpret data in tables and graphs.
- P2.3 Know how to find and organize information from a variety of sources; analyze, interpret, support interpretations with evidence critically evaluate, and present the information orally and in writing; report investigation results effectively.
- P2.4 Use multiple perspectives and resources to identify and analyze issues appropriate to the social studies discipline being studied.
- P2.5 Use deductive and inductive problem-solving skills as appropriate to the problem being studied.

P3 Public Discourse and Decision Making – engage in reasoned and informed decision making that should characterize each citizen's participation in American society.

- P3.1 Clearly state an issue as a question of public policy, trace the origins of an issue, analyze various perspectives, and generate and evaluate possible alternative resolutions.
- P3.2 Deeply examine policy issues in group discussions and debates (clarify issues, consider opposing views, apply democratic values or constitutional principles, anticipate consequences) to make reasoned and informed decisions.
- P3.3 Write persuasive/argumentative essays expressing and justifying decisions on public policy issues.

P4 Citizen Involvement

- P4.1 Act out of respect for the rule of law and hold others accountable to the same standard.
- P4.2 Demonstrate knowledge of how, when, and where individuals would plan and conduct activities intended to advance views on matters of public policy, report the results, and evaluate effectiveness.
- P4.3 Plan and conduct activities intended to advance views on matters of public policy, report the results, and evaluate effectiveness.

E1 THE MARKET ECONOMY

1.1 Individual, Business, and Government Choices

Explain and demonstrate how economic organizations confront scarcity and market forces when organizing, producing, using, and allocating resources to supply the marketplace.

- 1.1.1 **Scarcity, Choice, Opportunity Costs, and Comparative Advantage** – Using examples, explain how scarcity, choice, opportunity costs affect decisions that households, businesses, and governments make in the market place and explain how comparative advantage creates gains from trade.
- 1.1.2 **Entrepreneurship** – Identify the risks, returns and other characteristics of entrepreneurship that bear on its attractiveness as a career.

1.2 Competitive Markets

Analyze how the functions and constraints of business structures, the role of price in the market, and relationships of investment to productivity and growth, impact competitive markets.

- 1.2.1 **Business Structures** – Compare and contrast the functions and constraints facing economic institutions including small and large businesses, labor unions, banks, and households.
- 1.2.2 **Price in the Market** – Analyze how prices send signals and provide incentives to buyers and sellers in a competitive market.
- 1.2.3 **Investment, Productivity and Growth** – Analyze the role investments in physical (e.g., technology) and human capital (e.g., education) play in increasing productivity and how these influence the market.

1.3 Prices, Supply, and Demand

Compare how supply, demand, price, equilibrium, elasticity, and incentives affect the workings of a market.

- 1.3.1 **Law of Supply** – Explain the law of supply and analyze the likely change in supply when there are changes in prices of the productive resources (e.g., labor, land, capital including technology), or the profit opportunities available to producers by selling other goods or services, or the number of sellers in a market.
- 1.3.2 **Law of Demand** – Explain the law of demand and analyze the likely change in demand when there are changes in prices of the goods or services, availability of alternative (substitute or complementary) goods or services, or changes in the number of buyers in a market created by such things as change in income or availability of credit.
- 1.3.3 **Price, Equilibrium, Elasticity, and Incentives** – Analyze how prices change through the interaction of buyers and sellers in a market including the role of supply, demand, equilibrium, elasticity, and explain how incentives (monetary and non-monetary) affect choices of households and economic organizations.

1.4 Role of Government in the Market

Describe the varied ways government can impact the market through policy decisions, protection of consumers, and as a producer and consumer of goods and services, and explain how economic incentives affect government decisions.

- 1.4.1 **Public Policy and the Market** – Analyze the impact of a change in public policy (such as an increase in the minimum wage, a new tax policy, or a change in interest rates) on consumers, producers, workers, savers, and investors.
- 1.4.2 **Government and Consumers** – Analyze the role of government in protecting consumers and enforcing contracts, (including property rights), and explain how this role influences the incentives (or disincentives) for people to produce and exchange goods and services.

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- 1.4.3 **Government Revenue and Services** – Analyze the ways in which local and state governments generate revenue (e.g., income, sales, and property taxes) and use that revenue for public services (e.g., parks and highways).
- 1.4.4 **Functions of Government** – Explain the various functions of government in a market economy including the provision of public goods and services, the creation of currency, the establishment of property rights, the enforcement of contracts, correcting for externalities and market failures, the redistribution of income and wealth, regulation of labor (e.g., minimum wage, child labor, working conditions), and the promotion of economic growth and security.
- 1.4.5 **Economic Incentives and Government** – Identify and explain how monetary and non-monetary incentives affect government officials and voters and explain how government policies affect the behavior of various people including consumers, savers, investors, workers, and producers.

E2 THE NATIONAL ECONOMY OF THE UNITED STATES OF AMERICA

2.1 Understanding National Markets

Describe inflation, unemployment, output, and growth, and the factors that cause changes in those conditions, and describe the role of money and interest rates in national markets.

- 2.1.1 **Income** – Describe how individuals and businesses earn income by selling productive resources.
- 2.1.2 **Circular Flow and the National Economy** – Using the concept of circular flow, analyze the roles of and the relationships between households, business firms, financial institutions, and government and non-government agencies in the economy of the United States.
- 2.1.3 **Financial Institutions and Money Supply** – Analyze how decisions by the Federal Reserve and actions by financial institutions (e.g., commercial banks, credit unions) regarding deposits and loans, impact the expansion and contraction of the money supply.
- 2.1.4 **Money Supply, Inflation, and Recession** – Explain the relationships between money supply, inflation, and recessions.
- 2.1.5 **Gross Domestic Product (GDP) and Economic Growth** – Use GDP data to measure the rate of economic growth in the United States and identify factors that have contributed to this economic growth.
- 2.1.6 **Unemployment** – Analyze the character of different types of unemployment including frictional, structural, and cyclical.
- 2.1.7 **Economic Indicators** – Using a number of indicators, such as GDP, per capita GDP, unemployment rates, and Consumer Price Index, analyze the characteristics of business cycles, including the characteristics of peaks, recessions, and expansions.
- 2.1.8 **Relationship Between Expenditures and Revenue (Circular Flow)** – Using the circular flow model, explain how spending on consumption, investment, government and net exports determines national income; explain how a decrease in total expenditures affects the value of a nation's output of final goods and services.
- 2.1.9 **American Economy in the World** – Analyze the changing relationship between the American economy and the global economy including, but not limited to, the increasing complexity of American economic activity (e.g., outsourcing, off-shoring, and supply-chaining) generated by the expansion of the global economy. (*National Geography Standard 11, p. 206*)

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2.2 Role of Government in the United States Economy

Analyze the role of government in the United States economy by identifying macroeconomic goals; comparing perspectives on government roles; analyzing fiscal and monetary policy; and describing the role of government as a producer and consumer of public goods and services. Analyze how governmental decisions on taxation, spending, protections, and regulation impact macroeconomic goals.

- 2.2.1 **Federal Government and Macroeconomic Goals** – Identify the three macroeconomic goals of an economic system (stable prices, low unemployment, and economic growth).
- 2.2.2 **Macroeconomic Policy Alternatives** – Compare and contrast differing policy recommendations for the role of the Federal government in achieving the macroeconomic goals of stable prices, low unemployment, and economic growth.
- 2.2.3 **Fiscal Policy and its Consequences** – Analyze the consequences – intended and unintended – of using various tax and spending policies to achieve macroeconomic goals of stable prices, low unemployment, and economic growth.
- 2.2.4 **Federal Reserve and Monetary Policy** – Explain the roles and responsibilities of the Federal Reserve System and compare and contrast the consequences – intended and unintended – of different monetary policy actions of the Federal Reserve Board as a means to achieve macroeconomic goals of stable prices, low unemployment, and economic growth.
- 2.2.5 **Government Revenue and Services** – Analyze the ways in which governments generate revenue on consumption, income and wealth and use that revenue for public services (e.g., parks and highways) and social welfare (e.g., social security, Medicaid, Medicare).

E3 THE INTERNATIONAL ECONOMY

3.1 Economic Systems

Explain how different economic systems, including free market, command, and mixed systems, coordinate and facilitate the exchange, production, distribution, and consumption of goods and services.

- 3.1.1 **Major Economic Systems** – Give examples of and analyze the strengths and weaknesses of major economic systems (command, market and mixed), including their philosophical and historical foundations (e.g., Marx and the Communist Manifesto, Adam Smith and the Wealth of Nations). (*National Geography Standard 11, p. 206*)
- 3.1.2 **Developing Nations** – Assess how factors such as availability of natural resources, investments in human and physical capital, technical assistance, public attitudes and beliefs, property rights and free trade can affect economic growth in developing nations. (*National Geography Standards 1 and 4, pp. 184 and 190*)
- 3.1.3 **International Organizations and the World Economy** – Evaluate the diverse impact of trade policies of the World Trade Organization, World Bank, or International Monetary Fund on developing economies of Africa, Central America, or Asia, and the developed economies of the United States and Western Europe. (*National Geography Standard 11, p. 206*)
- 3.1.4 **GDP and Standard of Living** – Using current and historical data on real per capita GDP for the United States, and at least three other countries (e.g., Japan, Somalia, and South Korea) construct a relationship between real GDP and standard of living. (*National Geography Standard 11, p. 206*)
- 3.1.5 **Comparing Economic Systems** – Using the three basic economic questions (e.g., what to produce, how to produce, and for whom to produce), compare and contrast a socialist (command) economy (such as North Korea or Cuba) with the Capitalist as a mixed, free market system of the United States. (*National Geography Standard 11, p. 206*)

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- 3.1.6 **Impact of Transitional Economies** – Analyze the impact of transitional economies, such as in China and India, on the global economy in general and the American economy in particular. (*National Geography Standard 11, p. 206*)

3.2 Economic Interdependence – Trade

Describe how trade generates economic development and interdependence and analyze the resulting challenges and benefits for individuals, producers, and government.

- 3.2.1 **Absolute and Comparative Advantage** – Use the concepts of absolute and comparative advantage to explain why goods and services are produced in one nation or locale versus another. (*National Geography Standard 11, p. 206*)
- 3.2.2 **Domestic Activity and World Trade** – Assess the impact of trade policies (i.e. tariffs, quotas, export subsidies, product standards and other barriers), monetary policy, exchange rates, and interest rates on domestic activity and world trade. (*National Geography Standard 11, p. 206*)
- 3.2.3 **Exchange Rates and the World Trade** – Describe how interest rates in the United States impact the value of the dollar against other currencies (such as the Euro), and explain how exchange rates affect the value of goods and services of the United States in other markets. (*National Geography Standard 11, p. 206*)
- 3.2.4 **Monetary Policy and International Trade** – Analyze how the decisions made by a country's central bank (or the Federal Reserve) impact a nation's international trade. (*National Geography Standard 13, p. 210*)
- 3.2.5 **The Global Economy and the Marketplace** – Analyze and describe how the global economy has changed the interaction of buyers and sellers, such as in the automobile industry. (*National Geography Standard 13, p. 210*)

E4 PERSONAL FINANCE¹

4.1 Decision Making

Describe and demonstrate how the economic forces of scarcity and opportunity costs impact individual and household choices.

- 4.1.1 **Scarcity and Opportunity Costs** – Apply concepts of scarcity and opportunity costs to personal financial decision making.
- 4.1.2 **Marginal Benefit and Cost** – Use examples and case studies to explain and evaluate the impact of marginal benefit and marginal cost of an activity on choices and decisions.
- 4.1.3 **Personal Finance Strategy** – Develop a personal finance strategy for earning, spending, saving and investing resources.
- 4.1.4 **Key Components of Personal Finance** – Evaluate key components of personal finance including, money management, saving and investment, spending and credit, income, mortgages, retirement, investing (e.g., 401K, IRAs), and insurance.
- 4.1.5 **Personal Decisions** – Use a decision-making model (e.g., stating a problem, listing alternatives, establishing criteria, weighing options, making the decision, and evaluating the result) to evaluate the different aspects of personal finance including careers, savings and investing tools, and different forms of income generation.
- 4.1.6 **Risk Management Plan** – Develop a risk management plan that uses a combination of avoidance, reduction, retention, and transfer (insurance).

¹The Personal Finance expectations should be included in high school Economics and other elementary, middle, and high school courses.