

STATE GOAL 15: Understand economic systems, with an emphasis on the United States.

Why This Goal Is Important: Why This Goal Is Important: People's lives are directly affected by the economies of cities, states, nations and the world. All people engage in economic activity: buying, selling, trading, producing and consuming. By understanding economic systems—and how economics blends with other social sciences, students will be able to make more informed choices, prudently use resources and function as effective participants in the economies around them.

A. Understand how different economic systems operate in the exchange, production, distribution and consumption of goods and services.

EARLY ELEMENTARY	LATE ELEMENTARY	MIDDLE/JUNIOR HIGH SCHOOL	EARLY HIGH SCHOOL	LATE HIGH SCHOOL
15.A.1a Identify advantages and disadvantages of different ways to distribute goods and services.	15.A.2a Explain how economic systems decide what goods and services are produced, how they are produced and who consumes them.	15.A.3a Explain how market prices signal producers about what, how and how much to produce.	15.A.4a Explain how national economies vary in the extent that government and private markets help allocate goods, services and resources.	15.A.5a Explain the impact of various determinants of economic growth (e.g., investments in human/physical capital, research and development, technological change) on the economy.
15.A.1b Describe how wages/salaries can be earned in exchange for work.	15.A.2b Describe how incomes reflect choices made about education and careers.	15.A.3b Explain the relationship between productivity and wages.	15.A.4b Describe Gross Domestic Product (GDP).	15.A.5b Analyze the impact of economic growth.
	15.A.2c Describe unemployment.	15.A.3c Describe the relationship between consumer purchases and businesses paying for productive resources.	15.A.4c Analyze the impact of inflation on an individual and the economy as a whole.	15.A.5c Analyze the impact of various determinants on the levels of GDP (e.g., quantity/quality of natural/capital resources, size/skills of the labor force).
		15.A.3d Describe the causes of unemployment (e.g., seasonal fluctuation in demand, changing jobs, changing skill requirements, national spending).	15.A.4d Explain the effects of unemployment on the economy.	15.A.5d Explain the comparative value of the Consumer Price Index (e.g., goods and services in one year with earlier or later periods).

B. Understand that scarcity necessitates choices by consumers.

EARLY ELEMENTARY	LATE ELEMENTARY	MIDDLE/JUNIOR HIGH SCHOOL	EARLY HIGH SCHOOL	LATE HIGH SCHOOL
15.B.1 Explain why consumers must make choices.	15.B.2a Identify factors that affect how consumers make their choices.	15.B.3a Describe the “market clearing price” of a good or service.	15.B.4a Explain the costs and benefits of making consumer purchases through differing means (e.g., credit, cash).	15.B.5a Analyze the impact of changes in non-price determinants (e.g., changes in consumer income, changes in tastes and preferences) on consumer demand.

	15.B.2b Explain the relationship between the quantity of goods/services purchased and their price.	15.B.3b Explain the effects of choice and competition on individuals and the economy as a whole.	15.B.4b Analyze the impact of current events (e.g., weather/natural disasters, wars) on consumer prices.	15.B.5b Analyze how inflation and interest rates affect consumer purchasing power.
	15.B.2c Explain that when a choice is made, something else is given up.			15.B.5c Analyze elasticity as it applies to supply and demand and consumer decisions.

C. Understand that scarcity necessitates choices by producers.

EARLY ELEMENTARY	LATE ELEMENTARY	MIDDLE/JUNIOR HIGH SCHOOL	EARLY HIGH SCHOOL	LATE HIGH SCHOOL
15.C.1a Describe how human, natural and capital resources are used to produce goods and services.	15.C.2a Describe the relationship between price and quantity supplied of a good or service.	15.C.3 Identify and explain the effects of various incentives to produce a good or service.	15.C.4a Analyze the impact of political actions and natural phenomena (e.g., wars, legislation, natural disaster) on producers and production decisions.	15.C.5a Explain how competition is maintained in the United States economy and how the level of competition varies in differing market structures (e.g., monopoly, oligopoly, monopolistic and perfect competition).
15.C.1b Identify limitations in resources that force producers to make choices about what to produce.	15.C.2b Identify and explain examples of competition in the economy.		15.C.4b Explain the importance of research, development, invention, technology and entrepreneurship to the United States economy.	15.C.5b Explain how changes in non-price determinants of supply (e.g., number of producers) affect producer decisions.
	15.C.2c Describe how entrepreneurs take risks in order to produce goods or services.			15.C.5c Explain how government intervention with market prices can cause shortages or surpluses of a good or service (e.g., minimum wage policies, rent freezes, farm subsidies).

D. Understand trade as an exchange of goods or services.

EARLY ELEMENTARY	LATE ELEMENTARY	MIDDLE/JUNIOR HIGH SCHOOL	EARLY HIGH SCHOOL	LATE HIGH SCHOOL
15.D.1a Demonstrate the benefits of simple voluntary exchanges.	15.D.2a Explain why people and countries voluntarily exchange goods and services.	15.D.3a Explain the effects of increasing and declining imports and exports to an individual and to the nation's economy as a whole.	15.D.4a Explain the meaning and importance of "balance of trade" and how trade surpluses and deficits between nations are determined.	15.D.5a Explain how transaction costs affect decisions to produce or consume.

15.D.1b Know that barter is a type of exchange and that money makes exchange easier.	15.D.2b Describe the relationships among specialization, division of labor, productivity of workers and interdependence among producers and consumers.	15.D.3b Explain how comparative advantage forms the basis for specialization and trade among nations.	15.D.4b Describe the relationships between the availability and price of a nation's resources and its comparative advantage in relation to other nations.	15.D.5b Analyze why trade barriers and exchange rates affect the flow of goods and services among nations.
		15.D.3c Explain how workers can affect their productivity through training and by using tools, machinery and technology.	15.D.4c Describe the impact of worker productivity (output per worker) on business, the worker and the consumer.	15.D.5c Explain how technology has affected trade in the areas of transportation, communication, finance and manufacturing.

E. Understand the impact of government policies and decisions on production and consumption in the economy.

EARLY ELEMENTARY	LATE ELEMENTARY	MIDDLE/JUNIOR HIGH SCHOOL	EARLY HIGH SCHOOL	LATE HIGH SCHOOL
15.E.1 Identify goods and services provided by government.	15.E.2a Explain how and why public goods and services are provided.	15.E.3a Identify the types of taxes levied by differing levels of governments (e.g., income tax, sales tax, property tax).	15.E.4a Explain why government may intervene in a market economy.	15.E.5a Explain how and why government redistributes income in the economy.
	15.E.2b Identify which public goods and services are provided by differing levels of government.	15.E.3b Explain how laws and government policies (e.g., property rights, contract enforcement, standard weights/measurement s) establish rules that help a market economy function effectively.	15.E.4b Describe social and environmental benefits and consequences of production and consumption.	15.E.5b Describe how fiscal, monetary and regulatory policies affect overall levels of employment, output and consumption.
			15.E.4c Analyze the relationship between a country's science/technology policies and its level and balance of trade.	15.E.5c Describe key schools of thought (e.g., classical, Keynesian, monetarist, supply-side) and explain their impact on government policies.