



South Dakota Business, Computer, and Marketing Education Curriculum Standards—Economics and Personal Finance

What Citizens Need to Know About Economics addresses South Dakota Business, Computer, and Marketing Education Curriculum Standards for the economics and personal finance component of the curriculum grades 9-12.



Business, Computer, and Marketing Education Curriculum Standards

Economics and Personal Finance

1. Identify opportunity costs and trade-offs involved in making choices about how to use scarce economic resources.

- *Chapter 2 differentiates between economic wants and economic needs. Examples of each are cited. An explanation of how economic wants are satisfied is provided. The factors of production are identified and a graphic is included to show how they interact. The concept of scarcity is addressed and the way scarcity requires individuals, governments and societies to make choices is explained. Examples of scarce resources are included. The economic decision-making process is explained and the use of the production possibilities curve is described and illustrated with a graphic. Key terms like opportunity cost are defined.*
- *Chapter 7 explains the concept of marginalism as it applies to producers. The way businesses must compare the marginal cost of increased production to the marginal benefit when making economic decisions is discussed. The law of diminishing returns is defined and illustrated with a graphic. Related articles and Web sites are included for more information and specific examples.*
- *Chapter 12 describes how government policymakers must use cost/benefit ratios to determine what programs to fund in the federal budget. The federal budget process is described and illustrated with a graphic. Web links are included to many government agencies involved in the budget process, such as the Office of Management and Budget and the Congressional Budget Office. An activity for this chapter in the Educator's Guide involves students role-playing in groups to recreate the budget process.*
- *Chapter 24 explores different ways that developing countries can improve their standards of living. Trade-offs between economic growth, security and freedom are explored and related articles and Web sites present current examples of problems confronting developing countries.*

2. Use a rational decision-making process as it applies to the roles of citizens, workers, and consumers.

- *Chapter 2 discusses the economic decision-making process. The production possibilities curve is described as a way of using a rational format for the decision-making process. A graphic of the production possibilities curve is included and examples are cited. Related articles and Web sites include more examples.*
- *Chapter 6 explores the ramifications of poor economic choices as they relate to consumer credit. Key concepts and terms, such as debt and bankruptcy, are defined. The concept of using a household budget to implement economic decisions is discussed and a graphic of a household budget can be downloaded and used as a worksheet to formulate a personal budget. An activity for this chapter in the Educator's Guide involves formulating a strategy to achieve economic goals at different stages of life, such as planning for college or retirement.*

3. Explain the importance of productivity, and discuss how specialization, division of labor, saving, investment in capital goods and human resources, and technological change affect productivity.

- *Chapter 7 describes the relationship between investment capital and human resources and increased productivity. The law of diminishing returns is defined and illustrated with a graphic. The impact and risks of changing input proportions is explained. Concepts, such as marginal costs and marginal benefits, are explored. Links to related articles and Web sites are included for further research.*
- *Chapter 12 explores the role of government in an economic system. The impact of government expenditures and regulations on the economy is examined. State and local government expenditure categories are identified and illustrated with a graphic. Links are included to all local and state government Web sites. The impact of government regulations is highlighted and Web links are included to many federal government regulatory agencies, such as the Environmental Protection Agency and the Occupational Safety and Health Administration.*
- *Chapter 13 discusses the impact of U.S. tax policy on the economy. Different types of taxes, proportional, progressive and regressive, are defined. Related articles and Web sites present opposing views on the fairness of U.S. tax policy. A Web link is also included to the Internal Revenue Service for current information on U.S. tax policy.*

- *Chapter 15 explains how technological innovation and increased output leads to economic growth. The role of government to encourage technological innovation is described and a Web link is included to the U.S. Patent and Trademark Office for more information on how the government supports technological innovation. The impact of increased output on the economy is explored and key concepts and terms, like accelerator effect and multiplier effect, are defined. Related articles and Web sites are included for more information and specific examples.*
- *Chapter 22 explains how specialization and trade increases output in the economy and leads to economic growth. A history of U.S. trade policy is presented and Web links are included to major regional trade associations, such as the North American Free Trade Agreement and the European Union.*
- *Chapter 24 describes how increased economic output, technology and research and development increase the standard of living in the context of economic development. The plight of developing countries is explored and ways to improve the standard of living in those countries are presented. The debate over the role of developed countries in assisting developing countries is presented and related articles and Web sites provide opposing views on this debate. Web links are also included to international aid agencies, such as the U.S. Agency for International Development and the Grameen Bank.*

4. Explain why societies develop economic systems, identify the basic features of different economic systems, and discuss the major features of the U.S. economy.

- *Chapter 2 identifies the three basic economic questions that must be answered by an economic system as being: what is to be produced, how it is to be produced, and for whom. A graphic is included to illustrate how these questions interact.*
- *Chapter 3 defines the different economic systems—traditional, command, market and mixed economies—that have developed to address the basic economic questions. The advantages and disadvantages of each type of system are explored and the criteria for critiquing various economic systems, such as freedom, efficiency, equity and stability, are identified. A comparison of capitalism, socialism and communism is also presented. Features of a market economy (private ownership of property, profit, competition and private enterprise) and the U.S. mixed economy are identified. Important economic philosophers, like Adam Smith and Karl Marx, are highlighted and links are included to their biographies and the complete texts of their most influential works.*

- *Chapter 4 describes the role of individual households in making production and distribution decisions in the context of consumerism. The way consumers influence production and distribution decisions of businesses is explained and illustrated with a graphic. The way businesses influence consumer decisions through advertisements and other means is also discussed. Key concepts and terms, such as caveat emptor and diminishing utility, are defined. Related articles and Web sites include specific examples of the interaction between consumer households, businesses and the government.*
- *Chapter 7 examines the role of business firms in making production and distribution decisions. Different types of businesses (e.g., sole proprietorships, partnerships and corporations) are identified and the role of the entrepreneur is explored. Incentives that encourage entrepreneurs to take risks in market economies, like profit and property rights, are identified. Biographies of successful entrepreneurs, such as Ray Kroc, the founder of McDonald's, and Bill Gates, the founder of Microsoft, are presented.*
- *Chapter 12 explains the government's roles in the U.S. economy. The differing roles of federal, state and local governments are explored and links are included to all state and local government Web sites. Web links are also available to many federal government agencies, such as the Office of Management and Budget and the Securities and Exchange Commission. Related articles and Web sites identify current events related to the government's role in the economy.*
- *Chapter 14 defines the circular flow of money principle. Graphics are included to demonstrate this concept and links to related articles and Web sites are included for further research.*

5. Explain the role of core economic institutions and incentives in the U.S. economy.

- *Chapter 1 identifies the major function of the public sector. The role of government to provide goods and services that the private sector is unwilling or unable to provide is explained. Collaboration between the public and private sector of the economies is explored. Related articles and Web sites include specific examples.*
- *Chapter 2 discusses the factors of production (productive resources) and defines them as being land, labor, capital and management (entrepreneurship). A graphic is included to illustrate how the factors of production interact to produce goods and services. Related articles and Web sites present current information on the allocation of the factors of production in the U.S.*

- *Chapter 3 explains how cultural traditions and customs influence economic behavior and lead to different types of economic systems. The traditional Indian caste system is compared to the command system of the former Soviet Union and other economic systems. Adam Smith's concept of an "invisible hand" that guides the marketplace, which explains how individuals acting in their own self-interest will make economic decisions that benefit the society as a whole, is described. Links are included to biographies of Adam Smith and other economic philosophers and links are also included to the complete texts of their most influential works, including The Wealth of Nations.*
- *Chapter 4 describes the role of households in the economic system. The interaction (give-and-take) between institutions and individuals in determining what is produced and how it is distributed is explained and illustrated with a graphic. Related articles and Web sites are included for more information and specific examples.*
- *Chapter 7 discusses the role of business institutions in economic systems. The role of the entrepreneur is described. Risks and incentives, such as property rights and profit, which encourage entrepreneurs to organize the factors of production and produce goods and services, are discussed. Famous entrepreneurs are highlighted and links include biographies of such individuals as Ray Kroc, the founder of McDonald's, and Bill Gates, the founder of Microsoft.*
- *Chapter 10 explores issues associated with labor in the United States. The way wages are used as a return on productive resources is explained and the impact of supply and demand on wages is examined. The role of labor unions is highlighted and tools of labor organizations, such as collective bargaining and strikes, are identified. Web links are included to major labor organizations, including the Teamsters and the AFL-CIO.*
- *Chapter 11 examines the role of banking institutions. Different types of banks are identified and the way banks increase the money supply is explained and illustrated with a graphic. The impact of interest, which serves as a return on productive resources, is discussed. The role of the Federal Reserve System in maintaining stable interest rates is highlighted. Web links are included to all branches of the Federal Reserve for more information on its roles and functions in the economy.*
- *Chapter 12 describes the role of government as an economic institution. The impact of laws and public policy on the allocation of resources is explained. Many government agencies are described and their impact on individuals, businesses and the economy as a whole are addressed. Web links are included to many government agencies, including the Federal Trade Commission and the Federal Communications Commission.*
- *Chapter 13 explains how U.S. tax policy impacts the allocation of resources and the economy as a whole. Different types of taxes—progressive, regressive and proportional—are identified and examples of each are given. A Web link is included to the Internal Revenue Service and related articles and Web sites present opposing views on the impact of U.S. tax policy.*

6. Explain the role of exchange and money in an economic system and describe the effect of interdependence on economic activity.

- *Chapter 11 explores the role of money in the economy. The concept of barter is explained and a Web link is included for more information. The benefits of money over barter are described and the functions of money are explained. The way saving and lending increases the money supply is examined and illustrated with a graphic. The impact of changes to the money supply on the overall economy is highlighted. Transaction costs, such as interest rates, are addressed. Related articles and Web sites are available for further research.*
- *Chapter 15 defines the term multiplier effect and graphics are included to illustrate this concept. Related articles and Web sites are provided for more information.*
- *Chapter 22 defines the term specialization and explains how the exchange of goods and services encourages specialization. The impact of transaction costs, such as tariffs, are explored and related articles and Web sites present opposing views of the free trade debate.*
- *Chapter 23 explains how increased foreign trade has led to global economic interdependence. The impact of political, social and natural events on the global and local economies is explored. The U.S. decision in 1971 to abandon the gold standard and the 1997 Asian financial crisis are cited as examples. The effects of transaction costs, such as exchange rates, are discussed. A Web link is included to a program that calculates the current exchange rates for the U.S. dollar and other currencies.*

7. Describe the role of markets and prices in the U.S. economy.

- *Chapter 2 explains how limited resources impacts prices and economic decisions with regard to the basic economic questions: what to produce, how to produce and for whom to produce. A graphic is included to illustrate this concept and links to related articles and Web sites are provided for more information.*
- *Chapter 4 explores consumers' decisions and identifies factors like price and advertisement that influence consumer choices. Key concepts and terms like caveat emptor and conspicuous consumption are defined. Related articles and Web sites provide more information and specific examples of factors that influence consumer choice.*
- *Chapter 5 describes how prices fluctuate from time to time and place to place. The use of the consumer price index to compare the cost of living is explained and a Web link is included to a program that compares the value of the U.S. dollar over different time periods. An activity for this chapter in the Educator's Guide involves students researching the price of items today and comparing the price of those items in the past.*

- *Chapter 7 defines the term market and gives examples of markets for goods and services in our economy. Formal markets, such as stock and commodity exchanges, are identified and 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.*
- *Chapter 8 discusses supply, demand and prices. The impacts of changes to supply, demand or prices on the supply and demand curves are examined and graphics are provided throughout the chapter to illustrate changes in supply, demand and prices. Examples are cited and related articles and Web sites include more examples. Key concepts and terms like new buyer effect and substitute goods are defined.*
- *Chapter 23 explores the effects of events in the global economy on U.S. markets and the 1997 Asian financial crisis is cited as an example. Key concepts like balance of payments and devaluation are defined. Related articles and Web sites identify current events in the global economy that has had an impact on U.S. markets.*

8. Analyze the role of the law of supply and demand in the U.S. economy.

- *Chapter 4 identifies factors that affect the price of goods or services in markets that are not purely competitive, like advertisement. The interaction between producers and consumers in determining what is produced and at what price is explained and illustrated with a graphic. Related articles and Web sites are available for further research and specific examples.*
- *Chapter 8 defines the laws of supply and demand and explains how changes to supply, demand or prices impact the other factors. Graphics and examples are included throughout the chapter to illustrate these concepts. Key terms like equilibrium price and elasticity are defined. Related articles and Web sites provide more examples.*
- *Chapter 21 explores the impact of price controls on the economy in the context of American agricultural production. The necessity of price controls to assist American farmers is debated and related articles and Web sites present opposing views of this debate. Different types of price controls like parity and price ceilings are identified.*

9. Describe different types of competitive structures and illustrate the role of competitive markets in the U.S. and other economies.

- *Chapter 7 defines the term market and gives examples of markets for goods and services in our economy. Formal markets, such as stock and commodity exchanges, are identified and 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.*

- *Chapter 9 explores competition in the marketplace. Key concepts and terms, such as pure competition, monopoly and oligopoly, are defined. U.S. laws aimed at maintaining competition, such as the Sherman Antitrust Act and the Robinson-Patman Act, are identified and links are included to the complete texts of these and other important government legislation. Laws and regulations that have had the effect of reducing competition are also discussed and the U.S. role in funding AMTRAK is cited as an example.*
- *Chapter 12 explains how government policy-makers must consider externalities when making economic decisions. The term externalities is defined and examples are cited.*
- *Chapter 21 describes how the government uses tax policies, regulations and subsidies to correct for the over- or underproduction or consumption of goods in the context of American agricultural production. The terms parity and price supports are defined. Related articles and Web sites include opposing views on the debate over providing federal aid to American farmers.*

10. Manage limited personal financial resources and recognize that more of the wants and needs of members of a society can be satisfied if wise consumer decisions are made.

- *Chapter 2 identifies the steps in a rational decision-making process. The production possibilities curve is explained and its use for understanding risks and rewards associated with economic choices is explored. Key concepts and terms like scarcity and opportunity cost are defined. The impact of scarce natural resources on economic decisions is also explored and links are included to Web sites that provide statistics on natural resources in the United States.*
- *Chapter 4 describes the role of the consumer in economic systems. Factors that influence consumer decisions and the impact of consumer decisions on businesses and the economy as a whole are explored. Key concepts and terms like caveat emptor and diminishing utility are defined. Links are included to consumer protection Web sites maintained by the government and consumer watchdog groups.*
- *Chapter 6 explores issues associated with consumer credit and personal finance. The wise use of credit is stressed and the effects of poor credit decisions are described. Key terms, such as bankruptcy and debt, are defined. The use of household budgets to manage personal finances is explained and a graphic of a household budget can be downloaded and used as a worksheet to create a personal budget. Different types of saving and borrowing options are identified. Activities for this chapter in the Educator's Guide involve creating a plan to achieve future goals and comparing fees and interest rates on different types of loans to determine the best economic choice.*

- *Chapter 7 discusses alternative sources for purchases, such as cooperatives. Different types of business ventures are defined. Risks and incentives associated with businesses and investments are described. Related articles and Web sites are included for further research and specific examples.*
- *Chapter 10 identifies factors that influence income from employment, such as education and skills. An activity for this chapter in the Educator's Guide involves researching various career options and identifying future prospects in that field, average salary and skills required for that occupation. A Web link is included to the Occupational Outlook Handbook to assist in this assignment.*
- *Chapter 11 explores issues associated with money and banking. Ways people save are examined and advantages and disadvantages of saving and investing options are explored. The effects of changes to interest rates are highlighted. Factors that influence interest rates are identified and the role of banks and the Federal Reserve System in setting interest rates and maintaining a stable money supply is described. Basic services provided by banks and other financial institutions are explored. The functions of banks and the Federal Reserve System are examined and Web links are provided to all branches of the Federal Reserve for more information.*
- *Chapter 13 identifies different types of taxation—progressive, regressive and proportional—and the purposes and uses of taxes are described. Different types of taxes (e.g., income, estate, property) are highlighted and the impact of taxes on the individual and the economy as a whole are examined. A Web link is included to the Internal Revenue Service for current information on U.S. tax policy. An activity for this chapter in the Educator's Guide involves filling out income tax forms.*
- *Chapter 16 describes the business cycle and explains how changes to the business cycle impact income earned from various sources. The phases of the business cycle are identified and the impact on individuals and the economy is discussed. An oral history of the Great Depression is included to illustrate how changes in the business cycle affect individuals and the income they earn.*
- *Chapter 24 discusses economic development and the imbalance of consumption of natural resources. Key concepts and terms like standard of living and sustainable development are defined. Various ways to aid developing countries are debated and Web links are included to international aid agencies, like the Grameen Bank and the U.S. Agency for International Development.*

11. Explain how the U.S. economy functions as a whole and describe macro-economic measures of economic activity such as gross domestic product, unemployment, and inflation.

- *Chapter 1 identifies the major economic indicators (e.g., unemployment, consumer price index, producer price index, gross domestic product) that are used to calculate the health of the economy. Graphics are included to illustrate long-term trends in these indicators and related articles and Web sites provide the most current information on these indicators and include analysis of what those figures mean for individuals and the economy.*
- *Chapter 5 explains how the consumer price index (CPI) is calculated. The accuracy of CPI is discussed. Key concepts and terms like inflation, deflation and cost of living are defined. Related articles and Web sites include current CPI statistics and analysis of CPI data. A Web link is also available to a program that uses CPI to compare the value of a dollar over different periods in U.S. history.*
- *Chapter 14 discusses the importance of gross domestic product (GDP) as a measure of economic activity in a society. The way that GDP is calculated and factors that impact GDP are explored. Disposable income statistics are also explored and the circular flow of money principle explains how one person's spending becomes another person's income. Graphics are available throughout the chapter to illustrate these concepts. Related articles and Web sites provide the most current data on GDP and disposable income and includes analysis of what that data means for the economy. An activity for this chapter in the Educator's Guide involves comparing GDP statistics from different countries.*
- *Chapter 18 describes the impact of unemployment and poverty on individuals and the economy as a whole. The U.S. class structure is explained and different levels of economic class, such as middle class and working poor, are identified. Related articles and Web sites include current statistics on income distribution in the U.S. and provide examples of the impact poverty have on individuals and the society.*
- *Chapter 19 explores issues associated with unemployment. The labor force is defined and its components explained. The role of government in maintaining unemployment statistics and providing relief to the unemployed are identified. Key concepts and terms, such as structural unemployment and displaced workers, are defined. Related articles and Web sites identify current unemployment statistics and ways the government is addressing the problem of unemployment. An activity for this chapter in the Educator's Guide involves researching unemployment trends at the local level and identifying ways in which it is being addressed by the local government.*

12. Discuss the role of government in an economic system, especially the necessary and desirable role of government in the U.S. economy.

- *Chapter 11 explores the role of the Federal Reserve System in maintaining a stable money supply. Measures used by the Federal Reserve to stabilize the money supply are identified and terms like reserve requirement and discount rate are defined. Web links are included to all branches of the Federal Reserve System for more information.*

- *Chapter 12 discusses the role of government in an economic system, using the U.S. government as an example. The role of federal, state and local governments are compared and links are provided to all state and local government Web sites available on the Internet. Web links are also included to many federal government agencies. The federal budget-making process is explored and the effect of national debt on the level of economic activity is highlighted. Terms, such as externalities and cost/benefit analysis, are defined. A graphic is included that identifies the various government entities involved in the budget process and Web links are available to such government agencies as the Office of Management and Budget and the Congressional Budget Office.*
- *Chapter 13 describes how taxes are used to fund government spending. Different types of taxation—progressive, regressive and proportional—are identified and the criteria for determining a fair tax are presented. The impact that taxes have on individuals, businesses and the economy as a whole is discussed. A Web link is included to the Internal Revenue Service for current information on U.S. tax policy. Related articles and Web sites present opposing views on ways to improve U.S. tax policy.*
- *Chapter 17 differentiates between monetary and fiscal policy and identifies when it may be appropriate to use each one. Various monetary and fiscal policy tools, such as open market operations and deficit financing, are described. The debate between Keynesian and supply-side economists is highlighted. Related articles and Web sites discuss current U.S. monetary and fiscal policy decisions and present opposing views on the best ways to stabilize the economy.*
- *Chapter 20 explains how the government uses subsidies to provide aid and redistribute income to the needy. A history of U.S. federal subsidies is presented and the impact these programs have on individuals and the economy is explored. Web links are available to government agencies that oversee such programs as Social Security, Medicare, Medicaid and Head Start.*

13. Describe rights and responsibilities of citizens in the U.S. economy, including their role in making decisions through the political process that affect the allocation of limited personal and public resources to meet individual and societal needs and wants.

- *Chapter 4 discusses consumer rights and consumer protection. The roles of the consumer, businesses and government in consumer protection are identified. Key concepts and terms, like caveat emptor and consumerism, are defined. Links are included to various consumer protection Web sites maintained by the government and consumer watchdog groups, like the Consumer Product Safety Commission and Public Citizen. An activity for this chapter in the Educator's Guide involves identifying household products that have been deemed unsafe by consumer protection groups.*

14. Examine the importance of economic relationships among nations and discuss the role of international trade and investment and international monetary relations in the global economy.

- *Chapter 22 explores issues associated with foreign trade. Key concepts and terms like specialization and comparative advantage are defined. The impact that the dispersion of resources has on international trade is discussed. The international trade in oil is cited as an example of a good that is exported by some states and imported by others. A link is included to the Web site of the Organization of Petroleum Exporting Countries (OPEC) to provide more information on the role of cartels in international trade. The debate between free trade and protectionism is highlighted and barriers to trade, such as tariffs and quotas, are identified. Related articles and Web sites present opposing views of the free trade debate. Links are also included to the Web sites of major international trade organizations, including the North American Free Trade Agreement and the European Union.*
- *Chapter 23 describes how the increase in foreign trade and technological innovations has led to a global interdependent economy. The impact of the 1971 U.S. decision to abandon the gold standard and the 1997 Asian financial crisis are cited as examples of how an event in one nation impacts the entire global economy. The way international transactions are handled is explained and key concepts and terms like balance of payments and special drawing rights are defined. The impact that fluctuations in foreign exchange rates have on imports and exports is discussed and a Web link is included to a program that calculates the current exchange rates for the U.S. dollar and other currencies.*

15. Relate personal interests, wants, and abilities to career choices and assess how conditions in the labor market may affect career choices.

- *Chapter 7 explains the role of the entrepreneurs in the economy. Risks and incentives associated with entrepreneurship are described. Related articles and Web sites include biographies of successful U.S. entrepreneurs like Ray Kroc, the founder of McDonald's, and Bill Gates, the founder of Microsoft. An activity for this chapter in the Educator's Guide suggests students interview a local entrepreneur for more information on the roles, responsibilities and benefits of entrepreneurship.*
- *Chapter 10 explores the role of labor in the economy. Factors that determine wages are discussed and the role of labor unions is highlighted. Different occupations are identified and terms, such as blue-collar workers, white-collar workers and pink-collar workers, are defined. An activity for this chapter in the Educator's Guide involves researching various career options and producing a plan for preparing to enter a specific career. A Web link is included to the Occupational Outlook Handbook for specific information on trends in various fields of employment.*