

**New Jersey Department of Education
2006 Social Studies Standards Implementation Guide (SIG)**

6.5. (ECONOMICS) ALL STUDENTS WILL ACQUIRE AN UNDERSTANDING OF KEY ECONOMIC PRINCIPLES.

Grade 12

6.5.12.A. Economic Literacy

1. Describe different types of local, state, and federal taxes such as sales, income, and social security, discuss how deductions, exemptions, and credits reduce taxable income, and explain the difference between a progressive and regressive tax.
3. Explain and interpret basic economic indicators, including Gross Domestic Product (GDP), Consumer Price Index (CPI) the rate of economic growth, the poverty rate, the deficit and national debt, and the trade deficit.
4. Identify entrepreneurs in the community and describe the risks and rewards of starting a new business.
5. Discuss how a market economy experiences periodic business cycles of prosperity and recession and that the federal government can adjust taxes, interest rates, spending, and other policies to help restore economic health.
6. Analyze federal and state budgets, and discuss the proportional share of government spending to major elements such as education, social programs, public safety, military, foreign aid, and welfare.
7. Analyze the impact of supply and demand on market adjustments and prices (e.g., real estate and interest rates).
8. Define basic terms associated with international trade such as imports, exports, quotas, embargoes, tariffs, and free trade.
10. Explain how changes in exchange rates impact the purchasing power of people in the United States and other countries.



Author Information

Author: Dr. E. R. Erbe

District: Georgian Court University

Framework97 References

Economic Theories: Adam Smith and Karl Marx , pp. 266-268.

How Economic Systems Work: Black Tuesday and the End of Laissez-Faire Capitalism, pp. 270-271.

How To Evaluate an Economic Decision, pp. 272-273.

National History Standard

Standard 7: Production, distribution and consumption; social studies programs include

experiences that provide for the study of how people organize for the production, distribution and consumption of goods and services.

Standard 7: Markets exist when buyers and sellers interact, this interaction determines market prices and thereby allocates scarce goods and services.

Content Overview

This section covers broader economic understandings. It expands economic citizenship concepts by having students analyze decision making for personal finances, employment, political participation positions regarding the economy, and the roles of consumer and worker. Also features of the American economy such as Medicare, Medicaid, governmental regulation, Social Security, types of insurances, and financial institutions and banking are included in the analysis. International trade is studied through the workings of exchange rates, balance of trade, imports and exports, quotas, embargoes, tariffs, absolute and comparative advantages, and free trade as they relate to standard of living and purchasing power.

Essential Questions

What factors affect a citizen's economic health?

What savings alternatives (including equities, stocks, real estate, and mutual funds) and financial planning are most beneficial to individuals?

Should society have a social services net (e.g., Social Security, Medicare, et al.)? Why or why not?

How does the participation of the federal government affect the United States' economy?

Teaching Resources

Engage your students in either the Stock Market Game or the Nasdaq game through the New Jersey Council for Economic Education.

<http://www.econedlink.org/lessons/index.cfm>: A resource sponsored by Verizon and the National Council with "a large library of online lesson for K through 12 teachers and their student."

<http://www.ncee.net>: The website of the National Council for Economic Education, contains many resources, lesson plans, etc.

http://philanthropy.ml.com/index.asp?id=66319_67034_67417: Investing Pays Off, Level 3 available online.

Assessment

Students:

- Develop a T-chart to explain the key differences between a free market economy like ours and a socialist or communist economy like China?
- Develop visuals showing relationships between supply and demand.
- Develop personal economic action plans in regard to saving and spending.

Interview parents, grandparents, and other individuals about saving money.

- Are divided into pairs and given a specific income and defined family and goals. The classroom is set up in various stations where students go and make choices about housing, transportation, insurance, investments, etc. based on the particular situation they were given. As students visit the stations, they write imaginary checks using correct format to pay rent/mortgage payment, auto payments, etc. within the salary limitations for the pair's situation. Each student writes a reaction/lessons learned summary based on the experience.
- Develop a response to the following: How do you imagine spending your retirement years? How much money do you think you need to live on per year during retirement? How do you expect to save that money? Provide research to support your answers.
- Choose a penny stock and a blue chip stock. You have \$5000 to invest in three companies. Develop a spreadsheet to track weekly changes in values of stocks and amount of growth over a three to six month period of time. Write a summary/analysis of your investments paid off over the timeframe.