

**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 8

6.5.8.A. Economic Literacy

4. Describe the role credit plays in the economy and explain the difference in cost between cash and credit purchases.
5. Discuss the economic growth of a nation in terms of increasing productivity, investment in physical capital, and investment in human capital.
6. Describe how private industry acquires material and energy resources, provides jobs, raises financial capital, manages production processes, and markets goods and services that create wealth in order to meet consumer and industrial requirements.
8. Compare and contrast the characteristics of the three basic economic systems: traditional or barter and trade, market capitalism, and command (e.g., communism).
9. Explain what taxes are, how they are collected, and how tax dollars are used by local, state, and national governments to provide goods and services.

Framework97 References

What is an “Economic System”? Manufacturing and the Changing American Household, 1820-1850, pp. 257-258.

Markets and the Government: Medieval Burghers and the Control of Urban Commerce, pp. 255-256.

Money as a Form of Exchange, pp. 253-254.

National History Standard

Standard VII: Markets exist when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.

Content Overview

This set of Cumulative Progress Indicators cover the citizen’s role in planning for long range financial security. Students’ come to understand the function of taxes, the market as a result of supply and demand forces; the concept of economic growth; and resources from a macroeconomic perspective. The idea of global competition is introduced so that economic growth can be understood as countries in a race for investment in physical and human capital to improve their productivity and standard of living. The role of the entrepreneur as a manager of resources and a risk-taker is expanded. The three basic

economic systems of traditional, command, and market give the student a better understanding of the risk-taking function of the entrepreneur in driving the economic diversity and growth of an economy. The three systems provide different answers to the questions of production for whom, by whom, and how. The three systems have an historic interface with the traditional type being dominant in pre- and earlier agricultural societies, with some continuing into the present; the command type emerging in the great ancient river valley civilizations of the fertile crescent, Nile, Indus, and Yellow and continuing through monarchic rulers into the Age of Global Encounters. The market economy emerged with the changes occurring in Europe prior to the Age of Global Encounters. Further historical development will await the high school grades. Economic literacy is enriched by the concept of marginal cost and benefit analysis. This can occur in economic decisions for production and consumption and for government regulation. Economic decisions are, therefore, not made in an all or nothing environment from a normative perspective, but, rather from a positivistic perspective.

Essential Questions

- How does the entrepreneur work to increase productivity in an economic system?
- What would be a good plan for a person to make for lifelong financial security?
- How does the market regulate itself through the law of supply and demand so that buyers and sellers can be satisfied?
- How does the investment in physical and human capital fuel economic growth?
- What are the key differences and similarities among the three types of economic systems, i.e., traditional, command, and market?
- What historical examples are there for the three types of economic systems?
- How is the function of production handled in a traditional economic system? In a command system? In a market system?
- How is the function of distribution handled in a traditional economic system? In a command system? In a market system?
- How is the function of consumption handled in a traditional economic system? In a command system? In a market system?
- Is the economy of the United States a pure market economy today? Why or why not?
- How does a government raise revenue to provide goods and services for its citizens?

Teaching Resources

http://www.emtech.net/economic_education.html: Six pages of listings of resources for teaching economics and assessing learning in that subject including resources from the American Enterprise Institute, the Brookings Institution, CATO Institute, the US Department of Commerce, the Wall Street Journal, and many others.

<http://www.zeromillion.com/young/>: Young Entrepreneurship.

<http://www.entre-ed.org/teach/cases.htm>: Cases for Entrepreneurship in the Classroom.

<http://www.youngbiz.com/>: YoungBiz.

Assessment

Students use a computer program to develop a pie chart of the United States Government Budget for the current year. Students then critique the budget and recommend adjustments. Grade on accuracy, number, and kinds of sensible recommendations as well as written format.

Students develop a fund raising campaign for a needed service in the community. Students apply for positions on various committees such as project development, finances, and publicity. Committees keep minutes from meetings and work assignments. The class evaluates how well the enterprise went, amount of money raised, and make recommendations for future events.