

Economics and Personal Financial Literacy

Course Number 45.061

Economics is the study of how individuals, businesses, and governments make decisions about the allocation of scarce resources. The economics course provides students with a basic foundation in the field of economics. The course has five sections: fundamental concepts, microeconomics, macroeconomics, international economics, and personal finance. In each area, students are introduced to major concepts and themes concerning that aspect of economics. These sections and the standards and elements therein may be taught in any order or sequence.

Fundamentals

SSEF1 Explain why limited productive resources and unlimited wants result in scarcity, opportunity costs, and tradeoffs for individuals, businesses, and governments.

- a. Define scarcity as a basic condition that exists when unlimited wants exceed limited productive resources.
- b. Define and give examples of productive resources (i.e. factors of production): natural resources (i.e. land), human resources (i.e. labor and human capital), physical capital and entrepreneurship.
- c. Explain the motivations that influence entrepreneurs to take risks (e.g., profit, job creation, innovation, and improving society).
- d. Define opportunity cost as the next best alternative given up when individuals, businesses, and governments confront scarcity by making choices.

SSEF2 Give examples of how rational decision making entails comparing the marginal benefits and the marginal costs of an action.

- a. Define marginal cost and marginal benefit.
- b. Explain that rational decisions occur when the marginal benefits of an action equal or exceed the marginal costs.
- c. Explain that people, businesses, and governments respond to positive and negative incentives in predictable ways.

SSEF3 Explain how specialization and voluntary exchange influence buyers and sellers.

- a. Explain how and why individuals and businesses specialize, including division of labor.
- b. Explain that both parties gain as a result of voluntary, non-fraudulent exchange.

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SSEF4 Compare and contrast different economic systems and explain how they answer the three basic economic questions of what to produce, how to produce, and for whom to produce.

- a. Compare traditional, command, market, and mixed economic systems with regard to private ownership, profit motive, consumer sovereignty, competition, and government regulation.
- b. Analyze how each type of system answers the three economic questions and meets the broad social and economic goals of freedom, security, equity, growth, efficiency, price stability, full employment, and sustainability.
- c. Compare and contrast strategies for allocating scarce resources, such as by price, majority rule, contests, force, sharing, lottery, authority, first-come-first-served, and personal characteristics.

SSEF5 Describe the roles of government in the United States economy.

- a. Explain why government provides public goods and services, redistributes income, protects property rights, and resolves market failures.
- b. Explain the effects on consumers and producers caused by government regulation and deregulation.

SSEF6 Explain how productivity, economic growth, and future standards of living are influenced by investment in factories, machinery, new technology, and the health, education, and training of people.

- a. Define productivity as the relationship of inputs to outputs.
- b. Explain how investment in equipment and technology can lead to economic growth.
- c. Explain how investments in human capital (e.g., education, job training, and healthcare) can lead to a higher standard of living.
- d. Analyze, by means of a production possibilities curve: trade-offs, opportunity cost, growth, and efficiency.

Microeconomics

SSEMI1 Describe how households and businesses are interdependent and interact through flows of goods, services, resources, and money.

- a. Illustrate a circular flow diagram that includes the product market, the resource (factor) market, households, and firms.
- b. Explain the real flow of goods, services, resources, and money between and among households and firms.

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SSEMI2 Explain how the law of demand, the law of supply, and prices work to determine production and distribution in a market economy.

- a. Define the law of supply and the law of demand.
- b. Distinguish between supply and quantity supplied, and demand and quantity demanded.
- c. Describe the role of buyers and sellers in determining market clearing price (i.e. equilibrium).
- d. Illustrate on a graph how supply and demand determine equilibrium price and quantity.
- e. Identify the determinants (shifters) of supply (e.g., changes in costs of productive resources, government regulations, number of sellers, producer expectations, technology, and education) and illustrate the effects on a supply and demand graph.
- f. Identify the determinants (shifters) of demand (e.g., changes in related goods, income, consumer expectations, preferences/tastes, and number of consumers) and illustrate the effects on a supply and demand graph.
- g. Explain and illustrate on a graph how prices set too high (e.g., price floors) create surpluses, and prices set too low (e.g., price ceilings) create shortages.

SSEMI3 Explain the organization and role of business and analyze the four types of market structures in the U.S. economy.

- a. Compare and contrast three forms of business organization—sole proprietorship, partnership, and corporation with regards to number of owners, liability, lifespan, decision-making, and taxation.
- b. Identify the basic characteristics of monopoly, oligopoly, monopolistic competition, and pure (perfect) competition with regards to number of sellers, barriers to entry, price control, and product differentiation.

Macroeconomics

SSEMA1 Illustrate the means by which economic activity is measured.

- a. Identify and describe the macroeconomic goals of steady economic growth, stable prices, and full employment.
- b. Define Gross Domestic Product (GDP) as the sum of Consumer Spending, Investment, Government Spending, and Net Exports (output expenditure model).
- c. Define unemployment rate, Consumer Price Index (CPI), inflation, real GDP, aggregate supply and aggregate demand and explain how each is used to evaluate the macroeconomic goals from SSEMA1a.
- d. Give examples of who benefits and who loses from unanticipated inflation.
- e. Identify seasonal, structural, cyclical, and frictional unemployment.
- f. Define the stages of the business cycle, including: peak, contraction, trough, recovery/expansion as well as recession and depression.

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SSEMA2 Explain the role and functions of the Federal Reserve System.

- a. Explain the roles/functions of money as a medium of exchange, store of value, and unit of account/standard of value.
- b. Describe the organization of the Federal Reserve System (12 Districts, Federal Open Market Committee (FOMC), and Board of Governors).
- c. Define monetary policy.
- d. Define the tools of monetary policy including reserve requirement, discount rate, open market operations, and interest on reserves.
- e. Describe how the Federal Reserve uses the tools of monetary policy to promote its dual mandate of price stability and full employment, and how those affect economic growth.

SSEMA3 Explain how the government uses fiscal policy to promote price stability, full employment, and economic growth.

- a. Define fiscal policy.
- b. Explain the effect on the economy of the government's taxing and spending decisions in promoting price stability, full employment, and economic growth.
- c. Explain how government budget deficits or surpluses impact national debt.

International

SSEIN1 Explain why individuals, businesses, and governments trade goods and services.

- a. Define and distinguish between absolute advantage and comparative advantage.
- b. Explain that most trade takes place because of comparative advantage in the production of a good or service.
- c. Define balance of trade, trade surplus, and trade deficit.

SSEIN2 Explain why countries sometimes erect trade barriers and sometimes advocate free trade.

- a. Define trade barriers such as tariffs, quotas, embargoes, standards, and subsidies.
- b. Identify costs and benefits of trade barriers to consumers and producers over time.
- c. Describe the purpose of trading blocs such as the EU, USMCA, and ASEAN.
- d. Evaluate arguments for and against free trade.

SSEIN3 Explain how changes in exchange rates can have an impact on the purchasing power of groups in the United States and in other countries.

- a. Define exchange rate as the price of one nation's currency in terms of another nation's currency.
- b. Interpret changes in exchange rates, in regards to appreciation and depreciation of currency.
- c. Explain why some groups benefit and others lose when exchange rates change.

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Personal Finance

SSEPF1 Apply rational decision making to personal spending and saving choices.

- a. Use a rational decision making model to evaluate the costs and benefits of post-high school life choices (i.e., college, technical school, military enlistment, workforce participation, or other option).
- b. Create a budget that includes a savings or financial investment plan for a future goal.

SSEPF2 Explain that banks and other financial institutions are businesses that channel funds from savers to investors.

- a. Compare services offered by different financial institutions, including banks, credit unions, payday lenders, and title pawn lenders.
- b. Explain reasons for the spread between interest charged and interest earned.
- c. Give examples of the direct relationship between risk and return.
- d. Evaluate the risk and return of a variety of savings and investment options, including: savings accounts, certificates of deposit, retirement accounts, stocks, bonds, and mutual funds.

SSEPF3 Explain how changes in taxation can have an impact on an individual's spending and saving choices.

- a. Define progressive, regressive, and proportional taxes.
- b. Explain how an increase in sales tax affects different income groups.
- c. Explain the impact of property taxes on individuals and communities.

SSEPF4 Evaluate the costs and benefits of using credit.

- a. Describe factors that affect credit worthiness and the ability to receive favorable interest rates including character (credit score), collateral, and capacity to pay.
- b. Compare interest rates on loans and credit cards from different institutions.
- c. Define annual percentage rate and explain the difference between simple and compound interest rates, as well as fixed and variable interest rates.

SSEPF5 Describe how insurance and other risk-management strategies protect against financial loss.

- a. List and describe various types of insurance such as automobile, health, life, disability, and property.
- b. Explain the costs and benefits associated with different types of insurance, including deductibles, premiums, shared liability, and asset protection.

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SSEPF6 Describe how the earnings of workers are determined in the marketplace.

- a. Identify skills that are required to be successful in the workplace, including positive work ethics, punctuality, time management, teamwork, communication skills, and good character.
- b. Explore job and career options and explain the significance of investment in education, training, and skill development as it relates to future earnings.

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Map and Globe Skills

GOAL: The student will use maps to retrieve social studies information.

I: indicates when a skill is introduced in the standards and elements as part of the content

D: indicates grade levels where the teacher must develop that skill using the appropriate content

M: indicates grade level by which student should achieve mastery, the ability to use the skill in all situations

A: indicates grade levels where students will continue to apply and improve mastered skills

Map and Globe Skills	K	1	2	3	4	5	6	7	8	9-12
1. use a compass rose to identify cardinal directions	I	M	A	A	A	A	A	A	A	A
2. use intermediate directions		I	M	A	A	A	A	A	A	A
3. use a letter/number grid system to determine location			I	M	A	A	A	A	A	A
4. compare and contrast the categories of natural, cultural, and political features found on maps			I	M	A	A	A	A	A	A
5. use graphic scales to determine distances on a map					I	M	A	A	A	A
6. use map key/legend to acquire information from historical, physical, political, resource, product, and economic maps			I	D	M	A	A	A	A	A
7. use a map to explain impact of geography on historical and current events		I	D	D	M	A	A	A	A	A
8. draw conclusions and make generalizations based on information from maps				I	M	A	A	A	A	A
9. use latitude and longitude to determine location				I	D	D	D	M	A	A
10. compare maps of the same place at different points in time and from different perspectives to determine changes, identify trends, and generalize about human activities					I	M	A	A	A	A
11. compare maps with data sets (charts, tables, graphs) and /or readings to draw conclusions and make generalizations					I	M	A	A	A	A
12. use geographic technology and software to determine changes, identify trends, and generalize about human activities										I

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Information Processing Skills

GOAL: The student will be able to locate, analyze, and synthesize information related to social studies topics and apply this information to solve problems/make decisions.

I: indicates when a skill is introduced in the standards and elements as part of the content

D: indicates grade levels where the teacher must develop that skill using the appropriate content

M: indicates grade level by which student should achieve mastery, the ability to use the skill in all situations

A: indicates grade levels where students will continue to apply and improve mastered skills

Information Processing Skills	K	1	2	3	4	5	6	7	8	9-12
1. compare similarities and differences	I	D	M	A	A	A	A	A	A	A
2. organize items chronologically	I	D	D	M	A	A	A	A	A	A
3. identify issues and/or problems and alternative solutions	I	D	D	D	D	M	A	A	A	A
4. distinguish between fact and opinion		I	D	M	A	A	A	A	A	A
5. identify main idea, detail, sequence of events, and cause and effect in a social studies context		I	D	D	M	A	A	A	A	A
6. identify and use primary and secondary sources		I	D	D	M	A	A	A	A	A
7. interpret timelines, charts, and tables		I	D	D	M	A	A	A	A	A
8. identify social studies reference resources to use for a specific purpose			I	M	A	A	A	A	A	A
9. construct charts and tables			I	M	A	A	A	A	A	A
10. analyze artifacts			I	D	D	M	A	A	A	A
11. draw conclusions and make generalizations				I	M	A	A	A	A	A
12. analyze graphs and diagrams				I	D	M	A	A	A	A
13. translate dates into centuries, eras, or ages				I	D	M	A	A	A	A
14. formulate appropriate research questions					I	M	A	A	A	A
15. determine adequacy and/or relevancy of information					I	M	A	A	A	A
16. check for consistency of information					I	M	A	A	A	A
17. interpret political cartoons					I	D	D	D	M	A

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Clarification for Literacy Standards in High School:

Grades 9-10 social studies courses incorporate the grades 9-10 Reading/Writing Standards for Literacy in History/Social Studies.

Grades 11-12 social studies courses incorporate the grades 11-12 Reading/Writing Standards for Literacy in History/Social Studies.

READING STANDARDS FOR LITERACY IN HISTORY/SOCIAL STUDIES (RHSS) GRADE 9-10
➤ Key Ideas and Details
L9-10RHSS1: Cite specific textual evidence to support analysis of primary and secondary sources, attending to such features as the date and origin of the information.
L9-10RHSS2: Determine the central ideas or information of a primary or secondary source; provide an accurate summary of how key events or ideas develop over the course of the text.
L9-10RHSS3: Analyze in detail a series of events described in a text; determine whether earlier events caused later ones or simply preceded them.
➤ Craft and Structure
L9-10RHSS4: Determine the meaning of words and phrases as they are used in a text, including vocabulary describing political, social, or economic aspects of history/social science.
L9-10RHSS5: Analyze how a text uses structure to emphasize key points or advance an explanation or analysis
L9-10RHSS6: Compare the point of view of two or more authors for how they treat the same or similar topics, including which details they include and emphasize in their respective accounts.
➤ Integration of Knowledge and Ideas
L9-10RHSS7: Integrate quantitative or technical analysis (e.g., charts, research data) with qualitative analysis in print or digital text.
L9-10RHSS8: Assess the extent to which the reasoning and evidence in a text support the author's claims.
L9-10RHSS9: Compare and contrast treatments of the same topic in several primary and secondary sources.
➤ Range of Reading and Level of Text Complexity
L9-10RHSS10: By the end of grade 10, read and comprehend history/social studies texts in the grades 9–10 text complexity band independently and proficiently.

*This document continues on the next page with writing standards

Social Studies Georgia Standards of Excellence

WRITING STANDARDS FOR LITERACY IN HISTORY/SOCIAL STUDIES, SCIENCE, AND TECHNICAL SUBJECTS GRADES 9-10 (WHST)
➤ Text Types and Purposes
L9-10WHST1: Write arguments focused on <i>discipline-specific content</i> .
a. Introduce precise claim(s), distinguish the claim(s) from alternate or opposing claims, and create an organization that establishes clear relationships among the claim(s), counterclaims, reasons, and evidence.
b. Develop claim(s) and counterclaims fairly, supplying data and evidence for each while pointing out the strengths and limitations of both claim(s) and counterclaims in a discipline-appropriate form and in a manner that anticipates the audience’s knowledge level and concerns.
c. Use words, phrases, and clauses to link the major sections of the text, create cohesion, and clarify the relationships between claim(s) and reasons, between reasons and evidence, and between claim(s) and counterclaims.
d. Establish and maintain a formal style and objective tone while attending to the norms and conventions of the discipline in which they are writing.
e. Provide a concluding statement or section that follows from or supports the argument presented.
L9-10WHST2: Write informative/explanatory texts, including the narration of historical events, scientific procedures/experiments, or technical processes.
a. Introduce a topic and organize ideas, concepts, and information to make important connections and distinctions; include formatting (e.g., headings), graphics (e.g., figures, tables), and multimedia when useful to aiding comprehension.
b. Develop the topic with well-chosen, relevant, and sufficient facts, extended definitions, concrete details, quotations, or other information and examples appropriate to the audience’s knowledge of the topic.
c. Use varied transitions and sentence structures to link the major sections of the text, create cohesion, and clarify the relationships among ideas and concepts.
d. Use precise language and domain-specific vocabulary to manage the complexity of the topic and convey a style appropriate to the discipline and context as well as to the expertise of likely readers.
e. Establish and maintain a formal style and objective tone while attending to the norms and conventions of the discipline in which they are writing.
f. Provide a concluding statement or section that follows from and supports the information or explanation presented (e.g., articulating implications or the significance of the topic).
L9-10WHST3: (See note; not applicable as a separate requirement)
➤ Production and Distribution of Writing
L9-10WHST4: Produce clear and coherent writing in which the development, organization, and style are appropriate to task, purpose, and audience.
L9-10WHST5: Develop and strengthen writing as needed by planning, revising, editing, rewriting, or trying a new approach, focusing on addressing what is most significant for a specific purpose and audience.
L9-10WHST6: Use technology, including the Internet, to produce, publish, and update individual or shared writing products, taking advantage of technology’s capacity to link to other information and to display information flexibly and dynamically.
➤ Research to Build and Present Knowledge
L9-10WHST7: Conduct short as well as more sustained research projects to answer a question (including a self-generated question) or solve a problem; narrow or broaden the inquiry when appropriate; synthesize multiple sources on the subject, demonstrating understanding of the subject under investigation.
L9-10WHST8: Gather relevant information from multiple authoritative print and digital sources, using advanced searches effectively; assess the usefulness of each source in answering the research question; integrate information into the text selectively to maintain the flow of ideas, avoiding plagiarism and following a standard format for citation.
L9-10WHST9: Draw evidence from informational texts to support analysis, reflection, and research.
➤ Range of Writing
L9-10WHST10: Write routinely over extended time frames (time for reflection and revision) and shorter time frames (a single sitting or a day or two) for a range of discipline-specific tasks, purposes, and audiences.

Social Studies Georgia Standards of Excellence

READING STANDARDS FOR LITERACY IN HISTORY/SOCIAL STUDIES (RHSS) GRADE 11-12
➤ Key Ideas and Details
L11-12RHSS1: Cite specific textual evidence to support analysis of primary and secondary sources, connecting insights gained from specific details to an understanding of the text as a whole.
L11-12RHSS2: Determine the central ideas or information of a primary or secondary source; provide an accurate summary that makes clear the relationships among the key details and ideas.
L11-12RHSS3: Evaluate various explanations for actions or events and determine which explanation best accords with textual evidence, acknowledging where the text leaves matters uncertain.
➤ Craft and Structure
L11-12RHSS4: Determine the meaning of words and phrases as they are used in a text, including analyzing how an author uses and refines the meaning of a key term over the course of a text (e.g., how Madison defines <i>faction</i> in <i>Federalist</i> No. 10).
L11-12RHSS5: Analyze in detail how a complex primary source is structured, including how key sentences, paragraphs, and larger portions of the text contribute to the whole.
L11-12RHSS6: Evaluate authors' differing points of view on the same historical event or issue by assessing the authors' claims, reasoning, and evidence.
➤ Integration of Knowledge and Ideas
L11-12RHSS7: Integrate and evaluate multiple sources of information presented in diverse formats and media (e.g., visually, quantitatively, as well as in words) in order to address a question or solve a problem.
L11-12RHSS8: Evaluate an author's premises, claims, and evidence by corroborating or challenging them with other information.
L11-12RHSS9: Integrate information from diverse sources, both primary and secondary, into a coherent understanding of an idea or event, noting discrepancies among sources.
➤ Range of Reading and Level of Text Complexity
L11-12RHSS10: By the end of grade 12, read and comprehend history/social studies texts in the grades 11–12 text complexity band independently and proficiently.

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Social Studies Georgia Standards of Excellence

WRITING STANDARDS FOR LITERACY IN HISTORY/SOCIAL STUDIES, SCIENCE, AND TECHNICAL SUBJECTS GRADES 11-12 (WHST)
➤ Text Types and Purposes
L11-12WHST1: Write arguments focused on <i>discipline-specific content</i> .
a. Introduce precise, knowledgeable claim(s), establish the significance of the claim(s), distinguish the claim(s) from alternate or opposing claims, and create an organization that logically sequences the claim(s), counterclaims, reasons, and evidence.
b. Develop claim(s) and counterclaims fairly and thoroughly, supplying the most relevant data and evidence for each while pointing out the strengths and limitations of both claim(s) and counterclaims in a discipline-appropriate form that anticipates the audience’s knowledge level, concerns, values, and possible biases.
c. Use words, phrases, and clauses as well as varied syntax to link the major sections of the text, create cohesion, and clarify the relationships between claim(s) and reasons, between reasons and evidence, and between claim(s) and counterclaims.
d. Establish and maintain a formal style and objective tone while attending to the norms and conventions of the discipline in which they are writing.
e. Provide a concluding statement or section that follows from or supports the argument presented.
L11-12WHST2: Write informative/explanatory texts, including the narration of historical events, scientific procedures/experiments, or technical processes.
a. Introduce a topic and organize complex ideas, concepts, and information so that each new element builds on that which precedes it to create a unified whole; include formatting (e.g., headings), graphics (e.g., figures, tables), and multimedia when useful to aiding comprehension.
b. Develop the topic thoroughly by selecting the most significant and relevant facts, extended definitions, concrete details, quotations, or other information and examples appropriate to the audience’s knowledge of the topic.
c. Use varied transitions and sentence structures to link the major sections of the text, create cohesion, and clarify the relationships among complex ideas and concepts.
d. Use precise language, domain-specific vocabulary and techniques such as metaphor, simile, and analogy to manage the complexity of the topic; convey a knowledgeable stance in a style that responds to the discipline and context as well as to the expertise of likely readers.
e. Provide a concluding statement or section that follows from and supports the information or explanation provided (e.g., articulating implications or the significance of the topic).
L11-12WHST3: (See note; not applicable as a separate requirement)
➤ Production and Distribution of Writing
L11-12WHST4: Produce clear and coherent writing in which the development, organization, and style are appropriate to task, purpose, and audience.
L11-12WHST5: Develop and strengthen writing as needed by planning, revising, editing, rewriting, or trying a new approach, focusing on addressing what is most significant for a specific purpose and audience.
L11-12WHST6: Use technology, including the Internet, to produce, publish, and update individual or shared writing products in response to ongoing feedback, including new arguments or information.
➤ Research to Build and Present Knowledge
L11-12WHST7: Conduct short as well as more sustained research projects to answer a question (including a self-generated question) or solve a problem; narrow or broaden the inquiry when appropriate; synthesize multiple sources on the subject, demonstrating understanding of the subject under investigation.
L11-12WHST8: Gather relevant information from multiple authoritative print and digital sources, using advanced searches effectively; assess the strengths and limitations of each source in terms of the specific task, purpose, and audience; integrate information into the text selectively to maintain the flow of ideas, avoiding plagiarism and overreliance on any one source and following a standard format for citation.
L11-12WHST9: Draw evidence from informational texts to support analysis, reflection, and research.
➤ Range of Writing
L11-12WHST10: Write routinely over extended time frames (time for reflection and revision) and shorter time frames (a single sitting or a day or two) for a range of discipline-specific tasks, purposes, and audiences.