

**MICHIGAN SOCIAL STUDIES CONTENT
EXPECTATIONS; GRADES K-12**

ECONOMICS¹

**PREPARED BY
MICHIGAN COUNCIL ON ECONOMIC EDUCATION
(MCEE)**

Spring, 2008

¹ Excerpted from “SOCIAL STUDIES GRADE LEVEL CONTENT EXPECTATIONS- GRADES K-8” and “High School Content Expectations-Social Studies” For complete documents; www.michigan.gov/mde

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MYSELF AND OTHERS

KINDERGARTEN

Using a familiar context for five and six year olds, kindergartners learn about the social studies disciplines (history, geography, civics and government, and economics) through the lens of "Myself and Others." Accordingly, each discipline focuses on developing rudimentary understandings through an integrated approach to the field.

Students develop an understanding of economic concepts through practical examples. Students describe economic wants, distinguish between goods and services that fulfill those wants, and recognize exchanges in which they participate. These foundational ideas prepare students for a deeper understanding of economics in succeeding grades.

E1 Market Economy

Use fundamental principles and concepts of economics to understand economic activity in a marker economy,

K - E1.0.1 Describe economic **wants** they have experienced.

K - E1.0.2 Distinguish between **goods and services**.

K - E1.0.3 Recognize situations in which people **trade**.

FAMILIES AND SCHOOLS

GRADE ONE

In first grade, students continue to explore the social studies disciplines of history, geography, civics and government, and economics through an integrated approach using the context of families and schools. This is the students' first introduction to social institutions as they draw upon knowledge learned in kindergarten to develop more sophisticated understandings of each discipline.

First grade students extend their understanding of basic economic concepts. They distinguish between producers and consumers and examine ways in which their families consume goods and services. Using practical examples and personal experiences, students begin to learn how scarcity forces people to make choices. Students develop a deeper understanding of trade as they explore the reasons why people trade, how money simplifies trade, and how people earn money. These concepts lay the foundation for more complex studies of economic principles in later years.

E1 Market Economy

Use fundamental principles and concepts of economics to understand economic activity in a market economy.

1 - E1.0.1 Distinguish between **producers and consumers** of **goods and services**.

1 - E1.0.2 Describe ways in which families **consume** goods and services.

1 - E1.0.3 Using examples, explain why people cannot have everything they want (**scarcity**) and describe how people respond (**choice**).

1 - E1.0.4 Describe reasons why people **voluntarily trade**.

- 1 - E1.0.5 Describe ways in which people earn **money** (e.g. providing goods and services to others, **jobs**).
- 1 - E1.0.6 Describe how money simplifies **trade**.

THE LOCAL COMMUNITY

GRADE TWO

In second grade, students continue the integrative approach to social studies through the context of the local community. This is the first time students are introduced to a social environment larger than their immediate surroundings and they draw upon knowledge learned in previous grades to develop more sophisticated understandings to explore the social studies disciplines of history, geography, civics and government, and economics.

In second grade students build upon basic economic concepts they have applied to personal experiences in previous grades. They continue to work with the concepts of scarcity and choice and learn to identify opportunity cost in consumer decisions. Significantly, the expectations broaden the context of study of communities. Using the lens of the local community, students identify different types of businesses and make connections between local businesses and the economic wants of people or other businesses. Students are introduced to the concepts of natural, human, and capital resources using local community examples. In doing so, they begin to recognize examples of economic specialization and its relationship to trade.

E1 Market Economy

Use fundamental principles and concepts of economics to understand economic activity in a market economy.

- 2 - E 1.0.1 Identify the **opportunity cost** involved in a **consumer** decision.
- 2 - E 1.0.2 Identify **businesses** in the local community.
- 2 - E 1.0.3 Describe how **businesses** in the local community meet economic wants of consumers.
- 2 - E 1.0.4 Describe the **natural, human, and capital resources** needed for **production** of a good or service in a community.
- 2 - E 1.0.5 Use examples to show that people cannot **produce** everything they want (**specialization**) and depend on **trade** with others to meet their wants (**interdependence**).

Third grade students explore the social studies disciplines of history, geography, civics and government, and economics through the context of Michigan studies. Building on prior social studies knowledge and applying new concepts of each social studies discipline to the increasingly complex social environment of their state, the third grade content expectations prepare students for more sophisticated studies of their country and world in later grades.

Third grade students refine their understanding of the principles and concepts of economics. Building on a basic understanding of scarcity and choice, students learn to appreciate the relationships among scarcity, choice, and opportunity costs in making economic decisions. In addition, students are introduced to how incentives impact economic decision making. Students explore Michigan's economy by examining how natural resources have influenced economic development in the state. An introduction to the concepts of entrepreneurship, specialization, and interdependence allows students to explore the relationship of Michigan to the national and global economies. Finally, students use these concepts to consider the role of new business development in Michigan's future.

E1 Market Economy

Use fundamental principles and concepts of economics to understand economic activity in a market economy.

- 3- El.0.1** Explain how **scarcity, opportunity costs, and choices** affect what is **produced** and **consumed** in Michigan.
- 3 - El.0.2** Identify **incentives** (eg. sales, tax breaks) that influence **economic decisions** people make in Michigan.
- 3 - El.0.3** Analyze how Michigan's location and **natural resources** influenced its **economic development** (e.g. how waterways and other natural resources have influenced economic activities such as mining, lumbering, automobile manufacturing, and furniture making) (H, G)
- 3 - El.0.4** Describe how **entrepreneurs** combine **natural, human, and capital resources** to produce goods and services in Michigan (H, G)
- 3 - El.0.5** Explain the **role of business** development in Michigan's economic future.

E2 National Economy

Use fundamental principles and concepts of economics to understand economic activity in the United States.

- 3 - E2.0.1** Using a Michigan example, describe how **specialization** leads to increased **interdependence** (cherries grown in Michigan are sold in Florida; oranges grown in Florida are sold in Michigan).

E3 International Economy

Use fundamental principles and concepts of economics to understand economic activity in the global economy.

- 3 - E3.0.1** Identify products produced in other countries and consumed by people in Michigan (**imports**).

UNITED STATES STUDIES

GRADE FOUR

Using the context of the United States, fourth grade students learn significant social studies concepts within an increasingly complex ~ social environment. They examine fundamental concepts in geography, civics and government, and economics through the lens of Michigan history and the United States. Expectations that particularly lend themselves to being taught through a historic, geographic, civic, or economic lens are denoted.

Fourth grade students continue to deepen their understanding of economic principles with a focus on the characteristics of market economies. They move beyond applying the economic concepts of scarcity, choice, and opportunity costs in personal economic decisions and begin to think like an economist, identifying the types of questions economists ask. Economic decision making is examined by applying the concepts of price, competition, and incentives. Students develop an understanding of specialization, division of labor, competition, and interdependence and explore their effects on productivity. Moreover, the circular flow model is introduced in fourth grade, providing a foundation for future studies in economics. Students build upon their knowledge of governmental taxing and spending as they explore why certain public goods are not privately owned. Students also take an increasingly sophisticated look at the global economy as the expectations explore the impact of global competition on the national economy.

E1 Market Economy

Use fundamental principles and concepts of economics to understand economic activity in a market economy.

- 4 - E1.0.1** Identify questions economists ask in examining the United States (e.g. **What** is produced? **How** is it produced? **Who** gets what is produced? What role does the government play in the economy? How much is produced?).
- 4 - E1.0.2** Describe some characteristics of a **market economy** (e.g., private **property rights**, **voluntary exchange**, competition, consumer sovereignty, **incentives**, specialization).
- 4 - E1.0.3** Describe how **positive and negative incentives** influence behavior in a **market economy**.
- 4 - E1.0.4** Explain how **price** affects decisions about purchasing goods and services (**substitute goods**).
- 4 - E1.0.5** Explain how **specialization** and **division of labor** increase productivity (e.g., assembly line). (H)
- 4 - E1.0.6** Explain how **competition** among **buyers** results in higher prices

and **competition** among **sellers** results in lower prices (e.g. **supply, demand**).

4 - E1.0.7 Demonstrate the **circular flow model** by engaging in a market simulation, which includes households and businesses and depicts the interactions among them.

4 – E1.0.8 Explain why **public goods** (e.g., libraries, roads, parks) are not privately owned.

E2 National Economy

Use fundamental principles and concepts of economics to understand economic activity in the United States.

4 - E2.0.1 Explain how changes in the United States economy impacts levels of **employment** and **unemployment** (e.g., changing demand for natural resources, changes in technology, changes competition).(H)

E3 International Economy

Use fundamental principles and concepts of economics to understand economic activity in the global economy.

4 - E3.0.1 Describe how **global competition** affects the national economy (e.g., outsourcing of jobs, increased supply of goods, opening new markets, quality controls).

INTEGRATED U.S. HISTORY

GRADE FIVE

The fifth grade social studies content expectations mark a departure from the social studies approach taken in previous grades. Building upon the geography, civics and government, and economics concepts of the United States mastered in fourth grade and historical inquiry from earlier grades, the fifth grade expectations begin a more discipline-centered approach concentrating on the early history of the United States. Students begin their study of American history with American Indian peoples before the arrival of European explorers and conclude with the adoption of the Bill of Rights in 1791. Although the content expectations are organized by historical era, they build upon students' understandings of the other social studies disciplines from earlier grades and require students to apply these concepts within the context of American history.

U1 USHG ERA 1 – BEGINNINGS TO 1620

U 1.1 American Indian Life in the Americas

Describe the life of peoples living in North America before European exploration.

- 5 - U 1.1.3 Describe Eastern Woodland American Indian life with respect to governmental and family structures, **trade**, and views on **property ownership** and **land use**. (E)

U 1.2 European Exploration

Identify the causes and consequences of European exploration and colonization.

- 5 - U 1.2.2 Use case studies of individual explorers and stories of life in Europe to compare the **goals**, obstacles, motivations, and **consequences** for European exploration and colonization of the Americas (e.g., **economic**, political, cultural, and religious). (E)

U 1.3 African Life Before the 16th Century

Describe the lives of peoples living in western Africa prior to the 16th century.

- 5 - U 1.3.2 Describe the life and cultural development of people living in western Africa before the 16th century with respect to **economic** (the ways people made a living) and family structures, and the **growth** of states, towns, and trade. (E)

U 1.4 Three World Interactions

Describe the environmental, political, and cultural consequences of the interactions among European, African, and American Indian peoples in the late 15th through the 17th century.

- 5 - U 1.4.2 Use primary and secondary sources (e.g., letters, diaries, maps, documents, narratives, pictures, graphic data) to compare Europeans and American Indians who converged in the western hemisphere after 1492 with respect to governmental structure, and views on **property ownership** and **land use**. (E)
- 5 - U 1.4.3 Explain the impact of European contact on American Indian cultures by comparing the different approaches used by the British and French in their interactions with American Indians. (E)
- 5 - U 1.4.4 Describe the Columbian Exchange and its impact on Europeans, American Indians, and Africans. (E)

U2 USHG ERA 2 – COLONIZATION AND SETTLEMENT (1585-1763)

U2.1 European Struggle for Control of North America

Compare the regional settlement patterns and describe significant developments in Southern, New England, and the mid-Atlantic colonies.

- 5 - U2.1.2 Describe significant developments in the New England colonies, including
- patterns of settlement and control including the impact of geography (landforms and climate) on settlement
 - relations with American Indians (e.g., Pequot/King Phillip's War)
 - growth of **agricultural** (small farms) and **non-agricultural** (shipping, manufacturing) **economies**. (E)

- the development of government including establishment of town meetings, development of colonial legislatures and growth of royal government religious tensions in Massachusetts that led to the establishment of other colonies in New England.

- 5 - U2.1.3** Describe significant developments in the Middle Colonies, including
- patterns of settlement and control including the impact of geography (landforms and climate) on settlement
 - the growth of Middle Colonies **economies** (e.g. breadbasket) (E)
 - The Dutch settlements in New Netherlands, Quaker settlement in Pennsylvania, and subsequent English takeover of the Middle Colonies
 - immigration patterns leading to ethnic diversity in the Middle Colonies.

U2.2 European Slave Trade and Slavery in Colonial America

Analyze the development of the slave system in the Americas and its impact upon the life of Africans.

- 5 - U2.2.1** Describe Triangular **Trade** including
- the **trade** routes
 - the people and **goods** that were traded the Middle Passage
 - its impact on life in Africa. (E)

U2.3 Life in Colonial America

Distinguish among and explain the reasons for regional differences in colonial America.

- 5 - U2.3.4** Describe the development of the emerging **labor force** in the colonies (e.g. cash crop farming, slavery, indentured servants). (E)

U3 USHG ERA 3 REVOLUTION AND THE NEW NATION (1754-1800)

U3.1 Causes of the American Revolution

Identify the major political, economic, and ideological reasons for the American Revolution.

- 5 - U3.1.1** Describe the role of the French and Indian War, how British policy toward the colonies in America changed from 1763 to 1775, and colonial dissatisfaction with the new policy.

U3.2 The American Revolution and Its Consequences

Explain the multi-faceted nature of the American Revolution and its consequences.

- 5 - U3.2.1** Describe the advantages and disadvantages of each side during the American Revolution with respect to military leadership, geography, types of resources, and **incentives**. (E)

U3.3 Creating New Government(s) and a New Constitution

Explain some of the challenges faced by the new nation under the Articles of Confederation, and analyze the development of the Constitution as a new plan for governing.

- 5 - U3.3.2** Give examples of problems the country faced under the Articles of Confederation (e.g., lack of national army, competing **currencies**, reliance on state governments for **money**). (E)

Sixth grade students will explore the tools and mental constructs used by historians and geographers. They will develop an understanding of Ancient World History, Eras I - 3, of the Western Hemisphere and will study contemporary geography of the Western Hemisphere. Contemporary civics/government and economics content is integrated throughout the year.

As a capstone, the students will conduct investigations about past and present global issues. Using significant content knowledge, research, and inquiry, they will analyze an issue and propose a plan for the future. As part of the inquiry, they compose civic, persuasive essays using reasoned argument.

ECONOMICS**E 1 The Market Economy**

1.1 Individual, Business, and Government Choices

E2 The National Economy

2.3 Role of Government

E3 International Economy

3.1 Economic Systems

3.3 Economic Interdependence

E1 THE MARKET ECONOMY

Describe the market economy in terms of relevance of limited resources, how individuals and institutions make and evaluate decisions, the role of incentives, how buyers and sellers interact to create markets, how markets allocate resources, and the economic role of government in a market economy.

E1.1 Individual, Business, and Government Choices

Describe how individuals, businesses, and government make economic decisions when confronting scarcity in the market economy.

6-E1.1.1 Explain how **incentives** vary in different economic systems (e.g. acquiring money, profit, goods, wanting to avoid loss in position in society, job placement).

E2 THE NATIONAL ECONOMY

Use economic concepts, terminology, and data to identify and describe how a national economy functions and to study the role of government as a provider of goods and services within a national economy.

E2.3 Role of Government

Describe how national governments make decisions that affect the national economy.

- 6 – E2.3.1** Describe the impact of governmental policy (**sanctions, tariffs, treaties**) on that country and on other countries that use its **resources**.

E3 INTERNATIONAL ECONOMY

Analyze reasons for individuals and businesses to specialize and trade, why individuals and businesses trade across international borders, and the comparisons of the benefits and costs of specialization and the resulting trade for consumers, producers, and governments.

E3.1 Economic Interdependence

Describe patterns and networks of economic interdependence, including trade.

- 6 - E3.1.1** Use charts and graphs to compare **imports** and **exports** of different countries in the Western Hemisphere and propose generalizations about patterns of **economic interdependence**.
- 6 - E3.1.2** Diagram or map the movement of a **consumer** product from where it is manufactured to where it is sold to demonstrate the flow of **materials, labor, and capital** (e.g., global supply chain for computers, athletic shoes, and clothing).
- 6 - E3.1.3** Explain how communications innovations have effected **economic interactions** and where and how people **work** (e.g., internet- based home offices, international work teams, international companies).

E3.3 Economic Systems

Describe how societies organize to allocate resources to produce and distribute goods and services.

- 6 - E3.3.1** Explain and compare how **economic systems** (traditional, command, market) answer the four basic economic questions: **What** should be produced? **How** will it be produced? How will it be distributed? **Who** will receive the benefits of production? (e.g., compare United States and Cuba, or Venezuela and Jamaica).

Seventh grade students will review the tools and mental constructs used by historians and geographers. They will develop an understanding of Ancient World History, Eras I - 3, of the Eastern Hemisphere and will study contemporary geography of the Eastern Hemisphere. Contemporary civics/government and economics content is integrated throughout the year. As a capstone, the students will conduct investigations about past and present global issues. Using significant content knowledge, research, and inquiry, they will analyze the issue and propose a plan for the future. As part of the inquiry, they compose civic, persuasive essays using reasoned argument.

ECONOMICS**E 1 The Market Economy**

1.1 Individual, Business, and. Government Choices

E2 The National Economy

2.3 Role of Government

E3 International Economy

3.1 Economic Systems

3.3 Economic Interdependence

E1 THE MARKET ECONOMY

Describe the market economy in terms of the relevance of limited resources, how individuals and institutions make and evaluate decisions, the role of incentives, how buyers and sellers interact to create markets, how markets allocate resources, and the economic role of government in a market economy

E1.1 Individual, Business, and Government Choices

Describe how individuals, businesses, and governments make economic decisions when confronting scarcity in the market economy.

Individuals, businesses, industries, and governments confront **scarcity** and **choice** when organizing, producing, and using **productive resources (land, labor, capital)** to supply the market place.

7- E1.1.1 Explain the role of **incentives** in different **economic systems** (acquiring money, profit, goods, wanting to avoid loss, position in society, job placement).

7- E.1.1.2 Describe the **circular flow model** (that businesses get money from households in exchange for goods and services and return that money to households by paying for the factors of production that households have to sell) and apply it to a public service (e.g., education, health care, military protection).

E2 THE NATIONAL ECONOMY

Use economic concepts, terminology, and data to identify and describe how a national economy functions. They study the role of government as a provider of goods and services within a national economy.

E2.3 Role of Government

Describe how national governments make decisions that affect the national economy.

Governmental decisions on taxation, spending, protections, and regulation affect the national economy.

7- E2.3.1 Explain how national governments make decisions that impact both that country and other countries that use its **resources** (e.g., **sanctions** and **tariffs** enacted by a national government to prevent **imports**, most favored **trade agreements**, the impact China is having on the global economy and the U.S. economy in particular).

E3 THE INTERNATIONAL ECONOMY

Analyze reasons for individuals and businesses to specialize and trade, why individuals and businesses trade across international borders, and the comparisons of the benefits and costs of specialization and the resulting trade for consumers, producers, and governments.

E3.1 Economic Interdependence

Describe patterns and networks of economic interdependence, including trade.

Economic interdependence (trade) and **economic development** result in challenges and benefits for individuals, producers, and governments.

7- E3.1.1 Explain the importance of **trade (imports and exports)** on national economies in the Eastern Hemisphere (e.g., natural gas in North Africa, petroleum Africa, mineral resources in Asia).

7- E3.1.2 Diagram or map the movement of a **consumer** product from where it is manufactured to where it is sold to demonstrate the flow of materials, labor, and capital (e.g., global supply chain for computers, athletic shoes, and clothing).

7- E3.1.3 Determine the impact of **trade** on a region of the Eastern Hemisphere by graphing and analyzing the **Gross Domestic Product** of the region for the past decade and comparing the data with trend data on the total value of **imports** and **exports** over the same period.

7- E3.1.4 Explain how communications **innovations** have effected **economic interactions** and where and how people **work** (e.g., internet home offices, international work teams, international companies).

E3.3 Economic Systems

Describe how societies organize to allocate resources to produce and distribute goods and services.

An economic system is the institutional framework that a society uses to allocate its resources to produce and distribute goods and services. Every modern economy is a “mixed system”, having some features characteristic of traditional, command, and market economies. The ‘mix’ varies from one economy to another.

- 7- E3.3.1** Explain and compare how **economic systems** (traditional, command, and market) answer four basic questions: **What** should be produced? **How** will it be produced? How will it be distributed? **Who** will receive the benefits of production? (e.g., market economies in Africa, Europe; command economy in North Korea; and the transition to market economies in Vietnam and China).

INTEGRATED U.S. HISTORY

GRADE EIGHT

Eighth grade students continue their study of United States History from the writing of the Constitution through Reconstruction. Geographic, civics/government, and economics content is integrated within the historical context. Using significant content knowledge, research, and inquiry, the students analyze an issue and propose a plan for civic action. They develop reasoned arguments and write a persuasive civic essay addressing issues from the past within a historical context. Where appropriate, they make comparisons to relevant contemporary issues.

U3 USHG ERA 3 - REVOLUTION AND THE NEW NATION

U3.3 Creating New Government(s) and a New Constitution

Explain the challenges (aced by the new nation and analyze the development o(the Constitution as a new plan (or governing.

Note: Expectations U3.3.I-U3.3.5 address content that was introduced in Grade 5, but ask for explanation and analysis at a higher level than expected in Grade 5. They are included here to support in- depth discussion of the historical and philosophical origins of constitutional government in the United States. (U3.3.6)

- 8-U3.3.2** Identify **economic** and political questions facing the nation during the period of the Articles of Confederation and the opening of the Constitutional Convention. (**E1.4**)

U4 USHG ERA 4 - EXPANSION AND REFORM (1792-1861)

U4.1 Challenges to an Emerging Nation

Analyze the challenges the new government faced and the role of political and social leaders in meeting these challenges.

- 8- U4.1.3** Challenge of Political Conflict - Explain how political parties emerged out of the competing ideas, experiences, and fears of Thomas Jefferson and Alexander Hamilton (and their followers), despite the worries the Founders had concerning the dangers of political division, by analyzing disagreements over
- relative power of the national government (e.g., Whiskey Rebellion, Alien and Sedition Acts) and of the executive branch (e.g., during the Jacksonian era) (C3)
 - foreign relations (e.g., French Revolution, relations with Great Britain) (C3)

- **economic policy** (e.g., the creation of a **national bank**, assumption of revolutionary debt) (C3, **E2.2**)

8 - U4.1.4 Establishing a National Judiciary and Its Power - Explain the development of the power of the Supreme Court through the doctrine of judicial review as manifested in *Marbury v. Madison* (1803) and the role of Chief Justice John Marshall and the Supreme Court in interpreting the power of the national government (e.g., *McCulloch v. Maryland*, *Dartmouth College v. Woodward*, *Gibbons v. Ogden*). (C3, **E1.4, 2.2**)

U4.2 Regional and Economic Growth

Describe and analyze the nature and impact of the territorial, demographic, and economic growth in the first three decades of the new nation using maps, charts, and other evidence.

- 8 - U4.2.1** Comparing Northeast and the South - Compare and contrast the social and **economic systems** of the Northeast and the South with respect to geography and climate and the development of
- agriculture, including changes in productivity, technology, **supply and demand**, and **price** (**E1.3, E1.4**)
 - industry, including **entrepreneurial development** of new industries, such as textiles (**E1.1**)
 - the **labor force** including labor **incentives** and changes in labor forces (**E 1.2**)
 - transportation including changes in transportation (steamboats and canal barges) and impact on **economic markets and prices** (**E1.2, 1.3**)
 - immigration and the growth of nativism
 - race relations
 - class relations
- 8 - U4.2.3** Westward Expansion - Explain the expansion, conquest, and settlement of the West through the Louisiana Purchase, the removal of American Indians (Trail of Tears) from their native lands, the growth of a system of **commercial agriculture**, the Mexican-American War, and the idea of Manifest Destiny. (**E2.1**)

U5 USHG ERA 5 – CIVIL WAR AND RECONSTRUCTION (1850-1877)

U5.1 The Coming of the Civil War

Analyze and evaluate the early attempts to abolish or contain slavery and to realize the ideals of the Declaration of Independence.

- 8 - US.1.6** Describe how major issues debated at the Constitutional Convention such as disagreements over the distribution of political power, rights of individuals (liberty and **property**), rights of states, election of the executive, and slavery help explain the Civil War. (C2)

U5.2 Civil War

Evaluate the multiple causes, key events, and complex consequences of the Civil War.

- 8 – U5.2.1** Explain the reasons (political, **economic**, and social) why Southern states seceded and explain the differences in the timing of secession in the Upper and Lower South. (C3, **E 1.2**)
- 8 - US.2.2** Make an argument to explain the reasons why the North won the Civil War by considering the
- critical events and battles in the war
 - the political and military leadership of the North and South
 - the respective advantages and disadvantages, including geographic, demographic, **economic** and technological (**E1.4**)

U5.3 Reconstruction

Using evidence, develop an argument regarding the character and consequences of Reconstruction.

- 8 – U5.3.2** Describe the early responses to the end of the Civil War by describing
- the policies of the Freedmen's Bureau (**E2.2**)
 - restrictions placed on the rights and opportunities of freedmen, including racial segregation and Black Codes (C2, CS)

U6 USHG ERA 6 – THE DEVELOPMENT OF AN INDUSTRIAL, URBAN, AND GLOBAL UNITED STATES (1870-1930)

Grade 8 begins to address trends and patterns in the last half of the 19th century, through 1898.

U6.1 America in the Last Half of the 19th Century

Analyze the major changes in communication, transportation, demography, and urban centers, including the location and growth of cities linked by industry and trade, in last half of the 19th century. The purpose of this section is to introduce some of the major changes in American society and the economy in the last part of the 19th Century. This era will be addressed in-depth and with greater intellectual sophistication in the high school United History and Geography content expectations.

- 8 - U6.1.1** America at Century's End - Compare and contrast the United States in 1800 with the United States in 1898 focusing on similarities and differences in
- population, including immigration, reactions to immigrants, and the territory, including the size of the United States and **land use**
 - changing demographic structure of rural and urban America (**E3.2**)
 - systems of transportation (canals and railroads, including the Transcontinental Railroad), and their impact on the **economy** and society (**E1.4, 3.2**)
 - governmental policies promoting **economic development** (e.g., tariffs, banking, land grants and mineral rights, the Homestead Act) (**E2.2**)

- **economic change**, including industrialization, increased **global competition**, and their impact on conditions of farmers and industrial **workers** (**E1.4, 2.1, 3.2**)
- the treatment of African Americans, including the rise of segregation in the South as endorsed by the Supreme Court's decision in Plessy v. Ferguson, and the response of African Americans
- the policies toward American Indians, including removal, reservations, the Dawes Act of 1887, and the response of American Indians

Economics

Understanding economics – what some people call “economic literacy” – is becoming essential for citizens in our national and increasingly interconnected world economy. Increasingly, productive members of society must be able to identify, analyze, and evaluate the causes and consequences of individual economic decisions and public policy including issues raised by constraints imposed by scarcity, how economies and markets work, and the benefits and costs of economic interaction and interdependence. Such literacy includes analysis, reasoning, problem solving, and decision making that helps people function as consumers, producers, savers, investors, and responsible citizens.

Students who meet the expectations will understand how economies function and how to apply the concepts and principles of economics to their lives as individuals and as citizens. Understanding and applying these concepts and principles should help students make sense of daily events and enable them to analyze, investigate and develop reasoned thinking about economic challenges and public policies. To cite the “Goals 2000: Educate America Act” of 1994, the study of economics (among other subjects) should ensure that students learn to “use their minds well, so they may be prepared for responsible citizenship, further learning, and productive employment in our Nation’s modern economy.”

The economics content is necessary for the understanding and the analysis of a wide variety of applications, including those involving individual and household choices, personal finance issues, business and entrepreneurial decisions, and public policy. Students analyze and study economic concepts and principles in three contextual areas: individual and household context, a business context, and a government or public context and focused around four content areas: The Market Economy; The National Economy; the International Economy; and Personal Finance.

Content in The Market Economy includes much of what is traditionally described as microeconomics. The core content focuses on the importance of scarcity and limited resources, the roles of economic institutions, such as legal systems, corporations and labor unions in the market economy; the influence on prices and supplies of the interaction of buyers and sellers; and trade-offs and incentives in people’s behavior.

Content in the National Economy includes much of what is traditionally described as macroeconomics. The National Economy content area includes the concepts, terminology, and data used to identify and describe inflation, unemployment, output, and growth; the factors that cause changes in those conditions; the role of money and interest rates in an economy; and the mechanics and the appropriate uses of Federal Reserve monetary policies and federal government fiscal policies.

Content in International Economy includes the reasons for individuals and businesses to specialize and trade; the rationale for specialization and trade across international borders; and the comparison of the benefits and costs of that specialization and resulting trade for consumers, producers, and governments.

Content in Personal Finance includes the role of economic concepts in understanding personal finance issues and in creating personal finance strategies.

Using the Economics HSCE: Things to Remember

There are a number of important considerations for teachers to keep in mind as they use these Economics expectations to plan instruction. It is important to remember that this document:

Uses economics thinking – All of the expectations require students to think – analyze, synthesize, evaluate, compare, contrast, argue – using economics habits of mind. In meeting the expectations, students will use such thinking to analyze and interpret information in developing their understanding. These expectations do not intend to stress memory over meaning, coverage over understanding. While knowledge of names and definitions is essential for economics study, high quality teaching and learning demands a great deal more than just the mastery of discrete collections of facts or terms.

Requires active, economic inquiry – In using economics concepts and habits of mind, students should engage in active, disciplined inquiry, analysis and argumentation. Learning involves purposeful investigations within a community that has established goals, standards, criteria, and procedures for study. It entails learning how to read, write, and use economics to understand and participate in the world around us. This calls upon students to frame important economic problems and questions; to locate and analyze appropriate evidence and data; and to apply economic concepts and principles to build reasoned and evidenced-based interpretations, arguments, or decisions. In short, economics should provide Michigan students with the kind of reason and informed decision making that will enable them to function effectively both in their personal lives and as citizens and participants in an increasingly connected world economy.

Represents Content Expectations and not Pedagogical Organization – This document lists content expectations for students. It does not establish suggested organization for teaching or learning this content. For example, this document is not presenting expectations in a suggested instructional sequence. The expectations do not represent single lessons, a day's worth of instruction or even a unit. Michigan teachers and curriculum coordinators can combine expectations to structure meaningful learning experiences for their students. For example, a teacher could use a compelling economic issue or problem to organize weeks of study, while coherently employing many content expectations.

Differentiates between required and suggested (e.g.) content – The expectations specify teachable content in two different ways. On numerous occasions, the expectations will offer examples for teachers to help clarify teachable content. Typically, these examples or suggestions appear in parentheses. The document always identifies such optional content with an “e.g.” or “for example.” These are simply suggestions and teachable options. Teachers may use other examples to meet the expectations. In short, these examples are not required content.

In other places, the expectations identify specific content that students should study. This content is never preceded by “e.g.” or “for example.” Unlike the optional examples, a statewide assessment might assess the required content.

Economics High School Content Expectations

E1 The Market Economy

1.1 Individual, Business, and Government Choices

Explain and demonstrate how economic organizations confront scarcity and market forces when organizing, producing, using, and allocating resources to supply the marketplace.

1.1.1 Scarcity, Choice, Opportunity Costs, and Comparative Advantage

Using examples, explain how scarcity, choice, opportunity costs affect decisions that households, businesses, and governments make in the market place and explain how comparative advantage creates gains from trade.

1.1.2 Entrepreneurship – Identify the risks, returns and other characteristics of entrepreneurship that bear on its attractiveness as a career.

1.2 Competitive Markets

Analyze how the functions and constraints of business structures, the role of price in the market, and relationships of investment to productivity and growth, impact competitive markets.

1.2.1 Business Structures – Compare and contrast the functions and constraints facing economic institutions including small and large businesses, labor unions, banks, and households.

1.2.2 Price in the Market – Analyze how prices send signals and provide incentives to buyers and sellers in a competitive market.

1.2.3 Investment, Productivity and Growth – Analyze the role investments in physical (e.g. technology) and human capital (e.g. education) play in increasing productivity and how these influence the market.

1.3 Prices, Supply, and Demand

Compare how supply, demand, price, equilibrium, elasticity, and incentives affect the workings of a market.

1.3.1 Law of Supply – Explain the law of supply and analyze the likely change in supply when there are changes in prices of the productive resources (e.g., labor, land, capital including technology), or the profit opportunities available to producers by selling other goods or services, or the number of sellers in a market.

1.3.2 Law of Demand – Explain the law of demand and analyze the likely change in demand when there are changes in prices of the goods or services, availability of alternative (substitute or complementary)

goods or services, or changes in the number of buyers in a market created by such things as change in income or availability of credit.

- 1.3.3 Price, Equilibrium, Elasticity, and Incentives** – Analyze how prices change through the interaction of buyers and sellers in a market including the role of supply, demand, equilibrium, elasticity, and explain how incentives (monetary and non-monetary) affect choices of households and economic organizations.

1.4 Role of Government in the Market

Describe the varied ways government can impact the market through policy decisions, protection of consumers, and as a producer and consumer of goods and services, and explain how economic incentives affect government decisions.

- 1.4.1 Public Policy and the Market** – Analyze the impact of a change in public policy (such as an increase in the minimum wage, a new tax policy, or a change in interest rates) on consumers, producers, workers, savers, and investors.
- 1.4.2 Government and Consumers** – Analyze the role of government in protecting consumers and enforcing contracts, (including property rights), and explain how this role influences the incentives (or disincentives) for people to produce and exchange goods and services.
- 1.4.3 Government Revenue and Services** – Analyze the ways in which local and state governments generate revenue (e.g., income, sales, and property taxes) and use that revenue for public services (e.g., parks and highways).
- 1.4.4 Functions of Government** – Explain the various functions of government in a market economy including the provision of public goods and services, the creation of currency, the establishment of property rights, the enforcement of contracts, correcting for externalities and market failures, the redistribution of income and wealth, regulation of labor (e.g., minimum wage, child labor, working conditions), and the promotion of economic growth and security.
- 1.4.5 Economic Incentives and Government** – Identify and explain how monetary and non-monetary incentives affect government officials and voters and explain how government policies affect the behavior of various people including consumers, savers, investors, workers, and producers.

E2 THE NATIONAL ECONOMY OF THE UNITED STATES OF AMERICA

2.1 Understanding National Markets

Describe inflation, unemployment, output, and growth, and the factors that cause changes in those conditions, and describe the role of money and interest rates in national markets.

- 2.1.1 Income** – Describe how individuals and businesses earn income by selling productive resources.
- 2.1.2 Circular Flow and the National Economy** – Using the concept of circular flow, analyze the roles of and the relationships between households, business firms, financial institutions, and government and non-government agencies in the economy of the United States.
- 2.1.3 Financial Institutions and Money Supply** – Analyze how decisions by the Federal Reserve and actions by financial institutions (e.g., commercial banks, credit unions) regarding deposits and loans, impact the expansion and contraction of the money supply.
- 2.1.4 Money Supply, Inflation, and Recession** – Explain the relationships between money supply, inflation, and recessions.
- 2.1.5 Gross Domestic Product (GDP) and Economic Growth** – Use GDP data to measure the rate of economic growth in the United States and identify factors that have contributed to this economic growth
- 2.1.6 Unemployment** – Analyze the character of different types of unemployment including frictional, structural, and cyclical.
- 2.1.7 Economic Indicators** – Using a number of indicators, such as GDP, per capita GDP, unemployment rates, and Consumer Price Index, analyze the characteristics of business cycles, including the characteristics of peaks, recessions, and expansions.
- 2.1.8 Relationship Between Expenditures and Revenue (Circular Flow)**– Using the circular flow model, explain how spending on consumption, investment, government and net exports determines national income; explain how a decrease in total expenditures affects the value of a nation’s output of final goods and services.
- 2.1.9 American Economy in the World** – Analyze the changing relationship between the American economy and the global economy including, but not limited to, the increasing complexity of American economic activity (e.g., outsourcing, off-shoring, and supply-chaining) generated by the expansion of the global economy.

2.2 Role of Government in the American Economy

Analyze the role of government in the American economy by identifying macroeconomic goals; comparing perspectives on government roles; analyzing fiscal and monetary policy; and describing the role of government as a producer and consumer of public goods and services. Analyze how governmental decisions on taxation, spending, protections, and regulation impact macroeconomic goals.

2.2.1 Federal Government and Macroeconomic Goals – Identify the three macroeconomic goals of an economic system (stable prices, low unemployment, and economic growth).

2.2.2 Macroeconomic Policy Alternatives – Compare and contrast differing policy recommendations for the role of the Federal government in achieving the macroeconomic goals of stable prices, low unemployment, and economic growth.

2.2.3 Fiscal Policy and its Consequences – Analyze the consequences – intended and unintended – of using various tax and spending policies to achieve macroeconomic goals of stable prices, low unemployment, and economic growth.

2.2.4 Federal Reserve and Monetary Policy – Explain the roles and responsibilities of the Federal Reserve System and compare and contrast the consequences – intended and unintended – of different monetary policy actions of the Federal Reserve Board as a means to achieve macroeconomic goals of stable prices, low unemployment, and economic growth.

2.2.5 Government Revenue and Services – Analyze the ways in which governments generate revenue on consumption, income and wealth and use that revenue for public services (e.g., parks and highways) and social welfare (e.g., social security, Medicaid, Medicare).

E3 The International Economy

3.1 Economic Systems

Explain how different economic systems, including free market, command, and mixed systems, coordinate and facilitate the exchange, production, distribution, and consumption of goods and services.

3.1.1 Major Economic Systems – Give examples of and analyze the strengths and weaknesses of major economic systems (command, market and mixed), including their philosophical and historical foundations (e.g., Marx and the Communist Manifesto, Adam Smith and the Wealth of Nations).

3.1.2 Developing Nations – Assess how factors such as availability of natural resources, investments in human and physical capital, technical

assistance, public attitudes and beliefs, property rights and free trade can affect economic growth in developing nations.

- 3.1.3 International Organizations and the World Economy** – Evaluate the diverse impact of trade policies of the World Trade Organization, World Bank, or International Monetary Fund on developing economies of Africa, Central America, or Asia, and the developed economies of the United States and Western Europe.
- 3.1.4 GDP and Standard of Living** – Using current and historical data on real per capita GDP for the United States, and at least three other countries (e.g., Japan, Somalia, and South Korea) construct a relationship between real GDP and standard of living.
- 3.1.5 Comparing Economic Systems** – Using the three basic economic questions (e.g., what to produce, how to produce, and for whom to produce), compare and contrast a socialist (command) economy (such as North Korea or Cuba) with the Capitalist as a mixed, free market system of the United States.
- 3.1.6 Impact of Transitional Economies** – Analyze the impact of transitional economies, such as in China and India, on the global economy in general and the American economy in particular.

3.2 Economic Interdependence – Trade

Describe how trade generates economic development and interdependence and analyze the resulting challenges and benefits for individuals, producers, and government.

- 3.2.1 Absolute and Comparative Advantage** – Use the concepts of absolute and comparative advantage to explain why goods and services are produced in one nation or locale versus another.
- 3.2.2 Domestic Activity and World Trade** – Assess the impact of trade policies (i.e. tariffs, quotas, export subsidies, product standards and other barriers), monetary policy, exchange rates, and interest rates on domestic activity and world trade.
- 3.2.3 Exchange Rates and the World Trade** – Describe how interest rates in the United States impact the value of the dollar against other currencies (such as the Euro), and explain how exchange rates affect the value of goods and services of the United States in other markets.
- 3.2.4 Monetary Policy and International Trade** – Analyze how the decisions made by a country's central bank (or the Federal Reserve) impact a nation's international trade.

- 3.2.5 The Global Economy and the Marketplace** – Analyze and describe how the global economy has changed the interaction of buyers and sellers, such as in the automobile industry.

E4 Personal Finance¹

4.1 Decision Making

Describe and demonstrate how the economic forces of scarcity and opportunity costs impact individual and household choices.

- 4.1.1 Scarcity and Opportunity Costs** – Apply concepts of scarcity and opportunity costs to personal financial decision making.
- 4.1.2 Marginal Benefit and Cost** – Use examples and case studies to explain and evaluate the impact of marginal benefit and marginal cost of an activity on choices and decisions.
- 4.1.3 Personal Finance Strategy** – Develop a personal finance strategy for earning, spending, saving and investing resources.
- 4.1.4 Key Components of Personal Finance** – Evaluate key components of personal finance including, money management, saving and investment, spending and credit, income, mortgages, retirement, investing (e.g., 401K, IRAs), and insurance.
- 4.1.5 Personal Decisions** – Use a decision-making model (e.g., stating a problem, listing alternatives, establishing criteria, weighing options, making the decision, and evaluating the result) to evaluate the different aspects of personal finance including careers, savings and investing tools, and different forms of income generation.
- 4.1.6 Risk Management Plan** – Develop a risk management plan that uses a combination of avoidance, reduction, retention, and transfer (insurance).

¹ The Personal Finance expectations should be included in high school Economics and other elementary, middle, and high school courses.