Mississippi Social Studies

Economics

Adopted 2022

Economics

1. **Explain the problem of scarcity, choice, decision making, and opportunity cost.** E.1
    1. Explain the problem of scarcity and discuss how it is experienced by individuals, governments, and societies. E.1.1
    2. Explain that all choices involving tradeoffs and opportunity costs. E.1.2
    3. Discuss ways that decisions made by individuals, firms, or government officials often have unintended consequences that can, partially or entirely, offset or supplement the initial effects of the decision. E.1.3
    4. Relate marginal benefit and marginal cost to choice. E.1.4
    5. Evaluate the role that risk takes in decision making and that risk can be reduced by diversification. E.1.5
    6. Examine the household as a major institution in which consumption and production take place. E.1.6

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2. **Evaluate different economic systems.** E.2
    1. Explain that scarcity requires the use of some distribution method to allocate goods, services, and resources, whether the method is selected explicitly or not. E.2.1
    2. Discuss the differences among market, command, mixed, and traditional economies. E.2.2
    3. Analyze how the different economic systems answer the three major economic questions:
What goods and services will be produced?
How will these goods and services be produced?
Who will consume them? E.2.3
    4. Describe how various economic systems rely on government directives (central planning) and signals (prices) from private markets to allocate scarce goods, services, and productive resources. E.2.4
    5. Compare the benefits and costs of different allocation methods. E.2.5

3. **Examine how voluntary exchanges and trade are reflections of positive and negative incentives.** E.3

    1. Describe how consumers, producers, workers, savers, investors, and citizens respond to incentives to allocate their scarce resources in ways that provide them the highest possible net benefits. E.3.1
    2. Explain how free trade increases the worldwide material standard of living. E.3.2
    3. Identify gains from free trade and recognize they are not distributed equally, and some individuals or groups may lose more than they gain when trade barriers are reduced. E.3.3
    4. Explain why many nations employ trade barriers for national defense, protection of key industries and protection of workers. E.3.4
    5. Explain why import restrictions result in higher prices and decreased job opportunities and profits. E.3.5
    6. Define labor productivity. E.3.6
    7. Evaluate how international economic interdependence causes economic conditions and policies in one nation to be affected by economic conditions and policies in other nations. E.3.7
    8. Describe the comparative advantage in the production of goods or services when a product is produced at a lower opportunity cost than other individuals or nations. E.3.8
    9. Evaluate the reasons for international trade (e.g., comparative advantage, availability of resources, market price, etc.). E.3.9
    10. Define transaction cost and explain why trade increases if transaction costs decrease (e.g., the cost of locating buyers or sellers, negotiating the terms of an exchange, ensuring the exchange occurs on the agreed upon terms, etc.). E.3.10
    11. Illustrate how goods can be produced at the lowest opportunity cost regarding resources, technology, political institutions, and economic institutions. E.3.11

4. **Analyze the role of price on the market, the buyer, and the seller.** E.4

    1. Define relative price, market clearing/equilibrium price, shortage, and surplus. E.4.1
    2. Investigate the relationship between market clearing price and supply and demand. E.4.2
    3. Explain that market outcomes depend on available resources and government policies. E.4.3
    4. Relate shortages and surpluses to changes in price. E.4.4
    5. Discuss the concept of market price and exchange rates. E.4.5
    6. Examine how changes in supply or demand cause relative prices to change. E.4.6
    7. Relate government enforced price ceilings and floors to persistent shortages or surpluses. E.4.7

5. **Analyze the impact of market structures on the economy.** E.5
    1. Describe how pursuit of self-interest in competitive markets usually leads to choices and behavior that also promotes the national level of well-being. E.5.1
    2. Evaluate how the level of competition in an industry is affected by the ease with which new producers can enter the industry, and by consumers' information about the availability, price and quantity of substitute goods and services. E.5.2
    3. Explore how companies are categorized based on the amount of competition they face (e.g., monopoly, oligopoly, etc.). E.5.3
    4. Describe the role of banks and other financial institutions in channeling funds from savers to borrowers and investors. E.5.4
    5. Explain the purpose of labor unions and how they influence laws created in market economies. E.5.5
    6. Identify the role not-for-profit organizations have and that they are established primarily for religious, health, educational, civic, or social purposes and are exempt from certain taxes. E.5.6
    7. Evaluate the factors that regulate price and market security. E.5.7

6. **Assess entrepreneurship.** E.6
    1. Discuss how entrepreneurs organize resources to produce goods and services because they expect to earn profits. E.6.1
    2. Describe how entrepreneurs earn profits and incur losses. E.6.2
    3. Compare and contrast positive and negative aspects of entrepreneurship. E.6.3
    4. Evaluate how entrepreneurial decisions are influenced by tax, regulatory, education, and research support policies. E.6.4

7. **Examine the factors that influence personal income.** E.7
    1. Define and explain the different forms of earning income (e.g., labor, capital, natural resources, entrepreneurial talents, etc.). E.7.1
    2. Relate income to choices made for education, training, skill development, and careers. E.7.2
    3. Demonstrate how changes in the structure of the economy can influence personal income. E.7.3
    4. Examine factors related to personal spending with respect to maintaining a household budget. E.7.4

8. **Evaluate the role of money and its relationship to the market economy.** E.8
    1. Define and explain the purpose of CPI, annual inflation rate, and interest rate. E.8.1
    2. Describe the three functions of money: a store of value, a unit of account, and a medium of exchange. E.8.2
    3. Explain inflation and its impact on the value of money. E.8.3
    4. Compare and contrast M-1 and M-2 money in the United States. E.8.4
    5. Explain what is and is not considered money. E.8.5
    6. Evaluate real and nominal interest rates and discuss their impact on consumers. E.8.6
    7. Evaluate the impact of higher real interest rates on business investment spending and consumer spending on major purchases. E.8.7
    8. Examine the types of unemployment and its effects on society. E.8.8
    9. Describe how unexpected inflation imposes costs on some people and benefits others. E.8.9

9. **Describe economic growth and evaluate the cause and effect of economic fluctuations.** E.9
    1. Describe the characteristics of economic growth in the long and short term. E.9.1
    2. Illustrate how economic growth has been a vehicle for alleviating poverty and raising standards of living. E.9.2
    3. Justify the importance of investing in new physical or human capital for future productivity and consumption. E.9.3
    4. Investigate how lower interest rates encourage investment. E.9.4
    5. Define and explain GDP, its components, and how it can be calculated. E.9.5
    6. Compare and contrast GDP and GDP per capita. E.9.6
    7. Compare and contrast real and nominal GDP. E.9.7
    8. Evaluate the business cycle, specifically the fluctuations in real GDP around its potential level. E.9.8

10. **Evaluate the role of the government in correcting market failures.** E.10
    1. Describe the reasons for a market failure. E.10.1
    2. Discuss the role of government in the economy to define, establish, and enforce property rights. E.10.2
    3. Compare and contrast positive and negative externalities on the market. E.10.3
    4. Identify methods the United States government can use to address externalities (e.g., subsidies, laws, government ownership, income redistribution through tax laws, price controls, etc.). E.10.4
    5. Evaluate the benefits and costs of market intervention by government. E.10.5

11. **Compare and contrast fiscal and monetary policy in the United States economy.** E.11

    1. Discuss how fiscal policies are decisions to change spending and taxation levels by the federal government to influence national levels of output, employment, and prices. E.11.1
    2. Describe the short-term and long-term benefits and costs of fiscal policy. E.11.2
    3. Discuss how monetary policy by the Federal Reserve Bank influences the overall levels of employment, output, and prices. E.11.3
    4. Differentiate budget deficit, budget surplus and balanced budget. E.11.4
    5. Explain why and how government debt is created. E.11.5
    6. Evaluate how monetary policies lead to changes in the supply of money, short term interest rates, and the availability of credit. E.11.6
    7. Describe the Federal Reserve System's three major monetary policy tools. E.11.7
    8. Differentiate the federal funds rate from the discount rate and the prime rate. E.11.8
    9. Evaluate why the Federal Reserve would increase interest rate targets. E.11.9