SOUTH CAROLINA
DEPARTMENT OF EDUCATION

Economics and Personal Finance Alignment Guide

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Contents

Purpose and Use

The development and revision of the Alignment Guides is the work of South Carolina educators. The Alignment Guides are created to assist educators in aligning all components of the 2019 South Carolina Social Studies College- and Career-Ready Standards.

Components of the Document

Course Themes

Themes allow for connections to be made between content when teaching chronologically or thematically to support learning through inquiry. The Primary (K-2) themes of *History*, *Geography*, *Economics*, and *Civics & Government* are the foundation for all subsequent course themes.

Course Themes	Description
Exchange and Markets	The Exchange and Markets theme encourages the study of how individuals engage in voluntary exchange when both parties determine that the benefits outweigh the costs. Markets have evolved over time in order to facilitate the exchange of goods and services, while prices and wages fluctuate based on competition within the marketplace.
Indicators and Policy Making	The Indicators and Policy Making theme encourages the analysis of economic indicators as a measure of the health of the economy and its progress toward economic goals. Government policies are used to stabilize the economy, prioritize economic goals, and facilitate global interaction. Various philosophies and schools of economic thought influence economic decisions and public policies.
Role of Incentives	The Role of Incentives theme encourages the study of how decisions are made at the local, state, national and global levels as a result of scarce resources. In order to set goals, engaged participants utilize cost-benefit analysis by understanding the role of self-interests and consequences in the decision-making process.

Course At a Glance

The Course at a Glance provides teachers with a visual overview of the course components, including the progression of topics for each indicator.

STANDARD 1 ECONOMIC CONCEPTS	**STANDARD 2** FINANCIAL LITERACY	**STANDARD 3** MICROECONOMICS	**STANDARD 4** MACROECONOMICS
1.ER: Scarcity and Decision Making	2.ER: Personal Income	3.ER: Supply and Demand	4.ER: Economic Indicators
1.IN: Economic Systems and the Distribution of Resources	2.IN: Role of Financial Institutions	3.IN: Market Structures	4.IN: Fiscal and Monetary Policies
1.CC: Allocation of Resources and the Production Possibilities Curve (PPC)	2.CC: Credit	3.CC: Equilibrium and Prices	4.CC: Globalization and Trade
1.IP: Short- and Long-Term Goals and Rational Decision Making (Marginal Analysis)	2.IP: Budgeting, Saving, and Investing	3.IP: Employment Trends	4.IP: Implementation of Economic Policies

Standard Overview

The Standard Overview provides the Key Concept, Topics At a Glance, Enduring Understanding, and Identified Course Themes for the entire standard.

Indicator Overview

The Indicator Overview includes the Indicator and Topic, Possible Questions for Inquiry, Content List, and Sample Tasks. Possible Questions for Inquiry related to course content are provided with each indicator. A Content List containing the suggested content associated with the indicator is accompanied by Sample Tasks to demonstrate the relationship between the content and the skill. While not considered to be a checklist, the content and skills outlined in this document should all be explored with students. Additionally, Sample Tasks, Cognitive Complexity Examples, Possible Terminology to Support Teaching Skills, and Example Question/Sentence Stems are included for instructional guidance to support teaching the economics and personal finance thinking skills.

Teachers can use excerpts from sources identified in the Content List as (stimuli) and in the Example Question/Sentence Stems. Depth of Knowledge (DOK)/Cognitive Complexity Examples help to convey information about the expected depth and breadth of the content/skill for each indicator of the standards. Teachers have the flexibility to include additional related content that meets the needs of their students.

Standard 1 Overview:

Standard 1: Demonstrate an understanding of fundamental economic concepts at an individual, business, and governmental level.

Topics At a Glance	Enduring Understanding
Key Concept: Economic Concepts • 1.ER: Scarcity and Decision Making • 1.IN: Economic Systems and the Distribution of Resources • 1.CC: Allocation of Resources and the Production Possibilities Curve (PPC) • 1.IP: Short- and Long-Term Goals and Rational Decision Making (Marginal Analysis)	The study of economics enables students to make informed decisions about limited resources. Scarcity is an unavoidable reality because societies do not have enough productive resources to satisfy the wants and needs of all individuals. Therefore, choices must be made concerning the production and distribution of resources. Understanding basic economic concepts allows students to adequately compete for resources in the marketplace.

Standard 1 Course Theme:

The theme identified for Standard 1 is as follows:

Identified Course Theme	Description
Role of Incentives	The Role of Incentives theme encourages the study of how decisions are made at the local, state, national and global levels as a result of scarce resources. In order to set goals, engaged participants utilize cost-benefit analysis by understanding the role of self-interests and consequences in the decision-making process.

EPF.1.ER:
Examine how scarcity of time and resources necessitates decision making.

This indicator was developed to encourage inquiry into how people and societies compete for and allocate resources. The indicator was also designed to promote inquiry into how scarcity necessitates choices of certain resources over others.

Topic: Scarcity and Decision Making

Possible Questions for Inquiry:

- How does scarcity shape the choices individuals and societies make about goods and services?
- In what ways do opportunity cost, tradeoffs, and incentives shape the decisions people make when scarce resources limit what they can have or do?

Content	Sample Tasks
Scarcity • Choice • Needs and wants • Goods and services • Incentives	• Explain how the scarcity of time or money forces an individual to make a choice between competing options. • Describe the relationship between scarcity and prioritizing needs over wants when making economic decisions. • Analyze how limited resources affect a consumer's decision to choose certain goods or services over others. • Discuss how incentives influence the choices people make when resources are scarce.
Factors of Production • Land (natural resources) • Labor (human resources) • Capital • Entrepreneurship	• Describe how the scarcity of productive resources affects choices about what goods and services to produce. • Explain the relationship between the availability of productive resources and the tradeoffs businesses or individuals must make.

Costs • Cost-benefit analysis • Opportunity cost • Tradeoffs • TINSTAAFL Principle (There is no such thing as a free lunch)	• Explain why every economic decision involves costs as a result of scarcity of resources. • Summarize the relationship between choice and opportunity cost in a situation involving limited resources. • Describe how making one economic choice creates trade-offs because resources are scarce. • Use the TINSTAAFL principle to explain why even “free” options have hidden costs caused by scarcity. • Discuss how people consider costs and benefits when deciding how to use limited resources.

DOK/Cognitive Complexity Example:

Content/Topic	Low	Medium	High
Scarcity	What is scarcity?	How do incentives and cost-benefit analysis help people choose between needs and want when resources are limited?	Why does scarcity mean there is no such thing as a free lunch? Use costs, tradeoffs, opportunity cost, and incentives to explain.

Possible Terminology to Support Teaching Establish Relationships:

- association
- cause
- comparison
- connection
- contrast
- correlation
- difference
- effect
- impact
- influence
- interaction
- link
- outcome
- relationship
- result
- sequence
- similarity

Example Question/Sentence Stems:

- Explain how __________ relates to __________ and why that relationship is significant.
- Describe the relationship between __________ and __________, including how one affects the other.
- Draw a clear connection between __________ and __________, explaining how they work together.
- Compare __________ and __________, highlighting similarities that affect economic outcomes.
- Contrast __________ with __________, focusing on differences that influence decisions and markets.
- Analyze why changes in __________ influence choices related to __________.

EPF.1.IN:
Research and utilize evidence to explain how various economic systems address the basic economic questions regarding distribution of resources.

This indicator was developed to encourage inquiry into how a society's economic system helps deal with the fundamental economic problem of scarcity. This indicator also prompts the exploration of multiple sources of information and data to analyze the advantages and disadvantages of different types of economic systems throughout the world and their outcomes on economic and societal well-being.

Topic: Economic Systems and the Distribution of Resources

Possible Question for Inquiry:
- In what ways can comparing data from different countries help us understand how economic systems make decisions about distributing scarce resources?

Content	Sample Tasks
Economic systems • Traditional • Command • Market • Mixed: free enterprise, capitalism, communism, socialism	• Use evidence from multiple sources to compare how traditional, command, market, and mixed economies address scarcity differently. • Examine real-world examples to explain how a command economy determines what to produce, how to produce it, and who receives goods and services. • Analyze data or case studies to explain how a market economy answers the three basic economic questions through individual choice and voluntary exchange. • Evaluate comparative data to explain how a mixed economy blends market and command principles when addressing scarcity. • Assess historical or contemporary evidence to explain how socialism or communism address resource allocation differently than market-based systems.

Three Basic Economic questions • What to produce? • How to produce? • Who gets it?	• Synthesize evidence from multiple economic systems to explain how societies decide what to produce, how to produce it, and who receives goods and services.
Factors of production/resources: • land (natural), labor (human), capital, Entrepreneurship	• Apply examples from multiple economies to explain how access to factors of production (land, labor, capital, entrepreneurship) influences economic decision-making.
Adam Smith • Laissez-faire economics • Invisible hand Karl Marx David Ricardo	• Interpret excerpts from Adam Smith to explain how laissez-faire economics shapes decision-making in a market economy. • Explain the concept of the invisible hand to explain how individual self-interest can lead to broader economic outcomes. • Interpret key ideas from Karl Marx to explain how communist or socialist systems attempt to address inequality and resource distribution. • Analyze David Ricardo's economic ideas to explain how specialization and trade influence production and resource use within economic systems.

DOK/Cognitive Complexity Example:

Content/Topic	Low	Medium	High
Economic systems	List the characteristics of the four types of economic systems.	Using a set of data/infographic, explain how two different economic systems answer the three basic economic questions and what the data suggests about the advantages and disadvantages of each system.	Interpret economic and quality-of-life data from countries with different economic systems to evaluate how effectively each system distributes resources and whether data alone shows standard of living.

Possible Terminology to Support Teaching Interpret:

- analyze
- assess
- benchmark
- bias
- data point
- data set
- deduce
- distribution
- fluctuation
- indicator
- infer
- interpret
- pattern
- reliability
- trend
- validity
- variability
- visualization

Example Question/Sentence Stems:

- What does the data show about __________, and what trends or patterns are apparent?
- Analyze the information from __________ and explain what it reveals about __________.
- How does this source present information about __________, and what perspective or bias may be present?
- What conclusions can you draw based on the data provided?
- Which data points are most relevant for understanding __________, and why?

EPF.1.CC:
Determine how society's allocation of resources impacts economic well-being using a production possibilities curve.

This indicator was developed to encourage inquiry into the production alternatives encountered by societies using the production possibilities curve. This indicator also promotes inquiry into how the production possibilities model can be used to illustrate the impact of changes in resources and economic growth, while also providing the basis for trade.

Topic: Allocation of Resources and the Production Possibilities Curve (PPC)

Possible Questions for Inquiry:

- How does a production possibilities curve (PPC) help society decide the best way to allocate scarce resources to improve economic well-being?
- How does the PPC help us understand the trade-offs societies face when choosing between different combinations of goods and services?

Content	Sample Tasks
Factors of production • Land (natural resources) • Labor (human resources) • Capital • Entrepreneurship	• Using evidence from multiple sources, argue which factor of production, land, labor, capital, or entrepreneurship, most limits a society's production possibilities and justify, your reasoning.
Other factors affecting production: • Productivity • Division of labor • Specialization	• Argue whether increasing productivity through specialization or division of labor is a more effective way to improve economic well-being, using the PPC to support your reasoning.

Production possibilities curve • Opportunity cost • Trade-offs • Efficiency, inefficiency, unattainable • Economic growth • Loss of resources	• Determine the opportunity cost of choosing one point on the PPC over another and explain how that choice reflects societal priorities. • Use a production possibilities curve to explain the trade-off a society faces when increasing production of one good over another. • Analyze points on a PPC and explain whether operating at an inefficient or unattainable point limits economic well-being. • Explain how investments in capital or improvements in technology shift the production possibilities curve outward and improve long-run economic well-being. • Interpret a PPC that reflects a loss of resources and conclude how this change impacts a society's economic well-being.
Trade • Specialization • Comparative advantage • Absolute advantage	• Use comparative advantage to explain why specialization and trade allow societies to consume beyond their individual production possibilities curves. • Distinguish between absolute and comparative advantage to explain why trade can benefit societies even when one country produces all goods more efficiently.
Economic and social goals	• Evaluate how different economic and social goals (such as growth, equity, or security) influence where a society chooses to operate along its PPC.

DOK/Cognitive Complexity Example:

Content/Topic	Low	Medium	High
Factors of Production	List and describe the four factors of production.	Identify examples of each factor of production and explain how their availability affects what goods and services can be produced.	Rank the four factors of production by their impact on production and justify how changes in each factor would influence economic outcomes.

Possible Terminology to Support Teaching Communicate and Conclude:

- argue
- claim
- conclude
- counterargument
- credibility
- evidence
- explain
- formulate
- illustrate
- justify
- position
- reasoning
- rebuttal
- summarize
- support

Example Question/Sentence Stems:

- Present an argument that supports __________ using evidence from __________.
- How would you justify __________ as a solution to __________?
- Summarize your position on __________ and explain how you reached that conclusion.
- What counterarguments might challenge __________, and how would you respond?
- Propose an alternative to __________ and defend your reasoning.
- Which evidence/data is most convincing when evaluating __________, and why?
- Explain your reasoning for supporting or opposing __________, citing economic data.

EPF.1.IP:
Evaluate how short-term goals allow individuals and institutions to make rational decisions using marginal analysis.

This indicator was developed to encourage inquiry into the use of rational decision-making using marginal analysis. This indicator also encourages inquiry into the processes utilized by individuals, businesses, and governmental agencies to set long- and short-term goals.

Topic: Short- and Long-Term Goals and Rational Decision Making (Marginal Analysis)

Possible Question for Inquiry:
- How does using marginal analysis help individuals and institutions determine when pursuing a short-term goal is worth the resources it requires?

Content	Sample Tasks
Short-term Goal Setting • Short-term goals and their support or constraint of long-term goals • S.M.A.R.T. goal setting	• Assess a short-term goal and determine whether it meets the S.M.A.R.T. criteria. Explain how it supports or limits a long-term goal. • Compare two short-term goals and defend which one should be prioritized, justifying your choice based on limited resources.
Marginal analysis • Marginal benefit vs. marginal cost Opportunity cost • Value of the next-best alternative	• Decide, using marginal benefits and marginal costs, whether an activity should be increased, decreased, or stopped, and explain your reasoning. • Review a decision that has already been made and explain whether it was rational by analyzing how marginal benefits compared to marginal costs at that point. • Examine the opportunity cost of a decision and evaluate whether the benefits of the chosen option outweigh the value of the next-best alternative. Justify if the decision should stand or change. • Select between two possible options/actions by determining which choice has the lower opportunity cost and justify your conclusion using evidence.

Incentives • Positive vs. negative • Monetary and non-monetary Constraints • Limited resources: time, money, labor, information • Legal or institutional rules Trade-offs Cost-benefit analysis • Expected benefits compared to costs • Quantitative vs. qualitative	• Analyze how positive or negative incentives influence a decision maker's short-term choices and recommend the most rational response. • Determine how monetary and non-monetary incentives change marginal benefits or marginal costs and affect decision-making and recommend an action based on your evaluation. • Identify key constraints in a decision scenario and propose a realistic course of action that accounts for those limitations. • Predict how changing one constraint, such as time, money, or rules, would alter the rational decision using marginal analysis. • Choose between two competing short-term options and justify your decision by explaining the trade-offs involved. • Defend whether the benefits gained from a choice are worth the trade-offs sacrificed, using economic reasoning. • Apply cost-benefit analysis to a real-world decision and recommend whether the action should be taken based on expected benefits and costs. • Judge a decision using both quantitative and qualitative costs and benefits and justify whether the choice maximizes overall benefit.

DOK/Cognitive Complexity Example:

Content/Topic	Low	Medium	High
Goal setting	Define short-term goals.	Evaluate how an individual could choose between competing short-term goals while working toward a long-term goal.	Evaluate which resources and information a government should prioritize when setting short-term goals and justify the decision using marginal costs and benefits.

Possible Terminology to Support Teaching Informed Participation:

- advocate
- budget
- choose
- decide
- implement
- organize
- participate
- prioritize
- recommend
- respond
- strategize
- support

Example Question/Sentence Stems:

- Who would this economic choice/decision affect and how?
- How would you apply your knowledge of __________ to make a decision about __________?
- Which economic tools or data would you use to evaluate available options before taking action on __________?
- How might this economic policy or market change affect your role as a consumer, worker, or citizen?
- Which economic factors should be considered when making a responsible decision about __________, and why?
- Based on the evidence, what action would be most effective in addressing __________?
- How can economic knowledge help individuals or communities make informed choices about __________?

Standard 2 Overview:

Standard 2: Demonstrate an understanding of how scarcity and choice influence individual financial decisions.

Topics At a Glance	Enduring Understanding
Key Concept: Financial Literacy • 2.ER: Personal Finance • 2.IN: Financial Institutions • 2.CC: Credit • 2.IP: Budgeting, Saving & Investing	Financial literacy is imperative in making individual economic decisions regarding spending, careers, and setting short- and long-term financial goals. The tools of decision making and marginal analysis are essential in evaluating possible financial options. The ability to make wise choices can impact standard of living and future earning potential.

Standard 2 Course Theme:

The theme identified for Standard 2 is as follows:

Identified Course Theme	Description
Role of Incentives	The Role of Incentives theme encourages the study of how decisions are made at the local, state, national and global levels as a result of scarce resources. In order to set goals, engaged participants utilize cost-benefit analysis by understanding the role of self-interests and consequences in the decision-making process.

EPF.2.ER:
Research and analyze the factors that impact personal income and long-term earning potential.

This indicator was developed to encourage inquiry into the factors that influence personal income. It also prompts inquiry into various post-secondary options and the opportunity cost incurred when various college or career paths are taken.

Topic: Personal Income

Possible Questions for Inquiry:
- How do my choices now affect my earning potential later?
- How might the cost of a college or trade school impact my personal income post-graduation?

Content	Sample Tasks
Personal income • Gross vs. net income • Factors affecting wages (education, skills, experience, location)	• Differentiate between gross income and net income by identifying how deductions alter an individual's take-home pay. • Analyze how education, skills, experience, and geographic location interact to influence wage differences across occupations. • Trace how changes in labor market demand for specific skills affect personal income over time.
Earning Potential • Education and training • Credentials, certifications, and skills • Career advancement and income growth over time	• Connect investment in education and training to long-term earning potential using cause-and-effect reasoning. • Examine the relationship between credentials or certifications and access to higher-paying or more stable careers. • Explain how opportunities for career advancement contribute to income growth across an individual's working life.

Cost of Living • Regional differences • Impact on real income and standard of living	• Compare how regional cost-of-living differences affect the real value of income earned in different locations. • Interpret the relationship between income levels and standard of living when living expenses vary. • Account for why individuals earning the same salary may experience different standards of living based on location.
Post-secondary options • College, trade school, military, workforce • Alignment between education pathways and career outcomes	• Evaluate how different post-secondary pathways (college, trade school, military, workforce) influence income and career outcomes. • Explain the alignment between education pathways and career goals and its effect on long-term earning potential. • Analyze how labor market demand shapes the income prospects of various post-secondary choices.
Financing education • Tuition, scholarships, grants, student loans • Opportunity cost of different post-secondary choices	• Assess how tuition costs, financial aid options, and student loans influence post-secondary decision-making. • Explain how financing education creates short-term constraints while shaping long-term earning outcomes. • Illustrate how student loan debt represents a trade-off between present costs and future income potential.
Opportunity cost and decision making • College vs. immediate employment • Short-term costs vs. long-term earning	• Identify the opportunity cost of attending college instead of entering the workforce immediately. • Analyze how individuals weigh short-term costs against long-term earning benefits when choosing post-secondary pathways. • Explain how scarcity of time and money forces trade-offs between education and employment decisions.

DOK/Cognitive Complexity Example:

Content/Topic	Low	Medium	High
Personal Income	What factors influence how much income an individual can earn?	How do my needs and wants change over time, and how might those changes affect how much income I need to earn?	How do my education, career, and financial choices today affect my income and opportunities in the future?

Possible Terminology to Support Teaching Establish Relationships:

- association
- cause
- comparison
- connection
- contrast
- correlation
- difference
- effect
- impact
- influence
- interaction
- link
- outcome
- relationship
- result
- sequence
- similarity

Example Question/Sentence Stems:

- Explain how __________ relates to __________ and why that relationship is significant.
- Describe the relationship between __________ and __________, including how one affects the other.
- Draw a clear connection between __________ and __________, explaining how they work together.
- Compare __________ and __________, highlighting similarities that affect economic outcomes.
- Contrast __________ with __________, focusing on differences that influence decisions and markets.
- Analyze why changes in __________ influence choices related to __________.

EPF.2.IN:
Identify and explain the functions of different types of financial institutions and how they assist individuals in achieving short- and long-term financial goals.

This indicator was developed to encourage inquiry into how financial institutions act as intermediaries between savers and borrowers, and how they facilitate the flow of money in the economy. This indicator also prompts the examination of the relationship between financial institutions and the public to enable liquidity and facilitate economic growth

Topic: Role of Financial Institutions

Possible Questions for Inquiry:
- How do financial institutions influence individuals' ability to save, borrow, and access money over time?
- Why does trust in financial institutions matter for individuals' financial goals and the overall flow of money in the economy?

Content	Sample Tasks
Commercial Banks Credit Unions Non-Bank Financial Institutions • Finance companies • Investment banks	• Compare information from multiple sources to determine how commercial banks, credit unions, and non-bank financial institutions differ in the services they provide to individuals. • Interpret how financial institutions function as intermediaries by examining how savings deposited by individuals are used to support borrowing. • Analyze examples of finance companies and investment banks to determine how their roles differ from traditional banking institutions.

Financial Services • Checking Accounts • Savings accounts • Money Market Accounts • Certificates of Deposit (CDs) • Bonds	• Interpret data or descriptions of checking, savings, money market accounts, and CDs to evaluate how each supports short- and long-term financial goals. • Examine how bonds offered through financial institutions allow individuals to store value and earn returns over time. • Analyze the relationship between account access and liquidity by explaining how financial institutions enable individuals to access funds when needed.
Borrowing and Lending • Credit cards • Collateral • Types of interest rates	• Interpret borrowing scenarios to evaluate how financial institutions provide credit cards and loans to meet consumer needs. • Analyze how the use of collateral changes lending risk for financial institutions and borrowing costs for individuals. • Evaluate how different types of interest rates influence the overall cost of borrowing through financial institutions.
Consumer Protection and Access • FDIC • Liquidity	• Interpret the purpose of the FDIC using real-world examples to explain how deposit insurance protects individuals' money. • Analyze how trust in financial institutions supports liquidity and facilitates the flow of money between savers and borrowers in the economy. • Explain why some assets are more liquid than others.

DOK/Cognitive Complexity Example:

Content/Topic	Low	Medium	High
Role of financial institutions	Identify and explain the functions of different types of financial institutions.	How do financial institutions act as intermediaries between savers and borrowers?	What impact do financial institutions have on individuals' short- and long-term financial goals and on economic growth in the community?

Possible Terminology to Support Teaching Interpret:

- analyze
- assess
- benchmark
- bias
- data point
- data set
- deduce
- distribution
- fluctuation
- indicator
- infer
- interpret
- pattern
- reliability
- trend
- validity
- variability
- visualization

Example Question/Sentence Stems:

- What does the data show about __________, and what trends or patterns are apparent?
- Analyze the information from __________ and explain what it reveals about __________.
- How does this source present information about __________, and what perspective or bias may be present?
- What conclusions can you draw based on the data provided?
- Which data points are most relevant for understanding __________, and why?

EPF.2.CC:
Determine financially responsible ways that individuals acquire and use credit.

This indicator was developed to encourage inquiry into the various forms of credit and the advantages and disadvantages of using credit for purchases. This indicator also encourages inquiry into the importance of establishing and maintaining good credit and the indicators of creditworthiness.

Topic: Credit

Possible Questions for Inquiry:

- What factors determine creditworthiness, and how do credit decisions influence future financial opportunities?
- How can individuals evaluate when using credit is financially responsible versus when it may create financial harm?

Content	Sample Tasks
3 Cs of Creditworthiness Credit score Credit report Credit rating agencies (Experian, Equifax, TransUnion)	• Evaluate information from a credit report and credit score summary to conclude whether an individual is a low- or high-risk borrower, citing evidence related to the 3 Cs of creditworthiness. • Develop and defend an argument explaining which factor of creditworthiness (character, capacity, or collateral) is most important for lenders, using examples to support your position.
Interest rates • Fixed rates vs. variable rates • Amortization tables	• Analyze an amortization table and interest rate information to conclude which loan option is more financially responsible over time, justifying your decision with evidence. • Compare and evaluate fixed and variable interest rates to determine which option would be more appropriate for a borrower in a given scenario, explaining the trade-offs involved.

Types of Credit • Mortgage loans • Student loans • Credit cards • Payday loans • Title loans	• Evaluate the advantages and disadvantages of different types of credit (credit cards, student loans, payday loans, title loans) and justify which form of credit would be most responsible for a specific purchase. • Formulate and defend a position on whether high-interest loans should be used in emergencies, citing potential short- and long-term consequences.
Comparison Shopping for Credit • Interest rates, fees, repayment terms • Evaluating needs vs. wants when using credit	• Use information from multiple loan offers to conclude which credit option best meets an individual's needs, considering interest rates, fees, and repayment terms. • Evaluate whether using credit for a want rather than a need is financially responsible in a given scenario and defend your conclusion using economic reasoning.
Credit Monitoring and Maintenance • Identifying errors and fraud • Factors that affect credit scores • Repayment habits	• Analyze a scenario involving errors or fraud on a credit report and recommend steps an individual should take to protect their credit, supporting your response with evidence. • Evaluate how repayment habits influence credit scores over time and conclude which behaviors most strongly support maintaining good credit.

DOK/Cognitive Complexity Example:

Content/Topic	Low	Medium	High
Using credit	What are the various forms of credit?	What are the advantages and disadvantages of various types of credit?	Explain the most advantageous credit option for various real-world scenarios.

Possible Terminology to Support Teaching Communicate and Conclude:

- argue
- claim
- conclude
- counterargument
- credibility
- evidence
- explain
- formulate
- illustrate
- justify
- position
- reasoning
- rebuttal
- summarize
- support

Example Question/Sentence Stems:

- Present an argument that supports __________ using evidence from __________.
- How would you justify __________ as a solution to __________?
- Summarize your position on __________ and explain how you reached that conclusion.
- What counterarguments might challenge __________, and how would you respond?
- Propose an alternative to __________ and defend your reasoning.
- Which evidence/data is most convincing when evaluating __________, and why?
- Explain your reasoning for supporting or opposing __________, citing economic data.

EPF.2.IP:
Develop a personal finance strategy for investing, protecting, purchasing, and saving resources.

This indicator was developed to encourage inquiry into the process of effectively managing income by creating a personal budget. Further inquiry into this indicator encourages active discourse on the merits and consequences of saving and investing.

Topic: Budgeting, Saving, and Investing

Possible Question for Inquiry:
- How can individuals use financial information and economic reasoning to make informed choices about saving, investing, spending, and protecting their income over time?

Content	Sample Tasks
Income and Financial Resources • Gross income vs. net income • Disposable income • Deductions : federal income taxes, state income taxes, FICA (Social Security and Medicare) • Liquidity	• Use information about gross income, deductions, and net income to determine how much disposable income an individual has available for saving, spending, and investing. • Evaluate how differences in liquidity across financial resources affect an individual’s ability to respond to unexpected expenses.
Financial goal setting • Short-term goals (saving, purchases) • Long-term goals (college, homeownership, retirement) • Time value of money	• Develop a short- and long-term financial goal plan and explain how opportunity cost influences the prioritization of those goals. • Apply the concept of the time value of money to decide whether saving now or spending now better supports a long-term financial goal.
Budgeting • Fixed vs. variable expenses • Needs vs. wants	• Create a simple budget that categorizes expenses as fixed or variable and explains how needs and wants influence spending decisions. • Use a budget scenario to determine which expenses should be adjusted when income decreases.

Investing fundamentals • Types of investments : stocks, mutual funds, bonds • Rate of return • Retirement planning	• Compare basic investment options (stocks, mutual funds, bonds) and select one that best supports a stated financial goal, explaining the expected rate of return. • Use information about retirement timelines and investment growth to justify an early versus delayed investment decision.
Risk Protection • Types of insurance: health/medical, auto, home or renters, life • Insurance as risk protection • Fraud and identity protection	• Evaluate different types of insurance coverage and recommend which forms of protection are most appropriate for an individual in a given life situation. • Analyze a fraud or identity-theft scenario and decide what actions an informed consumer should take to protect financial resources.
Taxes and Financial Decisions • Impact of taxes on income and budgeting • How taxes affect saving and investing decisions	• Use information about taxes and deductions to explain how taxes affect an individual's budget and saving decisions. • Evaluate how changes in tax obligations influence choices about saving, investing, or spending income.

DOK/Cognitive Complexity Example:

Content/Topic	Low	Medium	High
Net income	What is a personal budget?	How does using a budget help individuals make informed choices when income or expenses change unexpectedly?	How can individuals use a budget to prioritize when income is limited and unexpected expenses arise?

Possible Terminology to Support Teaching Informed Participation:

- advocate
- budget
- choose
- decide
- implement
- organize
- participate
- prioritize
- recommend
- respond
- strategize
- support

Example Question/Sentence Stems:

- Who would this economic choice/decision affect and how?
- How would you apply your knowledge of __________ to make a decision about __________?
- Which economic tools or data would you use to evaluate available options before taking action on __________?
- How might this economic policy or market change affect your role as a consumer, worker, or citizen?
- Which economic factors should be considered when making a responsible decision about __________, and why?
- Based on the evidence, what action would be most effective in addressing __________?
- How can economic knowledge help individuals or communities make informed choices about __________?

Standard 3 Overview:

Standard 3: Demonstrate an understanding of basic microeconomic principles.

Topics At a Glance	Enduring Understanding
Key Concept: Microeconomics • 3.ER: Supply and Demand • 3.IN: Market Structures • 3.CC: Changes in Supply and Demand • 3.IP: Employment	Microeconomics investigates the impact of individual decisions on the distribution of scarce resources. A working knowledge of supply and demand and market structures is necessary to understand the study of microeconomics. Changes in demand, supply, and the level of competition in various market structures can affect price and output levels for consumers and profit levels for producers.

Standard 3 Course Theme:

The theme identified for Standard 3 is as follows:

Identified Course Theme	Description
Exchange and Markets	The Exchange and Markets theme encourages the study of how individuals engage in voluntary exchange when both parties determine that the benefits outweigh the costs. Markets have evolved over time in order to facilitate the exchange of goods and services, while prices and wages fluctuate based on competition within the marketplace. This can be illustrated in supply and demand.

EPF.3.ER:
Apply the laws of supply and demand to determine how changes in market conditions affect prices.

This indicator was developed to encourage inquiry into the development of markets through the interaction of supply and demand, and how prices emerge to act as signals concerning the allocation of resources.

Topic: Supply and Demand

Possible Questions for Inquiry:
- How do producers and consumers respond to incentives in the marketplace?
- How do changes in determinants of supply or demand create shortages or surpluses, and what does that signal to the market?

Content	Sample Tasks
Laws and Core Concepts • Law of Demand • Law of Supply • Market Equilibrium: shortage and surplus • Quantity demanded vs. quantity supplied	• Describe how the law of demand demonstrates the relationship between price and quantity in a market. • Explain how the law of supply demonstrates the relationship between price and quantity in a market. • Use a graph to explain the relationship between supply and demand to show how equilibrium price is determined. • Analyze how a shortage signals producers and consumers to adjust behavior in the market. • Describe how a surplus affects prices and leads to adjustments in resource allocation. • Establish the relationship between curve shifts and changes in equilibrium price and quantity.

Determinants of Demand • Tastes and Preferences • Number of buyers/market size • Consumer expectations • Price of related goods (complementary and substitute) • Income (inferior and normal)	• Predict how a change in tastes and preferences cause the demand for a good or service to increase or decrease. • Explain how an increase or decrease in the number of buyers shifts market demand and affects equilibrium price. • Analyze how consumer expectations about future prices influence current demand. • Compare how a change in the price of a complement versus a substitute impacts demand for a good. • Establish how changes in income cause demand to shift differently for normal and inferior goods.
Determinants of Supply • Cost of resources • Productivity • Technology • Government tools (taxes and subsidies) • Number of sellers • Producer expectations	• Explain how a change in the cost of resources affects supply and equilibrium price. • Analyze the relationship between productivity improvements and supply curve shifts. • Predict how technological advancements influence supply and market prices. • Summarize how taxes and subsidies affect supply and equilibrium. • Describe the relationship between the number of sellers and market supply. • Analyze how producer expectations about future prices influence current supply.

DOK/Cognitive Complexity Example:

Content/Topic	Low	Medium	High
Determinants of Demand	Identify one determinant of demand and describe how it influences demand for a product.	Explain what happens to demand for normal goods if consumer income increases and illustrate the change on a demand curve.	What happens to the equilibrium price and quantity for a product if the number of buyers increases, and why does this occur according to the laws of supply and demand?

Possible Terminology to Support Teaching Establish Relationships:

- association
- cause
- comparison
- connection
- contrast
- correlation
- difference
- effect
- impact
- influence
- interaction
- link
- outcome
- relationship
- result
- sequence
- similarity

Example Question/Sentence Stems:

- Explain how __________ relates to __________ and why that relationship is significant.
- Describe the relationship between __________ and __________, including how one affects the other.
- Draw a clear connection between __________ and __________, explaining how they work together.
- Compare __________ and __________, highlighting similarities that affect economic outcomes.
- Contrast __________ with __________, focusing on differences that influence decisions and markets.
- Analyze why changes in __________ influence choices related to __________.

EPF.3.IN:
Compare and contrast how the organization of various market structures affects decisions and outcomes of individuals and firms.

This indicator was developed to encourage inquiry into the characteristics of different market structures, their merits and limitations, and how these impact decision-making and the welfare of both consumers and producers.

Topic: Market Structures

Possible Question for Inquiry:
- How does the way a market is organized shape the choices available to consumers and firms over time?

Content	Sample Tasks
Market Structures • Perfect competition • Monopoly • Monopolistic competition • Oligopoly	• Gather information about real-world industries to classify them as perfect competition, monopoly, monopolistic competition, or oligopoly. • Use a T-chart to compare and contrast perfect competition and monopolistic competition based on competition, pricing power, and product differentiation. • Investigate how price and output decisions differ between firms in perfect competition and a monopoly. • Examine how oligopolies use strategic behavior, such as cooperation or competition, to influence market outcomes.
Key Organizational Characteristics • Number of firms and level of competition • Degree of pricing power • Barriers to entry • Product differentiation	• Interpret information about the number of firms in an industry to explain how competition differs across market structures. • Compare examples from different industries to determine how pricing power varies across market structures. • Examine how barriers to entry affect long-run outcomes in monopolistic competition and oligopoly. • Explore why firms in monopolistic competition invest in product differentiation compared to firms in perfect competition.

Decisions and Outcomes • Firm pricing and output decisions • Consumer choice and availability of substitutes • Allocative efficiency across market structures • Productive efficiency across market structures	• Analyze which market structure is most likely to achieve allocative efficiency and explain why using evidence. • Investigate how productive efficiency varies between perfect competition and monopoly. • Analyze which market structure is most likely to achieve allocative efficiency and explain why using evidence. • Investigate how productive efficiency varies between perfect competition and monopoly.
Equilibrium in Different Market Structures • How price and output are determined differently across structures	• Interpret graphs or descriptions to compare how equilibrium price and quantity are determined in perfect competition versus monopoly. • Compare how equilibrium outcomes in oligopoly differ when firms cooperate versus when they compete. • Interpret how equilibrium outcomes affect consumers and producers differently across market structures.

DOK/Cognitive Complexity Example:

Content/Topic	Low	Medium	High
Competition	What is the main difference between monopolistic and perfect competition?	How does perfect competition differ from monopolistic competition and how would that impact the consumer?	How do perfect competition and monopolistic competition impact the consumer and what is one positive and one negative of each type of competition?

Possible Terminology to Support Teaching Interpret:

- analyze
- assess
- benchmark
- bias
- data point
- data set
- deduce
- distribution
- fluctuation
- indicator
- infer
- interpret
- pattern
- reliability
- trend
- validity
- variability
- visualization

Example Question/Sentence Stems:

- What does the data show about __________, and what trends or patterns are apparent?
- Analyze the information from __________ and explain what it reveals about __________.
- How does this source present information about __________, and what perspective or bias may be present?
- What conclusions can you draw based on the data provided?
- Which data points are most relevant for understanding __________, and why?

EPF.3.CC:
Illustrate market equilibrium and the impact of shifts in supply and demand, different elasticities, and price controls on market output and price.

This indicator was developed to encourage inquiry into the reasons for changes in market price and quantity. Inquiry into this indicator examines how market conditions and policies alter market equilibrium and economic incentives.

Topic: Changes in Supply and Demand

Possible Questions for Inquiry:
- How do market outcomes change when outside forces or policies prevent prices from adjusting naturally?
- When market conditions shift, how can individuals and policymakers decide whether intervention or market adjustment will lead to better outcomes?

Content	Sample Tasks
Market Equilibrium • Equilibrium price • Equilibrium quantity	• Use a supply and demand graph to argue whether a given market price is fair to both consumers and producers, citing evidence from the model. • Explain, using evidence, whether equilibrium price and quantity result in efficient outcomes for the market.
Changes to Market Conditions • Demand shifts • Supply shifts • Determinants of supply and demand	• Analyze a real-world event and argue whether the resulting change in supply or demand benefits consumers or producers more, using economic evidence. • Use a short case study to explain how a specific determinant of supply or demand changed and defend your conclusion about its impact on price and quantity. • Compare two possible explanations for a market price change and argue which explanation is more accurate using evidence.

Elasticity of Supply and Demand • Elastic • Inelastic	• Use examples to argue why price changes affect consumers differently in elastic versus inelastic markets. • Evaluate whether producers or consumers bear more of the burden of price changes in an inelastic market and justify your position..
Market Outcomes and Disequilibrium • Shortage • Surplus	• Interpret a market graph showing a shortage or surplus and argue whether the outcome is more harmful to consumers or producers, using evidence. • Explain how market forces could resolve a shortage or surplus and defend whether government intervention is necessary or unnecessary
Price Controls • Ceilings • Floors	• Use a supply-and-demand graph to argue whether a price ceiling helps or harms consumers in the long run, citing economic evidence. • Evaluate the effectiveness of a price floor by explaining its impact on price, quantity, and unintended market outcomes. • Compare arguments for and against price controls and conclude which position is more convincing based on economic reasoning.

DOK/Cognitive Complexity Example:

Content/Topic	Low	Medium	High
Price Controls	How do price floors and ceilings impact consumers?	How would a temporary event, such as a hurricane, impact the effectiveness of price floors and ceilings in a market economy?	Should governments impose price controls on essential goods during emergencies such as earthquakes or hurricanes, or should prices be determined by the market? Use evidence to support your conclusion.

Possible Terminology to Support Teaching Communicate and Conclude:

- argue
- claim
- conclude
- counterargument
- credibility
- evidence
- explain
- formulate
- illustrate
- justify
- position
- reasoning
- rebuttal
- summarize
- support

Example Question/Sentence Stems:

- Present an argument that supports __________ using evidence from __________.
- How would you justify __________ as a solution to __________?
- Summarize your position on __________ and explain how you reached that conclusion.
- What counterarguments might challenge __________, and how would you respond?
- Propose an alternative to __________ and defend your reasoning.
- Which evidence/data is most convincing when evaluating __________, and why?
- Explain your reasoning for supporting or opposing __________, citing economic data.

EPF.3.IP:
Research and evaluate geopolitical influences on employment trends and issues at the state and national level.

This indicator was developed to encourage inquiry into state and national trends and issues in the job market. This indicator also prompts inquiry into how international trade, geography, government policies, collective bargaining, labor market conditions, and the prices of goods and services affect employment trends.

Topic: Employment

Possible Questions for Inquiry:

- How do government policies, international trade, and regional geography interact with labor market conditions to influence employment trends in a specific state or industry?
- To what extent do changes in prices, labor market conditions, and collective bargaining shape employment opportunities and wages at the state and national level?

Content	Sample Tasks
Circular Flow Model • Factor market ○ labor market • Product market	• Use employment or wage data from a specific industry to evaluate how a change in employment affects households and firms within the circular flow model. • Evaluate how changes in labor demand in the factor market influence wages and employment outcomes using evidence from a real-world labor market. • Analyze labor supply and demand data to evaluate changes in wages and employment and explain what this means for workers and employers in a specific state or industry labor market. • Use changes in consumer demand data to evaluate how product market conditions influence firms' hiring decisions.

International Trade and Employment • Imports, exports, tariffs • Job gains/losses by industry • Outsourcing and reshoring impacts	• Evaluate how a tariff, import increase, or export change has affected employment and wages in a specific U.S. industry using real-world evidence. • Analyze employment trend data to evaluate which industries have experienced job gains or losses due to international trade and explain why. • Evaluate the employment impacts of outsourcing or reshoring production by examining changes in labor demand within a specific industry.
Government Policies Affecting Labor Markets • Minimum wage laws (state vs. federal) • Occupational licensing • Labor regulations and workplace laws	• Compare employment and wage outcomes in two states with different minimum wage laws using labor market data. • Evaluate how occupational licensing requirements affect labor supply and employment opportunities in a specific profession using real-world examples. • Analyze how changes in labor regulations influence firms' hiring decisions and labor costs using evidence from a selected industry.
Collective Bargaining • Role of labor unions • Wage negotiations and strikes • Industry-level bargaining impacts	• Evaluate the impact of labor unions on wages and employment conditions in an industry using data or documented examples. • Analyze the effects of a strike or labor negotiation on employment, production, and wages using a real-world case. • Evaluate how industry-level collective bargaining agreements affect employment and competition among firms using evidence from a specific sector.
Geography and Employment • Regional industry specialization • Urban vs. rural labor markets • State-level employment differences	• Use regional employment data to evaluate why certain industries and jobs are concentrated in specific regions. • Compare employment opportunities and wage levels in urban and rural labor markets using demographic or labor market data. • Evaluate differences in employment trends between two states using industry composition and geographic factors as evidence.

Labor Market Conditions • Unemployment vs. underemployment • Labor shortages • Skill mismatches	• Use labor market data to evaluate the economic impacts of unemployment versus underemployment on workers and firms. • Analyze evidence from a labor-shortage industry to evaluate how shortages affect wages, benefits, and hiring practices. • Evaluate how skill mismatches in a specific industry contribute to employment challenges using job market data.
Prices of Goods and Services • Inflation and purchasing power • Cost of living differences across states • Effects on hiring and wages	• Evaluate how changes in prices affect workers' purchasing power and labor supply decisions using wage and price data. • Analyze cost-of-living and wage data to evaluate how state-level price differences influence employment and worker mobility. • Evaluate how rising production or consumer prices affect firms' hiring decisions and wage offers using real-world evidence.

DOK/Cognitive Complexity Example:

Content/Topic	Low	Medium	High
Circular Flow Model	What roles do households and firms play in the movement of money within the circular flow model?	How does the circular flow model illustrate the connections between the factor, labor, and product markets, and how could a change in employment in one market influence decisions made by firms or households?	Evaluate how government intervention (minimum wage, trade policy, labor regulations, etc.) impacts the flow of money, employment, and decision-making within the factor, labor, and product markets.

Possible Terminology to Support Teaching Informed Participation:

- advocate
- budget
- choose
- decide
- implement
- organize
- participate
- prioritize
- recommend
- respond
- strategize
- support

Example Question/Sentence Stems:

- Who would this economic choice/decision affect and how?
- How would you apply your knowledge of __________ to make a decision about __________?
- Which economic tools or data would you use to evaluate available options before taking action on __________?
- How might this economic policy or market change affect your role as a consumer, worker, or citizen?
- Which economic factors should be considered when making a responsible decision about __________, and why?
- Based on the evidence, what action would be most effective in addressing __________?
- How can economic knowledge help individuals or communities make informed choices about __________?

Standard 4 Overview:

Standard 4: Demonstrate an understanding of basic macroeconomic principles.

Topics At a Glance	Enduring Understanding
Key Concept: Macroeconomics • 4.ER: Economic Indicators • 4.IN: Fiscal and Monetary Policies • 4.CC: Globalization and Trade • 4.IP: Implementation of Economic Policies	Macroeconomics focuses on the behavior and performance of the economy as a whole. Analysis of macroeconomic data provides important information pertaining to the economic well-being of a society and prompts governments to make reasonable corrections as necessary. Government intervention is often used to stabilize and safeguard the economy; however, it is frequently met with strong reactions and opinions from both the public and institutions alike.

Standard 4 Course Theme:
The theme identified for Standard 4 is as follows:

Identified Course Theme	Description
Indicators and Policy Making	The Indicators and Policy Making theme encourages the analysis of economic indicators as a measure of the health of the economy and its progress toward economic goals. Government policies are used to stabilize the economy, prioritize economic goals, and facilitate global interaction. Various philosophies and schools of economic thought influence economic decisions and public policies.

EPF.4.ER:
Identify and analyze important economic indicators and data used to gauge the economic well-being of a society.

This indicator was designed to encourage inquiry into how individuals, businesses, the government, and the foreign sector interact and how economic indicators, such as Gross Domestic Product, unemployment and inflation data, are used to measure the health of an economy.

Topic: Economic Indicators

Possible Questions for Inquiry:
- How do changes in GDP, unemployment, and inflation collectively reveal the overall economic health of a society?
- How do economic indicators explain shifts in the business cycle and standard of living over time?

Content	Sample Tasks
Gross Domestic Product (GDP) • Purpose as a measure of economic output • Components of GDP (C, I, G, X–M) • Inclusions and exclusions GDP per Capita Limitations of GDP	• Explain how GDP measures economic output and why changes in GDP signal shifts in overall economic growth. • Analyze how consumer spending, investment, government spending, and net exports interact as components of GDP to influence economic growth. • Compare what is included and excluded from GDP and explain how those choices affect interpretations of a country's economic well-being. • Explain the relationship between GDP per capita and standard of living when comparing different countries or populations. • Analyze the limitations of GDP by explaining at least two factors that GDP fails to capture about economic well-being.

Inflation and Deflation • Definition and economic significance • Hyperinflation Consumer Price Index (CPI)	• Explain how inflation and deflation affect purchasing power and why both can disrupt economic stability. • Analyze the economic significance of hyperinflation by explaining its impact on prices, savings, and consumer confidence. • Explain how the Consumer Price Index (CPI) is used to measure inflation and connect changes in CPI to cost-of-living changes. • Analyze the relationship between inflation data and the economic goal of price stability.
Unemployment Rate • Basic calculation • Inclusions and exclusions Types of Unemployment • Cyclical • Structural • Frictional	• Explain how the unemployment rate is calculated and why certain workers are included or excluded from this measure. • Compare cyclical, structural, and frictional unemployment by explaining how each relates differently to economic conditions.
Business Cycle • Expansion, peak, contraction, trough • Connection to changes in GDP, inflation, and unemployment Major Economic Goals • Economic growth • Price stability • Low unemployment	• Analyze how changes in the business cycle influence GDP, unemployment, and inflation simultaneously. • Explain how periods of expansion and contraction in the business cycle affect employment opportunities and economic output. • Analyze the relationship between economic growth, low unemployment, and price stability, noting potential trade-offs among these goals. • Use GDP, inflation (CPI), and unemployment data together to evaluate the overall economic health of a society at a given point in time.

DOK/Cognitive Complexity Example:

Content/Topic	Low	Medium	High
Business Cycle	What is the business cycle, and how is it reflected through changes in GDP?	How do fiscal or monetary policy changes influence GDP, unemployment, or inflation during different phases of the business cycle?	What were the lasting effects of the 2008 housing market crash on the business cycle as measured by GDP, unemployment, and inflation data?

Possible Terminology to Support Teaching Establish Relationships:

- association
- cause
- comparison
- connection
- contrast
- correlation
- difference
- effect
- impact
- influence
- interaction
- link
- outcome
- relationship
- result
- sequence
- similarity

Example Question/Sentence Stems:

- Explain how __________ relates to __________ and why that relationship is significant.
- Describe the relationship between __________ and __________, including how one affects the other.
- Draw a clear connection between __________ and __________, explaining how they work together.
- Compare __________ and __________, highlighting similarities that affect economic outcomes.
- Contrast __________ with __________, focusing on differences that influence decisions and markets.
- Analyze why changes in __________ influence choices related to __________.

EPF.4.IN:
Provide justification for or against regulation in a free enterprise system.

This indicator was designed to encourage inquiry into how the United States government and other entities promote the economic goals of price stability, full employment, and economic growth through the use of fiscal and monetary policies. This indicator also investigates the role of the Federal Reserve system in overseeing the U.S. banking system and regulating the money supply in the economy.

Topic: Fiscal and Monetary Policies

Possible Questions for Inquiry:

- To what extent should the government intervene in a free-enterprise economy to promote price stability, full employment, and economic growth?
- How do monetary and fiscal policy actions reflect competing arguments about the benefits and costs of government regulation in the U.S. economy?

Content	Sample Tasks

Market failures
• Externalities
    ○ Positive externalities
    ○ Negative externalities
• Public goods
• Imperfect competition
    ○ Monopolies
    ○ Oligopolies
• Redistribution of income
	• Interpret a real-world economic scenario to determine whether a market failure is present and justify your conclusion.
	• Analyze data from examples of both positive and negative externalities and explain how each affects the other. Justify whether government intervention is warranted in each case.
	• Evaluate examples of government-provided goods to determine whether they are public goods and explain how their characteristics justify government provision.
	• Analyze market and industry data to determine how limited competition, such as monopolies or oligopolies, affects prices, output, and consumer choice. Use evidence to evaluate whether government regulation is justified.
	• Analyze income distribution data to determine whether income inequality represents a market failure and evaluate arguments for or against redistributive government policies.

Regulatory Actions
• Fiscal Policy
    ○ Taxation
    ○ Government spending
• Goals: economic growth, full employment, price stabilization
• Economic Indicators: GDP, inflation, unemployment
• Policy trade-offs
	• Examine a government regulation and explain if its primary purpose is consumer protection, market stabilization, or equity using evidence from the policy.
	• Interpret changes in taxation or government spending to explain how these actions are intended to promote economic growth, full employment, or price stability.
	• Analyze economic indicator data, including GDP, unemployment, and inflation, to evaluate whether fiscal policy is effectively achieving its intended economic goals.

Federal Reserve System • Central Bank of the U.S. Tools of monetary policy • Open market operations • Federal funds rate • Discount rate • Reserve requirements Fractional reserve banking	• Explain the role of the Federal Reserve and interpret how its actions influence the overall economy. • Interpret bond-buying or bond-selling actions by the Federal Reserve to determine their effect on the money supply. • Interpret changes in the federal funds rate to evaluate their impact on borrowing and spending. • Interpret discount rate adjustments to assess how the Federal Reserve influences bank lending behavior. • Interpret reserve requirement changes to determine their effect on banks' ability to lend. • Analyze a banking scenario to explain how fractional reserve banking influence lending and the money supply.
Demand-Side Policies Supply-Side Policies Regulation Arguments • Benefits vs. costs	• Interpret fiscal or monetary actions to determine whether they are intended to stimulate aggregate demand or encourage production and investment. • Interpret evidence from a regulatory policy to weigh the benefits and costs of government intervention in a free-enterprise system and determine whether the regulation is justified.

DOK/Cognitive Complexity Example:

Content/Topic	Low	Medium	High
Fiscal and Monetary Policy as Government Intervention	Interpret a recent Federal Reserve action to determine which monetary policy tool was used.	Interpret economic data to determine how an increase in government spending could stimulate the economy and support full employment.	Compare and contrast monetary and fiscal policy to interpret how each is used as a form of government intervention and evaluate how these tools may impact individuals and the overall economy.

Possible Terminology to Support Teaching Interpret:

- analyze
- assess
- benchmark
- bias
- data point
- data set
- deduce
- distribution
- fluctuation
- indicator
- infer
- interpret
- pattern
- reliability
- trend
- validity
- variability
- visualization

Example Question/Sentence Stems:

- What does the data show about __________, and what trends or patterns are apparent?
- Analyze the information from __________ and explain what it reveals about __________.
- How does this source present information about __________, and what perspective or bias may be present?
- What conclusions can you draw based on the data provided?
- Which data points are most relevant for understanding __________, and why?

EPF.4.CC:
Evaluate the impact of globalization and trade on the economic well- being of a country.

This indicator was developed to encourage inquiry into the positive and negative effects of globalization and trade on individuals, businesses, and countries. As a result of the interconnectedness of markets throughout the world, societies adopt policies that promote and/or discourage trade liberalization, which may include international organizations, treaties, tariffs, quotas and embargoes.

Topic: Globalization and Trade

Possible Questions for Inquiry:
- How do globalization and trade contribute to or challenge a country's economic stability and overall economic well-being?
- How do international trade organizations benefit and challenge the economic well-being of individual countries within the global economy?

Content	Sample Tasks
Globalization and International Trade • Globalization • International trade: imports, exports	• Explain how globalization has changed international trade and conclude whether its overall impact on a country's economy is more positive or negative, using specific examples. • Compare a country's major imports and exports and conclude how this trade pattern affects domestic jobs, prices, or production.

Economic Theories Supporting Trade
• Comparative advantage
  ○ David Ricardo
• Classical free market ideas
  ○ Adam Smith
	• Use the concept of comparative advantage to explain why two countries would benefit from trading with each other, even if one is more productive in all areas.
	• Explain how Adam Smith's free market ideas support international trade and conclude whether these ideas remain relevant in today's global economy.

Trade Policy • Free trade vs. protectionism • Trade barriers: tariffs, quotas, embargoes • Policy goals and trade-offs	• Communicate the key arguments for both free trade and protectionism and conclude which approach better supports long-term economic well-being. • Analyze a specific trade barrier and conclude how it affects consumers, producers, and international relationships. • Explain a government's goal in adopting a trade policy and conclude whether the benefits outweigh the economic trade-offs involved.
Trade Institutions and Agreements • International Trade Organizations • Regional Economic agreements	• Describe the role of an international trade organization and conclude how it influences cooperation or conflict between countries. • Explain how a regional economic agreement affects trade among member countries and conclude whether it strengthens or weakens national economic independence.
Trade outcomes and National Economic Well-Being • Trade deficits and surpluses • Economic impacts on national well-being	• Analyze whether a trade deficit or surplus helps or harms a country's economy and conclude why it should or should not concern policymakers. • Use evidence from trade outcomes to conclude how international trade affects a country's standard of living.
Exchange Rates and Currency Markets • Exchange rates • Foreign exchange • Effects on imports and exports • Impacts (winners and losers)	• Explain how changes in exchange rates influence imports and exports and conclude which groups benefit or lose from currency fluctuations.

DOK/Cognitive Complexity Example:

Content/Topic	Low	Medium	High
Trade Barriers	Define trade barriers and explain one way they can affect international trade.	Explain why countries use trade barriers and conclude whether these goals justify their economic costs.	Analyze the arguments for and against trade barriers and conclude whether they improve or harm the global economy.

Possible Terminology to Support Teaching Communicate and Conclude:

- argue
- claim
- conclude
- counterargument
- credibility
- evidence
- explain
- formulate
- illustrate
- justify
- position
- reasoning
- rebuttal
- summarize
- support

Example Question/Sentence Stems:

- Present an argument that supports __________ using evidence from __________.
- How would you justify __________ as a solution to __________?
- Summarize your position on __________ and explain how you reached that conclusion.
- What counterarguments might challenge __________, and how would you respond?
- Propose an alternative to __________ and defend your reasoning.
- Which evidence/data is most convincing when evaluating __________, and why?
- Explain your reasoning for supporting or opposing __________, citing economic data.

EPF.4.IP:
Investigate contemporary economic policies, and analyze how political ideologies influenced their implementation.

This indicator was developed to encourage inquiry into recent and currently debated economic policies and their possible effects on individuals, businesses, and the American political system. This indicator was designed to encourage the use of economic reasoning to promote critical thinking about significant policy issues and their impact on the well-being of individuals and economic growth of societies.

Topic: Implementation of Economic Policies

Possible Questions for Inquiry:
- How do differing political ideologies influence decisions about when and how governments intervene in the economy?
- How do global events and world affairs influence economic policies?

Content	Sample Tasks

Policy tools
• Fiscal policy
  ○ Government spending and taxation
  ○ Role in economic stabilization
• Monetary policy
  ○ Interest rates, money supply, inflation control
  ○ Role of the Federal Reserve
• Trade policy
  ○ Tariffs, quotas, trade agreements
  ○ Goals
	• Analyze changes in government spending or taxation and explain how political ideology influenced its use to stabilize the economy during a recession or period of inflation.
	• Evaluate a recent Federal Reserve decision involving interest rates or the money supply and analyze how ideological views about inflation control and central bank independence shaped that action.
	• Compare a recent use of fiscal policy with a monetary policy response to the same economic challenge and analyze how ideological beliefs influenced policymakers' preference for one approach over the other.
	• Investigate a contemporary tariff or trade agreement and analyze how political ideology influenced its design to promote growth, protectionism, or national security.

Policy Issues
• Globalization and trade
    ○ Tariffs and trade agreements
    ○ Role of international trade organization
• Response to economic instability
• Debt and deficit policy
	• Analyze a current trade policy and explain how ideological beliefs shaped the perceived benefits and drawbacks for the national economy.
	• Evaluate the involvement of an international trade organization in a recent trade dispute and analyze how political ideology influenced support for or criticism of its role.
	• Investigate a government response to recent economic instability and analyze how competing ideological views shaped the scope and scale of intervention.
	• Analyze a contemporary debt or deficit policy and explain how political ideology influenced decisions about borrowing, spending, or fiscal restraint.

Competing Views on Government's Role in the Economy • Limited government vs. active intervention • Market-based vs. regulatory approaches Ideological Perspectives • Globalization and Trade • Government spending and taxation • Central bank independence and regulation	• Compare how advocates of limited government and active intervention would respond differently to the same economic challenge. • Apply market-based and regulatory approaches to a policy issue and predict how each would impact economic outcomes. • Analyze how political ideology influences support for free trade or protectionist trade policies. • Explain how differing ideological beliefs shape opinions on government spending and taxation levels. • Evaluate arguments for and against central bank independence in managing monetary policy.
Impact of Policies • Individuals: employment opportunities, purchasing power, cost of living • Businesses • Economic growth and stability	• Determine how a specific economic policy affects individuals' employment opportunities and explain how political ideology influenced how interests were prioritized. • Analyze how macroeconomic policies influence business decisions related to investment, hiring, or pricing and explain how ideological views shaped the policy's goals or constraints. • Assess whether a proposed economic policy is more likely to promote long-term economic growth or short-term stability.

DOK/Cognitive Complexity Example:

Content/Topic	Low	Medium	High
The National Debt	What is government debt?	How have political ideologies influenced decisions to increase, reduce, or balance the national debt over time during different economic conditions?	What impact do political ideologies have on the conversation and debate about national debt have on public policy?

Possible Terminology to Support Teaching Informed Participation:

- advocate
- budget
- choose
- decide
- implement
- organize
- participate
- prioritize
- recommend
- respond
- strategize
- support

Example Question/Sentence Stems:

- Who would this economic choice/decision affect and how?
- How would you apply your knowledge of _________ to make a decision about _________?
- Which economic tools or data would you use to evaluate available options before taking action on _________?
- How might this economic policy or market change affect your role as a consumer, worker, or citizen?
- Which economic factors should be considered when making a responsible decision about _________, and why?
- Based on the evidence, what action would be most effective in addressing _________?
- How can economic knowledge help individuals or communities make informed choices about _________?

Appendix A

Economics and Personal Finance 2020 Alignment Guide Expository Narratives

Expository Narrative for Standard 1:

Examining the concept of scarcity, and how scarcity drives decision making, is essential to understanding economics. People's wants are unlimited. Resources are not. Scarcity necessitates choices of certain resources over others. Economists often use cost-benefit analysis, weighing the incentives of each alternative, to make rational decisions because every decision we make has a cost. The cost associated with the next best alternative that is not chosen is known as the opportunity cost. Most things in life are not free because someone ultimately has to pay for the initial production of the good or service. Economists term this principle TINSTAAFL, or "There Is No Such Thing As A Free Lunch." In order to make informed economic decisions, it is necessary to comprehend how the relationship between scarcity and choice requires tradeoffs to satisfy our needs and wants.

Economic systems help deal with the fundamental economic problem of scarcity, as decisions are made concerning the use of limited resources. Economic systems frame the way individuals, businesses, and governments interact based on economic and societal goals. To determine how to manage scarce resources, societies must choose how they will address the three basic economic questions: What to produce? How to produce? And for whom to produce? In addressing these questions, students will address how societies balance their reliance on tradition, interventionist, and laissez-faire ideologies, linking with the economic schools of thought of Adam Smith, David Ricardo, Karl Marx, etc. Additionally, the exploration of multiple sources of information and data to analyze the advantages and disadvantages of different types of economic systems throughout the world, and their outcomes on economic and societal well-being is necessary.

Societies lack enough productive resources to satisfy the wants and needs of consumers and producers; thus, choices about what, how, and for whom to produce must be made. The production possibilities curve model serves as a graphical representation of all possible combinations of goods and services an economy can produce when all productive resources are fully utilized; however, societies are not always efficient. While productivity is the most important contributing factor to economic growth, societies can also experience growth by acquiring more productive resources. Economic growth, prompted by the acquisition of additional resources, shifts a society's production possibilities outward. More land, labor, capital, and entrepreneurship make it possible for individuals to enjoy more goods and services. Conversely, a decrease in any of the aforementioned factors of production causes economic contraction, or a decrease in a society's productive capacity. This results in an inward shift of the production possibilities curve.

The production possibilities curve also highlights the need for division of labor, specialization, and trade. This graphic representation illustrates not only the set of possible combinations of goods and services a society can produce given available resources, but also the opportunity costs and tradeoffs encountered by that society's decision. A society is said to have the absolute advantage in a goods and services when it can produce the most of a product. A society is said to have the comparative advantage in a good or service when its opportunity cost for production is lower than that of another society. While a society may produce both goods or services more efficiently than another society, and thus hold the absolute advantage, societies' resources are limited and decisions must be made about the best use of those resources. The concept of comparative advantage provides the basis for trade by enabling societies to specialize in the goods and services that have the lowest opportunity cost.

Using cost-benefit analysis can encourage rational decision making for individual, business, or a nation. When considering alternative options, a rational decision maker weighs the additional benefits received against the additional costs of the action before choosing a particular outcome. A rational decision maker considers incentives and acts in a way that maximizes personal welfare. Realizing that resources are limited, self-interested individuals choose to manage resources in a way that gives them the highest satisfaction, businesses attempt to maximize profits, and the government considers potential economic and social outcomes for its citizens. Using cost-benefit analysis can assist individuals, businesses, and governments in setting long-term and short-term goals.

Expository Narrative for Standard 2:
Many factors influence personal income. Individual choices such as geographic location, cost of living, education level, skill, and investment in human capital are key elements that not only influence wage but also play an important role in determining long-term earning potential. A basic understanding of mandatory and optional payroll deductions and how they impact disposable income is paramount to living within one's means. This may include, but is not limited to, understanding the purpose of and calculating federal, state, and local taxes and the progressive tax system of the United States. Understanding different types of income is important in the process of establishing short- and long-term financial goals and creating a personal budget.

Examining financial goals further promotes investigating various post-secondary options and the opportunity cost incurred when various college or career paths are taken. Interest inventories and other online tools are useful in determining future direction based on individual strengths and weaknesses. After identifying potential options, cost-benefit analysis can be utilized to research factors such as financial aid opportunities, average student loan debt, the average cost of specific degrees, beginning and average salary data, job sustainability and growth potential, and cost of living in different geographic locations.

Understanding the role of financial institutions and the distinct differences among them is a necessary part of becoming economically efficient and financially solvent. Financial institutions act as intermediaries between savers and borrowers and how they facilitate the flow of money in the economy. Financial institutions can be categorized as banks (i.e., commercial banks, credit unions) and nonbank financial institutions (i.e., finance companies and investment banks). These institutions offer various services that assist customers in managing day-to-day financial transactions through the use of checking accounts, debit, and credit cards. Deposits into financial accounts are not static; deposited funds are used by financial institutions to make loans to individuals, businesses, and the government to make major purchases or investments. Use of these deposited funds and the resulting new loans is fundamental in assisting individuals achieve short and long-term financial goals. The relationship between financial institutions and the public is critical to enabling liquidity, the movement of goods and services, and facilitating economic growth.

Using credit is borrowing someone else's money, and is not to be approached without careful consideration of the costs and benefits associated with the decision. Students should understand the various forms of credit and the advantages and disadvantages of using credit for purchases. Credit enables consumers to obtain goods and services before full payment is made with a promise to pay in the future. Credit is often divided into two different categories: secured and unsecured. Secured loans are backed by some form of collateral, like home mortgages or car loans; whereas, unsecured loans are granted by a consumer's verbal or written affirmation to pay in the future. Further, it is important to use the principle of comparison shopping when considering using credit, including the costs and benefits of fixed and variable interest rates on loans. An amortization table can illustrate the impact of fixed interest rates on long-term purchases, such as a car loan or mortgage, by examining the amounts paid toward principal and interest.

The use of credit can be advantageous to consumers, as it helps facilitate transactions without the use of large amounts of cash and helps build credit history. In particular, credit cards often protect or insure consumer purchases, provide the opportunity to earn benefits or rewards, and can serve as a way to make payments in times of emergency. One of the major drawbacks of using credit is the tendency to spend beyond one's budget. Borrowing beyond one's safe debt load can lead to financial hardship in the future. In addition, credit users are also susceptible to fraud. Credit cards, in particular, also often have high interest rates, making it increasingly difficult to pay back borrowed money.

It is essential for students to understand the importance of establishing and maintaining good credit, indicators of creditworthiness, and comparison shopping when using credit. It is important to examine the terms and conditions of the loan in order to fully understand the expectations of lenders. In a highly connected and global society, the use of credit is a key part of life. Building a solid credit history and maintaining a good credit score is critical in determining future standard of living and quality of life. Credit scores not only play a decisive role in the ability to obtain a loan and the interest rate paid, but can also be used by potential employers as a way to screen job applicants. Experian, Equifax, and TransUnion serve as credit rating agencies and allow individuals to proactively monitor their credit. An understanding of the factors that determine creditworthiness, including the three Cs, (character, collateral, and capacity) and the ranges of credit scores are important factors for financially literate individuals to understand.

Effectively managing income can be established by creating a personal budget. How a person chooses to spend money on needs and wants has a direct impact on their standard of living. Careful budgeting includes analyzing the automatic and optional deductions from gross pay and prioritizing the remaining money among mandatory and discretionary purchases. Mandatory payments include, but are not limited to, housing, utilities, transportation, food, clothing, and debt payments. It is important to consider the implications of cost of living in different areas on a person's budget, spending choices, and standard of living.

Financially literate individuals also realize that something worth having is worth protecting. Insurance policies such as rental/homeowners, car, health, and life insurance provide consumers a way to manage risk and protect against unforeseen circumstances. The Federal Deposit Insurance Corporation (FDIC) also helps to maintain consumer confidence in the banking system. Saving and investment opportunities are also important to short and long-term financial planning. Saving helps individuals become financially secure by putting away money for large purchases, while also providing a safety net in case of emergencies. Some examples of savings strategies include: savings accounts, money market accounts, certificates of deposit (CDs), and bonds. Saving is generally a safe way to hold money for short-term financial goals and, if needed, allows savers to earn interest and easily access cash. However, because of the low risk associated with saving, it also offers very low rates of return.

Investing refers to storing money away in order to accrue interest or greater returns over a period of time. Investments can be used to fund long-term financial goals, such as college savings and retirement plans. Investments, viewed as more long-term in nature, typically experience higher rates of return than savings mechanisms. Long-term investments can lead to considerable personal profits, but substantial risk is involved with the greater potential for return. As with all rational economic decisions, the use of cost-benefit analysis is important in determining the true value of various choices and the importance of prioritizing personal financial goals. Knowledge about successful management of personal finances can help ensure personal economic well-being and help prevent future financial crises.

Expository Narrative for Standard 3:

Markets are developed through the interaction of supply and demand. Participation in the marketplace is a voluntary choice by consumers and producers in order to better themselves. The market system is the primary mechanism for exchange of goods and services in an advanced economy, which is driven by the forces of demand and supply. The laws of demand and supply explain the impact of a change in price on quantity demanded or supplied, which initiates movements along the respective demand or supply curve. On the other hand, changes in supply and demand are prompted by changes in external factors, or determinants of supply and demand. A change in one of the determinants of demand results in a shift of the demand curve to the right or left. Similarly, a change in a determinant of supply results in a shift of the supply curve to the right or left. These shifts generate changes in both price and quantity.

In a market, equilibrium price and quantity are established through the interaction of supply and demand. Market prices send signals to both consumers and producers. When prices are too high, surpluses result; however, when prices are too low, shortages ensue. Free market economies recognize these inconsistencies and make adjustments until the market reaches equilibrium. In the face of surpluses, the market price is bid down to the price at which quantity demanded and quantity supplied are equal. When shortages occur, the market price is bid up to the price at which quantity demanded and quantity supplied are equal.

Graphical analysis can be used to illustrate how changes in the determinants of supply and demand shift respective supply and/or demand curves, and alter market price and quantity. Elasticities of supply and demand also determine the degree to which price and quantity are impacted by supply and/or demand changes. Other impacts on the market include using price controls (i.e., price ceilings and price floors) and the consequences of government intervention. Well-constructed graphs show that effective price ceilings set below market equilibrium result in shortages of goods and services. Similarly, diagrams can also be used to illustrate the impact of effective price floors. Set above market equilibrium to impose a minimum price in the market, price floors result in surpluses. Well-constructed diagrams can also be used to interpret possible solutions to surpluses and shortages. Finally, cost-benefit analysis can be utilized to grasp the reasons government chooses to implement price controls in particular markets.

Perfectly and imperfectly competitive market structures (e.g., monopolistic competition, oligopoly, and monopoly) exist to ration scarce resources and are subject to varying degrees of competition. The potential to earn profits motivates firms to take risks with their resources, while consumers are motivated to engage in market transactions to meet their needs or wants. In perfectly competitive product markets with many sellers, consumers reign supreme. Consumers enjoy lower prices, greater access to product information, and a variety of goods and services. Producers in these markets are less likely to earn significant profits and have less incentive to innovate. Markets that are controlled by only one or a few sellers have substantial pricing power. Because of the potential to earn sustained long run profits, imperfect competitors have a greater potential to engage in research and development for new products, and can afford to invest in the newest technologies to improve productive efficiency; however, this does not always occur. Imperfectly competitive firms with significant market power often have less incentive to change due to lack of competition. Producers in these imperfect markets engage in price and non-price competition, such as advertising, to attract consumers and maximize profits. Each market structure has merits and limitations, and a thorough investigation of each structure is imperative to understanding how various markets function and are sustained over time.

In order to fully grasp the factors that may determine income and long-term earning potential, it is important to understand the link between the product market, the market for goods and services, and the factor market, the market for resources that create those goods and services. The circular flow model is a graphical representation of the mutual interdependence of the product market, factor market, and government in a free enterprise system. Because of this connection, labor issues often arise as a response to changes in the market for goods and services. Labor market trends at the state and national levels are driven by demand in the product market, productivity, technological changes and geographical factors. Labor is compensated at an established equilibrium wage, based on formal and informal agreements between employers and employees. Labor organization is highly politicized and is dependent upon geopolitical factors. Spending patterns in the product market, changes in productivity and technology, and government policies often translate to employment and wage fluctuation in the factor market. These interactions explain the interconnectedness of the factor and product markets.

Expository Narrative for Standard 4:
The health of an economy can be measured by economic indicators and how they relate to individuals, businesses, the government, and the foreign sector. Economic indicators are statistics that show past, present, and future trends in an economy. Analysis of data relating to a nation's output (GDP), price level, and unemployment rate is often useful when judging economic performance and progress toward the economic goals of economic growth, price stability, and low unemployment. Investigating the different types and components of unemployment, inflation, and GDP is important in measuring the health of the economy. Most countries have a target for each of these indicators; however, economies often move toward expansion through regular fluctuations of the business cycle. This data ultimately serves as a benchmark for decision making by households, businesses, governments, and interaction in foreign markets.

United States government promotes the economic goals of price stability, full employment, and economic growth through fiscal and monetary policies. Fiscal policy is the use of government spending and taxation to influence the nation's level of employment, GDP, and price level. Demand side policies (e.g., Keynesian economics) are used to stabilize the economy through changes in taxation and government spending. Supply-side policies (e.g., trickle down economics) focus on altering overall production through deregulation and changes in taxation. Monetary policy, which is used to regulate the money supply in the economy, is conducted by the Federal Reserve. Monetary policy tools include: buying/selling bonds (open market operations), the discount rate, federal funds rate, and the reserve ratio. Monetary policy can be used to increase or decrease interest rates and the money supply through the fractional reserve banking system. This directly impacts the unemployment rate, inflation rate, and GDP. Lowering interest rates and increasing the money supply can lead to decreased unemployment and increased GDP; whereas, increasing interest rates and contracting the money supply can slow down an overheating economy.

Market failures occur when free markets do not lead to an efficient allocation of goods and services. Governments attempt to correct market failures by enacting policies to: correct positive and negative externalities, provide public goods, redistribute income, and regulate monopolistic practices. Arguments exist about government intervention in a competitive market, which highlights the need for respectful discourse regarding these sources of contention (i.e., environmental controls, income inequality, healthcare, and minimum wage).

Globalization refers to the increasing interdependence of economies throughout the world through international trade of goods and services. International trade allows individuals and nations to specialize in the goods/services in which they have a comparative advantage, or can produce at a lower opportunity cost than others. In the Wealth of Nations, Adam Smith asserted that countries should import goods that could be made more cheaply abroad, while David Ricardo was credited with the theory of comparative advantage. As a result of increasing interconnectedness of global markets and a reduction in trade barriers over time, consumption and production have increased throughout the world. Exchange rates, which are determined by the supply and demand of each country's currency, impact the imports and exports for their economy.

International trade also lends itself to arguments for and against free trade and trade restrictions. Free trade advocates point to the importance of consumer sovereignty, reduction of power of the state, cultural blending, and increased peace and opportunities for those in poverty. Consumers enjoy lower prices and a greater variety of goods and services, while producers are able to sell their goods to a more sizeable market. Protectionists often advocate using six major arguments in favor of trade barriers: national defense, promotion of infant industries, protecting domestic jobs, keeping money at home, helping the balance of payments, and supporting a nation's pride. Trade barriers commonly take the form of tariffs, quotas, and embargoes. While most restrictions seek to protect domestic markets and producers, domestic consumers often incur the cost of protectionism in the form of higher prices, decreased quantity, and limited variety of goods and services. Recent growth in international organizations, trade agreements, and regional economic agreements have expanded trade liberalization.

Economic reasoning can be used to promote critical thinking about contemporary economic policy issues and their impact on the well-being of individuals and economic growth of societies. By investigating current economic policies, their possible effects on individuals, businesses, and the American political system at large, students can make connections to current events and economic policy. Though the American economy is classified as a capitalist free enterprise system, the scope of government regulatory policies has become increasingly apparent. Regulatory actions in the sphere of economics are often met with intended and unintended consequences. Politicians are also concerned with the consequences of their support or resistance to economic policies. As with most political topics, public policy issues related to economics are fluid and can be augmented or diminished by linkage institutions, public perceptions, and world affairs.