Chapter I
Introduction

This publication is an updated and edited merger of two previous National Council on Economic Education documents: *A Framework for Teaching the Basic Concepts and Economics: What and When*. The combined publication is designed to aid those who construct curricula or who provide economics instruction in the nation’s elementary and secondary schools. Our purpose is to present a concisely stated set of basic concepts for teaching economics below the college level and a set of guidelines to enable schools to develop a systematic program of studies from kindergarten through twelfth grade. Today’s students will face an increasing variety of important economic decisions in their personal lives and as citizens in a democratic society. Our goal is to enable students, by the time they graduate from high school, to understand enough economics to make reasoned judgements about both personal economic questions and broader questions of economic policy in a complex and changing world. Specifically, we want to assist schools in developing economic education programs in which students can acquire the knowledge and skills they need to become:

- Productive members of the work force
- Responsible citizens
- Knowledgeable consumers
- Prudent savers and investors
- Effective participants in a global economy
- Competent decision makers throughout their lives

A Brief History

This publication and much of the work of the National Council on Economic Education have their roots in the 1961 *Report of the National Task Force on Economic Education*. The task force *Report* was the first systematic effort by distinguished economists and teachers to give direction and shape to economic education in grades K-12. The *Report* pointed to the need for more and improved economic instruction in elementary and secondary schools, stressed the importance of taking a more systematic, reasoned approach to the study of economic problems, outlined what constitutes the economic understanding one needs for responsible citizenship, and offered a series of recommendations for putting the report’s conclusions into effect.

Publication of the Task Force Report led the then Joint Council on Economic Education (JCEE) to develop a process called the Developmental Economic Education Program (DEEP). The process is still in action and much expanded. Through it, the affiliated state council and center staff members, using the EconomicsAmerica programs, work with school systems to develop curricula for teaching basic economic understandings every high school graduate should have, deter-
mine how this understanding can best be taught to students, and designate at which grade levels specific economic materials can best be used in the curriculum.

During the 1960s, economic educators and teachers—in and out of DEEP—continued to develop curriculum materials in economics and to upgrade the capability of teachers to work with them. By the mid-1970s, persistent efforts of economists, specialists in economic education (economic educators), and teachers to clarify which economic concepts should be taught and how to teach them most effectively, produced a consensus about what could be accomplished and how it should be done. This consensus embraces the following points:

1. An understanding of basic economic concepts is more important than a heavy dose of factual knowledge.
2. Instructional efforts should concentrate on aiding students to achieve a fundamental understanding of a limited set of economic concepts and their interrelationships.
3. Students should be given a conceptual framework to help them organize their understanding of economics, and they should be exposed to a manner of thinking that emphasized systematic, objective analysis.
4. The real personal and social advantages of economic understanding become apparent as individuals achieve competence in applying their knowledge to a wide range of economic issues they confront.

This consensus led to the publication of the first edition of the Framework in 1977 and a major revision in 1984. Economics: What and When was originally published in 1989. The change in the name of the Joint Council on Economic Education to the National Council on Economic Education and the launching of a broad-based EconomicsAmerica program in 1993 led to a slightly updated reprinting of the Framework, but subsequent experience indicated a need to update and combine the Framework and Economics: What and When into a single integrated document. In the chapters that follow, we first present a brief explanation of the economic concepts selected for emphasis and then make recommendations for sequencing these concepts within the curriculum. These recommendations reflect the commitment of the National Council on Economic Education and its network of affiliated state councils and centers to developmental education—that is, the systematic introduction and development of concepts in simple forms at the lower grade levels, followed by increasingly sophisticated expositions of the same concepts as students mature intellectually. Recommendations pertaining to the grade placement of economic concepts and content are based on a consideration of

- the structure of the discipline of economics;
- cognitive development theories and research;
- current school practices.

A Reasoned Approach

If the goal of economic education is to prepare students for effective decision making and responsible citizenship, individuals must be helped to become intelligent readers of newspaper and news magazines, perceptive watchers of television, careful listeners to radio, and critical observers of the political process. Effective economic decisions are more likely to be reached if, in addition to a mastery of basic concepts and an appreciation of how the concepts relate to each other, individuals have an understanding of the broad social goals that are most often used to evaluate economic performance and policies and an orderly, reasoned approach to economic decision making. We have included a statement on broad social goals in our explanation of basic economic concepts in Chapter II. Here we want to emphasize that the most important step toward understanding in economics—as in other branches of knowl-
edge—is the replacement of emotional judgment by objective, reasoned analysis.

An orderly and reasoned approach to economic decision making involves the following steps:

1. **State the problem or issue.** What are the important facts? What questions of choice are raised? What is the heart of the problem?
2. **Determine the personal or broad social goals to be attained.** Assign some rough order or priority for achieving them.
3. **Consider the principal alternative means of achieving these goals.** Take account of the limits on available resources and other restrictions that limit freedom of action.
4. **Select the economic concepts needed to understand the problem and use them to appraise the merits of each alternative.** Which concepts are most useful in grasping the essentials of the problem? Which concepts are most useful in exploring the effect of each alternative solution?
5. **Decide which alternative best leads to the attainment of the most goals or the most important goals.** Which of the solutions seem to be most feasible? Which are the most desirable? What are the trade-offs among the different goals, that is, how much of one goal must be given up in order to achieve more of another?

The importance of an orderly and reasoned approach lies in the systematic set of procedures it establishes to help students organize their thinking about issues—whether in economics or in other subjects. Although the approach may not come naturally to everyone, its application comes more easily, even routinely, the more it is practiced.

In advancing the reasoned approach as an essential element for solving economic problems effectively, teachers should observe several cautions: (1) The phrase “alternative means of achieving these goals” in the third step does not mean students should consider only new and different ways of doing things. Frequently, no change, or merely a slight modification in the existing ways of doing things, is superior to some untried proposal. (2) Not every question or new problem in economics should be forced into the pattern proposed above; only those steps applicable to a particular problem—or to the state of the student's knowledge and ability—should be carried out. (3) The application of an orderly and reasoned approach should not be permitted to become a mechanical exercise.

## Decision-making Grids

In many cases, use of a formal decision-making grid facilitates the application of the reasoned approach. Exhibit 1 illustrates such a grid: the alternative courses of action (including doing nothing) are listed in the first column on the left, and the goals or criteria are listed across the top. The intersection of each alternative and each goal or criterion is then evaluated to determine which alternative most effectively achieves each goal or criterion.

### Exhibit 1

**Sample Decision-making Grid for Systematic Evaluation of Each Alternative with Respect to Each Goal or Criterion**

<table>
<thead>
<tr>
<th>ALTERNATIVES</th>
<th>GOALS OR CRITERIA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Goal or Criterion 1</td>
</tr>
<tr>
<td>Alternative 1</td>
<td></td>
</tr>
<tr>
<td>Alternative 2</td>
<td></td>
</tr>
<tr>
<td>Alternative 3</td>
<td></td>
</tr>
<tr>
<td>Alternative 4</td>
<td></td>
</tr>
</tbody>
</table>
Criteria for evaluating alternatives are listed across the top row. The intersection of the rows and columns in a decision-making grid creates boxes or “cells” which match up each goal or criterion with each alternative. The evaluation marks placed in the cells of the grid can take various forms. For example, each alternative can receive a numerical ranking denoting its ability to achieve a goal or criterion (say, 1, 2, 3, 4, 5, with 1 denoting lowest ability). The numbers are written in the appropriate cells; adding the rankings row by row provides a rough measure of the overall desirability or feasibility of each alternative. Another technique is to place a plus sign (+) in a cell to show that an alternative helps meet a goal or criterion, a minus sign (-) to show that an alternative hinders meeting a goal or criterion, a zero (0) to show that an alternative neither helps nor hinders, and a question mark (?) if the effect of the alternative is unclear. In cases where alternatives differ in the extent of their ability to help or hinder, multiple pluses and minuses can be used.

A decision-making problem usually arises because a “do nothing—leave things as they are” policy has not led to the achievement of some desired goal. Before choosing the “best” alternative policy, it is often wise to check to make sure all the major alternatives and all of the relevant goals have been considered. Advocates of particular alternatives often point out only the advantages of their proposals. They frequently fail to mention other attractive alternatives or the possible costs of their own proposals. Use of a formal decision-making grid forces the weighing of alternatives against all the relevant goals and criteria. Although the systematic evaluation of alternatives does not assure unanimity when goals conflict or evaluations differ, the technique usually helps to clarify where the differences lie and the relative costs of alternatives in terms of different criteria.

Not all decisions involve public policy issues; many decisions involve personal consumption or production situations. Use of the reasoned approach and a decision-making grid is appropriate in any situation—public or personal—requiring choice-making. For example, in the lesson “Malcolm Decides,” which appears in Trade-offs (an audio-visual series the National Council on Economic Education participated in producing), a boy who delivers newspapers receives a $15 gift certificate. He can use the certificate to purchase one of several recreational items: a model airplane, a bow and arrow set, a hockey game, a soccer ball, or a portable radio. Since each of these alternatives meets the criterion of costing no more than $15, additional criteria are necessary: Will the item break easily or will it last? (durability). Will his parents approve of the item and let him use it? (parental consent). Are there any additional costs? (no other costs)—e.g., batteries must be purchased for the hockey game but are included in the price of the radio. Will he be able to use it any time he chooses? (full-time use).

Exhibit 2 shows the completed decision-making grid that Malcolm uses to choose the

<table>
<thead>
<tr>
<th>ALTERNATIVES</th>
<th>CRITERIA</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Costs $15 or Less</td>
</tr>
<tr>
<td>Airplane</td>
<td>+</td>
</tr>
<tr>
<td>Bow &amp; arrow</td>
<td>+</td>
</tr>
<tr>
<td>Hockey game</td>
<td>+</td>
</tr>
<tr>
<td>Soccer ball</td>
<td>+</td>
</tr>
<tr>
<td>Radio</td>
<td>+</td>
</tr>
</tbody>
</table>
radio. By placing a plus sign (+) in each cell where an alternative meets a criterion and a minus sign (-) in each cell where an alternative does not meet a criterion, Malcolm sees that only the radio has five pluses. Each of the other alternatives has at least one minus.

Often one alternative does not meet all the goals or criteria, or all criteria are not regarded as equally important. But, even in such instances, a decision-making grid can help clarify the issues and make the decision a more reasoned one.

By highlighting the costs, benefits, and trade-offs of different choices, the “economic way of thinking,” equips students to evaluate alternative courses of action or inaction in personal economic situations involving their roles as consumers, workers, savers, and investors, and in social situations involving their roles as citizens and voters.

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Some Barriers to Effective Teaching of Economics

We are aware of the hurdles that must be overcome in raising the level of economic understanding—particularly through improved education in the schools. The time allocated to economics in school curricula has always been limited. It may become even more limited as efforts are made to improve the teaching and learning of traditional basic subjects. As a result, a large part of the knowledge economics students acquire comes and will come through the introduction of economics into other subjects such as social studies, history, home economics, and business education. Sometimes misunderstood controversies within the economics profession itself may also pose a barrier to increased emphasis on economic education in the schools.

Recent experiences make it clear that economists do not have all the answers to the many and varied economic issues and questions we confront both personally and as members of the larger socioeconomic system. For example, although economists believe they now have the knowledge and tools to prevent massive economic depressions such as the one that occurred in the 1930’s, much remains to be learned about how to moderate inflation while still holding down the rate of unemployment.

There are several reasons that answers are not always found to the problems economists confront. Economic systems are complex and defy easy comprehension. Moreover, our ability to know exactly how effectively the economy and its components function is often limited by the difficulty of obtaining accurate and timely measurements of economic activity. Finally, a variety of unanticipated political and social events affects economic activity and makes accurate predictions of the results of economic decisions very difficult. Unlike the situation in the physical sciences, carefully controlled experiments are difficult to undertake in economics.

Even if our understanding of the economy and economic decision making were further improved, not all disagreements among economists would vanish. Certainly, some disagreements will be resolved as our understanding increases. Many will persist, however, because of differences in judgments about the actual or predicted effects of specific decisions; still others will endure because individual economists, like most other individuals, hold differing sets of values.

A failure to distinguish between analysis (what is happening) and value judgments (what ought to be happening) is the source of much confusion in many discussions of economic problems. The first approach, often called “positive economics,” aims to understand how the economy works. In principle, disputes about positive economic statements can be settled by facts and evidence. The second approach, often called “normative economics,” deals with the way the economy, or some part of it, ought to work. Normative economic statements cannot be called true or false by referring to objective data. Positive economics can do much to help resolve economic disputes. However, many questions that concern economic policy involve reconciling differences in normative values. On normative questions, people must apply their capacity to make reasoned decisions based on their own values.

We believe that the study of economics can give students a richer understanding of
the world in which they live, study, and work, as well as provide them with a conceptual framework for making some of the more significant decisions of their lives.

Chapter II