

Academic Standards for Economics

*May 2012 FINAL
Elementary Standards
Grades Pre-K - 3*



Pennsylvania Department of Education

ELEMENTARY STANDARDS
GRADES PRE-K - 3
Economics

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XVII. INTRODUCTION

This document includes Academic Standards for Economics that describe what students should know and be able to do in four areas:

- ◇ 6.1. **Scarcity** and Choice
- ◇ 6.2. Markets and Economic Systems
- ◇ 6.3. Functions of Government
- ◇ 6.4. Economic Interdependence
- ◇ 6.5. Income, Profit, and Wealth

The Economic Standards describe what students should know and be able to do in third through twelfth grade. They reflect the increasing complexity and sophistication that students are expected to achieve as they progress through school. The document attempts to avoid repetition and to show a progression across grade levels. Topics and concepts in Economics directly relate to Environment and Ecology Standard 4.3, 4.4 and Geography Standard 7.4. In addition, economic topics can be found in Career and Work Standards 13.2, 13.3, and 13.4. As a social science, Economics Standards should be integrated with related Civics and Government, Geography, and History Standards to create an interdisciplinary view of the world.

Economics is concerned with the behavior of individuals and institutions engaged in the production, exchange, and consumption of goods and services. As technology helps to reshape the economy, knowledge of how the world works is critical. People entering the work force cannot function effectively without a basic knowledge of how **scarcity** and choice affect the allocation of resources, how markets establish prices and the global nature of economic interdependence. These standards are intended to provide direction in learning as to how economic activity impacts the forces of everyday life.

The Academic Standards for Economics consist of four standard categories (designated as 6.1., 6.2., 6.3., and 6.4.). Each category has a number of standard statements designated by a capital letter. The stranded standard statements represent essential strands that reflect increased rigor across grade levels. These standard statements identify broad topics; the choice of specific content is a local decision as is the method of instruction.

Economics, along with Civics and Government, Geography, and History are identified as Social Studies in Chapter 4. This identification is consistent with citizenship education in Chapter 49 and Chapter 354. Based on these regulations, social studies/citizenship programs should integrate four sets of standards into curriculum and planned instruction.

A glossary is included to assist the reader in clarifying terminology contained in the standards.

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6.1. Scarcity and Choice					
6.1.PK. GRADE PK		6.1.K. GRADE K	6.1.1. GRADE 1	6.1.2. GRADE 2	6.1.3. GRADE 3
<i>Pennsylvania's public schools shall teach, challenge and support every student to realize his or her maximum potential and to acquire the knowledge and skills needed to:</i>					
Scarcity and Choice	6.1.PK.A. Intentionally Blank	6.1.K.A Identify how scarcity influences choice.	6.1.1.A. Identify scarcity of resources within the family.	6.1.2.A. Identify scarcity of resources within the school community.	6.1.3.A. Define scarcity and identify examples of resources, wants, and needs.
Limited Resources	6.1.PK.B. Intentionally Blank	6.1.K.B. Identify family wants and needs.	6.1.1.B. Identify classroom wants and needs.	6.1.2.B Identify community wants and needs.	6.1.3.B. Identify needs and wants of people. Identify examples of natural, human, and capital resources.
Opportunity Costs	6.1.PK.C. Intentionally Blank	6.1.K.C. Identify choices to meet needs.	6.1.1.C. Identify choice based on needs versus wants.	6.1.2.C. Explain how choice has consequences.	6.1.3.C. Explain what is given up when making a choice.
Incentives and Choice	6.1.PK.D. Identify a choice based on individual interest.	6.1.K.D. Identify a choice based on family interest.	6.1.1.D. Identify a choice based on classroom interest.	6.1.2.D. Identify a choice based on community interest.	6.1.3.D. Identify reasons why people make a choice.

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6.2. Markets and Economic Systems					
	6.2.PK. GRADE PK	6.2.K. GRADE K	6.2.1. GRADE 1	6.2.2. GRADE 2	6.2.3. GRADE 3
<i>Pennsylvania's public schools shall teach, challenge and support every student to realize his or her maximum potential and to acquire the knowledge and skills needed to:</i>					
Goods and Services	6.2.PK.A. Intentionally Blank	6.2.K.A. Identify goods and consumers.	6.2.1.A. Identify goods, consumers, and producers.	6.2.2.A. Identify goods, services , consumers, and producers in the local community.	6.2.3.A. Identify goods, services, consumers, and producers in the local community.
Market Competition	6.2.PK.B. Intentionally Blank	6.2.K.B. Intentionally Blank	6.2.1.B. Intentionally Blank	6.2.2.B. Differentiate between markets and competition	6.2.3.B. Identify competing sellers in the local market .
Advertising and Media	6.2.PK.C. Intentionally Blank	6.2.K.C. Identify advertisements that encourage us to buy things.	6.2.1.C. Identify advertisements that encourage us to buy things based on want rather than need.	6.2.2.C. Define personal choice as related to buying an item.	6.2.3.C. Identify types of advertising designed to influence personal choice .
Price Determination	6.2.PK.D. Explain how money is used.	6.2.K.D. Identify currency and how it is used.	6.2.1.D. Explain the role of money in determining price.	6.2.2.D. Explain how demand for a consumer good impacts price.	6.2.3.D. Demonstrate the importance of money in everyday life.

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6.2. Markets and Economic Systems						
6.2.PK. GRADE PK		6.2.K. GRADE K		6.2.1. GRADE 1	6.2.2. GRADE 2	6.2.3. GRADE 3
<i>Pennsylvania's public schools shall teach, challenge and support every student to realize his or her maximum potential and to acquire the knowledge and skills needed to:</i>						
Economic Health	6.2.PK.E. Intentionally Blank	6.2.K.E. Intentionally Blank	6.2.1.E. Identify the impact on a community when a business opens.	6.2.2.E. Identify the impact on a community when a business closes.	6.2.3.E. Describe the effect of local businesses opening and closing.	
Private Economic Institutions	6.2.PK.F. Intentionally Blank	6.2.K.F. Intentionally Blank	6.2.1.F. Intentionally Blank	6.2.2.F. Describe the role of financial institutions as related to consumers' financial needs.	6.2.3.F. Identify private economic institutions .	
Economic Systems	6.2.PK.G. Intentionally Blank	6.2.K.G. Intentionally Blank	6.2.1.G. Define an economic system at the individual level.	6.2.2.G. Identify examples of an economic system.	6.2.3.G. Identify characteristics of the local economy.	

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6.3. Functions of Government					
6.3.PK. GRADE PK		6.3.K. GRADE K	6.3.1. GRADE 1	6.3.2. GRADE 2	6.3.3. GRADE 3
<i>Pennsylvania's public schools shall teach, challenge and support every student to realize his or her maximum potential and to acquire the knowledge and skills needed to:</i>					
Goods and Services	6.3.PK.A. Intentionally Blank	6.3.K.A. Intentionally Blank	6.3.1.A. Identify examples of goods and services .	6.3.2.A. Identify examples of goods and services provided by the private sector.	6.3.3.A. Identify goods and services provided by the government.
Government Involvement in the Economy	6.3.4. PK.B. Intentionally Blank	6.3.K.B. Intentionally Blank	6.3. 1.B. Intentionally Blank	6.3. 2.B. Intentionally Blank	6.3.3.B. Identify examples of government involvement in local economic activities.
Taxation	6.3.PK.C. Intentionally Blank	6.3.K.C. Intentionally Blank	6.3.1.C. Intentionally Blank	6.3.2.C. Define taxes and who pays them.	6.3.3.C. Define tax and explain the relationship between taxation and government services .

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6.3. Functions of Government					
6.3.PK. GRADE PK		6.3.K. GRADE K	6.3.1. GRADE 1	6.3.2. GRADE 2	6.3.3. GRADE 3
<i>Pennsylvania's public schools shall teach, challenge and support every student to realize his or her maximum potential and to acquire the knowledge and skills needed to:</i>					
Government's Role in International Trade	6.3.PK.D. Identify products produced locally.	6.3.K.D. Identify products produced in the region or state.	6.3.1.D. Identify products produced in the United States.	6.3.2.D. Identify products produced outside the United States.	6.3.3.D. Describe how government is important to the economic system.

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6.4. Economic Interdependence					
	6.4.PK. GRADE PK	6.4.K. GRADE K	6.4.1 GRADE 1	6.4.2. GRADE 2	6.4.3. GRADE 3
<i>Pennsylvania's public schools shall teach, challenge and support every student to realize his or her maximum potential and to acquire the knowledge and skills needed to:</i>					
Specialization	6.4.PK.A. Intentionally Blank	6.4.K.A. Identify the specialized role performed by each member of the family.	6.4.1.A. Identify specialization of work in the community.	6.4.2.A. Identify local examples of specialization of work.	6.4.3.A. Identify local examples of specialization and division of labor .
Trade	6.4.PK.B. Intentionally Blank	6.4.K.B. Intentionally Blank	6.4.1.B. Intentionally Blank	6.4.2.B. Intentionally Blank	6.4.3.B. Identify examples of trade , imports, and exports in the local community.
Multinational and Non-Governmental Organizations	6.4.PK.C. Intentionally Blank	6.4.K.C. Intentionally Blank	6.4.1.C. Intentionally Blank	6.4.2.C. Identify products that come from many different countries.	6.4.3.C. Identify different organizations that are part of the economic system (banks, small businesses, big corporations).

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6.4. Economic Interdependence					
6.4.PK. GRADE PK		6.4.K. GRADE K	6.4.1 GRADE 1	6.4.2. GRADE 2	6.4.3. GRADE 3
<i>Pennsylvania's public schools shall teach, challenge and support every student to realize his or her maximum potential and to acquire the knowledge and skills needed to:</i>					
Factors Contributing to Economic Interdependence	6.4.PK.D. Intentionally Blank	6.4.K.D. Identify individual wants and needs.	6.4.1.D. Describe how individuals differ in their wants and needs and why people buy and sell things.	6.4.2.D. Identify buyers and sellers and how their wants and needs are addressed.	6.4.3.D. Describe how buyers make choices about their wants and needs through purchases.

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6.5. Income, Profit, and Wealth					
	6.5.PK. GRADE PK	6.5.K. GRADE K	6.5.1. GRADE 1	6.5.2. GRADE 2	6.5.3. GRADE 3
<i>Pennsylvania's public schools shall teach, challenge and support every student to realize his or her maximum potential and to acquire the knowledge and skills needed to:</i>					
Factors Influencing Wages	6.5.PK.A. Differentiate between work and play.	6.5.K.A. Identify individuals who volunteer in the community.	6.5.1.A. Identify individuals who work for wages in the community.	6.5.2.A. Explain how money earned by individuals is used to meet needs and wants .	6.5.3.A. Explain why people work.
Labor Productivity	6.5.PK.B. Intentionally Blank	6.5.K.B. Intentionally Blank	6.5.1.B. Identify different jobs and the purpose of each.	6.5.2.B. Different how different job skills impact earnings.	6.5.3.B. Explain the differences in earnings by those in different jobs.
Types of Businesses	6.5.PK.C. Identify local businesses.	6.5.5KC. Identify goods and services provided by local businesses.	6.5.1.C. Identify businesses and their corresponding goods and service.	6.5.2.C. Describe the roles of local businesses.	6.5.3.C. Describe how different businesses meet the needs and wants of families.

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6.5. Income, Profit, and Wealth					
6.5.PK. GRADE PK		6.5.K. GRADE K	6.5.1. GRADE 1	6.5.2. GRADE 2	6.5.3. GRADE 3
<i>Pennsylvania's public schools shall teach, challenge and support every student to realize his or her maximum potential and to acquire the knowledge and skills needed to:</i>					
Profits and Losses	6.5.PK.D. Intentionally Blank	6.5.K.D. Intentionally Blank	6.5.1.D. Identify ways to earn money.	6.5.2.D. Describe money saving behaviors.	6.5.3.D. Describe the result of spending savings.
Distribution of Wealth	6.5.PK.E. Intentionally Blank	6.5.K.E. Intentionally Blank	6.5.1.E. Describe what tools (tangible assets) are necessary to complete a task.	6.5.2.E. Describe the qualities that may be necessary to complete a task.	6.5.3.E. Identify tangible and intangible assets .
Entrepreneurship	6.5.PK.F. Intentionally Blank	6.5.K.F. Intentionally Blank	6.5.1.F. Identify buyers and sellers (people) buy and sell things.	6.5.2.F. Explain the responsibilities of a business owner.	6.5.3.F. Define entrepreneurship.

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6.5. Income, Profit, and Wealth					
6.5.PK. GRADE PK		6.5.K. GRADE K	6.5.1. GRADE 1	6.5.2. GRADE 2	6.5.3. GRADE 3
<i>Pennsylvania's public schools shall teach, challenge and support every student to realize his or her maximum potential and to acquire the knowledge and skills needed to:</i>					
Costs and Benefits of Saving	6.5.PK.G. Intentionally Blank	6.5.K.G. Intentionally Blank	6.5.1.G. Explain the need to save money.	6.5.2.G. Identify how saving for a purchase occurs over time.	6.5.3.G. Define saving and explain why people save.
	Interest Rates	6.5.PK.H. Intentionally Blank	6.5.K.H. Intentionally Blank	6.5.1.H. Intentionally Blank	6.5.2.H. Describe why people save money in the local bank.

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XVIII. GLOSSARY

Capital Resources:	The physical equipment used in the production of goods and services.
Comparative Advantage:	Economic theory that a country/individual should sell goods and services which it can produce at relatively lower costs and buy goods and services which it can produce at relatively higher costs .
Competition:	The rivalry among people and/or business firms for resources and/or consumers.
Consumer:	One who buys or rents goods or services and uses them.
Corporation:	A business firm that is owned by stockholders and is a legal entity with rights to buy, sell, and make contracts. Its chief advantage is that each owner's liability is limited to the amount of money he or she has invested in the company.
Cost:	What is given up when a choice is made; monetary and/or non monetary.
Demand:	The different quantities of a resource, good or service that potential buyers are willing and able to purchase at various prices during a specific time period.
Depression:	A severe recession in terms of magnitude and/or length.
Division of Labor:	A method of organizing production whereby each worker specializes in part of the productive process.
Economic Systems:	The way societies organize to determine what goods and services should be produced, how goods and services should be produced and who will consume goods and services. Examples include traditional, command and market.
Economics:	The study of the behavior of individuals and institutions engaged in the production, distribution and consumption of goods and services.

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Entrepreneurship:	One who organizes, manages, and assumes the risks of a business or enterprise.
Equilibrium Price:	The outlay at which quantity demanded equals quantity supplied; market clearing price.
Goods:	Objects that can satisfy people's wants.
Incentives:	Factors that motivate or influence human behavior.
Intangible Assets:	Unlike tangible assets (buildings and equipment), intangible assets are often difficult to quantify but play a large role in economic activity. An entrepreneur's organizational ability, the ability of workers to provide customer satisfaction, and the knowledge of a region's tastes and styles are examples of intangible assets.
Interdependence:	Ideas, goods and services in one area affect decisions and events in other areas reducing self-sufficiency.
Market:	A place or process through which goods and services are exchanged.
Multinational Corporations	Entities that produce goods or services in many countries as well as engage in international trade.
Non-Profit Economic Institutions:	These institutions serve an important niche in an economic system. Unlike institutions for profit, the non-profit bodies do not seek to build wealth for distribution to shareholders, management, or workers, but employ monetary sources for the purpose of maintaining the organization and offering programs and services that are not within the realm of governmental agencies. For example, a special <i>foundation</i> , an <i>endowment</i> , even a <i>charity</i> may offer a seminar to build local entrepreneurship or workforce collaboration skills.
Opportunity Cost:	The highest valued alternative given up when a decision is made.
Price:	The amount people pay in exchange for a particular good or service.
Private Economic Institutions:	Non-government organizations that participate in economic activities (ex. banks, labor unions, businesses, etc.)
Producer:	One who makes goods or services.
Public Goods:	Goods and services provided by the government rather than by the private sector. Goods and services that more than one person can use without necessarily preventing others from using them.

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Recession:	A contraction in national production that lasts six months or longer. A recession might be marked by job layoffs and high unemployment, stagnant wages, reductions in retail sales and slowing of housing and car markets.
Resources:	Inputs used to produce goods and services; categories include natural, human and capital.
Scarcity:	An economic condition that exists when demand is greater than supply.
Services:	Actions that are valued by others.
Specialization:	A form of division of labor in which each individual or firm concentrates its productive efforts on a single or limited number of activities.
Supply:	The different quantities of a resource, good or service that potential sellers are willing and able to sell at various prices during a specific time period.
Tangible Assets:	Assets having a physical existence, such as cash, equipment, and real estate.
Trade:	Voluntary exchange between two parties in which both parties benefit.
Wants:	Desires that can be satisfied by consuming goods, services or leisure activities.