

Academic Standards for Economics

*June 1, 2009 FINAL
Elementary Standards
Grades 3-8*



Pennsylvania Department of Education

These standards are offered as a voluntary resource for Pennsylvania's schools and await action by the State Board of Education.

ELEMENTARY STANDARDS
GRADES 3-8
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							
6.1.3. GRADE 3		6.1.4. GRADE 4		6.1.5. GRADE 5	6.1.6. GRADE 6	6.1.7. GRADE 7	6.1.8. GRADE 8
<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	6.1.3.A. Define scarcity and identify examples of resources, wants, and needs.	6.1.4.A. Identify scarcity of resources in a local community.	6.1.5.A Explain how limited resources and unlimited wants cause scarcity .	6.1.6.A. Explain how limited resources and unlimited wants cause scarcity .	6.1.7.A. Explain how limited resources and unlimited wants cause scarcity .	6.1.8.A. Explain how limited resources and unlimited wants cause scarcity .	
	6.1.3.B. Identify needs and wants of people. Identify examples of natural, human, and capital resources .	6.1.4.B. Recognize the difference between basic needs and wants. Explain the role of producers in making goods and providing services.	6.1.5.B. Explain ways in which people meet their basic needs and wants. Demonstrate the use of human and capital resources in the production of a specific good.	6.1.6.B. Compare ways that people meet their needs with how they meet their wants. Describe how resources are combined to produce different goods and services .	6.1.7.B Compare decisions made because of limited resources and unlimited wants. Describe how resources are combined to produce different goods and services .	6.1.8.B Compare decisions made because of limited resources and unlimited wants. Analyze the resources that are combined to create goods and services .	
	6.1.3.C. Explain what is given up when making a choice .	6.1.4.C. Illustrate what individuals or organizations give up when making a choice .	6.1.5.C. Explain how people's choices have different economic consequences.	6.1.6.C. Define opportunity cost and describe the opportunity cost of personal choice .	6.1.7.C. Define opportunity cost and describe the opportunity cost of personal choice .	6.1.8.C. Compare choices to determine the best action.	

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6.1. Scarcity and Choice							
6.1.3. GRADE 3		6.1.4. GRADE 4		6.1.5. GRADE 5	6.1.6. GRADE 6	6.1.7. GRADE 7	6.1.8. GRADE 8
<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>							
Incentives and Choice	6.1.3.D. Identify reasons why people make a choice .	6.1.4.D. Explain what influences the choices people make	6.1.5.D. Demonstrate how availability of resources affects choices.	6.1.6.D. Identify incentives that affect personal choices.	6.1.7.D. Explain how positive and negative incentives affect behavior.	6.1.8.D. Compare the effect of incentives on personal decisions.	

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6.2. Markets and Economic Systems											
6.2.3. GRADE 3		6.2.4. GRADE 4		6.2.5. GRADE 5		6.2.6. GRADE 6		6.2.7. GRADE 7		6.2.8. GRADE 8	
<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	6.2.3.A. Identify goods, services, consumers, and producers in the local community.	6.2.4.A. Explain how a product moves from production to consumption.	6.2.5.A. Describe how goods and services are distributed.	6.2.6.A. Describe the interaction of consumers and producers of goods and services in the state and national economy .	6.2.7.A. Describe the interaction of consumers and producers of goods and services in the state and national economy .	6.2.8.A. Describe the interaction of consumers and producers of goods and services in the state and national economy .					
	6.2.3.B. Identify competing sellers in the local market .	6.2.4.B. Determine how sellers compete with one another.	6.2.5.B. Identify how pricing influences sellers and consumers.	6.2.6.B. Explain why and how market competition takes place.	6.2.7.B. Explain why and how market competition takes place.	6.2.8.B. Identify positive and negative effects of market competition .					
	6.2.3.C. Identify types of advertising designed to influence personal choice .	6.2.4.C. Differentiate between monetary and non-monetary incentives in advertising.	6.2.5.C. Explain how advertising causes people to change their behavior in predictable ways.	6.2.6.C. Explain how advertising influences economic decisions.	6.2.7.C. Explain how advertising influences economic decisions.	6.2.8.C. Explain how advertising influences economic decisions.					

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6.2. Markets and Economic Systems											
6.2.3. GRADE 3		6.2.4. GRADE 4		6.2.5. GRADE 5		6.2.6. GRADE 6		6.2.7. GRADE 7		6.2.8. GRADE 8	
<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>											
Price Determination	6.2.3.D. Define price and how prices vary for products.	6.2.4.D. Explain the role of buyers and sellers in determining prices of products .	6.2.5.D. Identify factors that cause changes in price .	6.2.6.D. Describe how prices influence both buyers and sellers and explain why prices may vary for similar products.	6.2.7.D. Explain the effects that changes in price have on buyers and sellers.	6.2.8.D. Explain the effects that changes in price have on buyers and sellers.					
	6.2.3.E. Describe the effect of local businesses opening and closing.	6.2.4.E. Explain why local businesses open and close.	6.2.5.E. Describe the impact of businesses opening and closing on Pennsylvania economy.	6.2.6.E. Explain the causes and effects of expansion and contraction of businesses.	6.2.7.E. Explain the causes and effects of expansion and contraction of businesses.	6.2.8.E. Compare the state of the current economy with the economy in a different time or place.					
	6.2.3.F. Identify private economic institutions .	6.2.4.F. Describe the role of a private economic institution in the local community.	6.2.5.F. Compare and contrast types of private economic institutions .	6.2.6.F. Explain the influence of private economic institutions on the local and state economy.	6.2.7.F. Explain the influence of private economic institutions on the local and state economy.	6.2.8.F. Analyze the functions of private economic institutions in the national economy.					

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6.2. Markets and Economic Systems											
6.2.3. GRADE 3		6.2.4. GRADE 4		6.2.5. GRADE 5		6.2.6. GRADE 6		6.2.7. GRADE 7		6.2.8. GRADE 8	
<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 Systems	6.2.3.G. Identify characteristics of the local economy.	6.2.4.G. Explain the three basic questions all economic systems must answer. <ul style="list-style-type: none"> • What to produce? • How? • For whom? 	6.2.5.G. Describe various economic systems . <ul style="list-style-type: none"> • Traditional • Market • Command 	6.2.6.G. Examine how various economic systems address the three basic questions. <ul style="list-style-type: none"> • What to produce? • How? • For whom? 	6.2.7.G. Examine how various economic systems address the three basic questions. <ul style="list-style-type: none"> • What to produce? • How? • For whom? 	6.2.8.G. Examine how various economic systems address the three basic questions. <ul style="list-style-type: none"> • What to produce? • How? • For whom? 					

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6.3. Functions of Government												
6.3.3. GRADE 3		6.3.4. GRADE 4		6.3.5. GRADE 5		6.3.6. GRADE 6		6.3.7. GRADE 7		6.3.8. GRADE 8		
<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	6.3.3.A. Identify goods and services provided by the government.		6.3.4.A. Explain how government responds to social needs by providing public goods and services .		6.3.5.A. Describe the cost and benefits of government economic programs.		6.3.6.A. Examine government's role in providing public goods and services .		6.3.7.A. Explain the impact of public goods and services on the local community and state.		6.3.8.A. Assess the value of public goods and services .	
	Government Involvement in the Economy	6.3.3.B. Identify examples of government involvement in local economic activities.		6.3.4.B. Describe the impact of government involvement in state and national economic activities.		6.3.5.B. Describe factors that influence government's economic decision making.		6.3.6.B. Describe the impact of government involvement in state and national economic activities.		6.3.7.B. Describe the impact of government involvement in state and national economic activities.		6.3.8.B. Predict how changes to government involvement at the state and national levels may affect the economy.

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6.3. Functions of Government												
6.3.3. GRADE 3		6.3.4. GRADE 4		6.3.5. GRADE 5		6.3.6. GRADE 6		6.3.7. GRADE 7		6.3.8. GRADE 8		
<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>												
Taxation	6.3.3.C. Define tax and explain the relationship between taxation and government services .		6.3.4.C. Explore ways in which tax revenues are used in local community.		6.3.5.C. Explore ways in which tax revenue is collected.		6.3.6.C. Explain the cost and benefits of taxation.		6.3.7.C. Explain the cost and benefits of taxation.		6.3.8.C. Compare and contrast the effects of different taxation policies.	
	Government's Role in International Trade	6.3.3.D. Intentionally Blank		6.3.4.D. Intentionally Blank		6.3.5.D. Intentionally Blank		6.3.6.D. Explain the benefits of international trade .		6.3.7.D. Identify how governments limit or promote international trade .		6.3.8.D. Explain how government actions may affect international trade .

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6.4. Economic Interdependence												
6.4.3. GRADE 3		6.4.4. GRADE 4		6.4.5. GRADE 5		6.4.6. GRADE 6		6.4.7. GRADE 7		6.4.8. GRADE 8		
<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	6.4.3.A. Identify local examples of specialization and division of labor .		6.4.4.A. List and explain factors that promote specialization and division of labor .		6.4.5.A. Explain why people specialize in the production of goods and services and divide labor.		6.4.6.A. Explain why people specialize in the production of goods and services and divide labor.		6.4.7.A. Explain why people specialize in the production of goods and services and divide labor.		6.4.8.A. Explain how specialization contributes to economic interdependence on a national level.	
	Trade	6.4.3.B. Identify examples of trade , imports, and exports in the local community.		6.4.4.B. Explain why nations trade .		6.4.5.B. Explain the growth in international trade .		6.4.6.B. Explain how trade affects standards of living.		6.4.7.B. Analyze how changes in trade affect standards of living.		6.4.8.B. Compare the standard of living in different times and places.

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6.4. Economic Interdependence						
6.4.3. GRADE 3		6.4.4. GRADE 4	6.4.5. GRADE 5	6.4.6. GRADE 6	6.4.7. GRADE 7	6.4.8. GRADE 8
<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>						
Multinational and Non-Governmental Organizations	6.4.3.C. Intentionally Blank	6.4.4.C. Intentionally Blank	6.4.5.C. Explain how and where multinational corporations operate.	6.4.6.C. Explain how multinational corporations contribute to economic interdependence .	6.4.7.C. Explain how multinational corporations and other non-government organizations contribute to economic interdependence .	6.4.8.C. Explain the influence of multinational corporations and other non-government organizations.

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6.4. Economic Interdependence							
6.4.3. GRADE 3		6.4.4. GRADE 4		6.4.5. GRADE 5	6.4.6. GRADE 6	6.4.7. GRADE 7	6.4.8. GRADE 8
<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	6.4.3.D. Intentionally Blank	6.4.4.D. Intentionally Blank	6.4.5.D. Identify various economic and non-economic organizations that contribute to interaction among individuals and nations.	6.4.6.D. Explain how transportation, communication networks, and technology contribute to economic interdependence.	6.4.7.D. Explain how transportation, communication networks, and technology contribute to economic interdependence.	6.4.8.D. Explain how the level of transportation, communication networks, and technology affect economic interdependence.	

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6.5. Income, Profit, and Wealth											
6.5.3. GRADE 3		6.5.4. GRADE 4		6.5.5. GRADE 5		6.5.6. GRADE 6		6.5.7. GRADE 7		6.5.8. GRADE 8	
<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	6.5.3.A. Explain why people work.	6.5.4.A. Intentionally Blank	6.5.5.A. Describe how the availability of goods and services is made possible by the work of members of the society.	6.5.6.A. Describe how the availability of goods and services is made possible by the work of members of the society.	6.5.7.A. Describe how people are compensated for their production of goods and services.	6.5.8.A. Examine the compensation of workers who produce different goods and provide different services.					
	6.5.3.B. Identify different occupations.	6.5.4.B. Identify the requirements for different careers and occupations.	6.5.5.B. Differentiate the requirements for different careers and occupations.	6.5.6.B. Explain the concept of labor productivity.	6.5.7.B. Describe the characteristics of productive workers.	6.5.8.B. Compare the characteristics of productive workers with less productive workers.					
	6.5.3.C. Intentionally Blank	6.5.4.C. Intentionally Blank	6.5.5.C. Intentionally Blank	6.5.6.C. Intentionally Blank	6.5.7.C. Intentionally Blank	6.5.8.C. Explain the organization of different types of businesses.					

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6.5. Income, Profit, and Wealth												
6.5.3. GRADE 3		6.5.4. GRADE 4		6.5.5. GRADE 5		6.5.6. GRADE 6		6.5.7. GRADE 7		6.5.8. GRADE 8		
<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	6.5.3.D. Intentionally Blank		6.5.4.D. Intentionally Blank		6.5.5.D. Explain how positive and negative incentives affect individual choices.		6.5.6.D. Explain how profits and losses serve as incentives.		6.5.7.D. Explain the relationship between risk and reward.		6.5.8.D. Compare the risks and rewards of specific business actions.	
	6.5.3.E. Identify tangible and intangible assets.		6.5.4.E. Intentionally Blank		6.5.5.E. Identify tangible and intangible assets.		6.5.6.E. Describe how people accumulate tangible and intangible assets.		6.5.7.E. Describe how people accumulate tangible and financial assets through income, saving, and financial investment.		6.5.8.E. Identify wealth within and among political divisions in Pennsylvania.	
	6.5.3.F. Intentionally Blank		6.5.4.F. Intentionally Blank		6.5.5.F. Define entrepreneurship and its role in the local community.		6.5.6.F. Explain the role of the entrepreneur in Pennsylvania.		6.5.7.F. Explain the role of entrepreneurship in Pennsylvania.		6.5.8.F. Explain the role of entrepreneurship across the nation.	

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6.5. Income, Profit, and Wealth											
6.5.3. GRADE 3		6.5.4. GRADE 4		6.5.5. GRADE 5		6.5.6. GRADE 6		6.5.7. GRADE 7		6.5.8. GRADE 8	
<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	6.5.3.G. Define saving and explain why people save.	6.5.4.G. Compare different ways people save.	6.5.5.G. Identify the costs and benefits of saving.	6.5.6.G. Identify the costs and benefits of saving.	6.5.7.G. Identify the costs and benefits of various financial tools available to savers.	6.5.8.G. Identify the costs and benefits of various financial tools available to savers.					
	6.5.3.H. Identify the role of banks in our local community.	6.5.4.H. Examine the basic operation of the banking system.	6.5.5.H. Identify the costs and benefits of borrowing.	6.5.6.H. Explain the differences between interest rates for saving and borrowing.	6.5.7.H. Identify the effect of higher and lower interest rates.	6.5.8.H. Identify the effect of higher and lower interest rates.					

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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.
Entrepreneurship:	One who organizes, manages, and assumes the risks of a business or enterprise.

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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	Corporations 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.