

# Academic Standards for Economics

*July 2010 FINAL  
Elementary Standards  
Grades Pre-K - 3*



***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 PRE-K - 3  
Economics

**XVI. TABLE OF CONTENTS**

<b>Introduction.....</b>	<b>XVII.</b>
--------------------------	--------------

THE ACADEMIC STANDARDS

<b>Scarcity and Choice .....</b>	<b>6.1</b>
----------------------------------	------------

- A. Scarcity and Choice*
- B. Limited Resources*
- C. Opportunity Costs*
- D. Incentives and Choice*

<b>Markets and Economic Systems.....</b>	<b>6.2</b>
--	------------

- A. Goods and Services*
- B. Market Competition*
- C. Advertising and Media*
- D. Price Determination*
- E. Economic Health*
- F. Private Economic Institutions*
- G. Economic Systems*

<b>Functions of Government.....</b>	<b>6.3</b>
-------------------------------------	------------

- A. Goods and Services*
- B. Government Involvement in the Economy*
- C. Taxation*
- D. Government's Role in International Trade*

ELEMENTARY STANDARDS  
GRADES PRE-K - 3  
Economics

<b>Economic Interdependence.....</b>	<b>6.4.</b>
<i>A. Specialization</i>	
<i>B. Trade</i>	
<i>C. Multinational Corporations and Non-Government Organizations</i>	
<i>D. Factors Contributing to Economic Interdependence</i>	
 <b>Income, Profit, and Wealth.....</b>	 <b>6.5.</b>
<i>A. Factors Influencing Wages</i>	
<i>B. Labor Productivity</i>	
<i>C. Types of Businesses</i>	
<i>D. Profits and Losses</i>	
<i>E. Distribution of Wealth</i>	
<i>F. Entrepreneurship</i>	
<i>G. Costs and Benefits of Saving</i>	
<i>H. Interest Rates</i>	
 <b>Glossary.....</b>	 <b>XVIII.</b>

# ELEMENTARY STANDARDS

## GRADES PRE-K - 3

### Economics

#### **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.

# ELEMENTARY STANDARDS

## GRADES PRE-K - 3

### Economics

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 Intentionally blank	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 <b>scarcity</b> and identify examples of <b>resources, wants,</b> and needs.
Limited Resources	6.1.PK.B. Identify individual wants and needs.	6.1.K.B. Identify family wants and needs.	6.1.1.B. Identify classroom wants and needs.	6.1.2.B Identifycommunity wants and needs.	6.1.3.B. Identify needs and wants of people.  Identify examples of natural, <b>human,</b> and <b>capital resources.</b>
Opportunity Costs	6.1.PK.C. Intentionally blank	6.1.K.C. Intentionally blank	6.1.1.C. Identify choices to meet needs.	6.1.2.C. Identify choice based on needs versus wants.	6.1.3.C. Explain what is given up when making a <b>choice.</b>

# ELEMENTARY STANDARDS

## GRADES PRE-K - 3

### Economics

<b>6.1. Scarcity and Choice</b>					
<b>6.1.PK. GRADE PK</b>		<b>6.1.K. GRADE K</b>	<b>6.1.1. GRADE 1</b>	<b>6.1.2. GRADE 2</b>	<b>6.1.3. GRADE 3</b>
<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>					
<b>Incentives and Choice</b>	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 <b>choice</b> .

<b>6.2. Markets and Economic Systems</b>				
<b>6.2.PK. GRADE PK</b>	<b>6.2.K. GRADE K</b>	<b>6.2.1. GRADE 1</b>	<b>6.2.2. GRADE 2</b>	<b>6.2.3. GRADE 3</b>
<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>				

# ELEMENTARY STANDARDS

## GRADES PRE-K - 3

### Economics

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 <b>goods, services, consumers, and producers</b> 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. Intentionally blank	6.2.3.B. Identify competing sellers in the local <b>market</b> .
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 we might not 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 <b>choice</b> .
Price Determination	6.2.4PK.D. Intentionally blank	6.2.K.D. Intentionally blank	6.2.1.D. Intentionally blank	6.2.2.D. Intentionally blank	6.2.3.D. Intentionally blank

# ELEMENTARY STANDARDS

## GRADES PRE-K - 3

### Economics

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>					
<b>Economic Health</b>	6.2.PK.E. Intentionally blank	6.2.K.E. Intentionally blank	6.2.1.E. Intentionally blank.	6.2.2.E. Identify the impact of a local business closing on the family.	6.2.3.E. Describe the effect of local businesses opening and closing.
<b>Private Economic Institutions</b>	6.2.PK.F. Intentionally blank	6.2.K.F. Intentionally blank	6.2.1.F. Intentionally blank	6.2.2.F. Intentionally blank	6.2.3.F. Identify <b>private economic institutions</b> .
<b>Economic Systems</b>	6.2.PK.G. Intentionally blank	6.2.K.G. Intentionally blank	6.2.1.G. Intentionally blank	6.2.2.G. Intentionally blank	6.2.3.G. Identify characteristics of the local economy.



# ELEMENTARY STANDARDS

## GRADES PRE-K - 3

### Economics

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. Intentionally blank	6.3.2.A. Intentionally blank	6.3.3.A. Identify <b>goods</b> and <b>services</b> provided by the government.
Government Involvement in the Economy	6.3.4.B. Intentionally blank	6.3.5.B. Intentionally blank	6.3.6.B. Intentionally blank	6.3.7.B. Intentionally blank	6.3.3.B. Identify examples of government involvement in local <b>economic</b> 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 <b>services</b> .

ELEMENTARY STANDARDS  
GRADES PRE-K - 3  
Economics

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. Intentionally Blank	6.3.K.D. Intentionally Blank	6.3.1.D. Intentionally blank	6.3.2.D. Intentionally blank	6.3.3.D. Intentionally Blank

ELEMENTARY STANDARDS  
GRADES PRE-K - 3  
Economics

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. Intentionally blank	6.4.1.A. Intentionally blank	6.4.2.A. Identify local examples of specialization of work.	6.4.3.A. Identify local examples of <b>specialization</b> and <b>division of labor</b> .
Trade	6.4.PK.B. Trade materials based on wants.	6.4.K.B. Trade materials based on wants and needs	6.4.1.B. Explain the reason for a specific trade with a peer	6.4.2.B. Explain the reason for a specific trade among peers.	6.4.3.B. Identify examples of <b>trade</b> , 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	6.4.72C. Intentionally Blank	6.4.3.C. Intentionally Blank

ELEMENTARY STANDARDS  
GRADES PRE-K - 3  
Economics

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. Intentionally Blank	6.4.1.D. Intentionally Blank	6.4.2.D. Intentionally Blank	6.4.3.D. Intentionally Blank

# ELEMENTARY STANDARDS

## GRADES PRE-K - 3

### Economics

<b>6.5. Income, Profit, and Wealth</b>					
<b>6.5.PK. GRADE PK</b>		<b>6.5.K. GRADE K</b>	<b>6.5.1. GRADE 1</b>	<b>6.5.2. GRADE 2</b>	<b>6.5.3. GRADE 3</b>
<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>					
<b>Factors Influencing Wages</b>	6.5.PK.A. Identify adults who work.	6.5.K.A. Identify adults who earn money from working.	6.5.1.A. Identify adults who earn money from working to buy things.	6.5.2.A. Explain how money earned by adults is used to acquire needs and wants.	6.5.3.A. Explain why people work.
<b>Labor Productivity</b>	6.5.PK.B. Intentionally Blank	6.5.K.B. Intentionally Blank	6.5.1.B. Intentionally Blank	6.5.2.B. Intentionally Blank	6.5.3.B. Intentionally Blank
<b>Types of Businesses</b>	6.5.PK.C. Intentionally Blank	6.5.5KC. Intentionally Blank	6.5.1.C. Intentionally Blank	6.5.2.C. Intentionally Blank	6.5.3.C. Intentionally Blank
<b>Profits and Losses</b>	6.5.PK.D. Intentionally Blank	6.5.K.D. Intentionally Blank	6.5.1.D. Intentionally Blank	6.5.2.D. Intentionally Blank	6.5.3.D. Intentionally Blank

ELEMENTARY STANDARDS  
GRADES PRE-K - 3  
Economics

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>					
<b>Distribution of Wealth</b>	6.5.PK.E. Intentionally Blank	6.5.K.E. Intentionally Blank	6.5.1.E. Intentionally Blank	6.5.2.E. Intentionally Blank	6.5.3.E. Identify <b>tangible</b> and <b>intangible</b> assets.
<b>Entrepreneurship</b>	6.5.PK.F. Intentionally Blank	6.5.K.F. Intentionally Blank	6.5.1.F. Intentionally Blank	6.5.2.F. Intentionally Blank	6.5.3.F. Intentionally Blank
<b>Costs and Benefits of Saving</b>	6.5.PK.G. Intentionally Blank	6.5.K.G. Identify what might be purchased by saving money.	6.5.1.G. Identify how saving for a purchase occurs over time	6.5.2.G. Identify how long one must save to make specific purchase.	6.5.3.G. Define saving and explain why people save.

ELEMENTARY STANDARDS  
GRADES PRE-K - 3  
Economics

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>					
Interest Rates	6.5.PK.H. Intentionally blank	6.5.K.H. Intentionally blank	6.5.1.H. Intentionally blank	6.5.2.H. Intentionally blank	6.5.3.H. Identify the role of banks in our local community.

ELEMENTARY STANDARDS  
GRADES PRE-K - 3  
Economics

**XVIII. GLOSSARY**

<b>Capital Resources:</b>	The physical equipment used in the production of goods and services.
<b>Comparative Advantage:</b>	Economic theory that a country/individual should sell goods and services which it can produce at relatively lower <b>costs</b> and buy goods and services which it can produce at relatively higher <b>costs</b> .
<b>Competition:</b>	The rivalry among people and/or business firms for resources and/or consumers.
<b>Consumer:</b>	One who buys or rents goods or services and uses them.
<b>Corporation:</b>	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.
<b>Cost:</b>	What is given up when a choice is made; monetary and/or non monetary.
<b>Demand:</b>	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.
<b>Depression:</b>	A severe recession in terms of magnitude and/or length.
<b>Division of Labor:</b>	A method of organizing production whereby each worker specializes in part of the productive process.
<b>Economic Systems:</b>	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.
<b>Economics:</b>	The study of the behavior of individuals and institutions engaged in the production, distribution and consumption of goods and services.
<b>Entrepreneurship:</b>	One who organizes, manages, and assumes the risks of a business or enterprise.



ELEMENTARY STANDARDS  
GRADES PRE-K - 3  
Economics

<b>Equilibrium Price:</b>	The outlay at which quantity demanded equals quantity supplied; market clearing price.
<b>Goods:</b>	Objects that can satisfy people's wants.
<b>Incentives:</b>	Factors that motivate or influence human behavior.
<b>Intangible Assets:</b>	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.
<b>Interdependence:</b>	Ideas, goods and services in one area affect decisions and events in other areas reducing self-sufficiency.
<b>Market:</b>	A place or process through which goods and services are exchanged.
<b>Multinational Corporations</b>	Corporations that produce goods or services in many countries as well as engage in international trade.
<b>Non-Profit Economic Institutions:</b>	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.
<b>Opportunity Cost:</b>	The highest valued alternative given up when a decision is made.
<b>Price:</b>	The amount people pay in exchange for a particular good or service.
<b>Private Economic Institutions:</b>	Non-government organizations that participate in economic activities (ex. banks, labor unions, businesses, etc.)
<b>Producer:</b>	One who makes goods or services.
<b>Public Goods:</b>	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.

ELEMENTARY STANDARDS  
GRADES PRE-K - 3  
Economics

<b>Recession:</b>	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.
<b>Resources:</b>	Inputs used to produce goods and services; categories include natural, human and capital.
<b>Scarcity:</b>	An economic condition that exists when demand is greater than supply.
<b>Services:</b>	Actions that are valued by others.
<b>Specialization:</b>	A form of division of labor in which each individual or firm concentrates its productive efforts on a single or limited number of activities.
<b>Supply:</b>	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.
<b>Tangible Assets:</b>	Assets having a physical existence, such as cash, equipment, and real estate.
<b>Trade:</b>	Voluntary exchange between two parties in which both parties benefit.
<b>Wants:</b>	Desires that can be satisfied by consuming goods, services or leisure activities.