**Economic Standards**

(This list is from the PA standards, and lists the topic of the standard and expands upon it.)

Choice: why people make choices; what influences choices; how availability of resources affects choices; what is given up when making a choice; economic consequences of choices

Needs and wants: identify needs and wants; difference between basic needs and wants; how people meet basic needs and wants

Resources: identify examples of natural, human, and capital resources; role of producers in making goods and providing services; use of resources in the production of goods

Scarcity: define scarcity; identify examples of resources, wants and needs; identify scarcity of resources in a local community; how limited resources and unlimited wants cause scarcity

Economic systems: questions economic systems must answer – What to produce? How? For whom?; describe economic systems – traditional, market, command; list characteristics of the local economy

Private economic institutions: identify; role of private economic institution in the local community; compare and contrast types of private economic institutions

Economic health: effect of local businesses opening and closing; why businesses open and close; impact of openings and closings on PA economy

Price: define price; how prices vary for products; role of buyers and sellers in determining prices of products; factors that cause price changes

Advertising and Media: identify types of advertising, how advertising influences personal choice and causes people to change their behavior; differentiate between monetary and non-monetary incentives in advertising

Market competition: identify competing sellers in the local market; how sellers compete; how pricing influences sellers and consumers

Goods and Services: identify goods, services, consumers and producers in local community; how product moves from production to consumption; how goods and services are distributed; how goods and services are made possible by people’s work; identify goods and services provided by government; how government responds to social needs by providing public goods and services;

Taxation: define tax; relationship between taxation and government services; how tax revenues are used in local community; ways tax revenues are collected

Government Involvement in Economy: examples of government involvement in local economic activities; impact of government involvement in state and national economic activities; factors that influence government’s decision making; cost and benefits of government economic programs

Economic interdependence: identify economic and non-economic organizations that contribute to interactions among individuals and nations; explain how and where multinational corporations operate

Trade: identify examples of trade, imports, and exports in the local community; why nations trade; explain growth in international trade

Specialization: identify local examples of specialization and division of labor; factors that promote specialization and division of labor; why people specialize in the production of goods and services and divide labor

Interest rates: identify role of banks in local community; basic operations of banking system; costs and benefits of borrowing

Savings: define saving and why people save; compare ways of saving; costs and benefits of saving

Entrepreneurship: define entrepreneurship and its role in local community

Distribution of wealth: identify tangible and intangible assets

Profits and Losses: explain how positive and negative incentives affect individual choices

Labor Productivity: identify different occupations; requirements for different careers and occupations; why people work

**Economics Concepts**

(This list has ideas for teaching the **Economics** standards, then “kid definitions” that Michelle Weaver developed.)

Use the books *Charlie Needs a Cloak* by Tomie de Paola and *A Symphony for the Sheep* by C. M. Millen for exposure to economic concepts. Economic terms from these books are “natural resource”, “producer”

*If I Ran the Zoo* by Dr. Seuss would cover the concepts of: scarcity, resources, wants, needs, choice, consumers, demand, price, shortage, supply, goods, services, and the role of producers. You could integrate the research standards with this! <http://library.thinkquest.org/J003238/> has animal information. There is a zoo map at [www.lincolnzoo.org/resources/dyn/files/262853/fn/2010+LCA+Map+Final.pdf](http://www.lincolnzoo.org/resources/dyn/files/262853/fn/2010+LCA+Map+Final.pdf)

[www.econedlink.org](http://www.econedlink.org/) has lesson plans, interactive tools and data resources for **Economics**

You may have covered econ concepts in other classes/areas – for example, talking about taxes with the Boston Tea Party

Some definitions/explanations:

Economic Concepts

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| * **Choice -** the decision made from alternatives. |
| * **Consumer -** One who may receive or is receiving health services. While all people at times consume health services, a consumer, as the term is used in health legislation and programs, is usually someone who is not associated in any direct or indirect way with the provision of health services. |
| * **Demand -** The willingness and ability to buy a range of quantities of a good at a range of prices, during a given time period. Demand is one half of the market exchange process; the other is supply. This demand side of the market draws inspiration from the unlimited wants and needs dimension of the scarcity problem. People desire the goods and services that satisfy our wants and needs. This is the ultimate source of demand. |
| * **Opportunity cost -** The highest valued alternative foregone in the pursuit of an activity. This is a hallmark of anything dealing with economics--and life for that matter--because any action that you take prevents you from doing something else. The ultimate source of opportunity cost is the pervasive problem of scarcity (unlimited wants and needs, but limited resources). Whenever limited resources are used to satisfy one want or need, there are an unlimited number of other wants and needs that remain unsatisfied. Herein lies the essence of opportunity cost. Doing one thing prevents doing another. |
| * **Price -** An asset or item voluntarily exchanged in a market transaction for another asset or item. This item or asset is usually, but not necessarily, money. A barter transaction occurs if money is NOT one of the assets or items exchanged. In a standard market diagram, price is displayed on the vertical axis. Price takes on several specific roles in the functioning of a market. On the demand side, the price reflects the willingness and ability of the buyers to purchase a product which is based on the satisfaction received (the demand price). On the supply side, the price reflects the opportunity cost of production (the supply price). |
| * **Resources -** The labor, capital, land, and entrepreneurship used by society to produce consumer satisfying goods and services. Land provides the basic raw materials--vegetation, animals, minerals, fossil fuels--that are inputs into the production of goods (natural resources). Labor is the resource that does the "hands on" work of transforming raw materials into goods. Capital is the comprehensive term for the vast array of tools, equipment, buildings, and vehicles used in production. Entrepreneurship is the resource that undertakes the risk of bringing the other resources together and initiating the production process |
| * **Scarcity -** A pervasive condition of human existence that exists because society has unlimited wants and needs, but limited resources used for their satisfaction. In other words, while we all want a bunch of stuff, we can't have everything that we want. In slightly different words, this scarcity problem means: (1) that there's never enough resources to produce everything that everyone would like produced; (2) that some people will have to do without some of the stuff that they want or need; (3) that doing one thing, producing one good, performing one activity, forces society to give up something else; and (4) that the same resources cannot be used to produce two different goods at the same time. We live in a big, bad world of scarcity. This big, bad world of scarcity is what the study of economics is all about. That's why we usually subtitle scarcity: THE ECONOMIC PROBLEM |
| * **Supply -** The willingness and ability to sell a range of quantities of a good at a range of prices, during a given time period. Supply is one half of the market exchange process; the other is demand. This supply side of the market is directly connected to the limited resources dimension of the scarcity problem. Folks who have ownership and control over resources (labor, capital, land, and entrepreneurship) use them to produce the goods and services that satisfy other's wants and needs. Ownership and control of resources is the ultimate source of supply. |
| * **Shortage -** A condition in the market in which the quantity demanded is greater than the quantity supplied at the existing price. A shortage occasionally goes by the terms excess demand and sellers' market. A shortage causes an increase in the equilibrium price. |