

Economic Standards

Grades K - 12

Adopted August, 2001

Economic Standards for Kindergarten

Students explain how people do different jobs and work to meet basic economic wants.

K.4.1 Explain that people work to earn money to buy the things they want.

K.4.2 Identify different kinds of jobs that people do.

Example: Picture books and stories illustrate and identify different types of jobs, as well as tools and clothing used in different jobs.

K.4.3 Explain why people in a community have different jobs.

Example: People may have different types of jobs because they like doing different things, or because they are better at doing one particular type of job.

K.4.4 Give examples of work activities that people do at home.

Economic Standards for 1st Grade

Students will explain how people in the school and community use goods and services and make choices as both producers and consumers.

1.4.1 Identify goods* that people use.

1.4.2 Identify services* that people do for each other.

1.4.3 Compare and contrast different jobs people do to earn income.

1.4.4 Describe how people in the school and community are both producers* and consumers*.

1.4.5 Explain that people have to make choices about goods and services because of scarcity*.

1.4.6 Explain that people exchange goods and services to get the things they want.

- * goods: objects, such as food or a toy, that can satisfy people's wants
- * services: actions that someone does for someone else, such as dental care or trash removal
- * producers: people who provide goods or services
- * consumers: people who use goods or services
- * scarcity: the idea that resources are limited in relation to people's wants

Economic Standards for 2nd Grade

Students will describe how people in a community use productive resources, specialize in different types of jobs, and depend on each other to supply goods and services.

- 2.4.1 Define the three types of productive resources (human resources*, natural resources*, capital resources*) and identify productive resources used to produce goods and services in the community.**
- 2.4.2 Identify community workers who provide goods* and services* for the rest of the community, and explain how their jobs benefit people in the community.**
- 2.4.3 Explain that a price is what people pay when they buy a good or service and what people receive when they sell a good or service.**
- 2.4.4 Research goods and services produced in the local community and describe how people may be both producers* and consumers*.**
- 2.4.5 Explain that because of scarcity*, people must make choices and incur opportunity costs*.**
- 2.4.6 Define specialization* and identify specialized jobs in the school and community.**

Example: Teachers, school nurses, and firefighters specialize in particular kinds of jobs.

- 2.4.7 Explain why people trade* for goods and services and explain how money makes trade easier.**

- * human resource: any human effort used in production
- * natural resources: resources that occur in nature that are used in production
- * capital resources: goods, such as tools, buildings, and machines, used in production
- * goods: objects, such as food or a toy, that can satisfy people's wants
- * services: actions that someone does for someone else, such as dental care or trash removal
- * producers: people who use productive resources to provide goods or services
- * consumers: people who use goods or services
- * scarcity: the idea that resources are limited in relation to people's wants
- * opportunity costs: in making choices, opportunity costs are the next best alternative you do not choose
- * specialization: performance of specific tasks or jobs
- * trade: the voluntary exchange of goods and services

Economic Standards for 3rd Grade

Students will explain how people in the local community make choices about using goods, services, and productive resources, how they engage in trade to satisfy their economic wants, how they use a variety of sources to gather and apply information about economic changes in the community and how they compare costs and benefits in economic decision making.

3.4.1 Give examples from the local community that illustrate the scarcity* of productive resources*. Explain how this scarcity requires people to make choices and incur opportunity costs*.

3.4.2 Give examples of goods* and services* provided by local government.

3.4.3 Give examples of trade* in the local community, and explain how trade benefits both parties.

3.4.4 Define interdependence*, and give examples of how people in the local community depend on each other for goods and services.

3.4.5 List the characteristics of money*, and explain how money* makes trade easier.

3.4.6 Identify different ways people save their income, and explain advantages and disadvantages of each.

Example: Home "piggy bank," savings accounts, stock market, etc.

3.4.7 Explain that buyers and sellers interact to determine the prices of goods and services in markets.

3.4.8 Illustrate how people compare benefits and costs when making choices and decisions as consumers and producers.

Example: When a family is deciding whether to buy a car, they have to compare the benefit of having personal transportation with the cost of buying and maintaining the car.

3.4.9 Gather data about a proposed economic change in the community using a variety of information resources*.

Example: Invite a community leader to discuss the decision to build a bigger library or baseball park in the community.

- * scarcity: the idea that resources are limited in relation to people's wants
- * productive resources: human resources, natural resources, and capital resources
- * opportunity costs: in making choices, opportunity cost is the next best alternative you do not choose
- * goods: objects, such as food or a toy, that can satisfy people's wants
- * services: actions that someone does for someone else, such as dental care or trash removal
- * trade: voluntary exchange of goods and services
- * interdependence: reliance on each other to produce goods and services
- * characteristics of money: scarce (not easily found or duplicated), durable, easy to carry, and easy to divide
- * money: objects widely accepted in exchange for goods and services

- * information resources: print media, including books, magazines, and newspapers; electronic media, such as radio, television, web sites, and databases; and community resources, such as individuals and organizations

Economic Standards for 4th Grade

Students will study and compare the characteristics of Indiana's changing economy in the past and present.

- 4.4.1 Give examples of the kinds of goods* and services* produced in Indiana in different historical periods.**
- 4.4.2 Define productivity* and provide examples from Indiana history of how productivity has changed in Indiana during the past 100 years.**
 - Example:** Improved farm equipment has helped farms to produce more. Computers have helped businesses to produce more.
- 4.4.3 Explain why both parties benefit from voluntary trade*, and give examples of how people in Indiana engaged in trade in different time periods.**
- 4.4.4 Explain that prices change as a result of changes in supply* and demand* for specific products.**
- 4.4.5 Give examples of Indiana's role in world trade.**
 - Example:** Identify products made by Indiana companies that are exported and foreign-owned companies that are manufacturing products in Indiana.
- 4.4.6 List the functions of money* and compare and contrast things that have been used as money in the past in Indiana, the United States, and the world.**
- 4.4.7 Identify entrepreneurs* who have influenced Indiana and the local community.**
 - Example:** Studebaker brothers, Madam C. J. Walker, Eli Lilly, and Marie Webster.
- 4.4.8 Define profit* and describe how profit is an incentive for entrepreneurs.**
- 4.4.9 Identify important goods and services provided by state and local governments by giving examples of how state and local tax revenues are used.**
- 4.4.10 Explain how money helps people to save, and develop a savings plan in order to make a future purchase.**

- * **goods:** objects, such as food or toys, that can satisfy people's wants
- * **services:** actions that someone does for someone else, such as dental care or trash disposal
- * **productivity:** amount of goods and services produced in a period of time divided by the productive resources used
- * **trade:** voluntary exchange of goods or services
- * **supply:** what producers are willing and able to sell at various prices

- * **demand:** what consumers are willing and able to buy at various prices
- * **functions of money:** helps people trade, measures the value of items, facilitates saving
- * **entrepreneur:** a person who takes a risk to start a business
- * **profit:** revenues from selling a good or service minus the costs of producing the good or service

Economic Standards for 5th Grade

Students will describe the productive resources and market relationships that influence the way people produce goods and services and earn a living in the United States in different historical periods.

- 5.4.1 Describe the economic activities within and among American Indian cultures prior to contact with Europeans, Examine the economic factors that helped motivate European exploration and colonization.**
- 5.4.2 Summarize a market economy, and give examples of how the colonial and early American economy exhibited these characteristics.**
 - Example:** Private ownership, markets, competition, rule of law, and consumer sovereignty.
- 5.4.3 Trace the development of technology and the impact of major inventions on business productivity during the early development of the United States.**
- 5.4.4 Explain how education and training, specialization, and investment in capital resources* increase productivity*.**
- 5.4.5 Use economic reasoning to explain why certain careers are more common in one region than in another, and how specialization results in more interdependence.**
- 5.4.6 Predict the effect of changes in supply* and demand* on price.**
- 5.4.7 Analyze how the causes and effects of changes in price of certain goods* and services* had significant influence on events in United States history.**
 - Example:** The price of cotton, the price of beaver pelts, and the price of gold all are related to specific events and movements in the development of the United States.
- 5.4.8 Identify the elements of a personal budget and explain why personal spending and saving decisions are important.**

- * **capital resources:** goods, such as tools, buildings, and equipment, used in production
- * **productivity:** amount of goods and services produced in a period of time divided by the productive resources used
- * **supply:** what producers are willing and able to sell at various price levels
- * **demand:** what consumers are willing and able to buy at various price levels
- * **goods:** objects, such as food or a toy, that can satisfy people's wants
- * **services:** actions that someone does for someone else, such as dental care or trash removal

Economic Standards for 6th Grade

Students will examine the influence of physical and cultural factors upon the economic systems of countries in Europe and the Americas.

6.4.1 Give examples of how trade related to key developments in the history of Europe and the Americas.

Example: The growth of trading towns and cities in medieval Europe led to money economies. Competition to expand world trade led to European voyages of trade and exploration.

6.4.2 Analyze how countries of Europe and the Americas have benefited from trade in different historical periods.

Example: Increased production and consumption, lower prices.

6.4.3 Explain why international trade requires a system for exchanging currency between nations, and provide examples of currencies from Europe and the Americas.

6.4.4 Define types of trade barriers*.

6.4.5 Describe how different economic systems* (traditional*, command*, market*, mixed*) in Europe and the Americas answer the basic economic questions on what to produce, how to produce, and for whom to produce.

6.4.6 Explain how financial institutions (banks, credit unions, stocks-and-bonds markets) channel funds from savers to borrowers and investors.

6.4.7 Compare the standard of living of various countries of Europe and the Americas today using Gross Domestic Product* (GDP) per capita as an indicator.

6.4.8 Analyze current economic issues in the countries of Europe or the Americas using a variety of information resources*.

Example: Use information search methods and the Internet to examine changes in energy prices and consumption.

6.4.9 Identify economic connections between the local community and the countries of Europe or the Americas, and identify job skills needed to be successful in the workplace.

6.4.10 Identify situations in which the actions of consumers and producers in Europe or the Americas help or harm other individuals who are not directly involved in the consumption or production of a product.

6.4.11 Give reasons why saving and investment are important to the economies of the United States and other countries, and compare and contrast individual saving and investment options.

Example: Savings accounts, certificates of deposit, and stocks.

6.4.11 (continued)

- * **trade barriers:** things that hinder trade, such as tariffs, quotas, or embargos
- * **economic systems:** ways that people allocate economic resources, goods, and services
- * **traditional economy:** resources are allocated based on custom and tradition
- * **command economy:** resources are allocated by the government or other central authority
- * **market economy:** resources are allocated by individuals
- * **mixed economy:** resources are allocated by some combination of traditional, command, or market systems
- * **Gross Domestic Product (GDP):** the value of all final goods and services produced in a country in a year
- * **information resources:** print media, including books, magazines, and newspapers; electronic media, such as radio, television, web sites, and databases; and community resources, such as individuals and organizations

Economic Standards for 7th Grade

Students will examine the influence of physical and cultural factors upon the economic systems found in countries of Africa, Asia, and the Southwest Pacific.

- 7.4.1 Give examples of trade between countries in Africa, Asia, and the Southwest Pacific. Explain how voluntary trade benefits countries and results in higher standards of living.**
Example: Voluntary trade results in increased production, increased consumption of goods and services, and lower prices for consumers.
- 7.4.2 Identify economic connections between the local community and the countries of Africa, Asia, or the Southwest Pacific.**
- 7.4.3 Illustrate how international trade requires a system for exchanging currency between and among nations.**
- 7.4.4 Describe why and how different economic systems* (traditional*, command*, market*, mixed*) in countries of Africa, Asia, and the Southwest Pacific answer the basic economic questions of what to produce, how to produce, and for whom to produce.**
- 7.4.5 Explain how banks and other financial institutions channel funds from savers to borrowers and investors in Africa, Asia, and the Southwest Pacific.**
- 7.4.6 Compare and contrast the standard of living of various countries in Africa, Asia, and the Southwest Pacific using Gross Domestic Product (GDP)* per capita as an indicator.**
- 7.4.7 Describe ways that people can increase individual human capital.**
Example: Acquiring knowledge and skills through education or training.
- 7.4.8 Identify situations in which the actions of consumers and producers in Asia, Africa, and the Southwest Pacific are helpful "spillovers" or harmful "spillovers" to people inside and outside a country who are not directly involved in the consumption or production of a product.**

Example: A helpful "spillover" might be education. We all are better off if we have an educated workforce. A harmful "spillover" might be air or water pollution from production of a product. Even those who do not consume the product are hurt by pollution.

7.4.9 Research how individuals save and invest in different countries of Asia, Africa, and the Southwest Pacific compared to the United States.

- * **economic systems:** ways that people allocate economic resources, goods, and services
- * **traditional economy:** resources are allocated based on custom and tradition
- * **command economy:** resources are allocated by the government or other central authority
- * **market economy:** resources are allocated by individuals
- * **mixed economy:** resources are allocated by some combination of traditional, command, or market systems
- * **Gross Domestic Product (GDP):** the value of all final goods and services produced in a country in a year

Economic Standards for 8th Grade

Students will identify, describe, and evaluate the influence of economic factors on national development from the founding of the nation to the end of Reconstruction.

8.4.1 Identify economic factors contributing to the European exploration and colonization in North America and the American Revolution, and the drafting of the Constitution of the United States.

8.4.2 Illustrate elements of the three types of economic systems using cases from United States history.

Example: Traditional economy*, command economy*, market economy*.

8.4.3 Evaluate how the characteristics of a market economy have affected the economic development of the United States.

Example: Characteristics included the role of entrepreneurs, private property, markets, competition, and self-interest.

8.4.4 Explain the basic economic functions of the government in the economy of the United States.

Example: The government provides a legal framework, promotes competition, provides public goods and services, controls the effects of market failures, and regulates interstate commerce.

8.4.5 Analyze contributions of entrepreneurs, inventors, and other key individuals in the development of the United States economy.

Example: Contributors included Alexander Hamilton, Lewis and Clark, Eli Whitney, Samuel Gompers, Madam C. J. Walker, Andrew Carnegie, and George Washington Carver.

8.4.6 Relate technological change and inventions to changes in labor productivity in the United States in the eighteenth and nineteenth centuries.

Example: The cotton gin increased labor productivity in the early nineteenth century.

8.4.7 Trace the development of different kinds of money used in the United States, and explain how money helps make saving easier.

Example: Types of money included wampum, tobacco, gold and silver, state bank notes, greenbacks, and Federal Reserve Notes.

8.4.8 Examine the development of the banking system in the United States.

Example: Examine such elements as the central bank controversy, the state banking era, and the development of a gold standard.

8.4.9 Explain and evaluate examples of domestic and international interdependence throughout United States history.

Example: Triangular trade routes, regional exchange of resources.

8.4.10 Examine the importance of borrowing and lending (the use of credit) in the United States, and list the advantages and disadvantages of using credit.

8.4.11 Compare and contrast job skills needed in different time periods in United States history, and use a variety of information resources* to research jobs and careers.

- * **traditional economy:** resources are allocated based on custom and tradition
- * **command economy:** resources are allocated by the government or other central authority
- * **market economy:** resources are allocated by decisions of individuals and businesses
- * **information resources:** print media, including books, magazines, and newspapers; electronic media, such as radio, television, web sites, and databases; and community resources, such as individuals and organizations

Economic Standards for High School

Standard 1

Scarcity and Economic Reasoning

Students will understand that productive resources are limited, therefore, people cannot have all the goods and services they want. As a result, they must choose some things and give up others.

E.1.1 Define each of the productive resources (natural, human, capital) and explain why they are necessary for the production of goods and services. (Geography)

E. 1.2 Explain how consumers and producers confront the condition of scarcity, by making choices which involve opportunity costs, and tradeoffs.

E.1.3 Identify and explain the broad economic and social goals, such as freedom, efficiency, equity, security, growth, price stability and full employment. (Civics and Government)

E.1.4 Describe how people respond predictably to positive and negative incentives.

E.1.5 Predict how interest rates will act as an incentive for savers and borrowers.

- E.1.6 Recognize that voluntary exchange occurs when all participating parties expect to gain.**
- E.1.7 Compare and contrast how the various economic systems (traditional, market, command, mixed) answer the questions: What to produce? How to produce it? And for whom to produce?**
- E.1.8 Describe how clearly defined and enforced property rights are essential to a market economy. (Civics and Government)**
- E.1.9 Use a production possibilities curve to explain the concepts of choice, scarcity, opportunity cost, tradeoffs, unemployment, productivity, and growth.**
- E.1.10 Use a decision-making model to analyze a public policy issue affecting the student's community. (Civics and Government)**
- E.1.11 Formulate a savings or financial investment plan for a future goal.**

Standard 2

Supply and Demand

Students will understand the role that supply and demand, prices, and profits play in determining production and distribution in a market economy.

- E.2.1 Define supply and demand.**
- E.2.2 Identify factors that cause changes in market supply and demand.**
- E.2.3 Describe the role of buyers and sellers in determining the equilibrium price.**
- E.2.4 Describe how prices send signals to buyers and sellers.**
- E.2.5 Recognize that consumers ultimately determine what is produced in a market economy (consumer sovereignty).**
- E.2.6 Explain the function of profit in a market economy as an incentive for entrepreneurs to accept the risks of business failure.**
- E.2.7 Demonstrate how supply and demand determine equilibrium price and quantity in the product, resource, and financial markets.**
- E.2.8 Demonstrate how changes in supply and demand influence equilibrium price and quantity in the product, resource, and financial markets.**
- E.2.9 Analyze how changes in the price of certain goods, such as gasoline, impact the lives of people in the community. (Civics and Government; Individuals, Society, and Culture)**

- E.2.10 Demonstrate how government wage and price controls, such as rent controls and minimum wage laws, create shortages and surpluses. (Civics and Government)**
- E.2.11 Use concepts of price elasticity of demand and supply to explain and predict changes in quantity as price changes.**
- E.2.12 Illustrate how investment in factories, machinery, new technology, and the health, education, and training of people increases productivity and raises future standards of living. (Individuals, Society, and Culture)**
- E.2.13 Explain how financial markets, such as the stock market, channel funds from savers to investors.**

Standard 3

Market Structures

Students will understand the organization and role of business firms and analyze the various types of market structures in the United States economy.

- E.3.1 Compare and contrast the following forms of business organization: sole proprietorship, partnership, and corporation.**
- E.3.2 Identify the three basic ways that firms finance operations (retained earnings, stock issues, and borrowing), and explain the advantages and disadvantages of each.**
- E.3.3 Recognize that economic institutions, such as labor unions, non-profit organizations, and cooperatives evolve in market economies to help individuals accomplish their goals. (Civics and Government; Individuals, Society, and Culture)**
- E.3.4 Identify the basic characteristics of the four market structures: monopoly, oligopoly, monopolistic competition, and pure competition.**
- E.3.5 Explain how competition among many sellers lowers costs and prices and encourages producers to produce more.**
- E.3.6 Demonstrate how firms determine price and output through marginal analysis.**
- E.3.7 Explain ways that firms engage in price and non-price competition.**
- E.3.8 Identify laws and regulations adopted in the United States to promote competition among firms. (Civics and Government)**
- E.3.9 Describe the benefits of natural monopolies (economies of scale) and the purposes of government regulation of these monopolies, such as utilities. (Civics and Government)**
- E.3.10 Explain how cartels affect product price and output.**

E.3.11 Describe how the earnings of workers are determined by the market value of the product produced and workers' productivity.

Standard 4

The Role of Government

The student will understand the roles of government in a market economy are the provision of public goods and services, redistribution of income, protection of property rights, and resolution of market failures.

- E.4.1 Explain the basic functions of government in a market economy. (Civics and Government)**
- E.4.2 Explain how government responds to market failures by providing public goods and services. (Civics and Government)**
- E.4.3 Describe major revenue and expenditure categories and their respective proportions of local, state, and federal budgets. (Civics and Government)**
- E.4.4 Explore the ways that tax revenue is used in the community. (Civics and Government)**
- E.4.5 Identify taxes paid by students. (Civics and Government)**
- E.4.6 Define progressive, proportional, and regressive taxation. (Civics and Government)**
- E.4.7 Determine whether different types of taxes (including income, sales, and social security) are progressive, proportional, or regressive. (Civics and Government)**
- E.4.8 Describe how costs of government policies may exceed benefits, because social or political goals other than economic efficiency are being pursued. (Civics and Government)**
- E.4.9 Predict possible future effects of the national debt on the individual and the economy. (Civics and Government)**
- E.4.10 Predict how changes in federal spending and taxation would affect budget deficits and surpluses and the national debt. (Civics and Government)**

Standard 5

National Economic Performance

Students will understand the means by which economic performance is measured.

- E.5.1 Define aggregate supply and demand, Gross Domestic Product (GDP), economic growth, unemployment, and inflation.**
- E.5.2 Explain how Gross Domestic Product (GDP), economic growth, unemployment, and inflation are calculated.**
- E.5.3 Explain the limitations of using GDP to measure economic welfare.**
- E.5.4 Explain the four phases of the business cycle.**
- E.5.5 Analyze the impact of events in United States history, such as wars and technological developments on business cycles. (History)**
- E.5.6 Identify the different causes of inflation, and explain who gains and loses because of inflation.**
- E.5.7 Analyze the impact of inflation on students' economic decisions.**
- E.5.8 Recognize that a country's overall level of income, employment, and prices are determined by the individual spending and production decisions of households, firms, and government. (Civics and Government; Individuals, Society, and Culture)**
- E.5.9 Illustrate and explain how the relationship between aggregate supply and aggregate demand is an important determinant of the levels of unemployment and inflation in an economy.**
- E.5.10 Analyze the unemployment rate in the community.**
- E.5.11 Propose solutions for addressing issues of unemployment in the community. (Civics and Government)**

Standard 6

Money and the Role of Financial Institutions

Students will understand the role of money and financial institutions in a market economy.

- E.6.1 Explain the basic functions of money.**
- E.6.2 Identify the composition of the money supply of the United States.**

- E.6.3 Explain the role of banks and other financial institutions in the economy of the United States. (History)**
- E.6.4 Describe the organization and functions of the Federal Reserve System.**
- E.6.5 Compare and contrast credit, savings, and investment services available to the consumer from financial institutions.**
- E.6.6 Demonstrate how banks create money through the principle of fractional reserve banking.**
- E.6.7 Research and monitor financial investments, such as stocks, bonds, and mutual funds.**
- E.6.8 Formulate a credit plan for purchasing a major item comparing different interest rates.**

Standard 7

Economic Stabilization

Students will understand economic stabilization policies and how they impact the economy.

- E.7.1 Define and explain fiscal and monetary policy. (Civics and Government)**
- E.7.2 Define the tools of fiscal and monetary policy. (Civics and Government)**
- E.7.3 Describe the negative impacts of unemployment and unintended inflation on an economy and how individuals and organizations try to protect themselves. (Individuals, Society, and Culture)**
- E.7.4 Illustrate and explain cost-push and demand-pull inflation.**
- E.7.5 Explain how monetary policy affects the level of inflation in the economy.**
- E.7.6 Analyze how the government uses taxing and spending decisions (fiscal policy) to promote price stability, full employment, and economic growth. (Civics and Government)**
- E.7.7 Analyze how the Federal Reserve uses monetary tools to promote price stability, full employment, and economic growth. (Civics and Government)**
- E.7.8 Articulate how a change in monetary or fiscal policy can impact a student's purchasing decision.**

Standard 8

Trade

Students will understand why individuals, businesses, and governments trade goods and services and how trade affects the economies of the world.

- E.8.1 Explain the benefits of trade among individuals, regions, and countries. (Geography; Individuals, Society, and Culture)**
- E.8.2 Define and distinguish between absolute and comparative advantage.**
- E.8.3 Define trade barriers, such as quotas and tariffs. (Civics and Government)**
- E.8.4 Explain why countries sometimes erect barriers to trade. (Civics and Government)**
- E.8.5 Explain the difference between balance of trade and balance of payments.**
- E.8.6 Compare and contrast labor productivity trends in the United States and other developed countries.**
- E.8.7 Explain how most trade occurs because of a comparative advantage in the production of a particular good or service.**
- E.8.8 Explain how changes in exchange rates impact the purchasing power of people in the United States and other countries. (Individuals, Society, and Culture)**
- E.8.9 Evaluate the arguments for and against free trade.**
- E.8.10 Identify skills individuals need to be successful in the workplace, (Individuals, Society, and Culture)**