

Indiana Academic Standards for Social Studies – **Economics Standards**

2014

Standard 4 Economics

Kindergarten

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

- K.4.1 Explain that people work to earn money to buy the things they want and need.
- K.4.2 Identify and describe different kinds of jobs that people do and the tools or equipment used in these jobs.

Example: Use picture books, stories and software programs/games to illustrate and identify different types of jobs, as well as tools and materials used in different jobs.

- K.4.3 Explain why people in a community choose 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.

Grade 1

Students 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 (tangible objects, such as food or toys, that can satisfy people's wants and needs) that people use.
- 1.4.2 Identify services (actions that someone does for someone else) 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 (people who use resources to provide goods or services) and consumers (people who use goods or services).

1.4.5 Explain that people have to make choices about goods and services because resources are limited in relation to people's wants and needs (scarcity).

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

Grade 2

Students describe how people in a community use productive resources, create a variety of businesses and industries, 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 and capital resources).

- **Human resources (labor)** describe the human work effort, both physical and mental, expended in production
- **Natural resources** (often called **land resources**) refer to resources such as coal, water, trees, and land itself
- **Capital resources** are the man-made physical resources (such as buildings, tools, machines, and equipment) used in production.

2.4.2 Identify productive resources used to produce goods and services in the community.

- **Productive Resources:** human resources, natural resources, and capital resources used to produce goods and services

2.4.3 Identify community workers who provide goods and services for the rest of the community and explain how their jobs benefit people in the community.

2.4.4 Explain that a price is what people pay when they buy goods or services and what people receive when they sell goods or services.

2.4.5 Research goods and services produced in the local community and describe how people can be both producers and consumers.

2.4.6 Define opportunity cost and explain that because resources are limited in relation to people's wants (scarcity), people must make choices as to how to use resources.

- **Opportunity costs:** term used in economics, to mean *the value of the best alternative that would have been chosen instead*. For example, a city is deciding between building a hospital or a parking garage on some vacant land. If they choose the hospital, the opportunity cost is the next best option (a parking garage) that might have been done with that same land instead.

2.4.7 Define specialization and identify specialized jobs in the school and community.

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

- **Specialization:** the performance of specific tasks or jobs

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

- **goods:** tangible 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 removal

2.4.9 Explain the concept of savings and why this is important for individuals and for our economy.

Grade 3

Students 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 and needs; 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*.

- **Scarcity:** the idea that resources are limited in relation to people's wants
- **Productive Resources:** human resources, natural resources, and capital resources used to produce goods and services
- **Opportunity cost:** term used in [economics](#), to mean *the value of the best alternative that would have been chosen instead*. For example, if a city decides to build a hospital on some vacant land, the opportunity cost is the *other* things that might have been done with that same land instead.

3.4.2 Give examples of goods and services provided by local business and industry.

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.

- **Interdependence:** reliance on each other to produce goods and services

3.4.5 List the characteristics of money and explain how money makes trade and the purchase of goods easier.

- **Characteristics of money:** scarce (not easily found), durable, easy to carry and easy to divide

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

Grade 4

Students 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.

***goods**: tangible objects, such as food or toys, that can satisfy people's wants and needs

***services**: actions that someone does for someone else, such as dental care or trash removal

4.4.2 Define productivity* and provide examples of how productivity has changed in Indiana during the past 100 years.

Examples: Improved farm equipment has helped farms produce more. Technology has helped businesses run more efficiently. Improved education has provided individuals with the knowledge and skills to run businesses and work more productively.

***productivity**: the amount of goods and services produced in a period of time divided by the productive resources used

4.4.3 Explain how both parties can benefit from trade* and give examples of how people in Indiana engaged in trade in different time periods.

***trade**: the voluntary exchange of goods or services

4.4.4 Explain that prices change as a result of changes in supply* and demand* for specific products.

***supply**: what producers are willing and able to sell at various prices

***demand**: what consumers are willing and able to buy at various prices

4.4.5 Describe Indiana's emerging global connections.

Examples: Identify international companies in Indiana, such as Toyota, Chrysler (Fiat), Honda, Roche Diagnostics, and Indiana companies that have an international presence such as Biomet, Eli Lilly and Cummins Engine.

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.

* **functions of money**: helps people trade, measures the value of items, facilitates saving

4.4.7 Identify entrepreneurs* who have influenced Indiana and the local community.

Examples: The Studebaker brothers, Madam C.J. Walker, Eli Lilly and Marie Webster

***entrepreneur:** a person who takes a risk to start a business

4.4.8 Define profit* and describe how profit is an incentive for entrepreneurs.

***profit:** revenues from selling a good or service minus the costs of producing the good or service

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 people save, develop a savings plan, and create a budget in order to make a future purchase.

Grade 5

Students 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. Students consider the importance of economic decision making and how people make economic choices that influence their future.

5.4.1 Describe the economic activities within and among Native American Indian cultures prior to contact with Europeans. Examine the economic incentives 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 and rule of law

* **market economy:** An economic system where decision about what to produce, how to produce, and to whom to allocate goods and services are made primarily by individuals and businesses. In a market economy, prices are determined by the interaction of consumers and producers in markets.

5.4.3 Define types of trade barriers*.

***trade barriers:** policies that hinder trade such as tariffs, quotas or embargos

5.4.4 Describe the impact of technological developments and major inventions on business productivity during the early development of the United States.

5.4.5 Explain how education and training, specialization and investment in capital resources* increase productivity*.

***capital resources**: goods, such as tools, buildings and equipment, used in production

***productivity**: the amount of goods and services produced in a period of time divided by the productive resources used

5.4.6 Use economic reasoning to explain why certain careers are more common in one region than in another and how specialization results in more interdependence.

5.4.7 Predict the effect of changes in supply* and demand* on price.

***supply**: what producers are willing and able to sell at various prices

***demand**: what consumers are willing and able to buy at various prices

5.4.8 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.

***goods**: tangible 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 removal

5.4.9 Explain the purpose and components of a personal budget and compare factors that influence household saving and spending decisions in early United States history and today.

Grade 6

Students 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.

Examples: 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, and Mayan trade in Mesoamerica led to colonization and the diffusion of art.

6.4.2 Analyze how countries of Europe and the Americas have been influenced by trade in different historical periods.

Examples: Increased production and consumption and lower prices

6.4.3 Explain why international trade requires a system for exchanging currency between various countries.

- 6.4.4 Describe how different economic systems (traditional, command, market and mixed) in Europe and the Americas answer the basic economic questions on what to produce, how to produce and for whom to produce.
- 6.4.5 Compare the standard of living of various countries of Europe and the Americas today using Gross Domestic Product (GDP) per capita as an indicator.
- 6.4.6 Analyze current economic issues in the countries of Europe or the Americas using a variety of information resources.

Examples: Use information sources such as digital newspapers, the Internet and podcasts to examine changes in energy prices and consumption, exchange rates and currency values.

- 6.4.7 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.
- 6.4.8 Identify ways that societies deal with helpful and harmful externalities (spillovers*) in Europe or the Americas.

Examples: Government support of public education and governments taxing or regulating pollution

* **externality (spillover):** the impact of an activity (positive or negative) on the well-being of a third party

- 6.4.9 Explain how saving and investing help increase productivity and economic growth and compare and contrast individual saving and investing options.

Examples: Savings accounts, certificates of deposit and stocks

Grade 7

Students 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 Explain how voluntary trade benefits countries and results in higher standards of living in Africa, Asia, and the Southwest Pacific.

Example: Voluntary trade results in increased production, increased consumption of goods and services, and lower prices for consumers.

- 7.4.2 Illustrate how international trade requires a system for exchanging currency between and among nations.

7.4.3 Trace the development and change over time of the economic systems (traditional*, command*, market* and mixed*) of various cultures, societies or nations in Africa, Asia and the Southwest Pacific. and analyze why these changes occurred over time

* **traditional economy**: an economy in which resources are allocated based on custom and tradition

* **command economy**: an economy in which resources are allocated by the government or other central authority

* **market economy**: an economy in which resources are allocated by individuals and businesses responding to changes in prices

* **mixed economy**: an economy in which resources are allocated by some combination of traditional, command or market systems

7.4.4 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; hypothesize how factors, including urbanization, industrialization, and globalization could affect the differences in the standard of living statistics.

* **Gross Domestic Product (GDP)**: the value of all final goods and services produced in a country in a year

7.4.5 Analyze different methods that countries in Africa, Asia and the Southwest Pacific have used to increase their citizens' individual human capital*.

* * **human capital**: the skills and expertise people acquire from education, training, and experience.

7.4.6 Identify ways that societies deal with helpful and harmful externalities (spillovers*) in Africa, Asia or the Southwest Pacific.

Example: Government support of public education and governments taxing or regulating pollution

* * **externality (spillover)**: the impact of an activity (positive or negative) on the well-being of a third party

Grade 8

Students 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 European exploration and colonization in North America, the American Revolution and the drafting of the Constitution of the United States.

8.4.2 Identify and explain the four types of economic systems (traditional, command, market, and mixed); evaluate how the characteristics of a market economy have affected the economic and labor development of the United States.

* **traditional economy:** an economy in which resources are allocated based on custom and tradition

* **command economy:** an economy in which resources are allocated by the government or other central authority

* **market economy:** an economy in which resources are allocated by individuals and businesses responding to changes in prices

* **mixed economy:** an economy in which resources are allocated by some combination of traditional, command or market systems

8.4.3 Explain how federal, state, and local governments are involved in the economy of the United States.

8.4.4 Analyze contributions of entrepreneurs and inventors in the development of the United States economy to 1877.

8.4.5 Relate how new technology and inventions brought about changes in labor productivity in the United States in the eighteenth and nineteenth centuries.

8.4.6 Trace the development of different kinds of money used in the United States.

8.4.7 Trace the development of the banking system in the United States.

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

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

8.4.10 Compare and contrast job skills needed in different time periods in United States history.