

Scope and Sequence for Economic Content:

Developed for Use with the *Voluntary National Content Standards in Economics*

Economic educators at the University of Delaware's Center for Economic Education and Entrepreneurship and the University of Michigan's School of Education developed this document in cooperation with economic educators at the Federal Reserve Bank of St. Louis. The document is designed to assist educators as they use the *Voluntary National Content Standards in Economics* to ensure that economic instruction is at the appropriate grade level and that it spirals through the K-12 curriculum. In reviewing the *Voluntary National Content Standards in Economics*, there were areas where new benchmarks were necessary. In this scope and sequence document, these benchmarks are designated as new.

Authors of the Scope and Sequence for Economic Content

Scott Bacon
Center for Economic Education and Entrepreneurship
University of Delaware

Amanda Jennings, Ph.D.
School of Education
University of Michigan

Bonnie T. Meszaros, Ph.D.
Center for Economic Education and Entrepreneurship
University of Delaware

Contributing Authors of the Scope and Sequence for Economic Content

Mark Bayles
Federal Reserve Bank of St. Louis

Barbara Flowers
Federal Reserve Bank of St. Louis

Eva Johnston
Federal Reserve Bank of St. Louis

Mary Suiter, Ph.D.
Federal Reserve Bank of St. Louis

Scott Wolla, Ph.D.
Federal Reserve Bank of St. Louis

Editing and Design

Jennifer Ives
Federal Reserve Bank of St. Louis

Donna Stiller
Federal Reserve Bank of St. Louis

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Scope and Sequence for Economic Content:

Developed for Use with the *Voluntary National Content Standards in Economics*

Rationale

The *Voluntary National Content Standards in Economics* was first published in 1997 and revised in 2008. The standards laid out the content and skills that economists, economic educators, and teachers felt were critical for a young person to know upon high school graduation. The resulting 20 economic standards guided teachers, district curriculum directors, and state-level supervisors of social studies to select important economic content and provide rich and accurate coverage at various grade clusters—K-4, 5-8, and 9-12—by breaking down the standards into benchmarks. Benchmarks were the building blocks underlying the economic principles embedded in each standard. You might think of these as little pieces of information or stepping stones that would eventually get a student to the level of the standard.

What the standards did not do was provide guidance to help teachers know at what grade level each of the benchmarks should be introduced and how they would spiral through the grade levels. This “Scope and Sequence for Economic Content” corrects that problem. The document articulates at what grade level each benchmark should be introduced, reinforced, and ultimately mastered, based on best practices and available research on how children learn and think about economics. As with the original standards, this scope and sequence focuses strictly on K-12 classrooms and does not address advanced placement (AP) economics.

Not everyone will agree on the grade placements of every benchmark. Some may think that content should be introduced at an earlier grade or reinforced at a later grade. However, the key point of the scope and sequence is that benchmark placements are designed to teach economic concepts in a sequential order and with increasing levels of complexity, building upon the knowledge that students gained at previous grade levels. Variations of benchmark placement may differ by school or district. The intent of the scope and sequence is to provide guidance in developing a spiraling economic curriculum that spans the grades. To that end, districts should find this scope and sequence useful when creating an articulated economics program for kindergarten through grade 12.

How to Use This Document

Educators can use this document by viewing the table of contents and then clicking on the grade level in which they are interested. Clicking on the grade level will allow educators to view a table that includes the benchmarks recommended for that grade level, as well as recommendations for whether those benchmarks should be introduced, reinforced, or mastered at that grade level. If a benchmark is followed by BE, it means the benchmark is related to behavioral economics. If a benchmark is followed by PF, it means the benchmark is related to personal finance.

Benchmarks Recommended for Kindergarten

Standard 1: Scarcity

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

Benchmarks (at completion of Grade 4)	Introduced at Grade K	Reinforced at Grade K	Mastered at Grade K
1. People make choices because they can't have everything they want.	X		
2. Economic wants are desires that can be satisfied by consuming a good (an object), a service (an action), or a leisure activity.	X		
11. Most people produce and consume. As producers they help make goods and services; as consumers they use goods and services to satisfy their wants.	X		

Standard 5: Trade

Students will understand that voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and among individuals or organizations in different nations.

Benchmarks (at completion of Grade 4)	Introduced at Grade K	Reinforced at Grade K	Mastered at Grade K
1. Exchange is trading goods and services with people for other goods and services (called barter) or for money.	X		
2. The oldest form of exchange is barter, the direct trading of goods and services between people.	X		

Benchmarks Recommended for Grade 1

Standard 1: Scarcity

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

Benchmarks (at completion of Grade 4)	Introduced at Grade 1	Reinforced at Grade 1	Mastered at Grade 1
1. People make choices because they can't have everything they want.		X	
2. Economic wants are desires that can be satisfied by consuming a good (an object), a service (an action), or a leisure activity.		X	X
5. The opportunity cost of an activity is the value of the best alternative that would have been chosen instead. It includes what would have been done with the money spent and the time and other resources used in undertaking the activity.	X		
7. Natural resources, such as land, are "gifts of nature;" they are present without human intervention.	X		
9. Capital goods are goods that are produced and used to make other goods and services.	X		
11. Most people produce and consume. As producers they help make goods and services; as consumers they use goods and services to satisfy their wants.		X	X

Standard 5: Trade

Students will understand that voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and among individuals or organizations in different nations.

Benchmarks (at completion of Grade 4)	Introduced at Grade 1	Reinforced at Grade 1	Mastered at Grade 1
1. Exchange is trading goods and services with people for other goods and services (called barter) or for money.		X	
2. The oldest form of exchange is barter, the direct trading of goods and services between people.		X	
3. People voluntarily exchange goods and services because they expect to be better off after the exchange. This also may include the more informal exchanges of favors and courtesies.	X		

Benchmarks Recommended for Grade 2

Standard 1: Scarcity

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

Benchmarks (at completion of Grade 4)	Introduced at Grade 2	Reinforced at Grade 2	Mastered at Grade 2
1. People make choices because they can't have everything they want.			X
3. People's choices about what goods and services to buy and consume determine how resources will be used.	X		
4. Whenever a choice is made, something is given up because resources are limited. What is given up is called your opportunity cost. It is your second choice. (Partially new)	X		
7. Natural resources, such as land, are "gifts of nature;" they are present without human intervention.		X	X
8. Human resources are the people who do the mental and physical work to produce goods and services.	X		
9. Capital goods are goods that are produced and used to make other goods and services.		X	
10. Human capital refers to the quality of labor resources, which can be improved through investments in education, training, and health.	X		
Benchmarks (at completion of Grade 8)	Introduced at Grade 2	Reinforced at Grade 2	Mastered at Grade 2
4. The evaluation of choices and opportunity costs is subjective; such evaluations differ across individuals and societies.	X		

Standard 2: Decision Making

Students will understand that effective decision making requires comparing the additional costs of alternatives with the additional benefits. Many choices involve doing a little more or a little less of something; few choices are "all or nothing" decisions.

Benchmarks (at completion of Grade 4)	Introduced at Grade 2	Reinforced at Grade 2	Mastered at Grade 2
2. A cost is what you give up when you decide to do something. A benefit is what satisfies your wants.	X		

Standard 5: Trade

Students will understand that voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and among individuals or organizations in different nations.

Benchmarks (at completion of Grade 4)	Introduced at Grade 2	Reinforced at Grade 2	Mastered at Grade 2
1. Exchange is trading goods and services with people for other goods and services (called barter) or for money.			X
2. The oldest form of exchange is barter, the direct trading of goods and services between people.			X
3. People voluntarily exchange goods and services because they expect to be better off after the exchange. This also may include the more informal exchanges of favors and courtesies.		X	
Benchmarks (at completion of Grade 8)	Introduced at Grade 2	Reinforced at Grade 2	Mastered at Grade 2
7. Voluntary exchange among people or organizations gives people a broader range of choices in buying goods and services.	X		

Benchmarks Recommended for Grade 2

Standard 6: Specialization

Students will understand that when individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase.

Benchmarks (at completion of Grade 4)	Introduced at Grade 2	Reinforced at Grade 2	Mastered at Grade 2
1. Economic specialization occurs when people concentrate their production on fewer varieties of goods and services than they consume.	X		

Standard 11: Money and Inflation

Students will understand that money makes it easier to trade, borrow, save, invest, and compare the value of goods and services. The amount of money in the economy affects the overall price level. Inflation is an increase in the overall price level that reduces the value of money.

Benchmarks (at completion of Grade 4)	Introduced at Grade 2	Reinforced at Grade 2	Mastered at Grade 2
1. Money is anything widely accepted as final payment for goods and services.	X		
2. Money (currency, coins, or checks) makes trading easier by replacing barter.	X		
3. People consume goods and services, not money; money is useful primarily because it can be used to buy goods and services.	X		

Standard 13: Income

Students will understand that income for most people is determined by the market value of the productive resources they sell. What workers earn primarily depends on the market value of what they produce.

Benchmarks (at completion of Grade 4)	Introduced at Grade 2	Reinforced at Grade 2	Mastered at Grade 2
1. Labor is a human resource that is used to produce goods and services.	X		
2. People can earn income by exchanging the use of their labor (physical or mental work) for wages or salaries.	X		

Standard 14: Entrepreneurship

Students will understand that entrepreneurs take on the calculated risk of starting new businesses, either by embarking on new ventures similar to existing one or by introducing new innovations. Entrepreneurial innovation is an important source of economic growth.

Benchmarks (at completion of Grade 8)	Introduced at Grade 2	Reinforced at Grade 2	Mastered at Grade 2
3. Entrepreneurs (as well as other sellers) earn profits when the revenues they receive from selling the products they sell are greater than the costs of production.	X		
4. Entrepreneurs (as well as other sellers) incur losses when the revenues they receive from selling the products they sell do not cover the costs of production.	X		

Standard 15: Economic Growth

Students will understand that investment in factories, machinery, new technology, and in the health, education, and training of people stimulates economic growth and can raise future standards of living.

Benchmarks (at completion of Grade 4)	Introduced at Grade 2	Reinforced at Grade 2	Mastered at Grade 2
1. When workers learn and practice new skills they improve their productivity by improving their human capital.	X		

Benchmarks Recommended for Grade 3

Standard 1: Scarcity

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

Benchmarks (at completion of Grade 4)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
3. People’s choices about what goods and services to buy and consume determine how resources will be used.		X	
4. Whenever a choice is made, something is given up because resources are limited. What is given up is called your opportunity cost. It is your second choice. (Partially new)		X	
6. Productive resources are the natural resources, human resources, and capital goods available to make goods and services.	X		
8. Human resources are the people who do the mental and physical work to produce goods and services.		X	X
9. Capital goods are goods that are produced and used to make other goods and services.			X
10. Human capital refers to the quality of labor resources, which can be improved through investments in education, training, and health.		X	X
Benchmarks (at completion of Grade 8)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
4. The evaluation of choices and opportunity costs is subjective; such evaluations differ across individuals and societies.		X	

Standard 2: Decision Making

Students will understand that effective decision making requires comparing the additional costs of alternatives with the additional benefits. Many choices involve doing a little more or a little less of something: few choices are “all or nothing” decisions.

Benchmarks (at completion of Grade 4)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
2. A cost is what you give up when you decide to do something. A benefit is what satisfies your wants.		X	

Standard 3: Allocation (Economic Systems)

Students will understand that different methods can be used to allocate goods and services. People acting individually or collectively must choose which methods to use to allocate different kinds of goods and services.

Benchmarks (at completion of Grade 4)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
1. No method of distributing/allocating goods and services can satisfy all wants.	X		
2. There are different ways to distribute goods and services (by prices, command, majority rule, contests, force, first-come/first-served, sharing equally, lottery, personal characteristics, and others), and there are advantages and disadvantages to each.	X		
Benchmarks (at completion of Grade 8)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
1. Scarcity requires the use of some distribution method to allocate goods, services, and resources, whether the method is selected explicitly or not.	X		
3. People in all economies must address three questions: What goods and services will be produced? How will these goods and services be produced? Who will consume them?	X		
5. As consumers, people use resources in different ways to satisfy different wants. Productive resources can be used in different ways to produce different goods and services.	X		

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Benchmarks Recommended for Grade 3

Standard 3: Allocation (Economic Systems), continued

Benchmarks (at completion of Grade 12)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
1. Comparing the benefits and costs of different allocation methods in order to choose the method that is most appropriate for some specific problem can result in more effective allocations and a more effective overall allocation system.	X		

Standard 4: Incentives

Students will understand that people usually respond predictably to positive and negative incentives.

Benchmarks (at completion of Grade 4)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
1. Rewards are positive incentives that make people better off.	X		
2. Penalties are negative incentives that make people worse off.	X		
3. Both positive and negative incentives affect people's choices and behavior.	X		

Standard 5: Trade

Students will understand that voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and among individuals or organizations in different nations.

Benchmarks (at completion of Grade 4)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
3. People voluntarily exchange goods and services because they expect to be better off after the exchange. This also may include the more informal exchanges of favors and courtesies.			X

Standard 6: Specialization

Students will understand that when individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase.

Benchmarks (at completion of Grade 4)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
1. Economic specialization occurs when people concentrate their production on fewer varieties of goods and services than they consume.		X	
2. Division of labor occurs when the production of a good is broken down into numerous separate tasks, with different workers performing each task.	X		
3. Specialization and division of labor usually increase the productivity of workers.	X		

Standard 7: Markets and Prices

Students will understand that a market exists when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.

Benchmarks (at completion of Grade 4)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
1. A price is what people pay when they buy a good or service, and what they receive when they sell a good or service.	X		
2. A market exists whenever buyers and sellers exchange goods or services.	X		

Benchmarks Recommended for Grade 3

Standard 9: Competition and Market Structure

Students will understand that competition among sellers usually lowers costs and prices, and encourages producers to produce what consumers are willing and able to buy. Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.

Benchmarks (at completion of Grade 4)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
1. Competition takes place when there are many buyers and sellers of similar products.	X		
Benchmarks (at completion of Grade 8)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
1. Sellers compete on the basis of price, product quality, customer service, product design and variety, and advertising.	X		
2. Competition among sellers results in lower costs and prices, higher product quality, and/or better customer service. When competition among sellers is limited, sellers have some control over the prices they set.	X		

Standard 11: Money and Inflation

Students will understand that money makes it easier to trade, borrow, save, invest, and compare the value of goods and services. The amount of money in the economy affects the overall price level. Inflation is an increase in the overall price level that reduces the value of money.

Benchmarks (at completion of Grade 4)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
1. Money is anything widely accepted as final payment for goods and services.		X	
2. Money (currency, coins, or checks) makes trading easier by replacing barter.		X	
3. People consume goods and services, not money; money is useful primarily because it can be used to buy goods and services.		X	
4. Producers use natural resources, human resources, and capital goods (not money) to make goods and services.	X		
6. As a medium of exchange money can easily be used to buy goods and services. Usually, to be a good medium of exchange, an item used as money should be generally acceptable, durable, portable, divisible, uniform and relatively scarce. (New)	X		
7. Commodity money has value as a good and as money. (New)	X		
Benchmarks (at completion of Grade 8)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
1. As a store of value, money makes it easier for people to save and defer consumption until the future. Moved into grades 3, 4, and 5	X		
2. As a unit of account, money is used to compare the market value of different goods and services. Moved into grades 3, 4, and 5	X		

Standard 13: Income

Students will understand that income for most people is determined by the market value of the productive resources they sell. What workers earn primarily depends on the market value of what they produce.

Benchmarks (at completion of Grade 4)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
1. Labor is a human resource that is used to produce goods and services.		X	
2. People can earn income by exchanging the use of their labor (physical or mental work) for wages or salaries.		X	

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Benchmarks Recommended for Grade 3

Standard 13: Income, continued

Benchmarks (at completion of Grade 8)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
1. Employers are willing to pay wages and salaries to workers because they expect to be able to sell the goods and services that those workers produce at prices high enough to cover the wages and salaries and all other costs of production.	X		

Standard 14: Entrepreneurship

Students will understand that entrepreneurs take on the calculated risk of starting new businesses, either by embarking on new ventures similar to existing one or by introducing new innovations. Entrepreneurial innovation is an important source of economic growth.

Benchmarks (at completion of Grade 4)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
1. Entrepreneurs are individuals who are willing to take risks, to develop new products, and start new businesses. They recognize opportunities, like working for themselves, and accept challenges.	X		
2. Entrepreneurs and workers often are innovative. They attempt to solve problems by developing and marketing new or improved products and processes.	X		
Benchmarks (at completion of Grade 8)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
2. Entrepreneurs organize resources to produce goods and services because they expect to earn profits.	X		
3. Entrepreneurs (as well as other sellers) earn profits when the revenues they receive from selling the products they sell are greater than the costs of production.		X	
4. Entrepreneurs (as well as other sellers) incur losses when the revenues they receive from selling the products they sell do not cover the costs of production.		X	

Standard 15: Economic Growth

Students will understand that investment in factories, machinery, new technology, and in the health, education, and training of people stimulates economic growth and can raise future standards of living.

Benchmarks (at completion of Grade 4)	Introduced at Grade 3	Reinforced at Grade 3	Mastered at Grade 3
1. When workers learn and practice new skills they improve their productivity by improving their human capital.		X	
2. Workers can improve their productivity by using physical capital such as tools and machinery.	X		

Benchmarks Recommended for Grade 4

Standard 1: Scarcity

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

Benchmarks (at completion of Grade 4)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
3. People's choices about what goods and services to buy and consume determine how resources will be used.			X
4. Whenever a choice is made, something is given up because resources are limited. What is given up is called your opportunity cost. It is your second choice. (Partially new)			X
6. Productive resources are the natural resources, human resources, and capital goods available to make goods and services.		X	X
Benchmarks (at completion of Grade 8)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. Scarcity is the condition of not being able to have all of the goods and services that one wants. It exists because human wants for goods and services exceed the quantity of goods and services that can be produced using all available resources. Scarcity is experienced by individuals, governments, and societies.	X		
2. Making good choices should involve trading off the expected value of one opportunity against the expected value of its best alternative.	X		

Standard 2: Decision Making

Students will understand that effective decision making requires comparing the additional costs of alternatives with the additional benefits. Many choices involve doing a little more or a little less of something; few choices are "all or nothing" decisions.

Benchmarks (at completion of Grade 4)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. Choices involve getting more of one thing by giving up something else.	X		
2. A cost is what you give up when you decide to do something. A benefit is what satisfies your wants.			X

Standard 3: Allocation (Economic Systems)

Students will understand that different methods can be used to allocate goods and services. People acting individually or collectively must choose which methods to use to allocate different kinds of goods and services.

Benchmarks (at completion of Grade 8)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
2. There are essential differences between a market economy, in which allocations result from individuals making decisions as buyers and sellers, and a command economy, in which resources are allocated according to central authority.	X		
5. As consumers, people use resources in different ways to satisfy different wants. Productive resources can be used in different ways to produce different goods and services.		X	

Standard 4: Incentives

Students will understand that people usually respond predictably to positive and negative incentives.

Benchmarks (at completion of Grade 4)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. Rewards are positive incentives that make people better off.		X	
2. Penalties are negative incentives that make people worse off.		X	
3. Both positive and negative incentives affect people's choices and behavior.		X	

Benchmarks Recommended for Grade 4

Standard 5: Trade

Students will understand that voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and among individuals or organizations in different nations.

Benchmarks (at completion of Grade 8)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. When people buy something, they value it more than it costs them; when people sell something, they value it less than the payment they receive.	X		
7. Voluntary exchange among people or organizations gives people a broader range of choices in buying goods and services.		X	X

Standard 6: Specialization

Students will understand that when individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase.

Benchmarks (at completion of Grade 4)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. Economic specialization occurs when people concentrate their production on fewer varieties of goods and services than they consume.			X
2. Division of labor occurs when the production of a good is broken down into numerous separate tasks, with different workers performing each task.		X	
3. Specialization and division of labor usually increase the productivity of workers.		X	
4. Greater specialization leads to increasing interdependence among producers and consumers.	X		
Benchmarks (at completion of Grade 8)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. Labor productivity is output per worker.	X		

Standard 7: Markets and Prices

Students will understand that a market exists when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.

Benchmarks (at completion of Grade 4)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. A price is what people pay when they buy a good or service, and what they receive when they sell a good or service.		X	X
2. A market exists whenever buyers and sellers exchange goods or services.		X	

Standard 9: Competition and Market Structure

Students will understand that competition among sellers usually lowers costs and prices, and encourages producers to produce what consumers are willing and able to buy. Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.

Benchmarks (at completion of Grade 4)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. Competition takes place when there are many buyers and sellers of similar products.		X	
Benchmarks (at completion of Grade 8)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. Sellers compete on the basis of price, product quality, customer service, product design and variety, and advertising.			
3. Competition among buyers of a product results in higher product prices.	X		
Continued on next page			

Benchmarks Recommended for Grade 4

Standard 9: Competition and Market Structure, continued

Benchmarks (at completion of Grade 12)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
5. The introduction of new products and production methods is an important form of competition and is a source of technological progress and economic growth.	X		

Standard 10: Institutions

Students will understand that institutions evolve and are created to help individuals and groups accomplish their goals. Banks, labor unions, markets, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and enforced property rights, is essential to a market economy.

Benchmarks (at completion of Grade 4)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest.	X		
Benchmarks (at completion of Grade 8)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
2. Banks and other financial institutions channel funds from savers to borrowers and investors.	X		

Standard 11: Money and Inflation

Students will understand that money makes it easier to trade, borrow, save, invest, and compare the value of goods and services. The amount of money in the economy affects the overall price level. Inflation is an increase in the overall price level that reduces the value of money.

Benchmarks (at completion of Grade 4)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. Money is anything widely accepted as final payment for goods and services.			X
2. Money (currency, coins, or checks) makes trading easier by replacing barter.			X
3. People consume goods and services, not money; money is useful primarily because it can be used to buy goods and services.			X
4. Producers use natural resources, human resources, and capital goods (not money) to make goods and services.		X	X
6. As a medium of exchange money can easily be used to buy goods and services. Usually, to be a good medium of exchange, an item used as money should be generally acceptable, durable, portable, divisible, uniform and relatively scarce. (New)		X	
7. Commodity money has value as a good and as money. (New)		X	
Benchmarks (at completion of Grade 8)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. As a store of value, money makes it easier for people to save and defer consumption until the future. Moved into grades 3, 4, and 5		X	
2. As a unit of account, money is used to compare the market value of different goods and services. Moved into grades 3, 4, and 5		X	

Standard 12: Interest Rates

Students will understand that interest rates, adjusted for inflation, rise and fall to balance the amount saved with the amount borrowed, which affects the allocation of scarce resources between present and future uses.

Benchmarks (at completion of Grade 4)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. An interest rate is a price of money that is borrowed or saved.	X		

Benchmarks Recommended for Grade 4

Standard 13: Income

Students will understand that income for most people is determined by the market value of the productive resources they sell. What workers earn primarily depends on the market value of what they produce.

Benchmarks (at completion of Grade 4)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. Labor is a human resource that is used to produce goods and services.			X
2. People can earn income by exchanging the use of their labor (physical or mental work) for wages or salaries.			X
Benchmarks (at completion of Grade 8)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. Employers are willing to pay wages and salaries to workers because they expect to be able to sell the goods and services that those workers produce at prices high enough to cover the wages and salaries and all other costs of production.		X	
2. To earn income people sell productive resources. These include their labor, capital, natural resources, and entrepreneurial talents.	X		

Standard 14: Entrepreneurship

Students will understand that entrepreneurs take on the calculated risk of starting new businesses, either by embarking on new ventures similar to existing one or by introducing new innovations. Entrepreneurial innovation is an important source of economic growth.

Benchmarks (at completion of Grade 4)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. Entrepreneurs are individuals who are willing to take risks, to develop new products, and start new businesses. They recognize opportunities, like working for themselves, and accept challenges.		X	
2. Entrepreneurs and workers often are innovative. They attempt to solve problems by developing and marketing new or improved products and processes.		X	
Benchmarks (at completion of Grade 8)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
2. Entrepreneurs organize resources to produce goods and services because they expect to earn profits.		X	
3. Entrepreneurs (as well as other sellers) earn profits when the revenues they receive from selling the products they sell are greater than the costs of production.			X
4. Entrepreneurs (as well as other sellers) incur losses when the revenues they receive from selling the products they sell do not cover the costs of production.			X
5. In addition to profits, entrepreneurs respond to other incentives, including the opportunity to be their own boss, the chance to achieve recognition, and the satisfaction of creating new products or improving existing ones. In addition to financial losses, other disincentives to which entrepreneurs respond include the responsibility, long hours, and stress of running a business.	X		

Standard 15: Economic Growth

Students will understand that investment in factories, machinery, new technology, and in the health, education, and training of people stimulates economic growth and can raise future standards of living.

Benchmarks (at completion of Grade 4)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. When workers learn and practice new skills they improve their productivity by improving their human capital.			X
2. Workers can improve their productivity by using physical capital such as tools and machinery.		X	

Benchmarks Recommended for Grade 4

Standard 16: Role of Government and Market Failure

Students will understand that there is an economic role for government in a market economy whenever the benefits of a government policy outweigh its costs. Governments often provide for national defense, address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Most government policies also have direct or indirect effects on people's incomes.

Benchmarks (at completion of Grade 4)	Introduced at Grade 4	Reinforced at Grade 4	Mastered at Grade 4
1. Governments provide certain kinds of goods and services in a market economy.	X		
2. Governments pay for the goods and services they use or provide by taxing or borrowing.	X		

Benchmarks Recommended for Grade 5

Standard 1: Scarcity

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

Benchmarks (at completion of Grade 8)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
2. Making good choices should involve trading off the expected value of one opportunity against the expected value of its best alternative.		X	
4. The evaluation of choices and opportunity costs is subjective; such evaluations differ across individuals and societies.			X

Standard 2: Decision Making

Students will understand that effective decision making requires comparing the additional costs of alternatives with the additional benefits. Many choices involve doing a little more or a little less of something; few choices are “all or nothing” decisions.

Benchmarks (at completion of Grade 4)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
1. Choices involve getting more of one thing by giving up something else.		X	

Standard 3: Allocation (Economic Systems)

Students will understand that different methods can be used to allocate goods and services. People acting individually or collectively must choose which methods to use to allocate different kinds of goods and services.

Benchmarks (at completion of Grade 4)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
1. No method of distributing/allocating goods and services can satisfy all wants.		X	
2. There are different ways to distribute goods and services (by prices, command, majority rule, contests, force, first-come/first-served, sharing equally, lottery, personal characteristics, and others), and there are advantages and disadvantages to each.		X	
Benchmarks (at completion of Grade 8)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
1. Scarcity requires the use of some distribution method to allocate goods, services, and resources, whether the method is selected explicitly or not.		X	
2. There are essential differences between a market economy, in which allocations result from individuals making decisions as buyers and sellers, and a command economy, in which resources are allocated according to central authority.		X	
3. People in all economies must address three questions: What goods and services will be produced? How will these goods and services be produced? Who will consume them?		X	
5. As consumers, people use resources in different ways to satisfy different wants. Productive resources can be used in different ways to produce different goods and services.			X
Benchmarks (at completion of Grade 12)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
1. Comparing the benefits and costs of different allocation methods in order to choose the method that is most appropriate for some specific problem can result in more effective allocations and a more effective overall allocation system.		X	

Benchmarks Recommended for Grade 5

Standard 4: Incentives

Students will understand that people usually respond predictably to positive and negative incentives.

Benchmarks (at completion of Grade 4)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
1. Rewards are positive incentives that make people better off.			X
2. Penalties are negative incentives that make people worse off.			X
3. Both positive and negative incentives affect people's choices and behavior.			X
4. People's views of rewards and penalties differ because people have different values. Therefore, an incentive can influence different individuals in different ways. (BE)	X		
Benchmarks (at completion of Grade 8)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
3. Incentives can be monetary or non-monetary, or both.	X		

Standard 5: Trade

Students will understand that voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and among individuals or organizations in different nations.

Benchmarks (at completion of Grade 8)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
1. When people buy something, they value it more than it costs them; when people sell something, they value it less than the payment they receive.		X	
2. Free trade increases worldwide material standards of living.	X		
5. Imports are foreign goods and services that are purchased from sellers in other nations.	X		
6. Exports are domestic goods and services that are sold to buyers in other nations.	X		

Standard 6: Specialization

Students will understand that when individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase.

Benchmarks (at completion of Grade 4)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
2. Division of labor occurs when the production of a good is broken down into numerous separate tasks, with different workers performing each task.			X
3. Specialization and division of labor usually increase the productivity of workers.			X
4. Greater specialization leads to increasing interdependence among producers and consumers.		X	
Benchmarks (at completion of Grade 8)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
1. Labor productivity is output per worker.		X	

Standard 7: Markets and Prices

Students will understand that a market exists when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.

Benchmarks (at completion of Grade 4)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
2. A market exists whenever buyers and sellers exchange goods or services.			X
Continued on next page			

Benchmarks Recommended for Grade 5

Standard 7: Markets and Prices, continued

Benchmarks (at completion of Grade 8)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
1. Market prices are determined through the buying and selling decisions made by buyers and sellers.	X		
3. The market clearing or equilibrium price for a good or service is the price at which quantity supplied equals quantity demanded.	X		

Standard 8: Role of Prices

Students will understand that prices send signals and provide incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives.

Benchmarks (at completion of Grade 4)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
1. Higher prices for a good or service provide incentives for buyers to purchase less of that good or service, and for producers to make or sell more of it. Lower prices for a good or service provide incentives for buyers to purchase more of that good or service, and for producers to make or sell less of it.	X		
Benchmarks (at completion of Grade 8)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
1. An increase in the price of a good or service encourages people to look for substitutes, causing the quantity demanded to decrease, and vice versa. This well-established relationship between price and quantity demanded, known as the law of demand, exists as long as other factors influencing demand do not change.	X		
2. An increase in the price of a good or service encourages producers to supply more, and vice versa. This relationship between price and quantity supplied is normally true as long as other factors influencing costs of production and supply do not change. (NOTE: This is law of supply.)	X		

Standard 9: Competition and Market Structure

Students will understand that competition among sellers usually lowers costs and prices, and encourages producers to produce what consumers are willing and able to buy. Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.

Benchmarks (at completion of Grade 4)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
1. Competition takes place when there are many buyers and sellers of similar products.			X
Benchmarks (at completion of Grade 8)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
1. Sellers compete on the basis of price, product quality, customer service, product design and variety, and advertising.			X
2. Competition among sellers results in lower costs and prices, higher product quality, and/or better customer service. When competition among sellers is limited, sellers have some control over the prices they set.		X	
3. Competition among buyers of a product results in higher product prices.		X	
Benchmarks (at completion of Grade 12)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
5. The introduction of new products and production methods is an important form of competition and is a source of technological progress and economic growth.		X	

Benchmarks Recommended for Grade 5

Standard 10: Institutions

Students will understand that institutions evolve and are created to help individuals and groups accomplish their goals. Banks, labor unions, markets, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and enforced property rights, is essential to a market economy.

Benchmarks (at completion of Grade 4)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
1. Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest.		X	
2. Saving is the part of income not spent on taxes or consumption. (Adding taxes and consumption moves this from I:2 to I:5.)	X		
Benchmarks (at completion of Grade 8)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
2. Banks and other financial institutions channel funds from savers to borrowers and investors.		X	

Standard 11: Money and Inflation

Students will understand that money makes it easier to trade, borrow, save, invest, and compare the value of goods and services. The amount of money in the economy affects the overall price level. Inflation is an increase in the overall price level that reduces the value of money.

Benchmarks (at completion of Grade 4)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
6. As a medium of exchange money can easily be used to buy goods and services. Usually, to be a good medium of exchange, an item used as money should be generally acceptable, durable, portable, divisible, uniform and relatively scarce. (New)			X
7. Commodity money has value as a good and as money. (New)			X
Benchmarks (at completion of Grade 8)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
1. As a store of value, money makes it easier for people to save and defer consumption until the future. Moved into grades 3, 4, and 5			X
2. As a unit of account, money is used to compare the market value of different goods and services. Moved into grades 3, 4, and 5			X
5. Fiat money is money the government decrees will be accepted in exchange for goods and service. (New)	X		

Standard 13: Income

Students will understand that income for most people is determined by the market value of the productive resources they sell. What workers earn primarily depends on the market value of what they produce.

Benchmarks (at completion of Grade 8)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
2. To earn income people sell productive resources. These include their labor, capital, natural resources, and entrepreneurial talents.		X	
3. A wage or salary is the price of labor; it usually is determined by the supply of and demand for labor.	X		
5. Peoples' incomes, in part, reflect choices they have made about education, training, skill development, and careers. People with few skills are more likely to be poor.	X		

Benchmarks Recommended for Grade 5

Standard 14: Entrepreneurship

Students will understand that entrepreneurs take on the calculated risk of starting new businesses, either by embarking on new ventures similar to existing one or by introducing new innovations. Entrepreneurial innovation is an important source of economic growth.

Benchmarks (at completion of Grade 4)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
1. Entrepreneurs are individuals who are willing to take risks, to develop new products, and start new businesses. They recognize opportunities, like working for themselves, and accept challenges.			X
2. Entrepreneurs and workers often are innovative. They attempt to solve problems by developing and marketing new or improved products and processes.			X
Benchmarks (at completion of Grade 8)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
5. In addition to profits, entrepreneurs respond to other incentives, including the opportunity to be their own boss, the chance to achieve recognition, and the satisfaction of creating new products or improving existing ones. In addition to financial losses, other disincentives to which entrepreneurs respond include the responsibility, long hours, and stress of running a business.		X	

Standard 15: Economic Growth

Students will understand that investment in factories, machinery, new technology, and in the health, education, and training of people stimulates economic growth and can raise future standards of living.

Benchmarks (at completion of Grade 4)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
2. Workers can improve their productivity by using physical capital such as tools and machinery.			X
Benchmarks (at completion of Grade 8)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
2. Productivity is measured by dividing output (goods and services) by the number of inputs used to produce the output. A change in productivity is a change in output relative to input.		X	
3. Technological change results from an advance in knowledge leading to new and improved goods and services and better ways of producing them.		X	
4. Increases in productivity can result from advances in technology or increases in physical or human capital.		X	

Standard 16: Role of Government and Market Failure

Students will understand that there is an economic role for government in a market economy whenever the benefits of a government policy outweigh its costs. Governments often provide for national defense, address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Most government policies also have direct or indirect effects on people's incomes.

Benchmarks (at completion of Grade 4)	Introduced at Grade 5	Reinforced at Grade 5	Mastered at Grade 5
1. Governments provide certain kinds of goods and services in a market economy.		X	X
2. Governments pay for the goods and services they use or provide by taxing or borrowing.		X	X

Benchmarks Recommended for Middle School

Standard 1: Scarcity

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

Benchmarks (at completion of Grade 4)	Introduced at MS	Reinforced at MS	Mastered at MS
5. The opportunity cost of an activity is the value of the best alternative that would have been chosen instead. It includes what would have been done with the money spent and the time and other resources used in undertaking the activity.	X (math)	X	
Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Scarcity is the condition of not being able to have all of the goods and services that one wants. It exists because human wants for goods and services exceed the quantity of goods and services that can be produced using all available resources. Scarcity is experienced by individuals, governments, and societies.		X	X
2. Making good choices should involve trading off the expected value of one opportunity against the expected value of its best alternative.			X
3. The choices people make have both present and future consequences.	X		
Benchmarks (at completion of Grade 12)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Choices made by individuals, firms, or government officials are constrained by the resources to which they have access.	X	X	

Standard 2: Decision Making

Students will understand that effective decision making requires comparing the additional costs of alternatives with the additional benefits. Many choices involve doing a little more or a little less of something; few choices are "all or nothing" decisions.

Benchmarks (at completion of Grade 4)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Choices involve getting more of one thing by giving up something else.			X
Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. To determine the best level of consumption of a product, people must compare the additional benefits with the additional costs of consuming a little more or a little less.	X		
2. Marginal benefit is the change in total benefit resulting from an action. Marginal cost is the change in total cost resulting from an action.	X		
3. As long as the marginal benefit of an activity exceeds the marginal cost, people are better off doing more of it; if the marginal cost exceeds the marginal benefit, they are better off doing less of it.	X		
4. Many people have a tendency to be impatient, choosing immediate consumption over saving for the future. (BE)	X		

Benchmarks Recommended for Middle School

Standard 3: Allocation (Economic Systems)

Students will understand that different methods can be used to allocate goods and services. People acting individually or collectively must choose which methods to use to allocate different kinds of goods and services.

Benchmarks (at completion of Grade 4)	Introduced at MS	Reinforced at MS	Mastered at MS
1. No method of distributing/allocating goods and services can satisfy all wants.			X
2. There are different ways to distribute goods and services (by prices, command, majority rule, contests, force, first-come/first-served, sharing equally, lottery, personal characteristics, and others), and there are advantages and disadvantages to each.			X
Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Scarcity requires the use of some distribution method to allocate goods, services, and resources, whether the method is selected explicitly or not.			X
2. There are essential differences between a market economy, in which allocations result from individuals making decisions as buyers and sellers, and a command economy, in which resources are allocated according to central authority.			X
3. People in all economies must address three questions: What goods and services will be produced? How will these goods and services be produced? Who will consume them?			X
4. National economies vary in the extent to which they rely on government directives (central planning) and signals (prices) from private markets to allocate scarce goods, services, and productive resources.	X		
Benchmarks (at completion of Grade 12)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Comparing the benefits and costs of different allocation methods in order to choose the method that is most appropriate for some specific problem can result in more effective allocations and a more effective overall allocation system.			X
2. Changing the distribution of income or wealth will cause the allocation of resources to change.	X		

Standard 4: Incentives

Students will understand that people usually respond predictably to positive and negative incentives.

Benchmarks (at completion of Grade 4)	Introduced at MS	Reinforced at MS	Mastered at MS
4. People's views of rewards and penalties differ because people have different values. Therefore, an incentive can influence different individuals in different ways. (BE)		X	X
Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Responses to incentives are usually predictable because people normally pursue their self-interest or deviate from their self-interest in consistent ways.	X		
2. Changes in incentives usually cause people to change their behavior in predictable ways.	X		
3. Incentives can be monetary or non-monetary, or both.		X	
Benchmarks (at completion of Grade 12)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Acting as consumers, producers, workers, savers, investors, and citizens, people respond to incentives in order to allocate their scarce resources in ways that provide them the highest possible net benefits.	X		
3. People tend to respond to fair treatment with fair treatment, and to unfair treatment with retaliation, even when such reactions may not maximize their material wealth. (BE)	X		

Benchmarks Recommended for Middle School

Standard 5: Trade

Students will understand that voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and among individuals or organizations in different nations.

Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. When people buy something, they value it more than it costs them; when people sell something, they value it less than the payment they receive.			X
2. Free trade increases worldwide material standards of living.		X	X
3. The gains from free trade are not distributed equally, and some individuals or groups may lose more than they gain when trade barriers are reduced.	X		
4. Despite the mutual benefits from trade among people in different countries, many nations employ trade barriers to restrict free trade for national defense reasons, to protect key industries, or because some companies and workers are hurt by free trade.	X		
5. Imports are foreign goods and services that are purchased from sellers in other nations.		X	X
6. Exports are domestic goods and services that are sold to buyers in other nations.		X	X
Benchmarks (at completion of Grade 12)	Introduced at MS	Reinforced at MS	Mastered at MS
2. When imports are restricted by public policies, consumers pay higher prices and job opportunities and profits in exporting firms may decrease.	X		

Standard 6: Specialization

Students will understand that when individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase.

Benchmarks (at completion of Grade 4)	Introduced at MS	Reinforced at MS	Mastered at MS
4. Greater specialization leads to increasing interdependence among producers and consumers.			X
Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Labor productivity is output per worker.			X
2. Like trade among individuals within one country, international trade promotes specialization and division of labor and increases the productivity of labor, output and consumption.	X		

Standard 7: Markets and Prices

Students will understand that a market exists when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.

Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Market prices are determined through the buying and selling decisions made by buyers and sellers.		X	
3. The market clearing or equilibrium price for a good or service is the price at which quantity supplied equals quantity demanded.		X	X
4. If a price is above the market clearing price, it will eventually fall, causing sellers to produce less and buyers to purchase more; if it is below the market clearing price, it will eventually rise, causing sellers to produce more and buyers to purchase less.	X	X	X

Continued on next page

Benchmarks Recommended for Middle School

Standard 7: Markets and Prices, continued

Benchmarks (at completion of Grade 12)	Introduced at MS	Reinforced at MS	Mastered at MS
2. A shortage occurs when buyers want to purchase more than producers want to sell at the prevailing price.	X		
3. A surplus occurs when producers want to sell more than buyers want to purchase at the prevailing price.	X		
4. Shortages of a product usually result in price increases in a market economy; surpluses usually result in price decreases.	X		

Standard 8: Role of Prices

Students will understand that prices send signals and provide incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives.

Benchmarks (at completion of Grade 4)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Higher prices for a good or service provide incentives for buyers to purchase less of that good or service, and for producers to make or sell more of it. Lower prices for a good or service provide incentives for buyers to purchase more of that good or service, and for producers to make or sell less of it.		X	
Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. An increase in the price of a good or service encourages people to look for substitutes, causing the quantity demanded to decrease, and vice versa. This well-established relationship between price and quantity demanded, known as the law of demand, exists as long as other factors influencing demand do not change.		X	
2. An increase in the price of a good or service encourages producers to supply more, and vice versa. This relationship between price and quantity supplied is normally true as long as other factors influencing costs of production and supply do not change. (NOTE: This is law of supply.)		X	
3. Markets are interrelated; changes in the price of one good or service can lead to changes in prices of many other goods and services.	X		
4. Scarce goods and services are allocated in a market economy through the influence of prices on production and consumption decisions.	X		
Benchmarks (at completion of Grade 12)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Demand for a product changes when there is a change in consumers' incomes, preferences, the prices of related products, or in the number of consumers in a market. (NOTE: These are substitutes and complements.)	X		
2. Supply of a product changes when there are changes in either the prices of the productive resources used to make the product, the technology used to make the product, the profit opportunities available to producers from selling other products, or the number of sellers in a market.	X		
3. Changes in supply or demand cause relative prices to change; in turn, buyers and sellers adjust their purchase and sales decisions.	X		
4. Government-enforced price ceilings set below the market-clearing price and government-enforced price floors set above the market-clearing price distort price signals and incentives to producers and consumers. Price ceilings can cause persistent shortages, while price floors can cause persistent surpluses.	X		

Benchmarks Recommended for Middle School

Standard 9: Competition and Market Structure

Students will understand that competition among sellers usually lowers costs and prices, and encourages producers to produce what consumers are willing and able to buy. Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.

Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
2. Competition among sellers results in lower costs and prices, higher product quality, and/or better customer service. When competition among sellers is limited, sellers have some control over the prices they set.			X
3. Competition among buyers of a product results in higher product prices.			X
4. Monopoly is a market with a single supplier of a good or services. (New)	X	X	
Benchmarks (at completion of Grade 12)	Introduced at MS	Reinforced at MS	Mastered at MS
1. The pursuit of self-interest in competitive markets usually leads to choices and behavior that also promote the national level of well-being.	X		
5. The introduction of new products and production methods is an important form of competition and is a source of technological progress and economic growth.			X

Standard 10: Institutions

Students will understand that institutions evolve and are created to help individuals and groups accomplish their goals. Banks, labor unions, markets, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and enforced property rights, is essential to a market economy.

Benchmarks (at completion of Grade 4)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest.			X
2. Saving is the part of income not spent on taxes or consumption. (Adding taxes and consumption moves this from I:2 to I:5.)		X	X
Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. The household is an important institution in which consumption and production take place.	X		
2. Banks and other financial institutions channel funds from savers to borrowers and investors.			X
3. Labor unions have influenced laws created in market economies and, through the process of collective bargaining with employers, labor unions represent some workers in negotiations involving wages, fringe benefits, and work rules.	X		
Benchmarks (at completion of Grade 12)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Property rights, contract enforcement, standards for weights and measures, and liability rules affect incentives for people to produce and exchange goods and services.	X		

Benchmarks Recommended for Middle School

Standard 11: Money and Inflation

Students will understand that money makes it easier to trade, borrow, save, invest, and compare the value of goods and services. The amount of money in the economy affects the overall price level. Inflation is an increase in the overall price level that reduces the value of money.

Benchmarks (at completion of Grade 4)	Introduced at MS	Reinforced at MS	Mastered at MS
5. Inflation is an increase in most prices; deflation is a decrease in most prices.	X		
Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
3. Money encourages specialization by decreasing the costs of exchange.	X		
4. Inflation reduces the value of money.	X		
5. Fiat money is money the government decrees will be accepted in exchange for goods and service. (New)		X	X
Benchmarks (at completion of Grade 12)	Introduced at MS	Reinforced at MS	Mastered at MS
1. The basic money supply in the United States consists of currency, coins, and checking account deposits.	X		
2. In many economies, when banks make loans, the money supply increases; when loans are paid off, the money supply decreases.	X		
3. The consumer price index (CPI) is the most commonly used measure of price-level changes. it can be used to compare the price level in one year with price levels in earlier or later periods.	X		
4. The annual inflation rate is the percentage change in the average prices of goods and services over a twelve month period.	X		

Standard 12: Interest Rates

Students will understand that interest rates, adjusted for inflation, rise and fall to balance the amount saved with the amount borrowed, which affects the allocation of scarce resources between present and future uses.

Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. An interest rate is a price of money that is borrowed or saved.		X	X
Benchmarks (at completion of Grade 12)	Introduced at MS	Reinforced at MS	Mastered at MS
4. Riskier loans command higher interest rates than safer loans because of the greater chance of default on the repayment of a risky loan.	X		

Benchmarks Recommended for Middle School

Standard 13: Income

Students will understand that income for most people is determined by the market value of the productive resources they sell. What workers earn primarily depends on the market value of what they produce.

Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Employers are willing to pay wages and salaries to workers because they expect to be able to sell the goods and services that those workers produce at prices high enough to cover the wages and salaries and all other costs of production.			X
2. To earn income people sell productive resources. These include their labor, capital, natural resources, and entrepreneurial talents.			X
3. A wage or salary is the price of labor; it usually is determined by the supply of and demand for labor.		X	
4. More productive workers are likely to be of greater value to employers and earn higher wages than less productive workers.	X	X	
5. Peoples' incomes, in part, reflect choices they have made about education, training, skill development, and careers. People with few skills are more likely to be poor.		X	X
Benchmarks (at completion of Grade 12)	Introduced at MS	Reinforced at MS	Mastered at MS
2. In a labor market, in the absence of other changes, a higher wage increases the reward for work and reduces the willingness of employers to hire workers.	X		

Standard 14: Entrepreneurship

Students will understand that entrepreneurs take on the calculated risk of starting new businesses, either by embarking on new ventures similar to existing one or by introducing new innovations. Entrepreneurial innovation is an important source of economic growth.

Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Entrepreneurs compare the expected benefits of entering a new enterprise with the expected costs.	X	X	X
2. Entrepreneurs organize resources to produce goods and services because they expect to earn profits.			X
5. In addition to profits, entrepreneurs respond to other incentives, including the opportunity to be their own boss, the chance to achieve recognition, and the satisfaction of creating new products or improving existing ones. In addition to financial losses, other disincentives to which entrepreneurs respond include the responsibility, long hours, and stress of running a business.			X
Benchmarks (at completion of Grade 12)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Entrepreneurial decisions affect job opportunities.	X	X	X
2. Entrepreneurial decisions are influenced by tax, regulatory, education, and research support policies.	X		

Benchmarks Recommended for Middle School

Standard 15: Economic Growth

Students will understand that investment in factories, machinery, new technology, and in the health, education, and training of people stimulates economic growth and can raise future standards of living.

Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Standards of living increase as the productivity of labor improves.	X		
2. Productivity is measured by dividing output (goods and services) by the number of inputs used to produce the output. A change in productivity is a change in output relative to input.			X
3. Technological change results from an advance in knowledge leading to new and improved goods and services and better ways of producing them.			X
4. Increases in productivity can result from advances in technology or increases in physical or human capital.			X
Benchmarks (at completion of Grade 12)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Economic growth is a sustained rise in a nation's production of goods and services. Long term growth in output results from improvements in labor productivity and increases in employment. It varies across countries because of differences in investments in human and physical capital, research and development, technological change, and from alternative institutional arrangements and incentives.	X		

Standard 16: Role of Government and Market Failure

Students will understand that there is an economic role for government in a market economy whenever the benefits of a government policy outweigh its costs. Governments often provide for national defense, address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Most government policies also have direct or indirect effects on people's incomes.

Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Public goods and services provide benefits to more than one person at a time, and their use cannot be restricted to only those people who have paid to use them.	X	X	X
2. If a good or service cannot be withheld from those who do not pay for it, producers expect to be unable to sell it and, therefore, will not produce it. Governments provide some of these goods and services.	X	X	X
3. Most federal government tax revenue comes from personal income and payroll taxes. Payments to Social Security recipients, the costs of national defense and homeland security, medical expenditures (such as Medicare), transfers to state and local governments, and interest payments on the national debt constitute the bulk of federal government spending.	X	X	X
4. Most state and local government revenues come from sales taxes, grants from the federal government, personal income taxes, and property taxes. The bulk of state and local government revenue is spent for education, public welfare (including hospitals and health), road construction and repair, and public safety.	X	X	X
Continued on next page			

Benchmarks Recommended for Middle School

Standard 16: Role of Government and Market Failure, continued

Benchmarks (at completion of Grade 12)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Markets do not allocate resources efficiently if: (1) property rights are not clearly defined or enforced; (2) externalities (spillover effects) affecting large numbers of people are associated with the production or consumption of a product; or (3) markets are not competitive.	X		
2. An important role for government in the economy is to define, establish, and enforce property rights. A property right to a good or service includes the right to exclude others from using the good or service and the right to transfer the ownership or use of the resource to others.	X		
4. Externalities exist when some of the costs or benefits associated with production and consumption fall on someone other than the producers or consumers of the product.	X		
6. In the United States, the federal government enforces antitrust laws and regulations to try to maintain effective levels of competition; however, laws and regulations can also have unintended effects of reducing competition.	X		

Standard 17: Government Failure

Students will understand that costs of government policies sometimes exceed benefits. This may occur because of incentives facing voters, government officials, and government employees, because of actions by special interest groups that can impose costs on the general public, or because social goals other than economic efficiency are being pursued.

Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Citizens, government employees, and elected officials do not always directly bear the costs of their political decisions. This often leads to policies whose costs outweigh their benefits for society.	X		
2. Incentives exist for political leaders to favor pro-grams that entail immediate benefits and deferred costs.	X		
Benchmarks (at completion of Grade 12)	Introduced at MS	Reinforced at MS	Mastered at MS
2. Incentives exist for political leaders to implement policies that disperse costs widely over large groups of people and benefit small, and politically powerful groups of people.	X		
3. Although barriers to international trade usually impose higher costs than benefits, they are often advocated by people and groups who expect to gain substantially from them. Because the costs of these barriers are typically spread over a large number of people who each pay only a little and may not recognize the cost, policies supporting trade barriers are often adopted through the political process.	X		

Benchmarks Recommended for Middle School

Standard 18: Economic Fluctuations

Students will understand that fluctuations in a nation's overall levels of income, employment, and prices are determined by the interaction of spending and production decisions made by all households, firms, government agencies and others in the economy. Recessions occur when overall levels of income and employment decline.

Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. GDP is a basic measure of a nation's economic output and income. It is the total market value, measured in dollars, of all final goods and services produced in the economy in one year.	X	X	
2. GDP can be computed by summing household consumption spending, investment expenditures, purchases by federal, state, and local governments, and net exports.	X	X	
3. Net exports equal the value of exports (goods and services sold to other countries) minus the value of imports (goods and services bought from other countries). Net exports can be either positive (trade surplus) or negative (trade deficit).	X		
4. GDP per capita is GDP divided by the population of a country.	X	X	X
5. When consumers make purchases, goods and services are transferred from businesses to households in exchange for money payments. That money is used by businesses to pay for productive resources (natural, human, and capital). Governments also provide goods and services that are paid for with tax receipts.	X		
6. One person's spending is other people's income. Consequently, an initial change in spending (consumption, investment, government, or net exports) usually results in a larger change in national levels of income, spending, and output.	X		
7. A recession occurs when overall levels of income and employment decline.	X		

Standard 19: Unemployment and Inflation

Students will understand that unemployment imposes costs on individuals and the overall economy. Inflation, both expected and unexpected, also impose costs on individuals and the overall economy. Unemployment increases during recessions and decreases during recoveries.

Benchmarks (at completion of Grade 4)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Unemployment exists when adults can't find jobs.	X		
Benchmarks (at completion of Grade 8)	Introduced at MS	Reinforced at MS	Mastered at MS
1. To be counted as unemployed, a person must be in the labor force. The labor force consists of people age 16 and over who are employed or actively seeking work. Thus the labor force is the sum of total employment and total unemployment.	X		
2. When people's incomes increase more slowly than the inflation rate, their purchasing power declines.	X		
3. The unemployment rate is the percentage of the labor force that is willing and able to work, does not currently have a job, and is actively looking for work.	X		

Benchmarks Recommended for Middle School

Standard 20: Fiscal and Monetary Policy

Students will understand that Federal government budgetary policy and the Federal Reserve System's monetary policy influence the overall levels of employment, output, and prices.

Benchmarks (at completion of Grade 12)	Introduced at MS	Reinforced at MS	Mastered at MS
1. Fiscal policies are decisions to change spending and taxation levels by the federal government. As fiscal policies, these decisions are adopted to influence national levels of output, employment, and prices.	X		
4. The federal government's annual budget is balanced when its revenues from taxes (and other sources) equal its expenditures. The government runs a budget deficit when its expenditures exceed its revenues. The government runs a surplus when its revenues exceed its expenditures.	X		
5. When the government runs a budget deficit, it must borrow to finance that deficit.	X		
6. The national debt is the accumulated sum of all its past annual deficits and surpluses.	X		
10. The Federal Reserve tends to increase interest rate targets when it feels the economy is growing too rapidly and/or the inflation rate is accelerating. It tends to lower rate targets when it wants to stimulate the short-term growth of the economy.	X		

Benchmarks Recommended for High School

Standard 1: Scarcity

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

Benchmarks (at completion of Grade 4)	Introduced at HS	Reinforced at HS	Mastered at HS
5. The opportunity cost of an activity is the value of the best alternative that would have been chosen instead. It includes what would have been done with the money spent and the time and other resources used in undertaking the activity.			X
Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
3. The choices people make have both present and future consequences.		X	X
Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Choices made by individuals, firms, or government officials are constrained by the resources to which they have access.			X
2. Choices made by individuals, firms, or government officials often have long run unintended consequences that can partially or entirely offset or supplement the initial effects of the decision.	X	X	X

Standard 2: Decision Making

Students will understand that effective decision making requires comparing the additional costs of alternatives with the additional benefits. Many choices involve doing a little more or a little less of something; few choices are "all or nothing" decisions.

Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
1. To determine the best level of consumption of a product, people must compare the additional benefits with the additional costs of consuming a little more or a little less.		X	X
2. Marginal benefit is the change in total benefit resulting from an action. Marginal cost is the change in total cost resulting from an action.		X	X
3. As long as the marginal benefit of an activity exceeds the marginal cost, people are better off doing more of it; if the marginal cost exceeds the marginal benefit, they are better off doing less of it.		X	X
4. Many people have a tendency to be impatient, choosing immediate consumption over saving for the future. (BE)		X	X
Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. To produce the profit-maximizing level of output and hire the optimal number of workers, and other resources, producers must compare the marginal benefits and marginal costs of producing a little more with the marginal benefits and marginal costs of producing a little less.	X	X	X
2. To determine the optimal level of a public policy program, voters and government officials must compare the marginal benefits and marginal costs of providing a little more or a little less of the program's services.	X	X	X
3. To compare marginal benefits with marginal costs that are realized at different times, benefits and costs must be adjusted to reflect their values at the time a decision is made about them. The adjustment reflects expected returns to investment compounded over time.	X	X	X
4. Costs that have already been incurred and benefits that have already been received are sunk and irrelevant for decisions about the future.	X	X	X
5. People sometimes fail to treat gains and losses equally, placing extra emphasis on losses. (BE)	X	X	X

Continued on next page

Benchmarks Recommended for High School

Standard 2: Decision Making, continued

Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
6. Some decisions involve taking risks in that either the benefits or the costs could be uncertain. Risk taking carries a cost. When risk is present, the costs should be treated as higher than when risk is not present.	X	X	X
7. Risk can be reduced by diversification. (PF)	X	X	X

Standard 3: Allocation (Economic Systems)

Students will understand that different methods can be used to allocate goods and services. People acting individually or collectively must choose which methods to use to allocate different kinds of goods and services.

Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
4. National economies vary in the extent to which they rely on government directives (central planning) and signals (prices) from private markets to allocate scarce goods, services, and productive resources.		X	X
Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
2. Changing the distribution of income or wealth will cause the allocation of resources to change.		X	X

Standard 4: Incentives

Students will understand that people usually respond predictably to positive and negative incentives.

Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Responses to incentives are usually predictable because people normally pursue their self-interest or deviate from their self-interest in consistent ways.		X	X
2. Changes in incentives usually cause people to change their behavior in predictable ways.		X	X
3. Incentives can be monetary or non-monetary, or both.			X
Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Acting as consumers, producers, workers, savers, investors, and citizens, people respond to incentives in order to allocate their scarce resources in ways that provide them the highest possible net benefits.		X	X
2. Decision-making in small and large firms, labor unions, educational institutions, and not-for-profit organizations has different goals and faces different rules and constraints. These goals, rules, and constraints influence the benefits and costs of those who work with or for those organizations, and, therefore, their behavior.	X	X	X
3. People tend to respond to fair treatment with fair treatment, and to unfair treatment with retaliation, even when such reactions may not maximize their material wealth. (BE)		X	X

Benchmarks Recommended for High School

Standard 5: Trade

Students will understand that voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and among individuals or organizations in different nations.

Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
3. The gains from free trade are not distributed equally, and some individuals or groups may lose more than they gain when trade barriers are reduced.		X	X
4. Despite the mutual benefits from trade among people in different countries, many nations employ trade barriers to restrict free trade for national defense reasons, to protect key industries, or because some companies and workers are hurt by free trade.		X	X
Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Imports are paid for by exports, savings or borrowing. (AP)	X	X	X
2. When imports are restricted by public policies, consumers pay higher prices and job opportunities and profits in exporting firms may decrease.		X	X

Standard 6: Specialization

Students will understand that when individuals, regions, and nations specialize in what they can produce at the lowest cost and then trade with others, both production and consumption increase.

Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
2. Like trade among individuals within one country, international trade promotes specialization and division of labor and increases the productivity of labor, output and consumption.		X	X
3. As a result of growing international economic interdependence, economic conditions and policies in one nation increasingly affect economic conditions and policies in other nations.	X	X	X
Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Individuals and nations have a comparative advantage in the production of goods or services if they can produce a product at a lower opportunity cost than other individuals or nations.	X	X	X
2. International trade stems mainly from factors that confer comparative advantage, including international differences in the availability of productive resources and differences in relative prices.	X	X	X
3. Transaction costs are costs (not to be confused with the price of the good or service) that are associated with the purchase of a good or service, such as the cost of locating buyers or sellers, negotiating the terms of an exchange, and insuring that the exchange occurs on the agreed upon terms. When transaction costs decrease, trade increases. (AP)	X	X	X
4. The goods or services that an individual, region, or nation can produce at lowest opportunity cost depend on many factors (which may vary over time), including available resources, technology, and political and economic institutions.	X	X	X

Benchmarks Recommended for High School

Standard 7: Markets and Prices

Students will understand that a market exists when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.

Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Market prices are determined through the buying and selling decisions made by buyers and sellers.			X
2. The term 'relative price' refers to the price of one good or service compared to the prices of other goods and services. Relative prices are the basic measures of the relative scarcity of products when prices are set by market forces (supply and demand).	X	X	X
5. An exchange rate is the price of one nation's currency in terms of another nation's currency. Like other prices, exchange rates are determined by the forces of supply and demand. Foreign exchange markets allocate international currencies. (AP – sentences 2 and 3)	X	X	X
Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Market outcomes depend on the resources available to buyers and sellers, and on government policies.	X	X	X
2. A shortage occurs when buyers want to purchase more than producers want to sell at the prevailing price.		X	X
3. A surplus occurs when producers want to sell more than buyers want to purchase at the prevailing price.		X	X
4. Shortages of a product usually result in price increases in a market economy; surpluses usually result in price decreases.		X	X
5. When the exchange rate between two currencies changes, the relative prices of the goods and services traded among countries using those currencies change; as a result, some groups gain and others lose. (AP)	X	X	X

Standard 8: Role of Prices

Students will understand that prices send signals and provide incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives.

Benchmarks (at completion of Grade 4)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Higher prices for a good or service provide incentives for buyers to purchase less of that good or service, and for producers to make or sell more of it. Lower prices for a good or service provide incentives for buyers to purchase more of that good or service, and for producers to make or sell less of it.			X
Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
1. An increase in the price of a good or service encourages people to look for substitutes, causing the quantity demanded to decrease, and vice versa. This well-established relationship between price and quantity demanded, known as the law of demand, exists as long as other factors influencing demand do not change.			X
2. An increase in the price of a good or service encourages producers to supply more, and vice versa. This relationship between price and quantity supplied is normally true as long as other factors influencing costs of production and supply do not change. (NOTE: This is law of supply.)			X
3. Markets are interrelated; changes in the price of one good or service can lead to changes in prices of many other goods and services.		X	X
Continued on next page			

Benchmarks Recommended for High School

Standard 8: Role of Prices, continued

Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
4. Scarce goods and services are allocated in a market economy through the influence of prices on production and consumption decisions.		X	X
Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Demand for a product changes when there is a change in consumers' incomes, preferences, the prices of related products, or in the number of consumers in a market. (NOTE: These are substitutes and complements.)		X	X
2. Supply of a product changes when there are changes in either the prices of the productive resources used to make the product, the technology used to make the product, the profit opportunities available to producers from selling other products, or the number of sellers in a market.		X	X
3. Changes in supply or demand cause relative prices to change; in turn, buyers and sellers adjust their purchase and sales decisions.		X	X
4. Government-enforced price ceilings set below the market-clearing price and government-enforced price floors set above the market-clearing price distort price signals and incentives to producers and consumers. Price ceilings can cause persistent shortages, while price floors can cause persistent surpluses.		X	X

Standard 9: Competition and Market Structure

Students will understand that competition among sellers usually lowers costs and prices, and encourages producers to produce what consumers are willing and able to buy. Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.

Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
4. Monopoly is a market with a single supplier of a good or services. (New)			X
Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. The pursuit of self-interest in competitive markets usually leads to choices and behavior that also promote the national level of well-being.		X	X
2. The level of competition in an industry is affected by the ease with which new producers can enter the industry, and by consumers' information about the availability, price and quantity of substitute goods and services.	X	X	X
3. Some market structures are dominated by large firms, often competing against only a few other firms. Prices in such markets may be higher than they would be in more competitive markets.	X	X	X
4. Collusion among buyers or sellers reduces the level of competition in a market. Collusion is more difficult in markets with large numbers of buyers and sellers.	X	X	X
6. Monopolistic competition is a market with many buyers and sellers who produce similar, but not identical, products. Prices in such markets may be higher than they would be in more competitive markets. (New)			X
7. In a monopoly prices are often high and output lower than in more competitive markets. Usually the outcome is less efficient. (New)	X	X	X
8. Perfect competition is a market with many buyers and sellers of an identical product. Because of high levels of competition, this market structure usually results in the most efficient outcome (lowers prices, highest outputs). (New)	X	X	X

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Benchmarks Recommended for High School

Standard 9: Competition and Market Structure, continued

Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
9. Some market structures are dominated by large firms (oligopoly), competing against only a few other firms. Prices in such markets may be higher than they would be in more competitive markets. (New)	X	X	X
10. When competition among sellers is limited, sellers have some control over prices. (New)	X	X	X
11. To determine the best level of consumption of a product, people must compare the additional benefits with the additional costs of consuming a little more or a little less. (New)	X	X	X
12. As long as the marginal benefit of an activity exceeds the marginal cost, people are better off doing more of it; if the marginal cost exceeds the marginal benefit, they are better off doing less of it. (New)	X	X	X
13. To produce the profit-maximizing level of output and hire the optimal number of workers, and other resources, producers must compare the marginal benefits and marginal costs of producing a little more with the marginal benefits and marginal costs of producing a little less. (New)	X	X	X

Standard 10: Institutions

Students will understand that institutions evolve and are created to help individuals and groups accomplish their goals. Banks, labor unions, markets, corporations, legal systems, and not-for-profit organizations are examples of important institutions. A different kind of institution, clearly defined and enforced property rights, is essential to a market economy.

Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
1. The household is an important institution in which consumption and production take place.		X	X
3. Labor unions have influenced laws created in market economies and, through the process of collective bargaining with employers, labor unions represent some workers in negotiations involving wages, fringe benefits, and work rules.		X	X
4. Not-for-profit organizations are established primarily for religious, health, educational, civic, or social purposes and are exempt from certain taxes.	X	X	X
Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Property rights, contract enforcement, standards for weights and measures, and liability rules affect incentives for people to produce and exchange goods and services.		X	X
2. Incorporation allows firms to accumulate sufficient financial capital to make large-scale investments and achieve economies of scale. Incorporation also reduces the risk to investors by limiting stockholders' liability to their share of ownership of the corporation. (NOTE: We think sole Proprietorship and Partnership should be covered in this standard.)	X	X	X

Standard 11: Money and Inflation

Students will understand that money makes it easier to trade, borrow, save, invest, and compare the value of goods and services. The amount of money in the economy affects the overall price level. Inflation is an increase in the overall price level that reduces the value of money.

Benchmarks (at completion of Grade 4)	Introduced at HS	Reinforced at HS	Mastered at HS
5. Inflation is an increase in most prices; deflation is a decrease in most prices.		X	X
Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
3. Money encourages specialization by decreasing the costs of exchange.		X	X
4. Inflation reduces the value of money.		X	X
Continued on next page			

Benchmarks Recommended for High School

Standard 11: Money and Inflation, continued

Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. The basic money supply in the United States consists of currency, coins, and checking account deposits.		X	X
2. In many economies, when banks make loans, the money supply increases; when loans are paid off, the money supply decreases.		X	X
3. The consumer price index (CPI) is the most commonly used measure of price-level changes. It can be used to compare the price level in one year with price levels in earlier or later periods.		X	X
4. The annual inflation rate is the percentage change in the average prices of goods and services over a twelve month period.		X	X
5. In the long-run, inflation results from increases in a nation's money supply that exceed increases in its output of goods and services. (AP)	X	X	X

Standard 12: Interest Rates

Students will understand that interest rates, adjusted for inflation, rise and fall to balance the amount saved with the amount borrowed, which affects the allocation of scarce resources between present and future uses.

Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
2. Like other prices, interest rates are determined by the forces of supply and demand. (NOTE: This may be AP.)	X	X	X
Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. The real interest rate is the nominal or current market interest rate minus the rate of inflation.	X	X	X
2. Higher real interest rates increase the rewards for saving and make borrowing more expensive.	X	X	X
3. Real interest rates normally are positive because people must be compensated for deferring the use of resources from the present into the future.	X	X	X
4. Riskier loans command higher interest rates than safer loans because of the greater chance of default on the repayment of a risky loan.	X	X	X
5. Higher real interest rates reduce business investment spending and consumer spending on housing, cars, and other major purchases.	X	X	X
6. Real interest rates rise and fall to balance the amount saved with the amount borrowed. This affects the allocation of scarce resources between present and future uses.	X	X	X
7. Expectations of increased inflation may lead to higher interest rates.	X	X	X
8. Future values can be converted to present values by discounting the future value based on the rate of interest. (AP)	X	X	X

Standard 13: Income

Students will understand that income for most people is determined by the market value of the productive resources they sell. What workers earn primarily depends on the market value of what they produce.

Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
3. A wage or salary is the price of labor; it usually is determined by the supply of and demand for labor.			X
4. More productive workers are likely to be of greater value to employers and earn higher wages than less productive workers.			X

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Benchmarks Recommended for High School

Standard 13: Income, continued

Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Changes in the structure of the economy, including technology, government policies, the extent of collective bargaining and discrimination, can influence personal income.	X	X	X
2. In a labor market, in the absence of other changes, a higher wage increases the reward for work and reduces the willingness of employers to hire workers.		X	X
3. The hope of achieving wealth can affect productivity by energizing people to work harder, while the hopelessness of escaping poverty can discourage people from trying.	X	X	X
4. Changes in the prices of productive resources affect the incomes of the owners of those productive resources and the combination of those resources used by firms.	X	X	X
5. Changes in demand for specific goods and services often, in the short run, affect the incomes of the workers who make those goods and services.	X	X	X

Standard 14: Entrepreneurship

Students will understand that entrepreneurs take on the calculated risk of starting new businesses, either by embarking on new ventures similar to existing one or by introducing new innovations. Entrepreneurial innovation is an important source of economic growth.

Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
2. Entrepreneurial decisions are influenced by tax, regulatory, education, and research support policies.		X	X
3. Productivity and efficiency gains that result from innovative practices of entrepreneurs foster long term economic growth.	X	X	X

Standard 15: Economic Growth

Students will understand that investment in factories, machinery, new technology, and in the health, education, and training of people stimulates economic growth and can raise future standards of living.

Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Standards of living increase as the productivity of labor improves.		X	X
Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Economic growth is a sustained rise in a nation's production of goods and services. Long term growth in output results from improvements in labor productivity and increases in employment. It varies across countries because of differences in investments in human and physical capital, research and development, technological change, and from alternative institutional arrangements and incentives.		X	X
2. Historically, economic growth that raises per capita output has been a vehicle for alleviating poverty and raising standards of living.	X	X	X
3. Investing in new physical or human capital can increase future productivity and consumption, but such investments require the sacrifice of current consumption and entail economic risks. (NOTE: Parts are AP)	X	X	X
4. Lower interest rates encourage investment.	X	X	X
5. The rate of productivity increase in an economy is strongly affected by the incentives that reward successful innovation and investments (in research and development, and in physical and human capital).	X	X	X

Benchmarks Recommended for High School

Standard 16: Role of Government and Market Failure

Students will understand that there is an economic role for government in a market economy whenever the benefits of a government policy outweigh its costs. Governments often provide for national defense, address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Most government policies also have direct or indirect effects on people's incomes.

Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Markets do not allocate resources efficiently if: (1) property rights are not clearly defined or enforced; (2) externalities (spillover effects) affecting large numbers of people are associated with the production or consumption of a product; or (3) markets are not competitive.		X	X
2. An important role for government in the economy is to define, establish, and enforce property rights. A property right to a good or service includes the right to exclude others from using the good or service and the right to transfer the ownership or use of the resource to others.		X	X
3. Property rights provide incentives for the owners of resources to weigh the value of present uses against the value of conserving the resources for future use.	X	X	X
4. Externalities exist when some of the costs or benefits associated with production and consumption fall on someone other than the producers or consumers of the product.		X	X
5. When a price fails to reflect all the benefits of a product, too little of the product is produced and consumed. When a price fails to reflect all the costs of a product, too much of it is produced and consumed. Government can use subsidies to help correct for insufficient output; it can use taxes to help correct for excessive output; or it can regulate output directly to correct for over- or under-production or consumption of a product.	X	X	X
6. In the United States, the federal government enforces antitrust laws and regulations to try to maintain effective levels of competition; however, laws and regulations can also have unintended effects of reducing competition.		X	X
7. When one producer can supply total output in a market at a cost that is lower than when there are two or more producers, competition may be undesirable. In the absence of competition, government regulations may then be used to try to control price, output, and quality, or government may directly provide the good or service.	X	X	X
8. Government laws establish the rules and institutions in which markets operate. These include such things as property rights, collective bargaining rules, laws about discrimination, and laws regulating marriage and family life.	X	X	X
9. Governments often redistribute income directly when individuals or interest groups are not satisfied with the income distribution resulting from markets; governments also redistribute income indirectly as side-effects of other government actions that affect prices or output levels for various goods and services.	X	X	X
10. Different tax structures affect consumers and producers differently.	X	X	X
11. Governments provide an alternative to private markets for supplying goods and services when it appears that the benefits to society of doing so outweigh the costs to society. Not all individuals will bear the same costs or share the same benefits of those policies.	X	X	X

Benchmarks Recommended for High School

Standard 17: Government Failure

Students will understand that costs of government policies sometimes exceed benefits. This may occur because of incentives facing voters, government officials, and government employees, because of actions by special interest groups that can impose costs on the general public, or because social goals other than economic efficiency are being pursued.

Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Citizens, government employees, and elected officials do not always directly bear the costs of their political decisions. This often leads to policies whose costs outweigh their benefits for society.		X	X
2. Incentives exist for political leaders to favor pro-grams that entail immediate benefits and deferred costs.		X	X
Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. A government policy to correct a market imperfection is not justified economically if the cost of implementing it exceeds its expected benefits.	X	X	X
2. Incentives exist for political leaders to implement policies that disperse costs widely over large groups of people and benefit small, and politically powerful groups of people.		X	X
3. Although barriers to international trade usually impose higher costs than benefits, they are often advocated by people and groups who expect to gain substantially from them. Because the costs of these barriers are typically spread over a large number of people who each pay only a little and may not recognize the cost, policies supporting trade barriers are often adopted through the political process.		X	X
4. Price controls, occupational licensing, and reductions in antitrust enforcement are often advocated by special interest groups. Price controls can reduce the quantity of goods and services produced, thus depriving consumers of some goods and services whose value would exceed their cost.	X	X	X

Standard 18: Economic Fluctuations

Students will understand that fluctuations in a nation's overall levels of income, employment, and prices are determined by the interaction of spending and production decisions made by all households, firms, government agencies and others in the economy. Recessions occur when overall levels of income and employment decline.

Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
1. GDP is a basic measure of a nation's economic output and income. It is the total market value, measured in dollars, of all final goods and services produced in the economy in one year.			X
2. GDP can be computed by summing household consumption spending, investment expenditures, purchases by federal, state, and local governments, and net exports.			X
3. Net exports equal the value of exports (goods and services sold to other countries) minus the value of imports (goods and services bought from other countries). Net exports can be either positive (trade surplus) or negative (trade deficit).		X	X
5. When consumers make purchases, goods and services are transferred from businesses to households in exchange for money payments. That money is used by businesses to pay for productive resources (natural, human, and capital). Governments also provide goods and services that are paid for with tax receipts.		X	X
6. One person's spending is other people's income. Consequently, an initial change in spending (consumption, investment, government, or net exports) usually results in a larger change in national levels of income, spending, and output.		X	X
7. A recession occurs when overall levels of income and employment decline.		X	X
Continued on next page			

Benchmarks Recommended for High School

Standard 18: Economic Fluctuations, continued

Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. An increase in nominal GDP may reflect increases in the production of goods and services and also increases in prices. GDP adjusted for price changes is "real GDP." real GDP per capita is a basis for comparing material living standards over time and among different countries.	X	X	X
2. The potential level of real GDP for a nation is determined by such things as the size and skills of its labor force, the size and quality of its stock of capital goods, the quantity and quality of its natural resources, its technological capabilities, and its legal and cultural institutions.	X	X	X
3. A business cycle involves fluctuations of real GDP around its potential level.	X	X	X
4. Fluctuations of real GDP around its potential level occur when overall spending declines, as in a recession, or when overall spending increases rapidly, as in recovery from a recession or in an expansion.	X	X	X
5. When real GDP rises above its potential, there is a tendency for inflation to rise. When real GDP is below its potential (as in a recession), there is a tendency for inflation to fall.	X	X	X

Standard 19: Unemployment and Inflation

Students will understand that unemployment imposes costs on individuals and the overall economy. Inflation, both expected and unexpected, also impose costs on individuals and the overall economy. Unemployment increases during recessions and decreases during recoveries.

Benchmarks (at completion of Grade 4)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Unemployment exists when adults can't find jobs.		X	X
Benchmarks (at completion of Grade 8)	Introduced at HS	Reinforced at HS	Mastered at HS
1. To be counted as unemployed, a person must be in the labor force. The labor force consists of people age 16 and over who are employed or actively seeking work. Thus the labor force is the sum of total employment and total unemployment.		X	X
2. When people's incomes increase more slowly than the inflation rate, their purchasing power declines.		X	X
3. The unemployment rate is the percentage of the labor force that is willing and able to work, does not currently have a job, and is actively looking for work.		X	X
Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. The unemployment rate is an imperfect measure of unemployment because, among other reasons, it does not: (1) include workers whose job prospects are so poor that they become discouraged from seeking jobs and leave the labor force, and (2) reflect part-time workers who are looking for full-time work.	X	X	X
2. Unemployment rates differ for people of different ages, races, and sexes. This reflects differences in work experience, education, training, and skills, as well as discrimination.	X	X	X
3. Unemployment can be caused by people changing jobs, by seasonal fluctuations in demand, by changes in the skills needed by employers, or by cyclical fluctuations in the level of national spending.	X	X	X
4. Some people are unemployed even when the economy is said to be functioning at full employment.	X	X	X
5. Changes in total employment are an important indicator of economic performance and influence levels of real GDP.	X	X	X
Continued on next page			

Benchmarks Recommended for High School

Standard 19: Unemployment and Inflation, continued

Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
6. Unexpected inflation imposes costs on many people and benefits others because it arbitrarily redistributes purchasing power among different groups of people. Unexpected inflation hurts savers and people on fixed incomes; it helps people who have borrowed money at a fixed rate of interest.	X	X	X
7. Inflation can reduce the rate of growth of national living standards because individuals and organizations use resources to protect themselves against the uncertainty of future prices.	X	X	X

Standard 20: Fiscal and Monetary Policy

Students will understand that Federal government budgetary policy and the Federal Reserve System's monetary policy influence the overall levels of employment, output, and prices.

Benchmarks (at completion of Grade 12)	Introduced at HS	Reinforced at HS	Mastered at HS
1. Fiscal policies are decisions to change spending and taxation levels by the federal government. As fiscal policies, these decisions are adopted to influence national levels of output, employment, and prices.		X	X
2. In the short run, increasing federal spending and/or reducing taxes can promote more employment and output, but these policies also put upward pressure on the price level and interest rates. Decreased federal spending and/or increased taxes tend to lower price levels and interest rates, but they reduce employment and output levels in the short run.	X	X	X
3. Over time, the interest-rate effects of an expansionary fiscal policy may lead to a decrease in private investment spending that offsets the output and employment effects of the policy.	X	X	X
4. The federal government's annual budget is balanced when its revenues from taxes (and other sources) equal its expenditures. The government runs a budget deficit when its expenditures exceed its revenues. The government runs a surplus when its revenues exceed its expenditures.		X	X
5. When the government runs a budget deficit, it must borrow to finance that deficit.		X	X
6. The national debt is the accumulated sum of all its past annual deficits and surpluses.		X	X
7. Monetary policies are decisions by the Federal Reserve System that lead to changes in the supply of money, short term interest rates, and the availability of credit. Changes in the growth rate of the money supply can influence overall levels of spending, employment, and prices in the economy by inducing changes in the levels of personal and business investment spending.	X	X	X
8. The Federal Reserve System's major monetary policy tool is open market purchases or sales of government securities, which affects the money supply and short-term interest rates. Other policy tools used by the Federal Reserve System include making loans to banks (and charging a rate of interest called the discount rate). In emergency situations, the Federal Reserve may make loans to other institutions. The Federal Reserve can also influence monetary conditions by changing depository institutions' reserve requirements.	X	X	X
9. The Federal Reserve targets the level of the federal funds rate, a short-term rate that banks charge one another for the use of excess funds. This target is largely reached by buying and selling existing government securities.	X	X	X
10. The Federal Reserve tends to increase interest rate targets when it feels the economy is growing too rapidly and/or the inflation rate is accelerating. It tends to lower rate targets when it wants to stimulate the short-term growth of the economy.	X	X	X