

National Standards for Social Studies

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[NSS-EC.K-4.1](#) SCARCITY

Productive resources are limited. Therefore, people cannot have all the goods and services they want; as a result, they must choose some things and give up others.

At the completion of Grade 4, students should know the following benchmarks for this standard:

- People make choices because they can't have everything they want. Whenever a choice is made, something is given up.
- Economic wants are desires that can be satisfied by consuming a good, service, or leisure activity.
- Goods are objects that can satisfy people's wants; services are actions that can satisfy people's wants.
- People's choices about what goods and services to buy and consume determine how resources will be used.
- The opportunity cost of a choice is the value of the best alternative given up.
- People who make goods and provide services are called producers. People whose wants are satisfied by using goods and services are called consumers.
- Productive resources are the natural resources, human resources, and capital goods available to make goods and services. Natural resources, such as land, are "gifts of nature;" they are present without human intervention. Human resources are the quantity and quality of human effort directed toward producing goods and services.
- Capital goods are goods that are produced and used to make other goods and services. Human capital refers to the quality of labor resources, which can be improved through investments in education, training, and health.

- Entrepreneurs are people who organize other productive resources to make goods and services.

[\[SOURCE\]](#)

NSS-EC.K-4.2 MARGIN COST/BENEFIT

Different methods can be used to allocate goods and services. People acting individually or collectively through government, must choose which methods to use to allocate different kinds of goods and services.

At the completion of Grade 4, students should know the following benchmarks for this standard:

- No method of distributing goods and services can satisfy all wants.
- 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.

[\[SOURCE\]](#)

NSS-EC.K-4.3 ALLOCATION OF GOODS AND SERVICES

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[\[SOURCE\]](#)

NSS-EC.K-4.4 ROLE OF INCENTIVES

People respond predictably to positive and negative incentives.

At the completion of Grade 4, students should know the following benchmarks for this standard:

- Rewards are positive incentives that make people better off.
- Penalties are negative incentives that make people worse off.
- Both positive and negative incentives affect people's choices and behavior.
- People's views of rewards and penalties differ because people have different values. Therefore, an incentive can influence different individuals in different ways.

[\[SOURCE\]](#)

NSS-EC.K-4.5 GAIN FROM TRADE

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

At the completion of Grade 4, students should know the following benchmarks for this standard:

- Exchange is trading goods and services with people for other goods and services or for money.
- The oldest form of exchange is barter the direct trading of goods and services between people.
- People voluntarily exchange goods and services because they expect to be better off after the exchange.

[\[SOURCE\]](#)

NSS-EC.K-4.6 SPECIALIZATION AND TRADE

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.

At the completion of Grade 4, students should know the following benchmarks for this standard:

- Economic specialization occurs when people concentrate their production on fewer kinds of goods and services than they consume.
- Division of labor occurs when the production of a good is broken down into numerous separate tasks, with different workers performing each task.
- Specialization and division of labor usually increase the productivity of workers.
- Greater specialization leads to increasing interdependence among producers and consumers.

[\[SOURCE\]](#)

NSS-EC.K-4.7 MARKETS -- PRICE AND QUANTITY DETERMINATION

Markets exist when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.

At the completion of Grade 4, students should know the following benchmarks for this standard:

- A price is what people pay when they buy a good or service, and what they receive when they sell a good or service.

- A market exists whenever buyers and sellers exchange goods and services.
- Most people produce and consume. As producers they make goods and services; as consumers they use goods and services.

[\[SOURCE\]](#)

NSS-EC.K-4.8 ROLE OF PRICE IN MARKET SYSTEM

Prices send signals and provide incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives.

At the completion of Grade 4, students should know the following benchmarks for this standard:

- High 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.

[\[SOURCE\]](#)

NSS-EC.K-4.9 ROLE OF COMPETITION

Competition among sellers lowers costs and prices, and encourages producers to produce more of 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.

At the completion of Grade 4, students should know the following benchmarks for this standard:

- Competition takes place when there are many buyers and sellers of similar products.
- Competition among sellers results in lower costs and prices, higher product quality, and better customer service.

[\[SOURCE\]](#)

NSS-EC.K-4.10 ROLE OF MARKET INSTITUTIONS

Institutions evolve in market economies to help individuals and groups accomplish their goals. Banks, labor unions, 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.

At the completion of Grade 4, students should know the following benchmarks for this standard:

- Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest.

- Saving is the part of income not spent on taxes or consumption.

[\[SOURCE\]](#)

NSS-EC.K-4.11 ROLE OF MONEY

Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.

At the completion of Grade 4, students should know the Grade 4 benchmarks for this standard:

- Money is anything widely accepted as final payment for goods and services.
- Money makes trading easier by replacing barter with transactions involving currency, coins, or checks.
- People consume goods and services, not money; money is useful primarily because it can be used to buy goods and services.
- Producers use natural resources, human resources, and capital goods, (not money) to make goods and services.
- Most countries create their own currency for use as money.

[\[SOURCE\]](#)

NSS-EC.K-4.12 ROLE OF INTEREST RATES

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.

There are no Grade 4 benchmarks for this standard.

[\[SOURCE\]](#)

NSS-EC.K-4.13 ROLE OF RESOURCES IN DETERMINING INCOME

Income for most people is determined by the market value of the productive resources they sell. What workers earn depends, primarily, on the market value of what they produce and how productive they are.

At the completion of Grade 4, students should know the following benchmarks for this standard:

- Labor is a human resource that is used to produce goods and services.
- People can earn income by exchanging their human resources (physical or mental work) for wages or salaries.

[\[SOURCE\]](#)

NSS-EC.K-4.14 PROFIT AND THE ENTREPRENEUR

Entrepreneurs are people who take the risks of organizing productive resources to make goods and services. Profit is an important incentive that leads entrepreneurs to accept the risks of business failure.

At the completion of Grade 4, students should know the following benchmarks for this standard:

- 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.
- An invention is a new product. Innovation is the introduction of an invention into a use that has economic value.
- Entrepreneurs often are innovative. They attempt to solve problems by developing and marketing new or improved products.

[\[SOURCE\]](#)

NSS-EC.K-4.15 GROWTH

Investment in factories, machinery, new technology, and in the health, education, and training of people can raise future standards of living.

At the completion of Grade 4, students should know the following benchmarks for this standard:

- When workers learn and practice new skills they are improving their human capital.
- Workers can improve their productivity by improving their human capital.
- Workers can improve their productivity by using physical capital such as tools and machinery.

[\[SOURCE\]](#)

NSS-EC.K-4.16 ROLE OF GOVERNMENT

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 redistribute income.

At the completion of Grade 4, students should know the following benchmarks for this standard:

- Governments provide certain kinds of goods and services in a market economy.
- Governments pay for the goods and services they use or provide by taxing or borrowing from people.

[\[SOURCE\]](#)

NSS-EC.K-4.17 USING COST/BENEFIT ANALYSIS TO EVALUATE GOVERNMENT PROGRAMS

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.

There are no Grade 4 benchmarks for this standard.

[\[SOURCE\]](#)

NSS-EC.K-4.18 MACROECONOMY-INCOME/EMPLOYMENT, PRICES

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.

There are no Grade 4 benchmarks for this standard.

[\[SOURCE\]](#)

NSS-EC.K-4.19 UNEMPLOYMENT AND INFLATION

Unemployment imposes costs on individuals and nations. Unexpected inflation imposes costs on many people and benefits some others because it arbitrarily redistributes purchasing power. 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.

At the completion of Grade 4, students should know the Grade 4 benchmarks for this standard:

- Inflation is an increase in most prices; deflation is a decrease in most prices.
- Unemployment exists when people who are willing and able to work do not have jobs.

[\[SOURCE\]](#)

NSS-EC.K-4.20 MONETARY AND FISCAL POLICY

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

There are no Grade 4 benchmarks for this standard.

