

ECONOMICS REFERENCE SHEET K-2

Econ Quick Reference Sheet – KINDERGARTEN

Standard/Elements	SSKE1 The student will describe the work that people do (police officer, fire fighter, soldier, mail carrier, baker, farmer, doctor, and teacher).
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COMMENTS on SSKE1

This standard is the first step toward students understanding the need for **specialization** – a term that will show up in later standards and economics courses. In describing this work, teachers may ask students to describe why these jobs are needed or why people choose to do these jobs.

Standard/Elements	SSKE2 The student will explain that people earn income by exchanging their human resources (physical or mental work) for wages or salaries.
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COMMENTS on SSKE2

Building on the first standard, this standard should lead students toward an understanding that people can be paid for their work. Sometimes this work takes physical forms (the mail carrier, fire fighter, soldier, farmer) and sometimes this work takes mental forms (doctor, teacher) etc. Wages are typically seen as short term payments (hourly, daily, or weekly) whereas salaries are typically set for longer time periods (monthly, yearly, multi-yearly).

Standard/Elements	SSKE3 The student will explain how money is used to purchase goods and services. <ol style="list-style-type: none"> a. Distinguish goods from services. b. Identify various forms of U.S. money (coins, currency).
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COMMENTS on SSKE3

In later years, students will learn about the circular flow of money. They get money for their work, and then give this money to a company for a good or service. That company then uses the money to pay a person for their work and the cycle repeats. For now, students should just be concerned with what happens in the product market, that is, the goods and services purchased by consumers and the forms of money that are used to purchase those.

Standard/Elements	SSKE4 The student will explain that people must make choices because they cannot have everything they want.
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COMMENTS on for SSKE4

This is the crux of all future economics the student will learn. Ask your students to do two things at the same time (say the alphabet and count to 10). When they say they can't, ask them why. Eventually you will arrive at the point that given a certain period of time, you can't do everything you want to do so you have to choose which to do. This standard will be expanded on in subsequent social studies strands.

Econ Quick Reference Sheet – FIRST GRADE

Standard/Elements	SS1E1 The student will identify goods that people make and services that people provide for each other.
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COMMENTS on SS1E1

Standards such as this are vague in regards to examples on purpose. The idea here is to build on **SSKE1** as students continue to build towards an understanding of **specialization**.

Standard/Elements	SS1E2 The student will explain that people have to make choices about goods and services because of scarcity.
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COMMENTS on SS1E2

Building on **SSKE4**, students again encounter the sacred economic concept of **scarcity**. Students should be explaining, with slightly higher level examples, why people make choices. This standard should be taught closely with **SS1E4** which deals with the costs and benefits of choices. Teachers may introduce the word **scarcity** to their students at this point as it is a critical term in economic understanding.

Standard/Elements	SS1E3 The student will describe how people are both producers and consumers.
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COMMENTS on SS1E3

In later economics courses, students will be taught about two markets that are constantly at work in an economy: the **product market** and the **resource/factor market**. The product market is where people go to buy goods and services. Supermarkets, Wal-Mart, barber shops, law firms, bakeries, etc are all part of the product market. In the product market, people are consumers and businesses are producers. Think of the resource market as the exact opposite. In the resource market (sometimes referred to as the factor market because of the “factors” of production) businesses are now the consumers as they are looking to buy land, labor, capital, and entrepreneurship. Who sells these things? Households or people. In the resource market people are producers and they sell to the companies. Without getting into all that with 1st graders, they need to understand, for example, that a baker produces cookies, sells them, then uses that money to consume what he or she wants.

Standard/Elements	SS1E4 The student will describe the costs and benefits of personal spending and saving choices.
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COMMENTS on for SS1E4

This standard does not list any specifics on purpose. Students need to realize that every decision they make concerning use of their resources – NOT JUST MONEY – has costs and benefits. The costs and benefits should be chosen by the teacher and appropriate to the class. The following chart is intended as a guide to help you get started; your student's answers will differ and be meaningful in context of their choices:

	Common Benefits	Common Costs
Spending (using resources)	<ul style="list-style-type: none"> - Happiness or joy from getting something you want or need - Using the good you purchased - Making someone else happy with a gift 	<ul style="list-style-type: none"> - The actual cost of the good - Opportunity costs, what was given up to get the good or service - Losing ability to save
Saving (conserving resources)	<ul style="list-style-type: none"> - Ability to make a larger purchase later - Earning interest (if applicable) on money in the bank 	<ul style="list-style-type: none"> - Risk losing value if prices go up - Giving up happiness or joy currently

Econ Quick Reference Sheet – SECOND GRADE

Standard/Elements	SS2E1 The student will explain that because of scarcity, people must make choices and incur opportunity costs.
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KEY CONTENT for SS2E1

Continuing with the introduction of scarcity from first grade, students are now introduced to the concept of **opportunity costs**. Strictly speaking, opportunity cost is the value of what was given up when a decision is made. Typically, this is interpreted as the most highly valued opportunity or alternative that was given up or lost when a decision was made. If a student is told to choose between the blue pencil and the red pencil and they can only have one, if they choose the blue pencil, the red pencil represents opportunity costs. **Opportunity costs are not always measured in dollar amounts.** True total opportunity costs are nearly impossible to calculate. If a city decides to build a playground on a piece of land, they have now lost the opportunity to build a hospital there or a YMCA or do nothing and let the land gain value. At this level, students need to understand that they have to make choices, and those choices always have costs. This is why considering a decision closely is very important.

Standard/Elements	SS2E2 The student will identify ways in which goods and services are allocated (by price; majority rule; contests; force; sharing; lottery; command; first-come, first-served; personal characteristics; and others).
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KEY CONTENT for SS2E2

Without getting into the terminology, essentially this standard is getting at how different economic systems answer the 3 basic questions (What, How, For Whom) of economics. Another important concept at work here is the difference between **equality of results** versus **equality of opportunity**. The U.S. economy, for the most part, works toward getting everyone equality of opportunity to get the goods and services they want. Students should see that when goods are allocated by price, this tends to be the result. Everyone may not get what they want, but they have a chance to, unlike with most of the other methods for allocation.

Standard/Elements	SS2E3 The student will explain that people usually use money to obtain the goods and services they want and explain how money makes trade easier than barter.
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KEY CONTENT for SS2E3

Many secondary or Higher Ed economics teachers spend some time discussing the functions and characteristics of money. Money serves three functions: it is a **medium of exchange**, a **unit of account**, and a **store of value**. Any of these can serve to prove the point that money is easier than barter.

Medium of exchange: In a barter economy, if you wanted a shirt, you would need to find someone who had a shirt to trade you and wanted something you had. If you didn't have anything that person wanted, you couldn't get the shirt. Money serves as the medium of exchange that eliminates this problem. Since everyone uses money and will accept money for goods and services, we can conduct business more quickly.

Unit of account: This is an easy example for students to see the importance of money. Since money is divided into common amounts that rarely change, we know how much goods cost. Without money we would not know this. This can get quite silly and entertaining with students. To make your point, try to determine how many pieces of pizza would it take to buy a Barbie doll? What kind of pizza? What kind of Barbie? :^) Would it always be the same?

Store of value: Finally, money is easier than barter because it retains its value. While the value of money can change (especially during times of inflation or in the foreign exchange market) it changes in fairly predictable and measurable ways. Other items retain their value as well (paintings, stamps, houses) but would be difficult to trade for perishable items that do not retain value.

Standard/Elements	SS2E4 The student will describe the costs and benefits of personal spending and saving choices.
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KEY CONTENT for SS2E4

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	Common Benefits	Common Costs
Spending (using resources)	<ul style="list-style-type: none"> - Happiness or joy from getting something you want or need - Using the good you purchased - Making someone else happy with a gift 	<ul style="list-style-type: none"> - The actual cost of the good - Opportunity costs, what was given up to get the good or service - Losing ability to save
Saving (conserving resources)	<ul style="list-style-type: none"> - Ability to make a larger purchase later - Earning interest (if applicable) on money in the bank 	<ul style="list-style-type: none"> - Risk losing value if inflation occurs - Giving up happiness or joy currently

“The Land of Snakes and Donuts”

Purpose: This lesson is designed as a starting point for students to actually practice some of the basic concepts found in economics. There are literally hundreds of variations of this activity that can be used to teach almost any elementary economic lesson.

Materials: This can be varied as well, but essentially, you will need:

- Play-Doh or some molding clay or something students can use to “make” something.
- Fake money or something that can be used as money
- Pens, markers, pencils (UNSHARPENED), paper
- Some variations on the lesson may require other materials

Basic Lesson: This is a progressive lesson in economics. It starts very basic and each step introduces a new, more complex component of economics. The teacher may introduce variations at each step to emphasize certain points with the students. Ultimately this activity is designed to give students an interactive example that they can use to apply these concepts to real, practical situations later on (particularly in 4th and 5th grades). It is not necessary to complete every step of this activity in one session. In reality, it may be more effective to complete one step, discuss it and talk about real life examples prior to engaging in the next step.

STEP	ACTIVITY	APPLICABLE STANDARDS	CONCEPTS
1	Students, in groups are given one can of play-doh. They are told that this play-doh represents a natural resource (or in early grades “something to make things with”). Can discuss resources at this point. Students are told that they are in a group (country, city, etc) that needs two goods: snakes and donuts. They are responsible for making these goods. The teacher should demonstrate how to make each good if necessary. The snakes are long, skinny pieces that are rolled out to be the length of an unsharpened pencil. Anything shorter than a pencil is not useful. To make donuts, you connect the two ends of the snake. To be useful, the donut must be big enough to go around the Play-doh canister.	KE3a 3E1a-d	*Resources

2	<p>Now give the students 15 seconds (recommended, but vary time as needed) to make as many snakes as they can. Repeat this several times so students get the hang of making the snakes, starting over every time. Then give them the same amount of time to make as many donuts as they can and repeat several rounds. Then give the SAME amount of time and ask students to make BOTH snakes and donuts. They will probably make less as they divide their resources. Discuss with the students why they weren't able to make as much when they had to make both things. If they were able to make the same amount, they were likely smaller OR they had previously had left over resources and now they are using all of their resources. Also discuss how the members of the group are getting better at making goods and if some people are better at certain things than others.</p> <p><i>***There is a potential math connection here. Students can graph their production at different points either on a bar graph or linear graph.</i></p>	KE1(work in general), KE2, KE4 1E1, 1E2, 2E1 4E1a 5E1a	*Specialization *Scarcity/ Opportunity Cost
3	<p>Now you are going to have students make the snakes and donuts, but pay them (fake money or candy). The rate of pay should be decided by the teacher (per item, by amount of time...). Vary the rate of pay to offer incentives. For example, during one round, pay more for snakes than donuts and let students decide how they want to divide their resources, knowing that they have to have both goods. Can pay by student or by group to emphasize various points. Do not let students do anything with their money yet.</p>	KE1, KE2 1E1, 1E3 2E2 4E1b 5E1b	*Incentives *Scarcity
4	<p>Now announce that as the groups have progressed, they want snakes and donuts of different colors. Discuss with students how, if they only have one color, how they will get other colors. (This is a great opportunity to teach the</p>	KE2 1E3 2E2, 2E3 3E3a-d 4E1b-e 5E1b-e 5E3a,b	*Trade *Scarcity *Incentives *Interdependency *Role of Money

	<p>2nd grade standard about allocation of goods!) They may decide to trade evenly. Discuss some drawbacks to this (different sizes/quality, what if some groups don't have enough to trade or don't want certain colors, etc). They may decide to use money to buy snakes and donuts. If they do this, let the students see if they can work out a price on their own. Have students describe why money is better than barter. Discuss why the price ended up there. Depending on the math level of the students, you may discuss averages or mean, median, mode with students here. The other major discussion point here is about why trade and voluntary exchange is necessary. They should see that with trade, people were able to get more colors and allowing it to happen voluntarily meant that people could decide for themselves what they wanted to buy and sell for.</p>		
5	<p>By now students should all have some money of their own. If they don't, encourage them to make some more snakes/donuts to earn some money. Ask them, based on the current price of snakes and donuts, how many they would be able to buy. What happens if they buy too many donuts? At this point students can start to create a budget, if appropriate, but all students should be able to discuss the pros and cons of their decision.</p>	<p>KE3b, KE4 1E3, 1E4 2E1, 2E3, 2E4 3E4 4E2 5E4</p>	<p>*Role of money *Scarcity</p>

At this point, most of the major concepts in the elementary economics curriculum have been at least introduced and applied in a fictional setting. There are literally hundreds of variations to do for this activity. For example, the teacher may take on the role of government and collect taxes from the students in exchange for providing new cans of play-doh for each round or some other service (3E2, 5E2c). Another variation would be to see what happens to production when a new piece of technology is introduced (like a large block to flatten the play-do, then a pencil could be used to make strips for the snakes) (4E1f, 5E1f). Ultimately, the more students DO with this information, the better they will be able to apply it to real situations later.

Land of Snakes and Donuts Info

Round #	Description	# of Snakes	# of Donuts	Notes
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