

Standard 1 : Scarcity

Students will understand that:

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

Students will be able to use this knowledge to:

Identify what they gain and what they give up when they make choices.

Students face many choices every day. Is watching TV the best use of their time? Is working at a fast-food restaurant better than the best alternative job or some other use of their time? Identifying and systematically comparing alternatives enables people to make more informed decisions and to avoid unforeseen consequences of choices they or others make.

Some students believe that they can have all the goods and services they want from their family or from the government because goods provided by family or by governments are free. But this view is mistaken. Resources have alternative uses, even if parents or governments own them. For example, if a city uses land to build a football stadium, the best alternative use of that land must be given up. If additional funds are budgeted for police patrols, less money is available to hire more teachers. Explicitly comparing the value of alternative opportunities that are sacrificed in any choice enables citizens and their political representatives to weigh the alternatives in order to make better economic decisions. This analysis also makes people aware of the consequences of their actions for themselves and others, and leads to a heightened sense of responsibility and accountability.

Benchmarks

Grade 4

At the completion of Grade 4, students will know that:	At the completion of Grade 4, students will use this knowledge to:
People make choices because they can't have everything they want.	Identify some choices they have made and explain why they had to make a choice.
Economic wants are desires that can be satisfied by consuming a good, service, or leisure activity.	Match a list of wants with the correct example of a good, service or leisure activity that satisfies each want.
Goods are objects that can satisfy people's wants.	Create a collage representing goods that they or their families consume.
Services are actions that can satisfy people's wants.	Create a collage representing services that they or their families consume.
People's choices about what goods and	Explain why a choice must be made, when

services to buy and consume determine how resources will be used.	given some land and a list of alternative uses for the land.
Whenever a choice is made, something is given up.	Choose a toy from a list of four toys and state what was given up.
The opportunity cost of a choice is the value of the best alternative given up.	Describe a situation that requires a choice, make a decision, and identify the opportunity cost.
People whose wants are satisfied by using goods and services are called consumers.	Examine pictorial examples of people using goods and services and identify the goods and services being consumed.
Productive resources are the natural resources, human resources, and capital goods available to make goods and services.	Identify examples of natural resources, human resources, and capital goods, used in the production of a given product.
Natural resources, such as land, are "gifts of nature;" they are present without human intervention.	Use a resource map of this state to locate examples of natural resources.
Human resources are the quantity and quality of human effort directed toward producing goods and services.	Draw pictures representing themselves as workers. Also, identify examples of human resources used in the production of education at their school.
Capital goods are goods that are produced and used to make other goods and services.	Draw a picture representing a capital good used at school. Also, identify examples of capital goods used to produce a good or service in their community.
Human capital refers to the quality of labor resources, which can be improved through investments in education, training, and health.	Give examples of how to improve their human capital. Explain how an athlete invests in his or her human capital.
Entrepreneurs are people who organize other productive resources to make goods and services.	Select an entrepreneur and identify the productive resources the entrepreneur uses to produce a good or service.
People who make goods and provide services are called producers.	Identify producers of five different types of goods and five different types of services.

Grade 8

At the completion of Grade 8, students will know the Grade 4 benchmarks for	At the completion of Grade 8, students will use this knowledge to:
--	---

this standard, and also that:	
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.	Work in groups representing a scout troop that has volunteered to assist at a local nursing home on Saturday morning. The nursing home has a list of 30 possible projects, all of which it would like completed. Explain why all 30 projects cannot be completed on a Saturday morning.
Like individuals, governments and societies experience scarcity because human wants exceed what can be made from all available resources.	Role play a city council meeting called to allocate a budget of \$100,000. The council would like to buy four new police cars at \$25,000 each, repair two senior citizen centers at \$50,000 each, and build two new tennis courts at \$50,000 each. Explain why a choice must be made, decide how the city council should spend its money, describe the trade-offs made, and identify the opportunity cost of the decision.
Choices involve trading off the expected value of one opportunity against the expected value of its best alternative.	Determine criteria for selecting a stereo and identify the trade-offs made when selecting one stereo over another.
The choices people make have both present and future consequences.	Analyze the consequences of choosing not to study for a final exam and identify when those consequences occur.
The evaluation of choices and opportunity costs is subjective; such evaluations differ across individuals and societies.	Individually develop a solution to a problem that affects everybody in the class and identify the opportunity cost. Compare the solutions and explain why solutions and opportunity costs differ among students.

Grade 12

At the completion of Grade 12, students will know the Grade 4 and Grade 8 benchmarks for this standard, and also that:	At the completion of Grade 12, students will use this knowledge to:
Choices made by individuals, firms, or government officials often have long run unintended consequences that can partially or entirely offset the initial effects of the decision.	Explain how a high school senior's decision to work 20 hours per week during the school year could reduce her lifetime income. Also, explain how an increase in the legal minimum wage aimed at

	improving the financial condition of some low income families could reduce the income of some minimum wage earners.
--	---