

Academic Standards for Economics



Pennsylvania Department of Education

Academic Standards for Economics

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Academic Standards for Economics

XVII. INTRODUCTION

This document includes Academic Standards for Economics that describe what students should know and be able to do in five areas:

- ◇ 6.1. Economic Systems
- ◇ 6.2. Markets and the Functions of Governments
- ◇ 6.3. Scarcity and Choice
- ◇ 6.4. Economic Interdependence
- ◇ 6.5. Work and Earnings

The Economic Standards describe what students should know and be able to do at four grade levels (third, sixth, ninth, and twelfth). They reflect the increasing complexity and sophistication that students are expected to achieve as they progress through school. This document attempts to avoid repetition and makes obvious progression across grade levels. Topics and concepts in Economics directly relate to Environment and Ecology Standard 4.2 and Geography Standard 7.3. As a social science, Economics Standards should be Cross-Walked and related to the Civics and Government, Geography and History Standards to create an interdisciplinary view of the world.

Economics is concerned with the behavior of individuals and institutions engaged in the production, exchange and consumption of goods and services. As technology helps to reshape the economy, knowledge of how the world works is critical. People entering the workforce cannot function effectively without a basic knowledge of the characteristics of economic systems, how markets establish prices, how scarcity and choice affect the allocation of resources, the global nature of economic interdependence and how work and earnings impact productivity.

A Pennsylvania governor remarked, "Among the freedoms we enjoy in America in our pursuit of happiness is the freedom to be independent, creative, visionary and entrepreneurial. We are free to pursue dreams..." To succeed, however, every student must know how to manage resources, prepare for the workforce, make wise investments and be informed about public policy. These standards are intended to provide direction in learning how economic activity impacts the forces of everyday life.

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The Academic Standards for Economics consist of five standard categories (designated as 6.1., 6.2., 6.3., 6.4. and 6.5.). Each category has a number of standard statements designated by a capital letter. Some standard statements have bulleted items known as standard descriptors. The standard descriptors are items within the document to illustrate and enhance the standard statement. The categories, statements and descriptors are regulations. The descriptors may be followed by an “e.g.”. The “e.g.’s” are examples to clarify what type of information could be taught. These are suggestions and the choice of specific content is a local decision as is the method of instruction.

Economics along with Civics and Government, Geography, and History are identified as Social Studies in Chapter 4. This identification is consistent with citizenship education in Chapter 49 and Chapter 354. Based on these regulations, social studies/citizenship programs should include four sets of standards as an entity in developing a scope and sequence for curriculum and planned instruction.

A glossary is included to assist the reader in clarifying terminology contained in the standards.

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| 6.1. Economic Systems | | | |
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| 6.1.3. GRADE 3 | 6.1.6. GRADE 6 | 6.1.9. GRADE 9 | 6.1.12. GRADE 12 |
| <i>Pennsylvania's public schools shall teach, challenge and support every student to realize his or her maximum potential and to acquire the knowledge and skills needed to . . .</i> | | | |
| <p>A. Describe how individuals, families and communities with limited resources make choices.</p> <p>B. Describe alternative methods of allocating goods and services and advantages and disadvantages of each.</p> <p>C. Identify local economic activities.</p> <ul style="list-style-type: none"> • Employment • Output <p>D. Identify examples of local businesses opening, closing, expanding or contracting.</p> | <p>A. Describe and identify the characteristics of traditional, command and market systems.</p> <p>B. Explain the three basic questions that all economic systems attempt to answer.</p> <ul style="list-style-type: none"> • What goods and services should be produced? • How will goods and services be produced? • Who will consume goods and services? <p>C. Define measures of economic activity and relate them to the health of the economy.</p> <ul style="list-style-type: none"> • Prices • Employment • Output <p>D. Explain the importance of expansion and contraction on individual businesses (e.g., gourmet food shops, auto repair shops, ski resorts).</p> | <p>A. Analyze the similarities and differences in economic systems.</p> <p>B. Explain how traditional, command and market economies answer the basic economic questions.</p> <p>C. Explain how economic indicators reflect changes in the economy.</p> <ul style="list-style-type: none"> • Consumer Price Index (CPI) • Gross Domestic Product (GDP) • Unemployment rate <p>D. Describe historical examples of expansion, recession and depression in the United States.</p> | <p>A. Evaluate the strengths and weaknesses of traditional, command and market economies.</p> <p>B. Analyze the impact of traditional, command and market economies on the United States economy.</p> <p>C. Assess the strength of the regional, national and/or international economy and compare it to another time period based upon economic indicators.</p> <p>D. Describe historical examples of expansion, recession, and depression internationally.</p> |

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| 6.2. Markets and the Functions of Governments | | | |
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| 6.2.3. GRADE 3 | 6.2.6. GRADE 6 | 6.2.9. GRADE 9 | 6.2.12. GRADE 12 |
| <i>Pennsylvania's public schools shall teach, challenge and support every student to realize his or her maximum potential and to acquire the knowledge and skills needed to . . .</i> | | | |
| <p>A. Define and identify goods, services, consumers and producers.</p> <p>B. Identify ways local businesses compete to get consumers.</p> <p>C. Identify and compare means of payment.</p> <ul style="list-style-type: none"> • Barter • Money <p>D. Identify groups of competing producers in the local area.</p> <p>E. Identify who supplies a product and who demands a product.</p> <p>F. Define price and identify the prices of different items.</p> | <p>A. Describe market transactions in terms of goods, services, consumers and producers.</p> <p>B. Describe the costs and benefits of competition to consumers in markets.</p> <p>C. Explain the function of money and its use in society.</p> <p>D. Define economic institutions (e.g., banks, labor unions).</p> <p>E. Explain how the interaction of buyers and sellers determines prices and quantities exchanged.</p> <p>F. Describe how prices influence both buyers and sellers and explain why prices may vary for similar products.</p> | <p>A. Explain the flow of goods, services and resources in a mixed economy.</p> <p>B. Analyze how the number of consumers and producers affects the level of competition within a market.</p> <p>C. Explain the structure and purpose of the Federal Reserve System.</p> <p>D. Analyze the functions of economic institutions (e.g., corporations, not-for-profit institutions).</p> <p>E. Explain the laws of supply and demand and how these affect the prices of goods and services.</p> <p>F. Analyze how competition among producers and consumers affects price, costs, product quality, service, product design, variety and advertising.</p> | <p>A. Analyze the flow of products, resources and money in a mixed economy.</p> <p>B. Evaluate the operation of noncompetitive markets.</p> <p>C. Analyze policies designed to raise or lower interest rates and how the Federal Reserve Board influences interest rates.</p> <p>D. Evaluate changes in economic institutions over time (e.g., stock markets, non-government organizations).</p> <p>E. Predict how changes in supply and demand affect equilibrium price and quantity sold.</p> <p>F. Identify and analyze forces that can change price.</p> <ul style="list-style-type: none"> • Government actions • Weather conditions • International events |

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| <p>G. Define what a tax is and identify a tax paid by most families.</p> <p>H. Identify government involvement in local economic activities.</p> <p>I. Identify goods and services produced by the government (e.g., postal service, food inspection).</p> <p>J. Explain the relationship between taxation and government services.</p> <p>K. Identify forms of advertising designed to influence personal choice.</p> <p>L. Explain why most countries create their own form of money.</p> | <p>G. Explain how taxes affect the price of goods and services.</p> <p>H. Describe the Pennsylvania and United States governments' roles in monitoring economic activities.</p> <p>I. Identify and describe public goods.</p> <p>J. Explain the cost and benefits of taxation.</p> <p>K. Explain how advertisements influence perceptions of the costs and benefits of economic decisions.</p> <p>L. Explain what an exchange rate is.</p> | <p>G. Contrast the largest sources of tax revenue with where most tax revenue is spent in Pennsylvania.</p> <p>H. Analyze the economic roles of governments in market economies. <ul style="list-style-type: none"> • Economic growth and stability • Legal frameworks • Other economic goals (e.g., environmental protection, competition) </p> <p>I. Explain how government provides public goods.</p> <p>J. Contrast the taxation policies of the local, state and national governments in the economy.</p> <p>K. Interpret how media reports can influence perceptions of the costs and benefits of decisions.</p> <p>L. Explain how the price of one currency is related to the price of another currency (e.g., Japanese yen in American dollar, Canadian dollar in Mexican nuevo peso).</p> | <p>G. Evaluate types of tax systems. <ul style="list-style-type: none"> • Progressive • Proportional • Regressive </p> <p>H. Evaluate the economic roles of governments. <ul style="list-style-type: none"> • Macroeconomics (e.g., tariffs and quotas, exchange rates, trade balance) • Microeconomics (e.g., price controls, monopolies, cartels) </p> <p>I. Evaluate government decisions to provide public goods.</p> <p>J. Evaluate the social, political and economic changes in tax policy using cost/benefit analysis.</p> <p>K. Analyze the impact of media on decision-making of consumers, producers and policymakers.</p> <p>L. Analyze how policies and international events may change exchange rates.</p> |
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| 6.3. Scarcity and Choice | | | |
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| 6.3.3. GRADE 3 | 6.3.6. GRADE 6 | 6.3.9. GRADE 9 | 6.3.12. GRADE 12 |
| <i>Pennsylvania’s public schools shall teach, challenge and support every student to realize his or her maximum potential and to acquire the knowledge and skills needed to . . .</i> | | | |
| <p>A. Define scarcity and identify limited resources.</p> <p>B. Identify and define wants of different people.</p> <p>C. Identify and define natural, human and capital resources.</p> <p>D. Identify costs and benefits associated with an economic decision.</p> <p>E. Explain what is given up when making a choice.</p> <p>F. Explain how selfinterest influences choice.</p> | <p>A. Explain how scarcity influences choices and behaviors.</p> <ul style="list-style-type: none"> • Personal decision-making • Family decision-making • Community decision-making <p>B. Explain how limited resources and unlimited wants cause scarcity.</p> <p>C. Describe the natural, human and capital resources used to produce a specific good or service.</p> <p>D. Explain the costs and benefits of an economic decision.</p> <p>E. Define opportunity cost and describe the opportunity cost of a personal choice.</p> <p>F. Explain how negative and positive incentives affect choices.</p> | <p>A. Describe ways to deal with scarcity.</p> <ul style="list-style-type: none"> • Community • Pennsylvania • United States <p>B. Analyze how unlimited wants and limited resources affect decision-making.</p> <p>C. Explain how resources can be used in different ways to produce different goods and services.</p> <p>D. Explain marginal analysis and decision-making.</p> <p>E. Explain the opportunity cost of a public choice from different perspectives.</p> <p>F. Explain how incentives affect the behaviors of workers, savers, consumers and producers.</p> | <p>A. Analyze actions taken as a result of scarcity issues in the regional, national and international economies.</p> <p>B. Evaluate the economic reasoning behind a choice.</p> <p>C. Evaluate the allocation of resources used to produce goods and services.</p> <p>D. Evaluate regional, national or international economic decisions using marginal analysis.</p> <p>E. Analyze the opportunity cost of decisions by individuals, businesses, communities and nations.</p> <p>F. Evaluate in terms of marginal analysis how incentives influence decisions of consumers, producers and policy makers.</p> |

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| 6.4. Economic Interdependence | | | |
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| 6.4.3. GRADE 3 | 6.4.6. GRADE 6 | 6.4.9. GRADE 9 | 6.4.12. GRADE 12 |
| <i>Pennsylvania's public schools shall teach, challenge and support every student to realize his or her maximum potential and to acquire the knowledge and skills needed to . . .</i> | | | |
| <p>A. Define specialization and the concept of division of labor.</p> <p>B. Explain why people trade.</p> <p>C. Explain why goods, services and resources come from all over the nation and the world.</p> <p>D. Identify local resources.</p> <ul style="list-style-type: none"> • Natural (renewable, nonrenewable and flow resources) • Human • Capital <p>E. Define specialization and identify examples of interdependence.</p> | <p>A. Explain the advantages and disadvantages of specialization and division of labor.</p> <p>B. Explain how specialization leads to more trade between people and nations.</p> <p>C. Identify and define imports, exports, inter-regional trade and international trade.</p> <p>D. Explain how the location of resources, transportation and communication networks and technology have affected Pennsylvania economic patterns.</p> <ul style="list-style-type: none"> • Agriculture (e.g., farms) • Forestry (e.g., logging) • Mining and mineral extraction (e.g., coal fields) • Manufacturing (e.g., steel mills) • Wholesale and retail (e.g., super stores, internet) <p>E. Explain how specialization and trade lead to interdependence.</p> | <p>A. Explain why specialization may lead to increased production and consumption.</p> <p>B. Explain how trade may improve a society's standard of living.</p> <p>C. Explain why governments sometimes restrict or subsidize trade.</p> <p>D. Explain how the location of resources, transportation and communication networks and technology have affected United States economic patterns.</p> <ul style="list-style-type: none"> • Labor markets (e.g., migrant workers) • Interstate highway system and sea and inland ports (e.g., movement of goods) • Communication technologies (e.g., facsimile transmission, satellite-based communications) <p>E. Analyze how Pennsylvania consumers and producers participate in the global production and consumption of goods or services.</p> | <p>A. Analyze how specialization may increase the standard of living.</p> <p>B. Analyze the relationships between trade, competition and productivity.</p> <p>C. Evaluate how a nation might benefit by lowering or removing trade barriers.</p> <p>D. Explain how the location of resources, transportation and communication networks and technology have affected international economic patterns.</p> <p>E. Analyze how United States consumers and producers participate in the global production and consumption of goods or services.</p> |

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| <p>F. Explain why some products are produced locally while others are not.</p> <p>G. Identify local geographic patterns of economic activities.</p> <ul style="list-style-type: none"> • Agriculture • Travel and tourism • Mining and mineral extraction • Manufacturing • Wholesale and retail • Health services | <p>F. Explain how opportunity costs influence where goods and services are produced locally and regionally.</p> <p>G. Describe geographic patterns of economic activities in Pennsylvania.</p> <ul style="list-style-type: none"> • Agriculture • Travel and tourism • Mining and mineral extraction • Manufacturing • Wholesale and retail • Health services | <p>F. Explain how opportunity cost can be used to determine the product for which a nation has a comparative advantage.</p> <p>G. Describe geographic patterns of economic activities in the United States.</p> <ul style="list-style-type: none"> • Primary – extractive industries (i.e., farming, fishing, forestry, mining) • Secondary – materials processing industries (i.e., manufacturing) • Tertiary – service industries (e.g., retailing, wholesaling, finance, real estate, travel and tourism, transportation) | <p>F. Evaluate how trade is influenced by comparative advantage and opportunity costs.</p> <p>G. Evaluate characteristics and distribution of international economic activities.</p> <ul style="list-style-type: none"> • Primary – extractive industries (i.e., farming, fishing, forestry, mining) • Secondary – materials processing industries (i.e., manufacturing) • Tertiary – service industries (e.g., retailing, wholesaling, finance, real estate, travel and tourism, transportation) |
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| 6.5. Work and Earnings | | | |
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| 6.5.3. GRADE 3 | 6.5.6. GRADE 6 | 6.5.9. GRADE 9 | 6.5.12. GRADE 12 |
| <i>Pennsylvania's public schools shall teach, challenge and support every student to realize his or her maximum potential and to acquire the knowledge and skills needed to . . .</i> | | | |
| <p>A. Explain why people work to get goods and services.</p> <p>B. Identify different occupations.</p> <p>C. Describe businesses that provide goods and businesses that provide services.</p> <p>D. Define profit and loss.</p> <p>E. Identify examples of assets.</p> <ul style="list-style-type: none"> • Tangible (e.g., houses, cars, jewelry) • Financial assets (e.g., stocks, bonds, savings accounts) | <p>A. Recognize that the availability of goods and services is the result of work by members of the society.</p> <p>B. Explain the concept of labor productivity.</p> <p>C. Compare the number of employees at different businesses.</p> <p>D. Explain how profits and losses serve as incentives.</p> <p>E. Describe how people accumulate tangible and financial assets through income, saving and financial investment.</p> | <p>A. Define wages and explain how wages are determined by the supply of and demand for workers.</p> <p>B. Describe how productivity is measured and identify ways in which a person can improve his or her productivity.</p> <p>C. Identify and explain the characteristics of the three types of businesses.</p> <ul style="list-style-type: none"> • Sole proprietorship • Partnership • Corporation <p>D. Analyze how risks influence business decision-making.</p> <p>E. Define wealth and describe its distribution within and among the political divisions of the United States.</p> | <p>A. Analyze the factors influencing wages.</p> <ul style="list-style-type: none"> • Demand for goods and services produced • Labor unions • Productivity • Education/skills <p>B. Evaluate how changes in education, incentives, technology and capital investment alter productivity.</p> <p>C. Analyze the costs and benefits of organizing a business as a sole proprietorship, partnership or corporation.</p> <p>D. Analyze the role of profits and losses in the allocation of resources in a market economy.</p> <p>E. Compare distribution of wealth across nations.</p> |

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| <p>F. Define entrepreneurship and identify entrepreneurs in the local community.</p> <p>G. Define saving and explain why people save.</p> <p>H. Explain how banks bring savers and borrowers together.</p> | <p>F. Identify entrepreneurs in Pennsylvania.</p> <ul style="list-style-type: none"> • Historical • Contemporary <p>G. Identify the costs and benefits of saving.</p> <ul style="list-style-type: none"> • Piggy banks • Savings accounts • U.S. Savings Bonds <p>H. Describe why there is a difference between interest rates for saving and borrowing.</p> | <p>F. Identify leading entrepreneurs in Pennsylvania and the United States and describe the risks they took and the rewards they received.</p> <p>G. Explain the differences among stocks, bonds and mutual funds.</p> <p>H. Explain the impact of higher or lower interest rates for savers, borrowers, consumers and producers.</p> | <p>F. Assess the impact of entrepreneurs on the economy.</p> <p>G. Analyze the risks and returns of various investments.</p> <ul style="list-style-type: none"> • Stocks • Bonds • Mutual funds • Savings bonds • Retirement savings (e.g., Individual Retirement Account (IRA), Keogh, 401K) • Savings accounts (e.g., passbook, certificate of deposit) <p>H. Evaluate benefits and costs of changes in interest rates for individuals and society.</p> |
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XVIII. GLOSSARY

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| Barter: | The direct exchange of goods or services between people. |
| Bond: | A financial promise for an investment issued by a corporation or government with regular interest payments and repayment at a later date. |
| Capital Resources: | The physical equipment used in the production of goods and services. |
| Cartels: | A group of sellers acting together in the market. |
| Circular flow: | The movement of resources, goods and services through an economy. As a diagram, it can show how households and business firms interact with each other in the product and resource markets. |
| Command economy: | A system in which decisions are made largely by an authority such as a feudal lord or government planning agency. |
| Comparative advantage: | Economic theory that a country/individual should sell goods and services which it can produce at relatively lower costs and buy goods and services which it can produce at relatively higher costs. |
| Competition: | The rivalry among people and/or business firms for resources and/or consumers. |
| Consumer: | One who buys or rents goods or services and uses them. |
| Consumer Price Index: | The price index most commonly used to measure the impact of changes in prices on households; this index is based on a standard market basket of goods and services purchased by a typical urban family. |
| Corporation: | A business firm that is owned by stockholders and is a legal entity with rights to buy, sell and make contracts. Its chief advantage is that each owner's liability is limited to the amount of money he or she has invested in the company. |

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| Cost: | What is given up when a choice is made; monetary and/or non monetary. |
| Cost/benefit analysis: | The process of weighing all predicted costs against the predicted benefits of an economic choice. |
| Deflation: | A general decline in the price level. |
| Demand: | The different quantities of a resource, good or service that potential buyers are willing and able to purchase at various prices during a specific time period. |
| Depression: | A severe recession in terms of magnitude and/or length. |
| Division of labor: | A method of organizing production whereby each worker specializes in part of the productive process. |
| Economic growth: | An increase in a society's output. |
| Economic systems: | The way societies organize to determine what goods and services should be produced, how goods and services should be produced and who will consume goods and services. Examples include traditional, command and market. |
| Economics: | The study of the behavior of individuals and institutions engaged in the production, distribution and consumption of goods and services. |
| Entrepreneur: | Individual who begins, manages and bears the risks of a business (e.g., Milton Hershey, F.W. Woolworth). |
| Equilibrium price: | The outlay at which quantity demanded equals quantity supplied; market clearing price. |
| Exchange rate: | The price of one country's currency measured in terms of another country's currency (e.g., American dollar in German mark, Japanese yen in Canadian dollar). |
| Federal Reserve System: | The "Central Bank" of the United States (consisting of the Board of Governors and 12 district banks) which controls monetary policy; sometimes referred to as "The Fed" or Federal Reserve. |

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| Fiscal policy: | Government decisions on taxation and spending to achieve economic goals. |
| Flow resources: | Temporal energy forces that are neither renewable nor nonrenewable, but must be used as, when and where they occur or they are lost (e.g., wind, sunlight). |
| Gross Domestic Product: | The market value of the total output of final goods and services produced by an economy in a given time period, usually 1 year. |
| Goods: | Objects that can satisfy people's wants. |
| Household: | The group of people living together under one roof; a group of individuals whose economic decision-making is interrelated. |
| Human resources: | People's intellectual and physical abilities. |
| Incentives: | Factors that motivate or influence human behavior. |
| Income: | Payments earned by people in exchange for providing resources used to produce goods and services. |
| Inflation: | A general rise in the price level. |
| Interdependence: | Ideas, goods and services in one area affect decisions and events in other areas reducing self-sufficiency. |
| Interest: | Payment made for the use of borrowed money. |
| Interest rate: | The price of borrowed money. |
| Labor force: | That part of the population which is employed or actively seeking employment. |
| Labor union: | An organization of workers who seek to improve their common interests. |
| Labor productivity: | The total output divided by the quantity of labor employed to produce it. |

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| Law of demand: | The lower the price of a good or service, the greater the quantity that people will buy, all else held constant (e.g., incomes, tastes). |
| Law of supply: | The higher the price of a good or service, the greater the quantity that business will sell, all else held constant (e.g., resource costs, technology). |
| Loss: | The difference that arises when a firm's total revenues are less than its total costs. |
| Macroeconomics: | Study of aggregate economic activity including how the economy works as a whole. Seeks to identify levels of National income, output, employment and prices. |
| Marginal analysis: | A decision-making tool that weighs additional costs and benefits. |
| Market: | A place or process through which goods and services are exchanged. |
| Market economy: | An economic system in which decisions are made largely by the interactions of buyers and sellers. |
| Microeconomics: | Study of the behaviors of consumers, firms and the determination of the market prices. |
| Mixed economy: | An economic system in which decisions are made by markets, government and tradition. |
| Monetary policy: | Government decisions on money supply and interest rates to achieve economic goals. |
| Money: | A medium of exchange. |
| Money supply: | The amount of liquid assets which exists in the economy at a given time (e.g., currency, checkable deposits, travelers' checks). |
| Mutual fund: | An investment option that uses cash from a pool of savers to buy a wide range of securities. |
| Natural resources: | Anything found in nature that can be used to produce a product (e.g., land, water, coal). |

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| Nonrenewable resources: | Finite elements that cannot be replaced once they are used (e.g., petroleum, minerals). |
| Opportunity cost: | The highest valued alternative given up when a decision is made. |
| Output: | The total amount of a commodity produced. |
| Partnership: | A business in which ownership is shared by two or more people who receive all the profits and rewards and bear all the losses and risks. |
| Price: | The amount people pay in exchange for a particular good or service. |
| Price control: | Government restraint of prices to keep the cost of living down. It usually happens in time of war, but there are also instances in peacetime. |
| Price index: | A measure of the average level of costs at one time compared to the average level of costs at another time. |
| Producer: | One who makes goods or services. |
| Productivity: | Amount of output per unit of input over a period of time. It is used to measure the efficiency with which inputs can be used. |
| Profit: | Total revenue minus total costs. |
| Progressive tax: | A levy for which the percentage of income used to pay the levy increases as the taxpayer's income increases. |
| Proportional tax: | A levy for which the percentage of income used to pay the levy remains the same as the taxpayer's income increases. |
| Public goods: | Goods and services provided by the government rather than by the private sector. Goods and services that more than one person can use without necessarily preventing others from using them. |
| Public policy: | A government's course of action that guides present and future decisions. |

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| Quantity demanded: | The amount of a good or service people are willing and able to purchase at a given price during a specific time period. |
| Quantity supplied: | The amount of a good or service people are willing and able to sell at a given price during a specific time period. |
| Quota: | A form of import protectionism where the total quantity of imports of a particular commodity is limited. |
| Recession: | A contraction in National production that lasts six months or longer. A recession might be marked by job layoffs and high unemployment, stagnant wages, reductions in retail sales and slowing of housing and car markets. |
| Regressive tax: | A levy for which the percentage of income used to pay the levy decreases as the taxpayer's income increases. |
| Renewable resources: | Substances that can be regenerated if used carefully (e.g., fish, timber). |
| Resources: | Inputs used to produce goods and services; categories include natural, human and capital. |
| Scarcity: | An economic condition that exists when demand is greater than supply. |
| Services: | Actions that are valued by others. |
| Sole proprietorship: | A business owned by an individual who receives all the profits and rewards and bears all the losses and risks. |
| Specialization: | A form of division of labor in which each individual or firm concentrates its productive efforts on a single or limited number of activities. |
| Standard of living: | A measurement of an individual's quality of life. A larger consumption of goods, services and leisure is often assumed to indicate a higher standard of living. |
| Stock: | A certificate representing a share of ownership in a company. |

Academic Standards for Economics

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| Supply: | The different quantities of a resource, good or service that potential sellers are willing and able to sell at various prices during a specific time period. |
| Tariff: | A surcharge placed on imported goods and services. The purpose of a tariff is to protect domestic products from foreign competition. |
| Tertiary: | The third level of economic activity. It includes service and service-related industries. |
| Trade: | Voluntary exchange between two parties in which both parties benefit. |
| Trade balance: | The payments of a nation that deal with merchandise imports or exports. |
| Traditional economy: | An economic system in which decisions are made largely by repeating the actions from an earlier time or generation. |
| Unemployment rate: | The percentage of the labor force that is actively seeking employment. |
| Wants: | Desires that can be satisfied by consuming goods, services or leisure activities. |