



Teachers Guide

Grades K-2



Buddy Bargain and the Gang



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Buddy Bargain and the Gang K-2

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Math Standards: Kindergarten, 1st Grade, 2d Grade

Communication Arts Standards

CORRELATIONS: Economics/Personal Finance/Math/Language Arts

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Kindergarten: Program 1 – How Money Works

Episode 1 – Making Choices About Money

00 01 01

Synopsis: Through a series of problems, young Buddy discovers that he can't have everything he wants and must make choices

Interactive Exercises: Students work through making choices and experiencing opportunity cost (although the term "opportunity cost" is not yet introduced.)

Standards/Concepts:

Economics	S1 B1 Grade 4	financial decision making, economic wants
Soc. Studies:	S4 KI, S7 K2 Grades K-5	
Mathematics:		coin identification, coin value
Commun. Arts:		links sound and printed material

Learning Objective: Students will learn that we can't have everything we want, so we have to make choices

Time Required: 45 minutes (15 minutes for the computer program and 30 minutes for the activity)

Activity: Copy a coloring-book style picture on one side of a paper. Copy a similar style picture on the reverse side. Instruct students to color each side. Ask each child to choose which side of the paper he/she would like to display on the bulletin board. Then ask what had to be given up in order to display the picture he/she chose. The picture that is not exposed is what was given up when a choice was made.

Glossary:

Wants		
Choice		

Teacher Notes:



Kindergarten: Program 1 – How Money Works

Episode 2 – Goods and Services

00 01 02

Synopsis: Buddy explains that the customers who visit his friend's pet store are consumers of goods and services, then he provides an example where he was a consumer of a service. Finally, Buddy explains that songs help him learn and sings a simple song about being a consumer.

Interactive Exercises: Students identify consumers and differentiate between goods and services.

Standards/Concepts:

Economics: [S1 B2](#), [S1 B3](#), [S1 B4](#), [S1 B5 Grade 4](#) goods, services, consumer
Social Studies: S7 K3, K7 Grades K-5
Mathematics: counting
Commun. Arts: rhyming, songs

Learning Objective: Students will explain that consumers use goods and services

Time Required: 45 minutes (15 minutes for the computer program and 30 minutes for the activity)

Activity: *Woof! Woof! At Your Service* helps demonstrate that economic desires can be satisfied by providing goods and services. Identifies goods and services provided by one small business
Differentiates between goods and services.

<http://www.econedlink.org/lessons/index.cfm?lesson=EM194&page=teacher>

Glossary:

Consumer		
Goods		
Services		
Seller		

Teacher Notes:



Kindergarten: Program 1 – How Money Works

Episode 3 – How Consumers Use Money

00 01 03

Synopsis: Through his experiences and the experiences of others, Buddy discovers that people often use money to purchase goods and services.

Interactive Exercises: Students identify examples of people using money to buy goods or services.

Standards/Concepts:

Economics:	S5 B1 Grade 4	goods, services, monetary exchange
Social Studies:	S7 K3 Grades K-5	
Personal Finance:	S3 B1 4th Grade K4	financial resources
Mathematics:		problem solving, computation, number sense
Commun. Arts:		reading comprehension, songs

Learning Objective: Students will learn that money is used to buy goods and services.

Time Required: 50 minutes (25 minutes for the computer program and 30 minutes for the activity)

Activity: In Norman Rockwell's *Curiosity Shop* students will look at a picture that Norman Rockwell painted about a Curiosity Shop. A little girl looks like she is about to purchase a doll. Her purse on her arm indicates that she might "exchange" money for the doll. This lesson teaches that trading goods and services with people for other goods and services or for money is called exchange.

<http://www.econedlink.org/lessons/index.cfm?lesson=EM269&page=teacher>

Glossary:

Seller		
Money		
Goods		
Services		
Wants		
Buyer		

Teacher Notes:



Kindergarten: Program 2 – How Families Make Money

Episode 1 – Which Coins are Which?

00 02 01

Synopsis: Buddy identifies the coins in his piggy bank as quarters, dimes, nickels, and pennies, using the characteristics, size and color. Buddy sings a song about fitting all of his coins into a homemade piggy bank. The concepts of jobs (chores) and income are introduced but not yet defined.

Interactive Exercises: Students identify coins and sort them appropriately, while using them to simulate the purchase of goods and services.

Standards/Concepts:

Economics:	S11 B2 Grade 4 , S11 B5 Grade 4	income
Social Studies:	None	
Personal Finance:	S1 B1 4th Grade K2	income, coins, money
Mathematics:		coin recognition
Commun. Arts:		reading comprehension

Learning Objective: Students will learn which coins are pennies, nickels, dimes, and quarters.

Time Required: 45 minutes (15 minutes for the computer program and 30 minutes for the activity)

Activity: *On the Money*. In this lesson, students explore what money is and how it differs around the world. They will compare U.S. currency with play money and with foreign currency. They will then use their knowledge to design their own money.

<http://www.econedlink.org/lessons/index.cfm?lesson=EM169&page=teacher>

Glossary:

Money		
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Teacher Notes:



Kindergarten: Program 2 – How Families Make Money

Episode 2 – Jobs in the Family

00 02 02

Synopsis: Buddy talks about his father’s work as a carpenter and then expands his discussion of jobs to include the chores that he and his brothers do. Buddy sings a song about the jobs he performs around the house.

Interactive Exercises: Students identify jobs and the tools used to complete work successfully.

Standards/Concepts:

Economics:	None	income, employee benefits, specialization
Social Studies:	S7 K5, S9 K2 Grades K-5	
Personal Finance:	S1 B1 4th Grade K1	jobs, income, work skills or job skills
Mathematics:		number sense, problem solving
Commun. Arts:		reading comprehension

Learning Objective: Students will learn about jobs people do in a family

Time Required: 30 minutes (15 minutes for the computer program and 15 minutes for the activity)

Activity: Show students pictures of tools or bring in tools as props. Ask students to name the job a person who used those tools would have. Answers can vary but might include:

tools: stapler, grade book, globe – job: teacher

tools: hammer, saw – job: carpenter

tools: stethoscope, thermometer – job: doctor, nurse

Glossary:

Income		
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Teacher Notes:



Kindergarten: Program 2 – How Families Make Money

Episode 3 – Families and Income

00 02 03

Synopsis: Buddy explains that people earn income from the jobs they do. He describes his father's work, as well as the work his brothers and friends do for others and around their homes. Buddy says a rhyme about working.

Interactive Exercise: Students engage in six interactive exercises that focus on children doing work, the types of coins that make up the payment for their work, and the sum of the coins.

Standards/Concepts:

Economics:	None	income, producer
Social Studies:	S7 K5, S9 K2 Grades K-5	
Personal Finance:	S1 B1 4th Grade K1	jobs, income, work skills or job skills
Mathematics:		problem solving, computation
Commun. Arts:		reading comprehension

Learning Objective: Students will learn that people in a family do jobs to earn money called income. Students will also learn about the money people earn when they do their jobs.

Time Required: 45 minutes (15 minutes for the computer program and 30 minutes for the activity)

Activity: *Working Hard For a Living*. There are many ways for people to get money. One way most people get money is by earning it. This lesson introduces students to work activities that grown-ups do to earn money. Students also explore tasks they might do at home to earn money.

<http://www.econedlink.org/lessons/index.cfm?lesson=EM465&page=teacher>

Glossary:

Money		
Income		

Teacher Notes:



First Grade: Program 1 – Producing Producers

Episode 1 – Examples of Goods and Services

01 01 01

Synopsis: Buddy and Caty are cleaning the pet store when Ms. Maddy comes in with her dog, Flash. The three begin discussing the difference between goods and services offered at the pet store.

Interactive Exercises: Students differentiate between goods and services.

Standards/Concepts:

Economics:	S1 B3 , S1 B4 Grade 4	goods, services
Social Studies:	S7 K3 Grades K-5	
Mathematics:		problem solving, computation
Commun. Arts:		reading comprehension

Learning Objective: Students will give examples of goods and services.

Time Required: 50 minutes (20 minutes for the computer program and 30 minutes for the activity)

Activity: *Delivering the Goods*. In this lesson, students have the opportunity to complete an interactive activity that teaches them about providers of goods and services.

<http://www.econedlink.org/lessons/index.cfm?lesson=EM197&page=teacher>

Glossary:

Goods		
Services		
Wants		
Consumer		

Teacher Notes:



First Grade: Program 1 – Producing Producers

Episode 2 – What Do Producers Provide?

01 01 02

Synopsis: Buddy and Caty are together when approached by Jenny, carrying her book of photos. Buddy and Caty are looking through the book when Caty asks Jenny if she has put together a book about producers. Each picture shows someone producing a good or service, i.e. Buddy's dad producing a chair, Ms. Maddy making candy.

Interactive Exercises: Students identify producers of goods and services.

Standards/Concepts:

Economics:	S1 B15 Grade 4	producer, goods, services
Social Studies:	S7 K3, K5 Grades K-5	
Personal Finance:	S1 B1 4th Grade K3	jobs, work skills or job skills
Mathematics:		problem solving, number sense
Commun. Arts:		reading comprehension

Learning Objective: Students will learn that producers make goods and provide services.

Time Required: 50 minutes (20 minutes for the computer program and 30 minutes for the activity)

Activity: In *Little Bill, the Producer*, students will be producing a book based on a computer program about Little Bill and the book he and Alice the Great make honoring Dr. King.

<http://www.econedlink.org/lessons/index.cfm?lesson=EM564&page=teacher>

Glossary:

Producer		
Goods		
Services		

Teacher Notes:



First Grade: Program 1 – Producing Producers

Episode 3 – Different Kinds of Jobs

01 01 03

Synopsis: Ben interrupts another of Buddy’s flights of fancy to begin their painting job. Ben and Buddy paint chairs and tables for their father, the carpenter. They discuss the income they will earn painting the furniture and then discuss the various jobs people do to earn income.

Interactive Exercises: Students focus on people doing work at school and for the family.

Standards/Concepts:

Economics:	S13 B2 Grade 4	specialization, producer
Social Studies:	S9 K2 Grades K-5	
Personal Finance:	S1 B1 4th Grade K1	jobs, income
Mathematics:		problem solving, computation
Commun. Arts:		reading comprehension

Learning Objective: Students will give examples of different kinds of jobs that people do within a family and at school.

Time Required: 50 minutes (20 minutes for the computer program and 30 minutes for the activity)

Activity: *We Are Producers and Consumers*, students learn how they and family members fulfill the roles of producer and consumer at home and in their community. They begin by exploring the goods and services that people use and they identify those that require the payment of money. To help show they can be producers, students sequence the steps in washing dishes. They discuss the fact that family members are often not paid for the work they do at home and as volunteers, taking account of the possibility that the benefits may outweigh the lack of pay. Part of this lesson is computer interactive, and part of it requires downloading very cute worksheets.

<http://www.econedlink.org/lessons/index.cfm?lesson=EM457&page=teacher>.

Glossary:

Money		
Income		
Seller		
Producer		

Teacher Notes:



First Grade: Program 2 – Getting Goods and Services

Episode 1 – Coins and Currency

01 02 01

Synopsis: Buddy is counting coins for Ms. Maddy but becomes confused and loses count as Ms. Maddy begins to talk with him and inadvertently keeps mentioning numbers. Buddy learns that coins have different values, as do the denominations of paper money.

Interactive Exercises: Students sort coins and paper money into the correct denominations.

Standards/Concepts:

Economics:	None	monetary exchange
Social Studies:	S7 K7 Grades K-5	
Mathematics:		coin recognition, number sense
Commun. Arts:		reading comprehension

Learning Objective: Students will learn the different denominations of coins and currency.

Time Required: 55 minutes (20 minutes for the computer program and 35 minutes for the activity)

Activity: In *The Bernstein Bears' Trouble with Money*, students read about the cubs' spendthrift ways and how Mama and Papa Bear teach them to earn and save. Students learn about figures of speech, and they create "critter banks" in which they can begin to save.

<http://www.umsl.edu/~wpockets/schoolhouse/lessons/bears/bears.html>

Glossary:

[Money](#)

[Currency](#)

[Denomination](#)

Teacher Notes:



First Grade: Program 2 – Getting Goods and Services

Episode 2 – Money and Exchange

01 02 02

Synopsis: Once again, Buddy is daydreaming when Ben abruptly interrupts him. Ben is looking for his hat and whistle and finds that Buddy is using them. Ben offers to sell the items to Buddy, and they discuss using money to buy goods and services, as well as using a barter type of trade.

Interactive Exercises: Students affirm that people use money to buy goods and services, or will sometimes engage in barter.

Standards/Concepts:

Economics:	S5 B1 Grade 4	monetary exchange, goods, services, barter
Social Studies:	S7 K7 Grades K-5	
Personal Finance:	S3 B3 4th Grade K4	financial decision
Mathematics:		graphing
Commun. Arts:		reading comprehension

Learning Objective: The student will define exchange and explain how money is used to buy goods and services.

Time Required: 45 minutes (20 minutes for the computer program and 25 minutes for the activity)

Activity: Provide each student with an item to trade (pencil, eraser, sticker, candy, etc.) Instruct each student to place his/her item on a table. Allow students to view all of the items available for trade. Instruct each student to retrieve his/her item and try to trade for an item he/she wants. Allow a few minutes for trades to occur. Instruct students to sit down. Explain that they just participated in bartering. Barter is trading good for good. Ask the following questions:

Was everyone able to make a trade? (Some students will not have been able to trade.)

Why were some of you not able to trade? (Some students had items that no one wanted. Some students had items so good that they didn't want to trade them.)

Would you have been able to get what you want if you had money? (Yes, money is always acceptable.)

Why does money work for trading where barter sometimes doesn't work? (With barter, you have to want what someone else has and he/she has to want what you have. Everyone wants money.)

Glossary:

Goods	Exchange	
Services	Wants	
Money	Barter	

Teacher Notes:



First Grade: Program 2 – Getting Goods and Services

Episode 3 – How is Income Used?

01 02 03

Synopsis: Buddy and his brothers, Brett and Ben, must decide what to get their father for his birthday. At first, they choose something quite expensive and realized that they must use all of the income they've received from jobs to pay for it. Brett is saving his money for a bike and Ben is saving for a computer program game system, so each of them would rather not spend their entire income. Eventually, the boys come up with a less expensive idea, and Brett and Ben continue to save.

Interactive Exercises: Students identify people earning income and spending income to receive goods and services.

Standards/Concepts:

Economics:	S2 B1 Grade 4	income, goods, services, saving
Social Studies:	S7 K7, S9 K2 Grades K-5	
Personal Finance:	S1 B4 4th Grade K1	decision making, spending, saving
Mathematics:		computation, problem solving
Commun. Arts:		reading comprehension, sequencing

Learning Objective: Students will give examples of how family members and friends use income to buy goods and services.

Time Required: 70 minutes (20 minutes for the computer program and 50 minutes for the activity)

Activity: In *A Gift for Mama*, students read a story about a young girl named Sara. Sara has always made gifts for her family for special occasions. For Mother's Day, Sara decides she wants to buy a gift for her mother. After reading and discussing the story, students create booklets to illustrate Sara's short-term savings goal and their own short-term savings goal.

<http://www.umsl.edu/~wpockets/schoolhouse/lessons/Mama/mama.html>

Glossary:

Income	Consumer	
Goods	Saving	
Services		

Teacher Notes:



First Grade: Program 3 – Making Money Choices

Episode 1 – People Must Make Choices

01 03 01

Synopsis: Wanting to please everyone’s tastes, Buddy mixes cookies using every conceivable ingredient (chocolate chips, raisins, peanut butter...). However, he finds that he cannot stir the cookie dough with all ingredient options added, and he must choose.

Interactive Exercises: Students practice making choices.

Standards/Concepts:

Economics: [S1 B1 Grade 4](#) decision making, trade-off
Social Studies: S4 K7 Grades K-5
Commun. Arts: Sequencing, reading comprehension

Learning Objective: Students will learn that people and groups of people can’t have everything they want, so people have to make choices in groups and as individuals.

Time Required: 60 minutes (20 minutes for the computer program and 40 minutes for the activity)

Activity: Bring ingredients to make enough no-bake cookies for the class. Include 3 or 4 additional add-ins such as nuts, raisins, sunflower seeds or coconut. Ask students what they would like in their cookies. Tell them they can only choose one additional ingredient. Ask what they should do to solve this problem. Ask students to identify the benefit to the class for each choice and the cost of the choice. Explain that choosing requires that something must be given up. Ask the class to identify the opportunity cost (next most popular ingredient not chosen). Ask the students to give examples of other decisions that involved opportunity cost.

Glossary:

Wants		
Choice		

Teacher Notes:



First Grade: Program 3 – Getting Goods and Services

Episode 2 – Trade-Offs of Choices

01 03 02

Synopsis: Caty startles Buddy out of a daydream to ask if he would buy a toy from her fund-raising catalog. When Buddy shows interest, Caty explains that when he chooses to use his money to buy a toy, he will be giving up something else that the money could be used to purchase. In this case, Buddy will give up his bicycle savings.

Interactive Exercises: Students practice making choices and noting what is given up.

Standards/Concepts:

Economics:	S1 B1 , S1 B6 Grade 4	decision making, trade-off, exchange
Social Studies:	S4 K7, S7 K7 Grades K-5	
Personal Finance:	S3 B1 4th Grade K1 , S4 B1 4th Grade K1	spending, saving, savings
Commun. Arts:		reading comprehension, making inferences

Learning Objective: Students will learn that whenever a choice is made, something is given up.

Time Required: 50 minutes (20 minutes for the computer program and 30 minutes for the activity)

Activity: Ask students for their personal experiences with choosing one item and giving up another. Offer the students the opportunity to choose between two snack items. As students choose, ask them to identify what they are giving up.

Glossary:

Choice		
Money		
Seller		
Buyer		
Saving		
Spending		

Teacher Notes:



Second Grade: Program 1 – Buying and Selling

Episode 1 – Satisfying Wants with Goods and Services

02 01 01

Synopsis: Caty enlists her friends to make fliers for the pet store. The kids are asked to design creative fliers that will inform people of the goods and services offered at the pet shop.

Interactive Exercises: Students differentiate between goods and services and indicate how goods and services satisfy people's wants.

Standards/Concepts:

Economics:	S1 B2 , S1 B3 , S1 B4 Grade 4	goods, services, market, producer
Social Studies:	S7 K3, K4, S9 K2 Grades K-5	
Mathematics:		data analysis, number line
Commun. Arts:		reading comprehension, noting details

Learning Objective: Students will learn the difference between goods and services and give examples of how goods and services satisfy people's wants.

Time Required: 45 minutes (20 minutes for the computer program and 25 minutes for the activity)

Activity: Display pet store ads that inform the public of goods and services for sale. (Other flier ideas – hair salon, supermarket) Ask students to identify the goods and services in the flier. Have pairs of students design a flier for a local store. Instruct students to include at least one example of a service and two examples of goods in their fliers.

Glossary:

Goods		
Services		
Consumer		
Wants		

Teacher Notes:



Second Grade: Program 1 – Buying and Selling

Episode 2 – Consumers and Producers

02 01 02

Synopsis: Buddy and Jenny visit Ms. Maddy’s candy store and learn that they are consumers of goods and services, while Ms. Maddy is a producer of a good, the candy

Interactive Exercises: Students identify consumers and producers.

Standards/Concepts:

Economics:	S1 B8 , S1 B15 Grade 4	consumers, producer, goods, services
Social Studies:	S7 K2, K5 Grades K-5	
Mathematics:		estimation, pattern recognition, measurement
Commun. Arts:		reading comprehension

Learning Objective: Students will learn that consumers buy goods and services to satisfy their wants.

Time Required: 45 minutes (20 minutes for the computer program and 25 minutes for the activity)

Activity: Ask each student to identify a producer in his/her neighborhood or at school. Ask for a student volunteer to write the producers on the board. Then ask the class what good or service is produced by the producer. Make separate columns on the board for goods and services. Match the producer with the good or service. Ask the class to write a short story about the producer and the good or service produced. Check short stories for correct use of concepts. Have students read their short story to the class.

Glossary:

Goods	Consumer	
Services	Buyer	
Wants	Seller	
Producer		

Teacher Notes:



Second Grade: Program 1 – Buying and Selling

Episode 3 – Examples of Consumers and Producers

02 01 03

Synopsis: Buddy breaks a bureau drawer while pretending he is the captain of a ship sailing rough seas. While Ben threatens to snitch, Buddy’s father, Buck, enters the room and offers to fix the drawer. Buddy and Buck discuss how producers use resources to provide goods and services that satisfy consumers’ wants.

Interactive Exercises: Students differentiate between producers and consumers.

Standards/Concepts:

Economics: [S1 B8, S1 B15 Grade 4](#)

producer, consumer, capital resources, human resources, goods, services

Social Studies: S7 K5 Grades K-5

Mathematics:

computation, problem solving, graphing

Commun. Arts:

reading comprehension, vocabulary

Learning Objective: Students will identify examples of producers and consumers

Time Required: 50 minutes (20 minutes for the computer program and 30 minutes for the activity)

Activity: Separate students into small groups or pairs. Give each group a list of resources and instruct the group members to list all of the goods and services that could be produced with those resources. Ask each group to put their list of goods and services on the board. Have the class discuss how many different resources are needed to produce a good or service. Have students identify which resources are human resources (people), capital resources (tools, computers) and natural resources (trees, land).

Glossary:

Producer	Wants	
Consumer	Natural resources	
Buyer	Capital resources	
Seller	Human resources	

Teacher Notes:



Second Grade: Program 2 – Spending or Stashing Your Cash

Episode 1 – Exchanging Money for Purchases
 02 02 01

Synopsis: While pretending to be a cowboy, Buddy swings a lasso and breaks his lamp. Brother Brett offers to walk Buddy to the store to buy a new lamp for his room. Brett reminds Buddy that he must bring his piggy bank and the two discuss the use of money to exchange goods and services. Later, the conversation turns to barter as a method of exchange.

Interactive Exercises: Students use money to purchase goods and services.

Standards/Concepts:

Economics:	S5 B1 Grade 4	exchange, goods, services, barter
Social Studies:	S7 K7 Grades K-5	
Personal Finance:	S3 B1 4th Grade K4	financial decision making
Mathematics:		computation, coin identification
Commun. Arts:		reading comprehension

Learning Objective: Students will learn about exchange and that money is used to purchase goods and services.

Time Required: 40 minutes (20 minutes for the computer program and 20 minutes for the activity)

Activity: Ask students for examples of times they have traded with money and times they have traded without using money. Have students make a list of the benefits of trading with money and trading without money. Ask the students to vote on their preferred payment. Have students discuss why their favorite store will only take money.

Glossary:

Exchange	Bank	
Money	Saving	
Goods	Wants	
Services	Barter	

Teacher Notes:



Second Grade: Program 2 – Spending or Stashing Your Cash

Episode 2 – Jobs, Income, and Employee Benefits
 02 02 02

Synopsis: Buddy’s imaginary NASCAR win is disrupted by his brother, Ben, who has come to remind Buddy that they have leaf-raking jobs to do. The boys discuss jobs people do and the income they receive for doing those jobs. They point out that income can consist of wages, interest, rent, and profit, but that people receive wages for the work they perform. The discussion turns to other forms of compensation – employee benefits.

Interactive Exercises: Students identify the people who hold jobs in the community and the benefits that some employees might receive.

Standards/Concepts:

Economics:	S13 B2 Grade 4	income, employee benefits, specialization
Social Studies:	None	
Personal Finance:	S1 B1 4th Grade K1, K4	income sources, jobs
Mathematics:		computation, problem solving, geometric shape recognition
Commun. Arts:	2 nd Grade B1 S1	reading comprehension

Learning Objective: Students will give examples of different types of jobs people do within a community and learn that people earn an income and sometimes employee benefits for the work they do.

Time Required: 35 minutes (20 for the computer program, 10 minutes for the activity)

Activity: Ask what benefits your students would say they could receive at school that would make them more productive doing their school work.

Glossary:

Income	Profit	
Benefits	Interest	
Wages	Community	
Rent		

Teacher Notes:



Second Grade: Program 2 – Spending or Stashing Your Cash

Episode 3 – What Does it Mean to Save?
 02 02 03

Synopsis: Buddy visits Ms. Maddy at the candy store. He receives \$20 for work he did for Ms. Maddy, and they discuss whether he should spend the money or save it. Ms. Maddy explains that saving is the part of income not spent on goods and services and not paid in taxes.

Interactive Exercises: Students identify examples of people saving and then define spending and saving.

Standards/Concepts:

Economics:	S1 B1 Grade 4	saving, income, taxes
Social Studies:	None	
Personal Finance:	S1 B1 4th Grade K1 , S3 B1 4th Grade K1	spending, saving, income
Mathematics:		solve equations, geometry
Commun. Arts:		vocabulary

Learning Objective: The student will explain that savings is the part of income not spent on goods and services and not paid in taxes.

Time Required: 40 minutes (20 minutes for the computer program and 20 for the activity)

Activity: In *The ABCs of Saving* students read about The Ant and the Grasshopper, drawing conclusions about the benefits of saving. The lesson also contains several interactive exercises.

<http://www.econedlink.org/lessons/index.cfm?lesson=EM414&page=teacher>

Glossary:

Saving	Income	Government (public) goods
Spending	Money	Government (public) services
Goods	Buyer	Bank
Services	Seller	Choice
Wants	Taxes	

Teacher Notes:



Second Grade: Program 3 – Picking Between Price Tags

Episode 1 – The Decision-Making Process

02 03 01

Synopsis: Buddy stops by Ms. Maddy’s store for a snack, but he can’t decide what to get. Ms. Maddy introduces Buddy to a decision-making process by showing him a photo album containing pictures of Decision Dog, a comic book character. Buddy learns how to construct a decision map to better sort out the benefits and costs associated with each possible solution.

Interactive Exercises: Students identify the opportunity cost of a decision.

Standards/Concepts:

Economics:	S2 B2 , S2 B3 Grade 4	decision making, costs and benefits
Social Studies:	S7 K1 Grades K-5	
Mathematics:		problem solving, probability
Commun. Arts:		vocabulary

Learning Objective: Students will learn how a decision-making process helps people making spending decisions.

Time Required: 45 minutes (20 for the computer program and 25 for the activity)

Activity: Allow students to work through a problem using the decision map. Use the National Council on Economic Education lesson, *The Costs and Benefits of the Three Little Pigs*, found at <http://www.econedlink.org/lessons/index.cfm?lesson=EM282&page=teacher>. The story can be viewed and heard on-line through a link in the lesson; however, it is the traditional story, so any source of the story will suffice.

Glossary:

Spending	Choice	Benefits
Income	Money	Saving
Goods	Wants	Buyer
Services	Costs	Seller

Teacher Notes:



Second Grade: Program 3 – Picking Between Price Tags

Episode 2 – The Opportunity Cost of a Choice

02 03 02

Synopsis: Buck offers his sons three options for desert, but explains that they may only choose one. When they have made their choice, Ben and Buck instruct Buddy on opportunity cost.

Interactive Exercises: Students identify the opportunity cost of a decision.

Standards/Concepts:

Economics:	S1 B6 , S1 B7 Grade 4	opportunity cost, decision making
Social Studies:	S7 K1 Grades K-5	
Mathematics:		mathematical modeling, graphing
Commun. Arts:		vocabulary

Learning Objective: Students will identify the opportunity cost of a choice.

Time Required: 45 minutes (20 for the computer program and 25 for the activity)

Activity: *Vincent van Gogh's Flower Beds in Holland*. Students study a painting by van Gogh called, "Flower Beds in Holland." The students recognize that this farmer made a choice to grow flowers instead of another crop. Students are introduced to the concepts of choice and opportunity cost.
<http://www.econedlink.org/lessons/index.cfm?lesson=EM267&page=teacher>

Glossary:

Opportunity cost		
Choice		
Wants		

Teacher Notes:



Second Grade: Program 3 – Picking Between Price Tags

Episode 3 – What is a Budget?

02 03 03

Synopsis: After destroying Ben’s pajamas during one of Buddy’s typical flights of fancy, Buddy suggests that Ben can simply go buy new pajamas. Ben explains that he can’t do that because new pajamas are not in his budget. Ben and Buddy discuss the components of a budget and the reason to develop one.

Interactive Exercises: Students differentiate income items and expense items.

Standards/Concepts:

Economics:	S1 B1 Grade 4	decision making, spending, saving, income
Social Studies:	S7 K1 Grades K-5	
Personal Finance:	S3 B1 4th Grade K1	personal financial resources, budget
Mathematics:		problem solving with money, computation
Commun. Arts:		reading comprehension, vocabulary

Learning Objective: The student will explain that a budget is a plan for spending and saving income.

Time Required: 20 minutes for the computer program and 10 to 15 class periods for the activity

Activity: In this lesson based on *From the Mixed-up Files of Mrs. Basil E. Frankweiler*, students use the experiences of Claudia and Jamie to learn about income, expenses, and the budget process. The book follows the adventures of two runaway children hiding out in the Metropolitan Museum of Art in New York City. Students complete an activity emphasizing the need for income and the importance of planning and budgets. Students also have an opportunity to update some of the 1967 prices used in the book. The assessment activity has students sort through expenses and income sources to construct their own weekly budget.

<http://www.umsl.edu/~wpockets/schoolhouse/lessons/mixup/mixup.html>

Glossary:

Budget	Wages	Money
Spending	Rent	Bank
Saving	Interest	Wants
Income	Profit	Choice

Teacher Notes:



National Council on Economic Education: Economic Standards

Standard 1: 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.

Benchmarks Grade 4

At the completion of Grade 4, students will know that:

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

Standard 2: Students will understand that effective decision making requires comparing the additional costs of alternatives with the additional benefits. Most choices involve doing a little more or a little less of something; few choices are "all or nothing" decisions. Students will be able to use this knowledge to make effective decisions as consumers, producers, savers, investors, and citizens.

Benchmarks Grade 4

At the completion of Grade 4, students will know that:

1. Few choices are all-or-nothing decisions; they usually involve getting a little more of one thing by giving up a little of something else.
2. A cost is what you give up when you decide to do something.
3. A benefit is what satisfies your wants.

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Standard 3: Students will understand that 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. Students will be able to use this knowledge to evaluate different methods of allocating goods and services, by comparing the benefits and costs of each method.

Benchmarks Grade 4

At the completion of Grade 4, students will know that:

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

Standard 4: Students will understand that people respond predictably to positive and negative incentives. Students will be able to use this knowledge to identify incentives that affect people's behavior and explain how incentives affect their own behavior.

Benchmarks Grade 4

At the completion of Grade 4, students will know that:

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

Standard 5: 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 usually among individuals or organizations in different nations. Students will be able to use this knowledge to negotiate exchanges and identify the gains to themselves and others. Compare the benefits and costs of policies that alter trade barriers between nations, such as tariffs and quotas.

Benchmarks Grade 4

At the completion of Grade 4, students will know that:

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

Standard 6: 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. Students will be able to use this knowledge to explain how they can benefit themselves and others by developing special skills and strengths.

Benchmarks Grade 4

At the completion of Grade 4, students will know that:



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

Standard 7: Students will understand that markets exist when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services. Students will be able to use this knowledge to identify markets in which they have participated as a buyer and as a seller and describe how the interaction of all buyers and sellers influences prices. Also, predict how prices change when there is either a shortage or surplus of the product available.

Benchmarks Grade 4

At the completion of Grade 4, students will know that:

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

Standard 8: Students will understand that prices send signals and provide incentives to buyers and sellers. When supply or demand changes, market prices adjust, affecting incentives. Students will be able to use this knowledge to predict how prices change when the number of buyers or sellers in a market changes, and explain how the incentives facing individual buyers and sellers are affected.

Benchmarks Grade 4

At the completion of Grade 4, students will know that:

1. 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.

Standard 9: Students will understand that 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. Students will be able to use this knowledge to explain how changes in the level of competition in different markets can affect them.

Benchmarks Grade 4

At the completion of Grade 4, students will know that:

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

Standard 10: Students will understand that 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

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enforced property rights, is essential to a market economy. Students will be able to use this knowledge to describe the roles of various economic institutions.



Benchmarks Grade 4

At the completion of Grade 4, students will know that:

1. Banks are institutions where people save money and earn interest, and where other people borrow money and pay interest.
2. Saving is the part of income not spent on taxes or consumption.

Standard 11: Students will understand that money makes it easier to trade, borrow, save, invest, and compare the value of goods and services. Students will be able to use this knowledge to explain how their lives would be more difficult in a world with no money, or in a world where money sharply lost its value.

Benchmarks Grade 4

At the completion of Grade 4, students will know that:

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

Standard 12: 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. Students will be able to use this knowledge to explain situations in which they pay or receive interest, and explain how they would react to changes in interest rates if they were making or receiving interest payments.

Benchmarks - None in Grade 4

Standard 13: Students will understand that 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. Students will be able to use this knowledge to predict future earnings based on their current plans for education, training, and career options.

Benchmarks Grade 4

At the completion of Grade 4, students will know that:

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

Standard 14: Students will understand that 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. Students will be able to use this knowledge to identify the risks, returns, and other characteristics of entrepreneurship that bear on its attractiveness as a career.



At the completion of Grade 4, students will know that:

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

Standard 15: Students will understand that investment in factories, machinery, new technology, and in the health, education, and training of people can raise future standards of living. Students will be able to use this knowledge to predict the consequences of investment decisions made by individuals, businesses, and governments.

Benchmarks Grade 4

At the completion of Grade 4, students will know that:

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

Standard 16: 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 redistribute income. Students will be able to use this knowledge to identify and evaluate the benefits and costs of alternative public policies, and assess who enjoys the benefits and who bears the costs.

Benchmarks Grade 4

At the completion of Grade 4, students will know that:

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

Standard 17: 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. Students will be able to use this knowledge to identify some public policies that may cost more than the benefits they generate, and assess who enjoys the benefits and who bears the costs. Explain why the policies exist.

Benchmarks: None in Grade 4

Standard 18: Students will understand that 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. Students will be able to use this knowledge to interpret media reports about current economic conditions and explain how these conditions can influence decisions made by consumers, producers, and government policy makers.

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Benchmarks: None in Grade 4



Standard 19: Students will understand that 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. Students will be able to use this knowledge to make informed decisions by anticipating the consequences of inflation and unemployment.

Benchmarks Grade 4

At the completion of Grade 4, students will know that:

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

Standard 20: 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. Students will be able to use this knowledge to anticipate the impact of federal government and Federal Reserve System macroeconomic policy decisions on themselves and others.

Benchmarks: None in Grade 4



PERSONAL FINANCIAL STANDARDS (National)

Standard 1 - INCOME STANDARDS

K-8 BENCHMARKS

Students will be able to:

1. Identify sources of income.
2. Analyze how career choice, education, skills, and economic conditions affect income.
3. Explain how taxes, government transfer payments, and employee benefits relate to disposable income.

4th Grade Knowledge indicators

Students will know that:

1. People can get income by earning wages and salaries or by receiving money gifts.
2. Income can be earned or unearned.
3. Workers can improve their ability to earn income by gaining new knowledge, skills, and experiences.
4. Many workers receive employee benefits in addition to their pay.
5. Entrepreneurs, who work for themselves by starting new businesses, hope to earn a profit, but accept the risk of a loss.
6. People are required to pay taxes, for which they receive government services.

8th Grade Knowledge indicators

(Students will know the grade 4 benchmarks and also that):

1. People can earn income from rent and interest.
2. Wages/salaries minus payroll deductions equals take-home pay.
3. Inflation reduces the purchasing power of income.
4. Government transfer payments provide unearned income to some households.
5. Generally, people earn higher incomes with higher levels of education.

Standard 2 - MONEY MANAGEMENT STANDARDS

K-8 BENCHMARKS

Students will be able to:

1. Explain how limited personal financial resources affect the choices people make.
2. Identify the opportunity cost of financial decisions.
3. Discuss the importance of taking responsibility for personal financial decisions.
4. Apply a decision-making process to personal financial choices.
5. Explain how inflation affects spending and investing decisions.
6. Describe how insurance and other risk-management strategies protect against financial loss.
7. Design a plan for earning, spending, saving, and investing.
8. Explain how to use money-management tools available from financial institutions.

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4th Grade Knowledge indicators

Students will know that:

1. People make choices because they have limited financial resources and cannot have everything they want.
2. A first step toward reaching financial goals is to identify needs and wants and rank them in order of importance.
3. A decision-making process can help people make money decisions.
4. A budget is a plan for spending and saving income.

8th Grade Knowledge indicators

(Students will know the grade 4 benchmarks and also that):

1. Financial choices that people make have benefits, costs, and future consequences.
2. A key to financial well-being is to spend less than you earn and save the difference.
3. People perform basic financial tasks to manage money.
4. A budget identifies expected income and expenses, including saving, and serves as a guide to help people live within their income.
5. Risk management strategies include risk avoidance, risk control, and risk transfer through insurance.

Standard 3 - SPENDING AND CREDIT STANDARDS

K-8 BENCHMARKS

Students will be able to:

1. Compare the benefits and costs of spending decisions.
2. Evaluate information about products and services.
3. Compare the advantages and disadvantages of different payment methods.
4. Analyze the benefits and costs of consumer credit.
5. Compare sources of consumer credit.
6. Explain factors that affect creditworthiness and the purpose of credit records.
7. Identify ways to avoid or correct credit problems.
8. Describe the rights and responsibilities of buyers and sellers under consumer protection laws.

4th Grade Knowledge indicators

Students will know that:

1. To make a decision, careful consumers compare the benefits and costs of spending alternatives.
2. Information about goods and services comes from many sources.
3. Every spending decision has an opportunity cost.
4. People pay for goods and services in different ways.
5. Credit is a basic financial tool.
6. Borrowing money to buy something usually costs more than paying cash because there is a fee for credit.
7. Responsible borrowers repay as promised, showing that they are worthy of getting credit in the future.



8th Grade Knowledge indicators

(Students will know the grade 4 benchmarks and also that):

1. A consumer should not rely on advertising claims as the sole source of information about goods and services.
2. Comparison shopping helps consumers get the best value for their money.
3. Some payment methods are more expensive than others.
4. Online transactions can make consumers vulnerable to privacy infringement and identity theft.
5. Comparing the costs and benefits of buying on credit is key to making a good purchase decision.
6. For any given loan amount and interest rate, the longer the loan period, the smaller the monthly payment and the larger the total cost of credit.
7. Consumers can choose from a variety of credit sources.
8. Credit bureaus maintain credit reports, which record borrowers' histories of repaying loans.
9. Sometimes people borrow more money than they can repay.
10. Laws and regulations exist to protect consumers from a variety of seller and lender abuses.

Standard 4 - SAVING AND INVESTING STANDARDS

K-8 BENCHMARKS

Students will be able to:

1. Explain the relationship between saving and investing.
2. Describe reasons for saving and reasons for investing.
3. Compare the risk, return, and liquidity of investment alternatives.
4. Describe how to buy and sell investments.
5. Explain how different factors affect the rate of return of investments.
6. Evaluate sources of investment information.
7. Explain how agencies that regulate financial markets protect investors.

4th Grade Knowledge indicators

Students will know that:

1. People save for future financial goals.
2. Every saving decision has an opportunity cost.
3. Banks, savings and loan associations, and credit unions are places people can save money and earn interest.
4. Piggy banks, savings accounts, and savings bonds are alternatives for savings.

8th Grade Knowledge indicators

(Students will know the grade 4 benchmarks and also that):

1. Saving is for emergencies and short-term goals, and investing is for long-term goals. Funds for investing often come from savings.

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2. Savings and investing products differ in their potential rate of return, liquidity, and level of risk.
3. There is usually a positive relationship between the average annual return on an investment and its risk.
4. Compound interest is earned on both principal and previously earned interest.
5. Inflation reduces the return on an investment.
6. The Rule of 72 is a tool for estimating the time or rate of return required to double a sum of money.
7. Investors can get information from many sources.
8. People can buy and sell investments in different ways.



Glossary

(not all terms are relevant to K-2 standards)

Banks

Corporations chartered by state or federal government to offer financial services such as checking and savings accounts, loans, and safe deposit boxes

Barter

Trading goods or services without the use of money

Benefit

Something that satisfies one's wants; something that is favorable to the decision maker

Borrow

To obtain or receive something on loan with the promise to return it or something that's equal to it

Borrowing

Promising to repay a given amount of money, often with added interest

Budget

A sum of money allocated for a particular use; a plan for saving and spending money

Buyers

People who purchase goods and services

Capital Resources

Resources made and used to produce and distribute goods and services; examples include tools, machinery and buildings.

Choice

Decision

Community

Any group living in the same area or having interests, work, etc. in common

Consequences

The logical or natural result of an action or condition. Consequences can affect the decision maker or someone who is uninvolved.

Consumer

A person who buys goods or services to satisfy wants



Consumer Price Index (CPI)

A price index that measures the cost of a fixed basket of consumer goods and services and compares the cost of this basket in one time period with its cost in some base period. Changes in the CPI are used to measure inflation.

Cost

What is given up to satisfy your wants; an amount that must be paid or spent to buy or obtain something; the effort, loss or sacrifice necessary to achieve or obtain something; something unfavorable to the decision maker

Credit

An arrangement for deferred payment of a loan or purchase

Credit unions

Not-for-profit cooperatives of members with some type of common bond like the same employer. Credit unions provide many financial services, often at a lower cost than banks.

Currency

Paper money

Decision Making

Reaching a conclusion after considering alternatives and their results.

Deflation

A sustained decrease in the average price level of all the goods and services produced in the economy.

Demand

The quantity of goods and services that buyers are willing and able to purchase at various prices at a particular time.

Denomination

Value of coins and currency

Distribution

The arrangement of items over a specified area

Economic system

Establishes how a country produces and distributes goods and services

Employee benefits

Something of value that an employee receives in addition to a wage or salary.

Exchange

Trading a good or service for another good or service, or for money.



Federal Deposit Insurance Corporation (FDIC)

Insures accounts in some, but not all, federally chartered banks and savings associations

Financial investment

Money set aside to increase wealth over time and accumulate funds for long-term financial goals such as retirement

Goods

Something that you can touch or hold that satisfy people's wants

Government

Institutions and procedures through which a territory and its people are ruled.

Human Capital

The knowledge, skills and experience that make a worker more productive.

Human Resources

The health, education, experience, training, skills and values of people. Also known as human capital.

Incentives

Something, such as the fear of punishment or the expectation of reward, which induces action or motivates effort

Incentives

Something, such as the fear of punishment or the expectation of reward, which induces action or motivates effort

Income

Financial gain received as wages/salaries, rent interest, and/or profit

Inflation

A rise in the general or average price level of all the goods and services produced in an economy. Can be caused by pressure from the demand side of the market (demand-pull inflation) or pressure from the supply side of the market (cost-push inflation).

Interest

A charge for a loan, usually a percentage of the amount loaned

Interest rate

The price of using credit that relates to the amount owed

Job

A piece of work usually done on order at an agreed-upon rate. Also a paid position of regular employment.

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Loan

A sum of money borrowed for temporary use on condition that the same or its equivalent will be returned.

Lending

To give for temporary use on condition that the same or its equivalent will be returned

Liquidity

The quality of an asset that makes it possible to sell it quickly in exchange for cash without the asset losing value

Market economy

A system in which buyers and sellers make major decisions about production and distribution, based on supply and demand

Market economy

A system in which buyers and sellers make major decisions about production and distribution, based on supply and demand

Market

A group of buyers and sellers of a particular good or service

Money

Anything that is generally accepted as final payment for goods and services; serves as a medium of exchange, a store of value and a standard of value. Characteristics of money are portability, stability in value, uniformity, durability and acceptance.

Natural Resources

"Gifts of nature" that can be used to produce goods and services; for example, oceans, air, mineral deposits, virgin forests and actual fields of land. When investments are made to improve fields of land or other natural resources, those resources become, in part, capital resources. Also known as land.

Needs

Necessities (food, clothing, shelter)

Negative incentives

Costs that discourage certain behaviors

Non-exclusion

The ability to use a good or service without paying for it.

Opportunity cost

In making a decision, the most valuable alternative not chosen

Positive incentives

Benefits that encourage certain behaviors



Price

The amount of money that people pay when they buy a good or service; the amount they receive when they sell a good or service.

Principal

The original amount of money invested, does not include interest and dividends

Producer

One that produces, especially a person or organization that produces goods or services for sale

Production

The creation of value or wealth by producing goods or services

Productivity

The amount a worker produces in a certain amount of time.

Profit

Total revenue from the sale of goods or services minus the total cost.

Public Goods & Services

Goods and services that cannot be sold effectively in the marketplace; these goods are characterized by shared consumption and non-exclusion.

Resources

The basic kinds of resources used to produce goods and services. The kinds of resources are: human resources (people), capital resources (tools, computers) and natural resources (trees, land).

Rent

A payment for the temporary use of a resource.

Return

A payment for making a financial investment expressed as a percentage of the total invested amount of money you invest.

Revenue

Receipts from sales of goods and services

Risk

The chance of losing money

Save/Saving

To keep money for future use; to divert money from current spending to a savings account or another form of investment; the act of saving



Savings

Income not spent on goods and services and not paid in taxes

Savings

Money set aside for a future use that is held in easily-accessed accounts, such as savings accounts and certificates of deposit (CDs).

Savings and loan associations

Financial institutions that provide loans and interest-bearing accounts

Scarcity

Not being able to have everything wanted making choices necessary; when supply is less than demand

Self-interest

Acting to achieve a desired outcome to the acting individual

Sellers

People who provide or sell goods and services

Services

Something that one person does for someone else that satisfy people's wants

Skills (Work or Job Skills)

Ability to do things demanded in particular jobs.

Specialization

A situation in which people produce a narrower range of goods and services than they consume. Specialization increases productivity; it also requires trade and increases interdependence.

Spending

The use of money to buy goods and services

Supply

The quantity of resources, goods, or services that sellers offer at various prices at a particular time

Taxes

Required government fees on business and individual income and on goods and services, or products

Trade

The exchange of goods or services for other goods and services or money

Trade-off

The giving up of one benefit or advantage in order to gain another regarded as more favorable.

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Wage

Payments for labor services that are directly tied to time worked, or to the number of units of output produced.

Wants

Desires that can be satisfied by consuming or using a good or service. Economists do not differentiate between wants and needs.