



## Ox-Cart Man

Author: Andrea Caceres-Santamaria, Federal Reserve Bank of St. Louis

### Standards and Benchmarks (see page 21)

### Lesson Description

Students listen to the story *Ox-Cart Man* in which a family uses various resources to produce goods. As you read the story aloud to the students, place special emphasis on the fact that it takes resources to make goods and on identifying who buys the goods in a market. Students will then participate in a simulation of the circular flow of the economy. They will use examples from the story to apply the concepts learned and model how the circular flow shows the interdependence between people and businesses in the resource and goods/services markets.

### Concepts

Business	Goods	Money
Circular flow	Income	Resources
Consumer	Markets	Services

### Objectives

Students will be able to

- define business, consumer, goods, income, money, and resources;
- provide examples of natural, human, and capital resources;
- identify the product market and resource market in the circular flow; and
- explain that people and businesses interact in markets.

### Compelling Question

How do people and businesses interact in markets?

### Time Required

Day 1: 30-45 minutes

Day 2: 20-35 minutes

### Materials

- *Ox-Cart Man* by Donald Hall (ISBN: 0-14-050441-9)
- *Ox-Cart Man slide deck*
- *Handout 1, two-sided, one copy for each student*
- *Handout 2, one copy for each student*
- *Handout 2 Answer Key for the teacher*
- *Handouts 3 and 4, one copy of each*
- *Handouts 5 and 6, one copy of each, cut apart*
- *Handout 7, one copy for each student observing the activity*



- *Handout 8, one copy for each student*
- *Handout 9, one copy for each student*
- *Handout 9 Answer Key for the teacher*
- *Piece of scratch paper for each student*
- *Single hole punch*
- *String*
- *Scissors*

## Preparation

- For Handout 1, copy on both sides of a single sheet. Make one copy for each student.
- For Handouts 3 and 4, use a single hole punch to make two holes at the top of each copy. Tie the string so that two students can each wear a label as a necklace.
- For Handout 5, cut and fold so that 4 students each get a card with a resource on one side and mittens on the other.
- For Handout 6, cut and fold so that 4 students each get a card with “Income” on one side and “Spending Money” on the other.
- For Handout 7, fold each copy so that “Resource Market” is on one side and “Goods/Services Market” is on the other.

## Procedure

### Day1

1. To introduce the lesson, have students get their backpacks and take a minute to think about what materials are used to make their backpacks. Then ask students to share what materials they identified. (*Answers will vary but may include plastic, cloth, glue, metal for zipper, or Velcro®.*) Discuss the following:
  - Where did you get your backpack? (Some students may answer from their parents but guide them toward naming a business such as a store, and as they name specific stores, emphasize that stores are businesses.)
  - Are people involved in the process of making backpacks? (*Answers will vary. Guide students to the fact that at some point in the production process people were involved.*)
2. Explain that materials, such as those that go into making backpacks, pencils, and crayons, are resources. These resources can be natural, capital, or human. Distribute a copy of *Handout 1: Vocabulary* to each student. Display Slides 2 and 3 and refer to the vocabulary chart on the front side of Handout 1. Point out that the first column contains a vocabulary word, the second column contains the definition of the word and examples, and the third column is a space in which they can draw a picture to help them remember each word’s meaning. Work through the following:
  - **Natural resources** are things that occur naturally in and on the earth that are used to produce goods and services. Trees, water, land, oil, coal, and sunlight are examples of natural resources. Draw a picture in the third column of the natural resource row, to help you remember what natural resources are.



- **Capital resources** are goods that have been produced and are used to produce other goods and services. They are used repeatedly in the production process; also called capital goods and physical capital. Machines, computers, buildings, and tools are examples of capital resources. Draw a picture in third column of the capital resource row to help you remember what capital resources are.
  - **Human resources** are people who do mental and/or physical work to produce goods and services. Teachers, doctors, trash truck drivers, bus drivers, lawyers, store clerks, artists, and musicians are examples of human resources. Draw a picture in the third column of the human resource row to help you remember what human resources are.
  - **Goods** are objects that satisfy people’s wants, such as pencils, markers, and toys. Draw a picture in the third column of the goods row, to help you remember what goods are.
  - **Services** are actions that can satisfy people’s wants, such as house cleaning, carpentry, firefighting, healthcare, and hairstyling. Draw a picture in the third column of the services row to help you remember what services are.
  - People sell resources to businesses. Tell the students that their parents are human resources when they go to work for a business. Their parents agree to work for a business and the business agrees to pay them. People are part of the production process. For example, a baker at the supermarket produces cookies that the supermarket sells.
  - People also sell other resources to businesses, such as tools, machinery, and materials to make goods and services.
3. Ask the students what they would wear on their hands on a cold day. (*Gloves, mittens*) Display Slide 4. Ask the students to name the resources that businesses use to produce mittens. (*wool [for yarn], sewing machines, patterns, people*) As they call out examples, write them around the visual with arrows pointing to the visual to exemplify what goes into producing the mittens. Once students have finished naming examples, display Slide 5 and discuss the following:
- What does the boy need so that his hands are not cold? (*Mittens*)
  - Where can he buy the mittens? (A business, a store)
4. Display Slide 6. Point out that the boy is happy because he has mittens, and his hands aren’t cold. Explain that when the boy goes to the store to buy his mittens, he is a consumer. People who buy goods and services to satisfy their wants are **consumers**. Have students “turn and talk” to a partner and think of times when they or their families are consumers. What goods and services are they or their families buying and using? Students could provide examples such as food, pens, markers, coloring books, or even classroom sets of consumable workbooks.
5. Tell the students that you are going to read them a story called *Ox-Cart Man*. Give each student a piece of scratch paper. Explain that as you read the story, you want them to identify the resources mentioned in the story and what the ox-cart man’s family produced with those resources. They should write the words or sketch pictures on the scratch paper. At the end of the story, ask students to share the resources they identified and what the family produced with those resources.
6. After reading the story, ask the students to share the resources that they identified and what the family produced with those resource. Distribute a copy of *Handout 2: Ox-Cart Man Review* to each student. Explain that they should work with the elbow partner on their right to complete various activities that relate to the story they just heard. Tell the partners that they are to complete the tasks in order and that each person



must complete his or her own handout. You can choose to review the answers as provided in Handout 2: *Ox-Cart Man Review-Answer Key* as they finish each task or once they complete all six.

7. Display Slides 7 and 8. Refer students to the vocabulary chart on the back side of Handout 1. Point out that the first column contains the vocabulary word, the second column contains the definition of the word and the examples, and the third column is a space in which they can draw a picture to help them remember each word's meaning. Work through the following and refer to the vocabulary when you introduce/discuss the bolded concepts:
  - The exchange of resources, goods, and money are all part of something called the circular flow of the economy. The **circular flow of the economy** shows how resources, money, goods, and services are traded or exchanged between businesses and consumers. It includes a market for businesses to buy resources and a market for people to buy goods and services. Draw a picture in the third column of the circular flow of the economy row to help you remember what circular flow means.
  - **Markets** are where buyers and sellers come together to exchange goods, services, and resources. Draw a picture in the third column of the market row to help you remember what market means. What are some examples of markets? (Supermarket, flea market, shoe store, toy store, online store)
  - **Consumers** are people who buy goods and services. Draw a picture in the third column of the consumer row to help you remember who consumers are.
  - **Businesses** are organizations that produces the goods and services that are sold to consumers in markets. Restaurants, stores, skating rinks, bowling alleys, and doctors' offices are examples of businesses. Draw a picture in the third column of the business row to help you remember what businesses are.
  - Businesses must use resources to make the goods and services that are sold in markets. Businesses buy these resources in the resource market.
  - The market in which people buy goods and services is the goods and services market. Consumers want to have money to buy goods and services.
  - Businesses want to sell their goods and services so that they have money to pay for the resources they use to produce the goods and services.
  - **Money** is anything widely accepted in exchange for goods and services. Money makes it easier to trade. In the United States we use dollars and coins as money. Draw a picture in the third column of the money row to remind you what money is.
  - **Income** is the money people receive as payment for the resources they sell to businesses. Draw a picture in the third column of the money row to remind you what income is.
  - The circular flow shows how consumers and businesses make exchanges in these markets.
8. Display Slide 9 and work through the following:
  - Touch the image of the people and explain that they are on the left-hand side of the Resource Market. These are people like a teacher, a principal, a barber, a cook, a doctor, your neighbors, your parents, or other family members. Touch the image of the businesses and explain that businesses are on the right-hand side of the Resource Market. These are businesses like a barbershop, a medical clinic, a donut shop, a gas station, a supermarket, or a sandwich shop.



- Touch the arrows at the bottom of the diagram and explain that the arrows in this bottom half of the circular flow show us that people sell resources to businesses and that businesses pay people for the resources. This part of the circular flow is the Resource Market. When a business pays people for resources, this payment is income.
  - Ask the students if they have ever done a task such as a chore and were paid money in return. Select one student's response to illustrate. On the board, draw a stick figure representation of the student and write their name underneath. Draw the chore they completed (e.g., raking leaves). Explain that when [student's name] [rakes leaves], they are selling a resource. Then draw a stick-figure representation of the person who is paying the student and write their name underneath (e.g., "Grandma"). Draw some money or dollar signs next to the person. Explain that [student's name] is selling their resource to whoever is paying them [Grandma]. Use the student's information from the example in the following explanation: If [Grandma] pays you for [raking leaves], she is playing the role of the business, and you are the human resource she pays for. Refer to the vocabulary chart and explain that the money you receive is called income. People use income to buy things and to save. Explain that saving is putting money away for later use.
  - Provide additional examples: teachers are human resources and earn income for teaching; bus drivers are human resources and earn income for driving buses; cashiers are human resources and earn income for providing cashier services; nurses are human resources and earn income for taking care of sick people.
9. Display Slide 10. Work through the following, pointing out the two arrows in this top half of the circular flow:
- Touch the image of people and explain that people who sold their resources to businesses now have money they earned-their income, and they can spend their income.
  - What do we call people who buy and use goods and services? (*Consumers*)
  - The green arrow from the people to the business represents consumers paying for goods and services with some of their income. Consumers pay businesses for goods and services, so money goes from people to businesses.
  - The red arrow represents goods and services coming from the business to the people/consumers. When people buy goods, they take the goods with them. When consumers buy services, businesses do something for the consumers.
  - What types of goods and services have you bought with money (income) you earned for doing chores? (*Answers will vary but may include a toy, book, or snack.*)
  - Provide additional examples, as follows:
    - People buy groceries-goods. They use some of the income they earned in the resource market to pay the grocery store owners-the business for the groceries. (green arrow) And consumers take the groceries home. (red arrow)
    - People buy clothing-goods-at Walmart, Target or other clothing stores. They use some of the income they earned in the resource market to pay for the clothing. (green arrow) And consumers take the groceries home. (red arrow)
    - People get haircuts-services. They use some of the income they earned in the resource market to pay the barbershop or salon owner (business) for the haircuts. (green arrow) And they go home with a great haircut. (red arrow)



## Day2

10. Remind the students that they read a story about an ox-cart man and learned about the circular flow. Explain that they are going to participate in an activity where they bring the circular flow to life. Choose 1 volunteer to represent people, 1 volunteer to represent businesses, 4 volunteers to represent resources and mittens, and 4 volunteers to represent income and spending money.
11. Distribute the label from *Handout 3: People* to the student representing people and the label from *Handout 4: Businesses* to the student representing businesses. Place the students toward the front of the room and make sure that when the class is facing them, the student representing people is on the left and the student representing business is on the right. Leave enough room so that student volunteers can walk in a circle during the simulation.
12. Distribute a card representing one of the different resources-knitter, spinning wheel, wool, sheep, or shears from *Handout 5: Resource/Good Cards* to each student representing resources/ mittens. Note that each resource has a mitten on the reverse side. For Round 1, make sure that students have the resource side facing out.
13. Distribute a card from *Handout 6: Income and Spending Money Cards* to each student representing income and spending money. For Round 1, make sure that students have the income side facing out.
14. Distribute a copy of *Handout 7: Identify the Market* to each of the students observing the simulation. Make sure the handout is folded so that each market displays on its own side. Tell the students that their role is to identify which type of market-resource market or goods/ services market-is being demonstrated during the simulation. Explain that when you ask them to identify the market, they should hold up the side that identifies the market they believe is correct.
15. **Round 1:** For this round, student volunteers will simulate the Resource Market. Review with the students the types of resources needed to produce mittens. The students representing the resources should hold up their cards when the resource they have is named.
16. Direct the students representing the resources to line up on the People side and direct the students representing income to line up on the Businesses side. Before beginning the simulation, discuss the following:
  - Are resources free? (*Resources are not free.*)
  - Who will sell resources? (*People will sell resources.*)
  - What will people want in return for selling their resources? (*Income*)
  - Who will buy resources? (*Businesses*)
  - What will businesses do with resources? (*They will use resources to produce goods and services.*)
17. Explain that in this simulation the product businesses are producing is mittens, like the ones in the story *Ox-Cart Man*. The goal for the students on the People side is to sell their resources to the Businesses and earn income; they will use their income to buy mittens in a later round. The goal for the students on the Businesses side is to buy resources from People and use the resources to make mittens, which they will sell to People in Round 2. To prepare for the activity, review the following:
  - Remind the students that no one should move until they are told to do so.
  - Model how the students will move from one side to the other during the activity. Have one student from the People side and one student from the Business side ready to help you show how it will work.



- People must go to a business to sell their resources, so the students on the People side representing resources will walk toward the Businesses side. The students on the Businesses side representing income will walk toward the People side. Each student will walk one at a time. Technically, the students coming from the People side will walk to their left (counterclockwise), and the students coming from the Business side will walk to their right (clockwise). When walking, students should come to a point where they are side by side (halfway between People and the Businesses) and able to trade their cards.
  - As they trade, the students from the People side should state, “I am selling my resource [name the resource] to a business for income.” And the students from the Businesses side should state, “I am buying this resource [name the resource] to make mittens. I am paying this person money, which is now their income.”
  - Each student will only trade with one other student.
  - Once a trade is completed each student returns to the side that they came from.
18. To begin Round 1 of the simulation, instruct one student from each side to start walking from their side to the other; when they meet side by side, the students should trade their cards with one another, and each should state what they are trading and what they are trading for (as in the last bullet above).
19. Once every student has traded, ask the students in the audience to decide which market they just observed and to hold up their cards with the answer. (*Students should display “Resource Market.”*) If necessary, the simulation of the Resource Market can be done one more time to review the concepts.
20. Tell the students on both the People and Businesses sides to flip their cards over. For example, the students who sold the resource will show that their income now becomes spending money, so they will flip their cards over to the side that displays “Spending Money.” The students who returned to the Business side who just purchased a resource will flip their cards over to the side that displays the mittens.
21. **Round 2:** For this round, student volunteers will simulate the Goods/Services Market. Students who are Businesses are now displaying mittens and are going to sell their goods to the students standing on the People side; those who are consumers have spending money and will buy goods from those on the Business side. Before beginning the simulation discuss the following:
- Who will sell goods? (*Businesses*)
  - Who will buy the goods? (*People, consumers*)
  - What must people have to buy goods? (*Income, spending money*)
  - How did people earn income to spend? (*By selling resources to businesses*)
  - What did businesses produce with the resources they bought? (*Mittens*)
22. Make sure that the students standing on the People side have their cards showing “Spending Money” and that the students on the Businesses side have their cards showing the mittens. Work through the following:
- People must go to the business to buy a good, so the students on the People side representing consumers with spending money will walk toward the Businesses side. The students on the Businesses side who have goods (mittens) will walk toward the People side. Each student will walk one at a time. Technically the students coming from the People side will walk to their right (clockwise), and the students coming from the Businesses side will walk to their left (counterclockwise). When walking, the students should come to a point where they are side by side (halfway between People and the Businesses) and able to trade their cards.



- As they trade, the students on the People side should state, “I am spending part of my income to buy mittens from a business.” And the students on the Businesses side should state, “I am selling mittens to this consumer and accepting money as payment.”
  - Each student will only trade with one other student.
  - Once students complete their trade, they should return to the side they came from.
23. To begin Round 2 of the simulation, instruct one student from each side to walk from their side to the other; when they meet side by side, students should trade their cards with one another and should make a statement as indicated in the last bullet above.
24. Once every student has traded, ask the students in the audience to decide which market they just observed and to hold up their cards with the answer. (*Students should display “Goods/ Services Market”*) If necessary, the simulation of the Goods/Services Market can be done one more time to review the concepts.
25. Tell the students on both the People and Businesses sides to flip their cards over. People will show the resource that they can sell to earn income. The Businesses will show income. Discuss the following:
- What will people do once again with the resources? (*They will sell them to a business for income so that they have more spending money.*)
  - What will businesses do with the income payment? (*Pay for the resources they purchased.*)
  - Once businesses have resources, what will they do again? (*Use the resources to produce goods and services-in this case mitten.*)
  - Once businesses have mittens, what will they do? (*Sell the mittens to consumers and receive payment.*)
  - Once consumers have income again what will they do? (*Spend some to buy goods and services.*)
26. Instruct the student volunteers to return to their seats with the cards they currently have. Display Slide 11 showing the full circular flow of the economy. Discuss the following, asking the students who represented the various parts in the activity to stand when their role is the correct answer to the question:
- Point to the red line at the bottom of the circular flow and ask who sells resources? (*People: The student with the People label and the students with resource cards should stand.*)
  - Point to the green line at the bottom of the circular flow and ask who buys resources? (*Businesses: The student with the Business label and the students with money cards should stand.*)
  - What do we call the market in which people sell resources and businesses buy resources? (*Resource Market: The students with these cards should stand.*)
  - Point to the red line at the top of the circular flow and ask who provides goods and services? (*Businesses: The student with the Business label and the students with money cards should stand.*)
  - Point to the green line and ask who buys goods and services? (*People: The student with the People label and the students with resource cards should stand.*)
  - What do we call the market in which people buy goods and services from businesses? (*Goods and Services Market: The students with these cards should stand.*)



27. Distribute a copy of *Handout 8: Circular Flow* to each student. Use the following example to walk through the entire circular flow. Trace the lines as you describe the example.

- Albert Molina is a candy maker. He works at Market Candy. Trace the red line from People to Businesses.
- Market Candy, a business, buys resources in the resource market.
- Trace the green line and explain that Market Candy pays Albert-a human resource-for the work he does.
- This payment is income for Albert.
- Albert uses part of his income to buy goods and services-in this case he buys some candy. Trace the red line showing goods-candy-coming from the Market Candy to Albert.
- Albert pays for the candy with part of his income. Trace the green line from People to Businesses.

### Closure

28. Display slide 12. Use the following questions to review the key concepts from the lesson.

- Who are consumers? (*People who buy and use goods and services.*)
- Who sells goods and services? (*Businesses*)
- How do consumers and businesses interact in markets? (*They exchange goods, services, resources, and payments.*)
- In which market do people and businesses exchange goods and services and payments (money)? (*Goods and services market*)
- How do businesses produce the goods and services? (*They buy resources and materials.*)
- Who sells resources to businesses? (*People*)
- What do people receive in exchange for the resources they sell? (*income*)
- Where do people and businesses exchange resources and income? (*Resource market*)
- What do we call the picture or diagram that shows how businesses and people exchange goods, services, resources, income, and payments? (*Circular flow of the economy*)
- Display Slide 11 again and work through the following:
  - Point to the people box and explain that Angel is a plumber who works for All Star Plumbing.
  - Which line does Angel moves on as a human resource? (*red line from people to businesses*)
  - All Star Plumbing pays Angel for the work she does. Which line shows that? (*green line from business to people*)
  - Which market does this represent? (*Resource Market*)
  - The Hornets Basketball team sells tickets to Angel. Which line represents that? (*red line from business to people*)
  - Angel pays for the tickets. Which line shows that? (*green line from people to businesses*)

### Assessment

29. Distribute a copy of *Handout 9: Assessment* to each student. Review the directions and allow students to work. Then use *Handout 9: Assessment-Answer Key* to review their responses.



## Handout 1: Vocabulary

Word	Definitions and Examples	Picture
Natural Resource	Things that occur naturally in or on the earth.  Examples: Trees, Land, Water, Sunlight, Oil, Sheep, Cows	
Capital Resource	Things people make and use over and over to make other things.  Examples: Tools, Buildings, Machines, Desks, Computers	
Human Resource	People who work to produce goods and services.  Examples: Bus Driver, Mechanic, Store Clerk, Teacher, Lawyer, Hair Stylist	
Goods	Objects that satisfy people's wants.  Examples: Pencils, Games, Books, Food, Candy, Couch, Table	
Services	Actions that satisfy people's wants  Examples: House cleaning, Medical Care, Bus Ride, Food Delivery, Car Repair	



## Handout 1: Vocabulary, cont.

Word	Definitions and Examples	Picture
Circular Flow of the Economy	A picture that shows how people exchange goods, services, resources, and payments in markets.	
Markets	Where buyers and sellers come together to exchange goods, services, and resources.  Examples: Supermarket, shoe store, toy store, online stores	
Consumers	People who buy and use goods and services.  Examples: People who buy clothes, toys, books, food, medicine and other goods and services.	
Businesses	Organizations that produce goods and services and sells them to consumers.  Examples: McDonalds, Target, Pizza Hut, Car Dealer	
Money	Something most people accept as payment for things.  Examples: U.S. Dollars and coins in the U.S.; Pesos in Mexico, Euro in the European Union	
Income	Money people receive as payment for the resources they sell.  Examples: Teachers, doctors, and other workers earn income.	



## Handout 2: Ox-Cart Man Review

1. Number these events from the story in order, with 1 happening first to 4 happening last.

- \_\_\_ The dad arrived at the market.
- \_\_\_ The dad packed mittens, brooms, and a shawl.
- \_\_\_ The family made mittens, brooms, and a shawl.
- \_\_\_ The dad sold the mittens, brooms, and shawl at the market.

3. Which of these best describes consumers?

- a. People who make goods
- b. People who buy goods and services to satisfy their wants
- c. People who go to work

4. Fill in the blanks below:

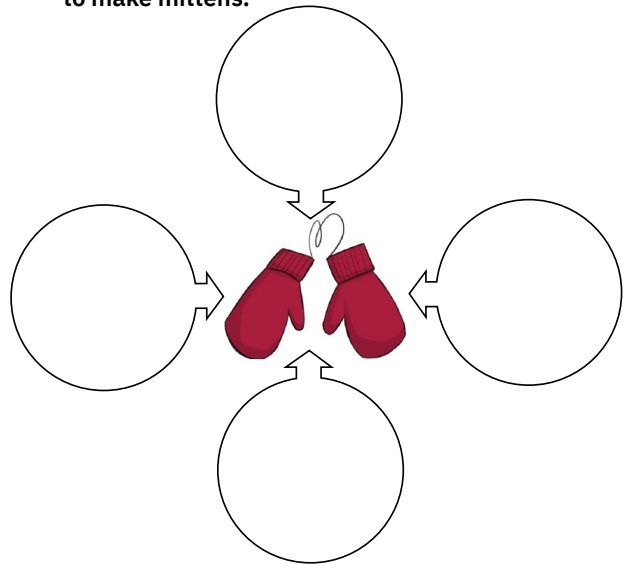
The daughter knit mittens using the wool her dad got from the sheep.

The son carved brooms with a knife.

The mother made a shawl from the wool the dad got from the sheep.

- a. The wool was used to make \_\_\_\_\_ and \_\_\_\_\_.
- b. The son used a knife to carve \_\_\_\_\_.
- c. The dad got \_\_\_\_\_ from the sheep.

2. In each circle, write the resources the family used to make mittens.



5. Draw a line from each word to the image or images it best matches.



6. Fill in the blanks with a word from the Word Bank that best completes each statement.

- a. A natural resources is \_\_\_\_\_
- b. \_\_\_\_\_ sell resources.
- c. \_\_\_\_\_ buy resources.
- d. \_\_\_\_\_ are people who buy goods.
- e. a capital resource is the \_\_\_\_\_.
- f. \_\_\_\_\_ is payment for resources.
- g. The \_\_\_\_\_ is a good.

**Word Bank**

Businesses	Wool	People
Consumers	Income	Knife
Shawl		



## Handout 3: People



# People













## Handout 4: Businesses



# Businesses

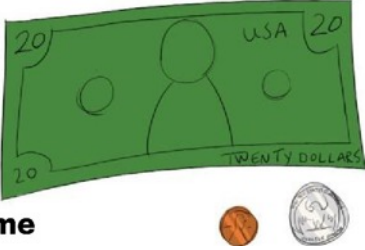

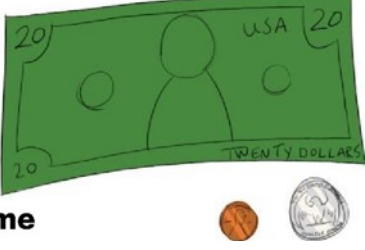

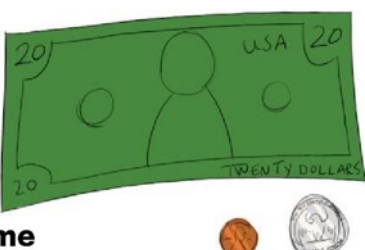

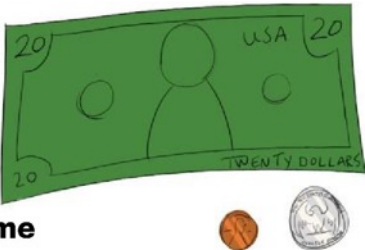

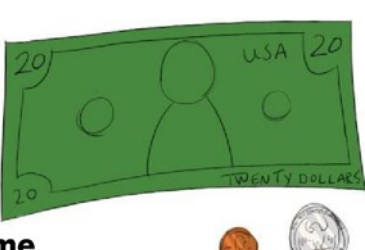



### Handout 5: Resource/Good Cards



## Handout 6: Income and Spending Money Cards

 <p><b>Income</b></p>	
 <p><b>Income</b></p>	
 <p><b>Income</b></p>	
 <p><b>Income</b></p>	
 <p><b>Income</b></p>	

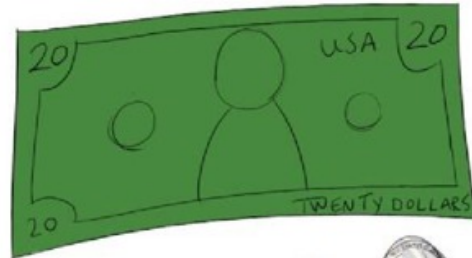


## Handout 7: Identify the Market



Goods/Services

Resource Market



Income





## Handout 8: Circular Flow





### Handout 9: Assessment (page 1 of 2)

**Directions:** Use the word bank provided below to fill in the blanks in the paragraph. Some words may be used more than one.

Eleanor is a receptionist for Mahlaya Smith, a dentist. A dentist office is a \_\_\_\_\_ Eleanor makes appointments, checks patients in, accepts payments, and provides receipts. She works Monday through Friday. The dentist pays Mahlaya every Friday. Eleanor is a \_\_\_\_\_ resource. The payment she receives each week is her \_\_\_\_\_. The dentist also pays for the building and dental equipment she rents.

The building and dental equipment are examples of \_\_\_\_\_ resources. The dentist also pays to have water which is important in caring for her patients. Water is a \_\_\_\_\_ resource. The dentist combines these resources to provide dental care, which is a \_\_\_\_\_. Consumers pay the dentist for dental care.

Eleanor uses the \_\_\_\_\_ she earns to buy \_\_\_\_\_ and \_\_\_\_\_. This includes groceries, and clothing, which are \_\_\_\_\_. She also pays for daycare for her baby Jaiden. Daycare is an example of a \_\_\_\_\_.

The dentist combines these resources to provide dental care, which is a \_\_\_\_\_. Consumers pay the dentist for dental care.

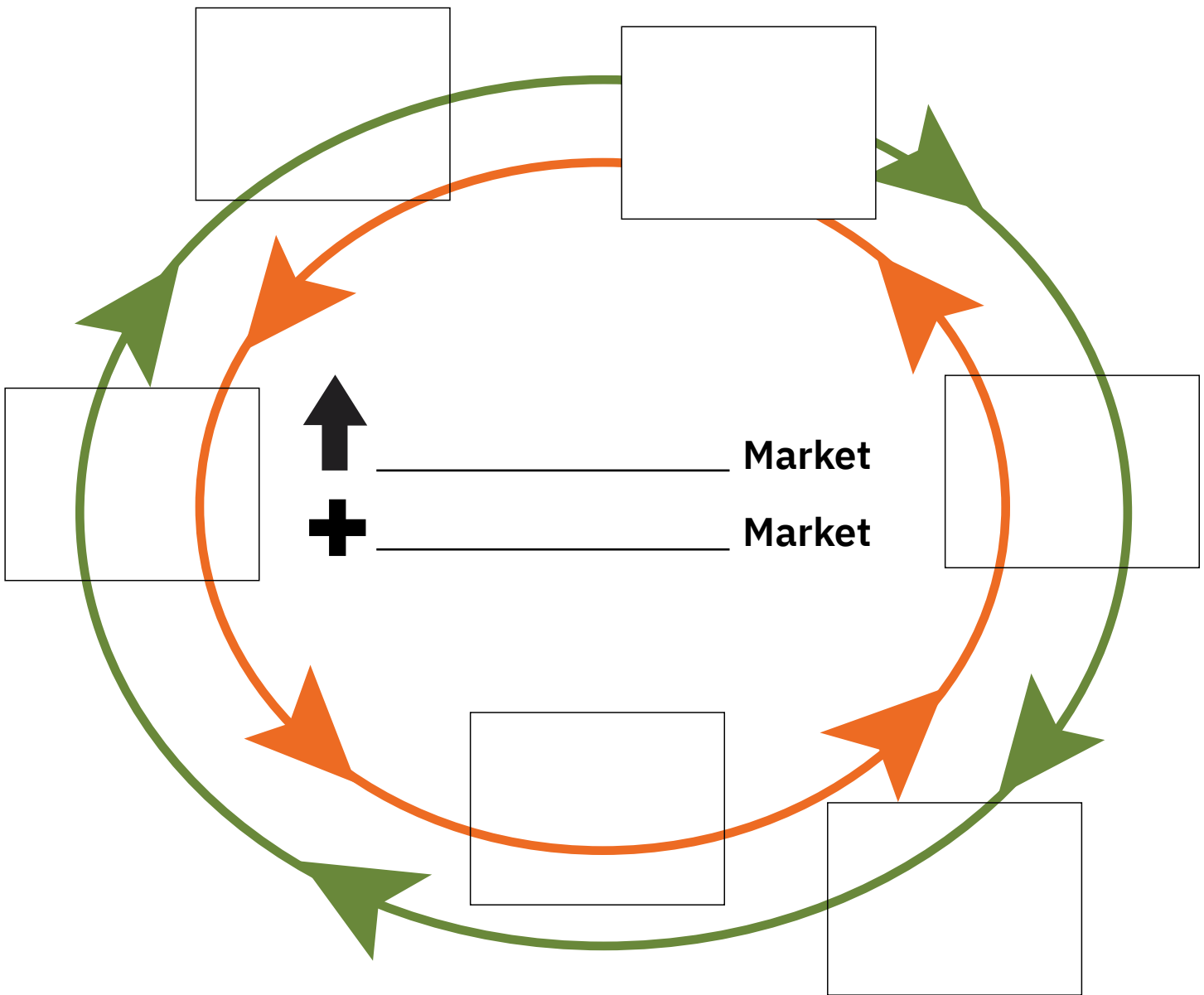
Income	Natural	Human
Capital	Goods	Services
Business	Service	



### Handout 9: Assessment (page 2 of 2)

**Directions:** In the blank boxes, draw pictures that would correctly show how the circular flow works. Label the markets.

Eleanor	Income	Payment
Daycare	Resources	Goods and Services
People	Businesses	Mahlaya Smith





## Standards and Benchmarks

### Voluntary National Content Standards in Economics

#### Standard 1: Scarcity

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

##### **Benchmarks: Grade 4**

3. People's choices about what goods and services to buy and consume determine how resources will be used.
6. Productive resources are natural resources, human resources, and capital goods available to make goods and services.
8. Human resources are the people who do the mental and physical work to produce goods and services
9. Capital goods are goods that are produced and used to make goods and services
11. Most people produce and consume. As producers, they help make goods and services; as consumers, they use goods and services to satisfy their wants.

#### Standard 18: Economic Fluctuations

Fluctuations in 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. Recessions occur when overall levels of income and employment decline.

##### **Benchmarks: Grade 8**

5. When consumers make purchases, goods, and services are transferred from businesses to households (people) in exchange for money payments. That money is used by businesses to pay for productive resources (natural, human, and capital).