



Indiana Department of Education

---

# ***Economics Content Connectors***



# Indiana Department of Education

## Standard 1: Scarcity and Economic Reasoning

*Students understand that productive resources are limited; therefore, people, institutions, and governments cannot have all the goods and services they want. As a result, people, institutions, and governments must choose some things and give up others.*

IAS	Content Connector
<b>E.1.2:</b> Explain that entrepreneurs combine productive resources to produce goods and services with the goal of making a profit.	<b>E.1.2.a.1:</b> Explain that entrepreneurs combine productive resources to produce goods and services with the goal of making a profit.
<b>E.1.3:</b> Identify incentives and explain how they influence decisions.	<b>E.1.3.a.1:</b> Identify incentives and explain how they influence decisions.
<b>E.1.4:</b> Explain that voluntary exchange occurs when households, businesses, and governments expect to gain.	<b>E.1.4.a.1:</b> Explain that voluntary exchange occurs when households, businesses, and governments expect to gain.
<b>E.1.5:</b> Define scarcity and explain how choices incur opportunity costs and tradeoffs.	<b>E.1.5.a.1:</b> Define scarcity and explain how choices incur opportunity costs and tradeoffs.
<b>E.1.6:</b> Use a production possibilities curve to explain the concepts of choice, scarcity, opportunity cost, tradeoffs, unemployment, productivity, and growth.	
<b>E.1.7:</b> Describe and compare the various economic systems (traditional, market, command, mixed); explain their strengths and weaknesses.	
<b>E.1.8:</b> Describe how clearly defined and enforced property rights are essential to a market economy.	
<b>E.1.9:</b> Diagram and explain the circular flow model of a market economy.	<b>E.1.9.a.1:</b> Diagram and explain the circular flow model of a market economy.

## Standard 2: Supply and Demand

*Students understand the role that supply and demand, prices, and profits play in determining production and distribution in a market economy.*

IAS	Content Connector
<b>E.2.1:</b> Define supply and demand and explain the causes of the Law of Supply and the Law of Demand.	<b>E.2.1.a.1:</b> Define supply and demand and explain the causes of the Law of Supply and the Law of Demand.
<b>E.2.2:</b> Recognize that consumers ultimately determine what is produced in a market economy.	<b>E.2.2.a.1:</b> Recognize that consumers ultimately determine what is produced in a market economy.
<b>E.2.3:</b> Illustrate how supply and demand determine equilibrium price and quantity.	<b>E.2.3.a.1:</b> Illustrate how supply and demand determine equilibrium price and quantity.
<b>E.2.4:</b> Identify factors that cause changes in market supply and demand and how these changes affect price and quantity in a competitive market.	<b>E.2.4.a.1:</b> Identify factors that cause changes in market supply and demand and how these changes affect price and quantity in a competitive market.
<b>E.2.5:</b> Describe how elasticity (price) sends signals to buyers and sellers.	<b>E.2.5.a.1:</b> Describe how elasticity (price) sends signals to buyers and sellers.



## Indiana Department of Education

---

<b>E.2.6:</b> Demonstrate how government wage and price controls, such as rent controls and minimum wage laws, create shortages and surpluses.	<b>E.2.6.a.1:</b> Demonstrate how government wage and price controls, such as rent controls and minimum wage laws, create shortages and surpluses.
<b>E.2.7:</b> Describe how the earnings of workers are determined by the market value of the product produced and workers' productivity, as well as other factors.	<b>E.2.7.a.1:</b> Describe how the earnings of workers are determined by the market value of the product produced and workers' productivity, as well as other factors.
<b>IAS</b>	<b>Content Connector</b>
<b>E.2.8:</b> Illustrate how physical and human capital investment raise productivity and future standards of living.	<b>E.2.8.a.1:</b> Illustrate how physical and human capital investment raise productivity and future standards of living.



# Indiana Department of Education

## Standard 3: Market Structures

*Students understand the role of business firms and analyze the various types of market structures in the United States economy.*

IAS	Content Connector
<b>E.3.1:</b> Identify the ways that firms raise financial capital and explain the advantages and disadvantages of each.	
<b>E.3.2:</b> Demonstrate how firms determine optimum levels of output by comparing marginal cost and marginal revenue.	
<b>E.3.3:</b> Compare and contrast the basic characteristics of the four market structures: monopoly, oligopoly, monopolistic competition, and pure competition; explain how various amounts of competition affect price and quantity.	
<b>E.3.4:</b> Recognize the benefits of natural monopolies (economies of scale) and explain the purposes of government regulation of these monopolies.	

## Standard 4 : The Role of Government

*Students understand that typical microeconomic roles of government in a market or mixed economy are the provision of public goods and services, redistribution of income, protection of property rights, and resolution of market failures.*

IAS	Content Connector
<b>E.4.1:</b> Explain the roles of government in a market economy.	<b>E.4.1.a.1:</b> Define Market Economy
<b>E.4.2</b> Explain how markets underproduce public goods and explain why the government has an interest in producing these public goods.	<b>E.4.2.a.1:</b> Explain how markets underproduce public goods and explain why the government has an interest in producing these public goods.
<b>E.4.3:</b> Describe how the government taxes negative externalities (spillovers) and subsidizes positive externalities (spillovers) to resolve the inefficiencies they cause.	
<b>E.4.4:</b> Describe major revenue and expenditure categories and their respective proportions of state and federal budgets.	
<b>E.4.5:</b> Define progressive, proportional, and regressive taxation and determine whether different types of taxes (including income, sales, and Social Security) are progressive, proportional, or regressive.	
<b>E.4.6:</b> Explain how costs of government policies may exceed benefits because social or political goals (rather than economic efficiency) are being pursued.	
<b>E.4.7:</b> Define the national debt, explain the effects of the debt on the economy, and explain how to achieve a balanced budget.	<b>E.4.7.a.1:</b> Define types of taxes (including income, sales, and Social Security)



## Standard 5: National Economic Performance

*Students understand the means by which economic performance is measured and the causes and effects of business cycles in a market economy.*

IAS	Content Connector
<b>E.5.1:</b> Explain measures of a country's economic performance such as gross domestic product (GDP), unemployment, and inflation.	
<b>E.5.2:</b> Recognize that a country's overall level of income, employment, and prices is determined by rational spending and production decisions of households, firms, and government.	
<b>E.5.3:</b> Explain the limitations of using GDP to measure economic welfare.	
<b>E.5.4:</b> Identify the different causes of inflation (including costpush and demand-pull) and explain the impact of inflation on economic decisions.	
<b>E.5.5:</b> Explain and illustrate the impact of changes in aggregate supply and aggregate demand.	
<b>E.5.6:</b> Explain the causes and effects of business cycles in a market economy.	
<b>E.5.7:</b> Explain the different types of unemployment.	<b>E.5.7.a.1:</b> Explain the different types of unemployment.
<b>E.5.8:</b> Describe the impact of unemployment and unexpected inflation on an economy and how individuals and organizations try to protect themselves.	<b>E.5.8.a.1:</b> Describe the impact of unemployment and unexpected inflation on an economy and how individuals and organizations try to protect themselves.

## Standard 6: Money and the Role of Financial Institutions

*Students understand the role of money and financial institutions in a market economy.*

IAS	Content Connector
<b>E.6.1:</b> Explain the basic functions of money.	<b>E.6.1.a.1:</b> Explain the basic functions of money.
<b>E.6.2:</b> Identify the composition of the money supply of the United States.	<b>E.6.2.a.1:</b> Identify the composition of the money supply of the United States.
<b>E.6.3:</b> Explain the roles of financial institutions.	<b>E.6.3.a.1:</b> Explain the roles of financial institutions.
<b>E.6.4:</b> Demonstrate how banks create money through the principle of fractional reserve banking.	<b>E.6.4.a.1:</b> Demonstrate how banks create money through the principle of fractional reserve banking.
<b>E.6.5:</b> Describe the structure and functions of the Federal Reserve System.	<b>E.6.5.a.1:</b> Describe the structure and functions of the Federal Reserve System.
<b>E.6.6:</b> Explain how interest rates act as an incentive for savers and borrowers.	<b>E.6.6.a.1:</b> Explain how interest rates act as an incentive for savers and borrowers.
<b>E.6.7:</b> Compare and contrast different types of financial investments.	<b>E.6.7.a.1:</b> Compare and contrast different types of financial investments.



# Indiana Department of Education

**E.6.8:** Demonstrate how supply and demand determine equilibrium price and quantity in the financial markets.

**E.6.8.a.1:** Demonstrate how supply and demand determine equilibrium price and quantity in the financial markets.

## Standard 7: Economic Stabilization

*Students understand the macroeconomic role of the government in developing and implementing economic stabilization policies and how these policies impact the macroeconomy.*

IAS	Content Connector
<b>E.7.1:</b> Define and explain fiscal and monetary policy.	
<b>E.7.2:</b> Explain the tools of fiscal and monetary policy.	
<b>E.7.3:</b> Analyze how the government uses fiscal policy to promote price stability, full employment, and economic growth.	
<b>E.7.4:</b> Explain how the use of fiscal policy affects budget deficits or surpluses and the national debt.	
<b>E.7.5:</b> Analyze how the Federal Reserve uses monetary policy to promote price stability, full employment, and economic growth.	
<b>E.7.6:</b> Compare and contrast the major macroeconomic theories.	

## Standard 8: Trade

*Students understand why households, businesses, and governments trade goods and services and how trade affects the economies of the world.*

IAS	Content Connector
<b>E.8.1:</b> Explain that most trade occurs because producers have a comparative advantage (rather than an absolute advantage) in the production of a good or service.	<b>E.8.1.a.1:</b> Explain that most trade occurs because producers have a comparative advantage (rather than an absolute advantage) in the production of a good or service.
<b>E.8.2:</b> Explain the benefits of trade among households and countries.	<b>E.8.2.a.1:</b> Explain the benefits of trade among households and countries.
<b>E.8.3:</b> Explain the difference between balance of trade and balance of payments.	<b>E.8.3.a.1:</b> Explain the difference between balance of trade and balance of payments.
<b>E.8.4:</b> Define and explain the impact of trade barriers, such as quotas and tariffs, and analyze why countries erect them.	
<b>E.8.5:</b> Evaluate the arguments for and against free trade.	<b>E.8.5.a.1:</b> Define free trade.
	<b>E.8.5.a.2:</b> Tell arguments for and against free trade.
<b>E.8.6:</b> Explain how changes in exchange rates affects the value of imports and exports.	<b>E.8.6.a.1:</b> Define import, export
	<b>E.8.6.a.2:</b> Tell how import and export exchange rate



# Indiana Department of Education

---