



Alignment Document
State of Indiana and Aventa Learning Economics

Economics
2005-2007 Benchmark Blueprint

Standards	Benchmarks	Unit Name	Course Topic Description
E.1 Students will 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.	E.1.1 Define each of the productive resources (natural, human, capital) and explain why they are necessary for the production of goods and services.	Foundations of Economics and the Problem of Scarcity	Scarcity and the Factors of Production
	E.1.2 Explain how consumers and producers confront the condition of scarcity by making choices which involve opportunity costs and tradeoffs.	Foundations of Economics and the Problem of Scarcity Foundations of Economics and the Problem of Scarcity	Thinking Like an Economist Decision Making
	E.1.3 Explain the important role of the entrepreneur in taking the risk to combine productive resources to produce goods and services.	Foundations of Economics and the Problem of Scarcity American Free Enterprise and U.S. Government Involvement American Free Enterprise and U.S. Government Involvement	Entrepreneurs Business Cycles Entrepreneurs of the Past and Present
	E.1.4 Describe how people respond predictably	Economic Systems	Self-Regulation of a Free Market



	to positive and negative incentives.		Economy
		Economic Systems	The Invisible Hand
	E.1.5 Explain that voluntary exchange occurs when all participating parties expect to gain.	Economic Systems	Self-Regulation of a Free Market Economy
		Economic Systems	The Invisible Hand
		American Free Enterprise and U.S. Government Involvement	Principles of the American Free Enterprise System
	E.1.6 Compare and contrast how the various economic systems (traditional, market, command, mixed) answer the questions: What to produce? How to produce it? For whom to produce?	Economic Systems	Economic Systems: Introduction
		Economic Systems	Answering Economic Questions and Prioritizing Economic Goals
		Economic Systems	Free Market Economy
		Economic Systems	Traditional Economies
		Economic Systems	Centrally Planned or Command Economy
		Economic Systems	Mixed or Modernized Economy
	E.1.7 Describe how clearly defined and enforced property rights are essential to a market economy.	American Free Enterprise and U.S. Government Involvement	Principles of the American Free Enterprise System
	E.1.8 Use a production possibilities curve to explain the concepts of choice, scarcity, opportunity cost, tradeoffs, unemployment, productivity, and growth.	Foundations of Economics and the Problem of Scarcity	Production Possibilities Graphs
	E.1.9 Diagram and explain a Circular Flow	Economic Systems	The Operations of a Free Market

	Model of a market economy, showing households and businesses as decision makers, resource and money flows, and the three basic markets - product, productive resources, and financial markets.		Economy
E.2 Students will understand the role that supply and demand, prices, and profits play in determining production and distribution in a market economy.	E.2.1 Define supply and demand.	Understanding the Market Through Supply and Demand Understanding the Market Through Supply and Demand Understanding the Market Through Supply and Demand	Understanding the Market Through Supply and Demand: Introduction Understanding the Law of Demand Understanding the Law of Supply
	E.2.2 Identify factors that cause changes in market supply and demand.	Understanding the Market Through Supply and Demand Understanding the Market Through Supply and Demand	Understanding the Law of Demand Understanding the Law of Supply
	E.2.3 Describe the role of buyers and sellers in determining the equilibrium price.	Understanding the Market Through Supply and Demand	Setting Prices
	E.2.4 Describe how prices send signals to buyers and sellers.	Understanding the Market Through Supply and Demand	Understanding the Law of Demand
	E.2.5 Recognize that consumers ultimately determine what is produced in a market economy (consumer sovereignty).	American Free Enterprise and U.S. Government Involvement	American Free Enterprise and U.S. Government Involvement: Introduction
	E.2.6 Demonstrate how supply and demand	Understanding the	Setting Prices

	determine equilibrium price and quantity in the product, resource, and financial markets.	Market Through Supply and Demand	
	E.2.7 Demonstrate how changes in supply and demand influence equilibrium price and quantity in the product, resource, and financial markets.	Understanding the Market Through Supply and Demand	Setting Prices
	E.2.8 Describe how the earnings of workers are determined by the market value of the product produced and workers' productivity.	Understanding the Market Through Supply and Demand	Understanding the Law of Supply
	E.2.9 Demonstrate how government wage and price controls, such as rent controls and minimum wage laws, create shortages and surpluses.	Understanding the Market Through Supply and Demand	Government Involvement in Pricing
	E.2.10 Use concepts of price elasticity of demand and supply to explain and predict changes in quantity as price changes.	Understanding the Market Through Supply and Demand	Inelasticity and Elasticity
	E.2.11 Illustrate how investment in factories, machinery, new technology, and the health, education, and training of people increases productivity and raises future standards of living.	The United States and Globalization	Economic Development
E.3 Students will understand the organization and role of business firms and analyze the various types of market structures in the United States economy.	E.3.1 Compare and contrast the following forms of business organization: sole proprietorship, partnership, and corporation.	Business, Banking, and Finance	Types of Business Organizations
	E.3.2 Identify the three basic ways that firms finance operations (retained earnings, stock issues, and borrowing) and explain the advantages and disadvantages of each.	Business, Banking, and Finance	Types of Business Organizations
	E.3.3 Recognize that economic institutions, such as labor unions, nonprofit organizations, and cooperatives, evolve in market economies to help members and clients accomplish their goals.		
	E.3.4 Identify the basic characteristics of the four market structures: monopoly, oligopoly, monopolistic competition, and pure competition.		Business, Banking, and Finance
		Business, Banking, and Finance	Oligopolies

	E.3.5 Explain how competition among many sellers lowers costs and prices.	American Free Enterprise and U.S. Government Involvement	Principles of the American Free Enterprise System
	E.3.6 Demonstrate how firms determine price and output through marginal analysis.		
	E.3.7 Explain ways that firms engage in price and nonprice competition.		
	E.3.8 Identify laws and regulations adopted in the United States to promote competition among firms.	Business, Banking, and Finance	Monopolies
	E.3.9 Explain the function of profit in a market economy as an incentive for entrepreneurs to accept the risks of business failure.	American Free Enterprise and U.S. Government Involvement	Principles of the American Free Enterprise System
	E.3.10 Describe the benefits of natural monopolies (economies of scale) and the purposes of government regulation of these monopolies, such as utilities.	Business, Banking, and Finance	Monopolies
	E.3.11 Explain how cartels affect product price and output.		
E.4 Students will understand that typical microeconomic roles of government in a market or mixed economy are the provision of public goods and services, redistribution of income, and definition and protection of property rights, and resolution of market failures.	E.4.1 Explain the basic functions of government in a market economy.	Foundations of Economics and the Problem of Scarcity Economic Systems American Free Enterprise and U.S. Government Involvement American Free Enterprise and U.S. Government	Dealing With Scarcity: Government Rules Mixed or Modernized Economy Government Methods to Protect Economic Rights The U.S. Government's Role in the American Free Enterprise System

		Involvement American Free Enterprise and U.S. Government Involvement	The U.S. Government's Income and Expenditures
E.4.2 Explain how markets produce too few public goods and how the government determines the amount to produce through looking at benefits and costs.		American Free Enterprise and U.S. Government Involvement	Public Goods
E.4.3 Describe how the government taxing harmful spillovers and subsidizing helpful spillovers helps to resolve the inefficiency they cause.		Understanding the Market Through Supply and Demand	Shifts in the Supply Curve
E.4.4 Describe major revenue and expenditure categories and their respective proportions of local, state, and federal budgets.		American Free Enterprise and U.S. Government Involvement	The U.S. Government's Income and Expenditures
E.4.5 Explore the ways that tax revenue is used in the community.		American Free Enterprise and U.S. Government Involvement	The U.S. Government's Income and Expenditures
E.4.6 Identify taxes paid by students.		American Free Enterprise and U.S. Government Involvement	Tax Revenue of the Federal Government
E.4.7 Define progressive, proportional, and regressive taxation.		American Free Enterprise and U.S. Government Involvement	The U.S. Government's Income and Expenditures
E.4.8 Determine whether different types of taxes (including income, sales, and social security) are progressive, proportional, or regressive.		American Free Enterprise and U.S. Government Involvement	The U.S. Government's Income and Expenditures
E.4.9 Describe how costs of government policies may exceed benefits, because social or		Understanding the Market Through Supply	Shifts in the Supply Curve

	political goals other than economic efficiency are being pursued.	and Demand	
	E.4.10 Use an economic decision-making model to analyze a public policy issue.	American Free Enterprise and U.S. Government Involvement	Discussion Assignment: How Much is Too Much?
		American Free Enterprise and U.S. Government Involvement	Discussion Assignment: Too Much or Not Enough?
E.5 Students will understand the means by which economic performance is measured.	E.5.1 Define aggregate supply and demand, Gross Domestic Product (GDP), economic growth, unemployment, and inflation.	Measuring Economic Performance	Gross Domestic Product
		Measuring Economic Performance	Business Cycles
		Measuring Economic Performance	Unemployment
		Measuring Economic Performance	Inflation
	E.5.2 Explain how GDP, economic growth, unemployment, and inflation are measured.	Measuring Economic Performance	Gross Domestic Product
	E.5.3 Explain the limitations of using GDP to measure economic welfare.		
	E.5.4 Explain the four phases of the business cycle (contraction, trough, expansion, peak).	Measuring Economic Performance	Business Cycles
	E.5.5 Analyze the impact of events in United States history, such as wars and technological developments, on business cycles.	Measuring Economic Performance	Factors That Influence Business Cycles
E.5.6 Identify the different causes of inflation and explain who gains and loses because of inflation.	Measuring Economic Performance	Inflation	
E.5.7 Analyze the impact of inflation on students' economic decisions.	Measuring Economic Performance	Discussion Assignment: Prices and Inflation	

	E.5.8 Illustrate and explain cost-push and demand-pull inflation.	Measuring Economic Performance	Inflation
	E.5.9 Recognize that a country's overall level of income, employment, and prices are determined by the individual spending and production decisions of households, firms, and government.	Measuring Economic Performance	Gross Domestic Product
	E.5.10 Illustrate and explain how the relationship between aggregate supply and aggregate demand is an important determinant of the levels of unemployment and inflation in an economy.	Measuring Economic Performance	Unemployment
	E.5.11 Compare and contrast solutions for reducing unemployment.		
E.6 Students will understand the role of money and financial institutions in a market economy.	E.6.1 Explain the basic functions of money.	Business, Banking, and Finance	Money and Banking
	E.6.2 Identify the composition of the money supply of the United States.	Business, Banking, and Finance	Money and Banking
	E.6.3 Explain the role of banks and other financial institutions in the economy of the United States.	Business, Banking, and Finance	The Functions of Financial Institutions
		Business, Banking, and Finance	Types of Financial Institutions
		Business, Banking, and Finance	The Influences of Financial Institutions
	E.6.4 Explain how interest rates act as an incentive for savers and borrowers.	American Free Enterprise and U.S. Government Involvement	How Monetary Policy Operates
	E.6.5 Describe the organization and functions of the Federal Reserve System.	American Free Enterprise and U.S. Government Involvement	U.S. Monetary Policy
E.6.6 Compare and contrast credit, savings, and investment services available to the consumer	Business, Banking, and Finance	Credit	

	from financial institutions.	Business, Banking, and Finance	Saving and Investing
	E.6.7 Demonstrate how banks create money through the principle of fractional reserve banking.		
	E.6.8 Research and monitor financial investments, such as stocks, bonds, and mutual funds.	Business, Banking, and Finance	Saving and Investing
		Research Project	Stock Market
	E.6.9 Analyze the difference in borrowing costs using various rates of interest when purchasing a major item, such as a car or house.		
	E.6.10 Formulate a savings or financial investment plan for a future goal.	Research Project	Stock Market
		Business, Banking, and Finance	Writing Assignment: Creating an Investment Portfolio
E.7 Students will understand the macroeconomic role of the government in developing and implementing economic stabilization policies and how these policies impact the economy.	E.7.1 Define and explain fiscal and monetary policy.	American Free Enterprise and U.S. Government Involvement	U.S. Fiscal Policy
		American Free Enterprise and U.S. Government Involvement	U.S. Monetary Policy
	E.7.2 Define the tools of fiscal and monetary policy.	American Free Enterprise and U.S. Government Involvement	U.S. Fiscal Policy
American Free Enterprise and U.S. Government Involvement		U.S. Monetary Policy	
	E.7.3 Describe the negative impacts of	Measuring Economic	Unemployment

	unemployment and unexpected inflation on an economy and how individuals and organizations try to protect themselves.	Performance Measuring Economic Performance	Inflation
	E.7.4 Explain how monetary policy affects the level of inflation in the economy.	American Free Enterprise and U.S. Government Involvement Measuring Economic Performance	U.S. Fiscal Policy Inflation
	E.7.5 Analyze how the government uses taxing and spending decisions (fiscal policy) to promote price stability, full employment, and economic growth.	American Free Enterprise and U.S. Government Involvement	U.S. Fiscal Policy
	E.7.6 Analyze how the Federal Reserve uses monetary tools to promote price stability, full employment, and economic growth.	American Free Enterprise and U.S. Government Involvement	U.S. Monetary Policy
	E.7.7 Predict possible future effects of the national debt on the individual and the economy.	American Free Enterprise and U.S. Government Involvement	The National Debt
	E.7.8 Predict how changes in federal spending and taxation would affect budget deficits and surpluses and the national debt.	American Free Enterprise and U.S. Government Involvement	Government Deficits
	E.7.9 Explain how a change in monetary or fiscal policy can impact a student's purchasing decision.	American Free Enterprise and U.S. Government Involvement American Free Enterprise and U.S. Government Involvement	U.S. Fiscal Policy How Monetary Policy Operates

		American Free Enterprise and U.S. Government Involvement	How Monetary Policy Affects YOU
E.8 Students will understand why individuals, businesses, and governments trade goods and services and how trade affects the economies of the world.	E.8.1 Explain the benefits of trade among individuals, regions, and countries.	The United States and Globalization	International Trade
	E.8.2 Define and distinguish between absolute and comparative advantage.	The United States and Globalization	Comparative and Absolute Advantage
	E.8.3 Define trade barriers, such as quotas and tariffs.	The United States and Globalization	Trade Barriers
	E.8.4 Explain why countries erect barriers to trade.	The United States and Globalization	Trade Barriers
	E.8.5 Explain the difference between balance of trade and balance of payments.		
	E.8.6 Compare and contrast labor productivity trends in the United States and other developed countries.		
	E.8.7 Explain how most trade occurs because of a comparative advantage in the production of a particular good or service.	The United States and Globalization	Comparative and Absolute Advantage
	E.8.8 Explain how changes in exchange rates impact the purchasing power of people in the United States and other countries.	The United States and Globalization	Exchange Rates
	E.8.9 Evaluate the arguments for and against free trade.	The United States and Globalization	Free Trade
	E.8.10 Identify skills individuals need to be successful in the global economy.		