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DEPARTMENT OF EDUCATION

Working Together for Student Success



Indiana Academic Standards Economics Crosswalk

Economics Crosswalk: 2014 and 2020

2014 Standard Language	2020 Standard Language	Changes
Economics		
Standard 1 - Scarcity and Economic Reasoning		
<p><i>Added Rationale: Explicitly comparing the value of alternative opportunities that are sacrificed in any choice enables citizens and their political representatives to weigh the alternatives in order to make better economic decisions. This analysis also makes people aware of the consequences of their actions for themselves and others, and could lead to a heightened sense of responsibility and accountability.</i></p>		
<p>E.1.1: Define and identify each of the productive resources (natural, human, capital) and explain why each is necessary for the production of goods and services.</p>	<p>E.1.1: Define and identify each of the productive resources (natural, human, capital) and explain why each is necessary for the production of goods and services.</p>	<p>No change</p>
<p>E.1.2: Explain that entrepreneurs combine productive resources to produce goods and services with the goal of making a profit.</p>	<p>E.1.2: Explain that entrepreneurs combine productive resources to produce goods and services with the goal of making a profit.</p>	<p>No change</p>
<p>E.1.3: Identify incentives and explain how they influence decisions.</p>	<p>E.1.3: Identify incentives and explain how they influence economic behavior and decision-making.</p>	<p>Added <i>economic behavior</i> Removed <i>decisions</i> Added <i>decision-making</i></p>
<p>E.1.4: Explain that voluntary exchange occurs when households, businesses, and governments expect to gain.</p>	<p>E.1.4: Explain that voluntary exchange occurs when households, businesses, and governments expect to gain.</p>	<p>No change</p>
<p>E.1.5: Define scarcity and explain how choices incur opportunity costs and trade-offs.</p>	<p>E.1.5: Define scarcity and explain how choices incur opportunity costs and trade-offs.</p>	<p>No change</p>

E.1.6: Use a production possibilities curve to explain the concepts of choice, scarcity, opportunity cost, trade offs, unemployment, productivity, and growth.	E.1.6: Use a production possibilities curve to explain the concepts of choice, scarcity, opportunity cost, trade offs, unemployment, productivity, and growth.	No change
E.1.7: Describe and compare the various economic systems (traditional, market, command, mixed); explain their strengths and weaknesses.	E.1.7: Describe and compare the various economic systems (traditional, market, command, mixed); explain their strengths and weaknesses.	No change
E.1.8: Describe how clearly defined and enforced property rights are essential to a market economy.	E.1.8: Describe how clearly defined and enforced property rights are essential to a market economy.	No change
E.1.9: Diagram and explain the circular flow model of a market economy.	E.1.9: Illustrate how investment in physical and human capital can raise productivity and future standards of living.	Standard rewritten
	E.1.10: Diagram and explain the circular flow model of a market economy.	New standard
Standard 2 - Supply and Demand		
<i>Added Rationale: Understanding how market prices and output levels are determined helps people anticipate market opportunities and make better choices as consumers and producers. It will also help them realize that market allocations are impersonal.</i>		
E.2.1: Define supply and demand and explain the causes of the Law of Supply and the Law of Demand	E.2.1: Define supply and demand and explain the causes of the Law of Supply and the Law of Demand	No change
E.2.2: Recognize that consumers ultimately determine what is produced in a market economy.	E.2.2: Recognize that consumers ultimately determine what is produced in a market economy.	No change

E.2.3: Illustrate how supply and demand determine equilibrium price and quantity.	E.2.3: Illustrate how supply and demand determine equilibrium price and quantity.	No change
E.2.4: Identify factors that cause changes in market supply and demand and how these changes affect price and quantity in a competitive market.	E.2.4: Identify factors that cause changes in market supply and demand and how these changes affect price and quantity in a competitive market.	No change
E.2.5: Describe how elasticity (price) sends signals to buyers and sellers.	E.2.5: Describe how price elasticity of supply and price elasticity of demand send signals to buyers and sellers.	<i>Added elasticity of supply and price elasticity of demand</i>
E.2.6: Demonstrate how government wage and price controls, such as rent controls and minimum wage laws, create shortages, and surpluses.	E.2.6: Demonstrate how government wage and price controls, such as rent controls and minimum wage laws, create shortages, and surpluses.	No change
E.2.7: Describe how the earnings of workers are determined by the market value of the product produced and workers' productivity, as well as other factors.	E.2.7: Describe how the earnings of workers are determined by a number of factors including the market value of the product produced, workers' productivity, the amount of human capital held by workers, collective bargaining, and discrimination.	<i>Added the amount of human capital held by workers, collective bargaining, and discrimination.</i>
E.2.8: Illustrate how physical and human capital investment raise productivity and future standards of living.		Standard removed. Former standard content is present in standard indicator E.1.9.

Standard 3 - Market Structures

Added Rationale: Understanding the benefits of competition and the costs of limiting competition helps students evaluate public policies that affect the level of competition in various markets.

E.3.1: Identify the ways that firms raise financial capital and explain the advantages and disadvantages of each.	E.3.1: Explain the advantages and disadvantages of various types of firms including sole proprietorships, partnerships, and corporations.	Standard rewritten with similar content.
E.3.2: Demonstrate how firms determine optimum levels of output by comparing marginal cost and marginal revenue.	E.3.2 Identify ways firms raise financial capital.	2014 Standard E.3.2 renumbered and is now E.3.3 in 2020. E.3.2 is a new standard in 2020.
E.3.3: 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.	E.3.3 Demonstrate how firms determine optimum levels of output by comparing marginal cost and marginal revenue.	2014 Standard E.3.2 renumbered and is now E.3.3 in 2020. 2014 Standard E.3.3 renumbered to E.3.4.
E.3.4 Recognize the benefits of natural monopolies (economies of scale) and explain the purposes of government regulation of these monopolies.	E.3.4: Compare and contrast the basic characteristics of the four market structures: monopoly, oligopoly, monopolistic competition, and perfect (pure) competition.	2014 Standard E.3.4 renumbered and is now E.3.6 in 2020. <i>Removed explain how various amounts of competition affect price and quantity from 2014 Standard E.3.3</i>
	E.3.5: Explain how competition in markets affects price and quantity.	E.3.5 is a new standard in 2020.
	E.3.6: Explain why natural monopolies exist (economies of scale) and the purposes of government regulation of these monopolies.	2020 Standard E.3.6 was the former 2014 E.3.4. <i>Removed recognize the benefits from 2014</i> <i>Added explain why</i>

Standard 4 - Role of Government

Added Rationale: The political and social reasons for public sector services helps students make better choices about the appropriate size and scope of markets and government. It is also important that students be able to evaluate redistributive effects of government programs.

E.4.1: Explain the roles of government in a market economy.	E.4.1: Explain how market failures may result in the underproduction of public goods and explain the role of government in addressing those failures.	Standard rewritten with additional content.
E.4.2: Explain how markets under produce public goods and explain why the government has an interest in producing these public goods.	E.4.2: Explain how markets under produce public goods and explain why the government has an interest in producing these public goods.	No change
E.4.3: Describe how the government taxes negative externalities (spillovers) and subsidizes positive externalities to resolve the inefficiencies they cause.	E.4.3: Describe how the government taxes negative externalities (spillovers) and subsidizes positive externalities to resolve the inefficiencies they cause.	No change
E.4.4: Describe major revenue and expenditure categories and their respective proportions of state and federal budgets.	E.4.4: Describe the major revenue and expenditure categories in state and federal budgets and their respective proportions, and the challenges of achieving a balanced budget.	Standard rewritten with original content and with additional language <i>the challenges of achieving a balanced budget</i>
E.4.5: Define progressive, proportional, and regressive taxation and determine whether different types of taxes (including income, sales, and Social Security) are progressive, proportional, or regressive.	E.4.5: Determine whether different types of taxes (including income, sales, and FICA (including Social Security and Medicare) are progressive, proportional, or regressive.	Standard rewritten with similar content.

E.4.6: Explain how costs of government policies may exceed benefits because social or political goals (rather than economic efficiency) are being pursued.	E.4.6: Explain that government failure occurs when the costs of a policy exceeds its benefits because social or political goals (rather than economic efficiency) are being pursued.	Standard rewritten with similar content.
E.4.7: Define the national debt, explain the effects of the debt on the economy, and explain how to achieve a balanced budget.	E.4.7: Define budget debt and budget deficit and distinguish between the two. Explain the effects of both on the economy.	Standard rewritten with similar content.
Standard 5 - National Economic Performance		
<p><i>Added Rationale: It is important for students to understand possible causes of national economic performance, how changes can produce economic problems (such as unemployment and inflation) or opportunities (such as increased employment). Changes in national levels of economic activity have a profound effect on students' future welfare, their job opportunities, the level of their prospective earnings, and the prices they will pay for things they buy.</i></p>		
E.5.1: Explain measures of a country's economic performance such as gross domestic product (GDP), unemployment, and inflation.	E.5.1: Explain measures of a country's economic performance such as gross domestic product (GDP), unemployment, and inflation.	No change
E.5.2: 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.	E.5.2: 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.	No change
E.5.3: Explain the limitations of using GDP to measure economic welfare.	E.5.3: Explain the limitations of using GDP to measure economic welfare.	No change
E.5.4: Identify the different causes of inflation (including cost-push and demand-pull) and explain the impact of	E.5.4: Identify the different causes of inflation (including cost-push and demand-pull) and explain the impact of	No change

inflation on economic decisions.	inflation on economic decisions.	
E.5.5: Explain and illustrate the impact of changes in aggregate supply and aggregate demand	E.5.5: Explain and illustrate the impact of changes in aggregate supply and aggregate demand	No change
E.5.6: Explain the causes and effects of business cycles in a market economy.	E.5.6: Explain the causes and effects of business cycles in a market economy.	No change
E.5.7: Explain the different types of unemployment.	E.5.7: Explain frictional, structural, cyclical, and seasonal unemployment and analyze the impact of unemployment.	Standard rewritten with more details.
E.5.8: Describe the impact of unemployment and unexpected inflation on an economy and how individuals and organizations try to protect themselves.	E.5.8: Describe how individuals and organizations try to protect themselves from the impact of unexpected inflation.	Standard rewritten without <i>unemployment content</i> .

Standard 6 - Money and the Role of Financial Institutions

Added Rationale: Understanding financial institutions and the purposes they serve will help students use them more effectively and help them evaluate proposed new institutions or changes in the existing legal and institutional environment. Understanding what determines the real buying power of money and earnings will help students make better decisions in their personal and professional lives. Understanding the importance of money to society will also help them make more informed decisions about national policies related to banking, controlling the supply of money, and inflation. lives. Understanding the importance of money to society will also help them make more informed decisions about national policies related to banking, controlling the supply of money, and inflation.

E.6.1: Explain the basic functions of money.	E.6.1: Explain the basic functions of money.	No change
E.6.2: Identify the composition of the money supply of the United States.	E.6.2: Identify the composition of the money supply of the United States.	No change

E.6.3: Explain the roles of financial institutions.	E.6.3: Explain the role financial institutions play among savers, borrowers, and investors.	Added <i>play among savers, borrowers, and investors</i>
E.6.4: Demonstrate how banks create money through the principle of fractional reserve banking.	E.6.4: Demonstrate how banks create money through the principle of fractional reserve banking.	No change
E.6.5: Describe the structure and functions of the Federal Reserve System.	E.6.5: Describe the structure and functions of the Federal Reserve System.	No change
E.6.6: Explain how interest rates act as an incentive for savers and borrowers.	E.6.6: Explain how interest rates act as an incentive for savers and borrowers.	No change
E.6.7: Compare and contrast different types of financial investments.	E.6.7: Compare and contrast different types of financial investments.	No change
E.6.8: Demonstrate how supply and demand determine equilibrium price and quantity in the financial markets.	E.6.8: Demonstrate how supply and demand determine equilibrium price and quantity in the financial markets.	No change
Standard 7 - Economic Stabilization		
<p><i>Added Rationale: The U.S. federal government's taxation and spending policies, and the Federal Reserve System's monetary policies affect the nation's overall levels of employment, output, and prices. Policy makers and the general public continue to examine and debate the overall stabilization effects of public policy actions, because the consequences are so important. Students should understand the role of conflicting objectives and the limitations on the effectiveness of economic stabilization policies in order to develop realistic expectations about what can be accomplished with taxation, spending, and monetary policies.</i></p>		
E.7.1: Define and explain fiscal and monetary policy.	E.7.1: Define and explain fiscal and monetary policy.	No change
E.7.2: Explain the tools of fiscal and monetary policy.	E.7.2: Explain the tools of fiscal and monetary policy.	No change
E.7.3: Analyze how the government uses fiscal policy	E.7.3: Analyze how the government uses fiscal policy	No change

to promote price stability, full employment, and economic growth.	to promote price stability, full employment, and economic growth.	
E.7.4: Explain how the use of fiscal policy affects budget deficits or surpluses and the national debt.	E.7.4: Explain how the use of fiscal policy affects budget deficits or surpluses and the national debt.	No change
E.7.5: Analyze how the Federal Reserve uses monetary policy to promote price stability, full employment, and economic growth.	E.7.5: Analyze how the Federal Reserve uses monetary policy to promote price stability, full employment, and economic growth.	No change
E.7.6: Compare and contrast the major macroeconomic theories.	E.7.6: Compare and contrast the major macroeconomic theories such as Keynesian, Neoclassical, and Monetarist and evaluate how they influence fiscal and monetary policy.	<i>Added such as Keynesian, Neoclassical, and Monetarist and evaluate how they influence fiscal and monetary policy.</i>
Standard 8 - Trade		
<p><i>Added Rationale: Voluntary exchanges are cooperative activities in which both sides expect to gain, and both usually do. Understanding the win-win nature of voluntary exchange helps students learn that people and organizations trade with one another only when each party offers something that the other party values more than whatever he or she has to trade.</i></p>		
E.8.1: Explain that most trade occurs because producers have a comparative advantage (rather than an absolute advantage) in the production of a good or service.	E.8.1: Explain that most trade occurs because producers have a comparative advantage (rather than an absolute advantage) in the production of a good or service.	No change
E.8.2: Explain the benefits of trade among households and countries.	E.8.2: Explain the benefits of trade among households and countries.	No change

E.8.3: Explain the difference between balance of trade and balance of payments.	E.8.3: Explain the difference between balance of trade and balance of payments.	No change
E.8.4: Define and explain the impact of trade barriers, such as quotas and tariffs, and analyze why countries erect them.	E.8.4: Define and explain the impact of trade barriers, such as quotas and tariffs, and analyze why countries erect them.	No change
E.8.5: Evaluate the arguments for and against free trade.	E.8.5: Compare and contrast the arguments for and against free trade.	Removed <i>evaluate</i> Added <i>compare and contrast</i>
E.8.6: Explain how changes in exchange rates affect the value of imports and exports.	E.8.6: Explain how changes in exchange rates affect the value of imports and exports.	No change