



Texas Essential Knowledge and Skills for Economics with Emphasis on the Free Enterprise System and Its Benefits

What Citizens Need to Know About Economics
addresses Texas Essential Knowledge and Skills standards for the economics component of the curriculum grades 9-12 and other economics courses.



Chapter 118. Texas Essential Knowledge and Skills for Economics with Emphasis on the Free Enterprise System and Its Benefits

Subchapter A. High School

Statutory Authority: The provisions of this Subchapter A issued under the Texas Education Code, §28.002, unless otherwise noted.

§118.1. Implementation of Texas Essential Knowledge and Skills for Economics with Emphasis on the Free Enterprise System and Its Benefits, High School.

The provisions of this subchapter shall supersede §75.69 of this title (relating to Economics with Emphasis on the Free Enterprise System and Its Benefits (One-half Unit) beginning September 1, 1998).

Source: The provisions of this §118.1 adopted to be effective September 1, 1998, 22 TexReg 7769.

§118.2. Economics with Emphasis on the Free Enterprise System and Its Benefits, High School (One-Half Credit).

- (a) General requirements. This course may be taught in either the social studies or business education department.
- (b) Introduction.
 - (1) Economics with Emphasis on the Free Enterprise System and Its Benefits is the culmination of the economic content and concepts studied from Kindergarten through required secondary courses. The focus is on the basic principles concerning production, consumption, and distribution of goods and services in the United States and a comparison with those in other countries around the world. Students examine the rights and responsibilities of consumers and businesses. Students analyze the interaction of supply, demand, and price and study the role of financial institutions in a free enterprise system. Types of business ownership and market structures are discussed, as are basic concepts of consumer economics. The impact of a variety of factors including geography, the federal government, economic ideas from important philosophers and historic documents, societal values, and scientific discoveries and

technological innovations on the national economy and economic policy is an integral part of the course. Students apply critical-thinking skills to create economic models and to evaluate economic-activity patterns.

- (2) Economics with Emphasis on the Free Enterprise System and Its Benefits builds upon the foundation in citizenship; economics; geography; government; history; culture; social studies skills; and science, technology, and society laid by the social studies essential knowledge and skills in Kindergarten-Grade 12. The content enables students to understand the importance of patriotism, function in a free enterprise society, and appreciate the basic democratic values of our state and nation as referenced in the Texas Education Code, §28.002(h).

(c) Knowledge and skills.

- (1) **Citizenship.** The student understands the rights and responsibilities of consumers in the U.S. free enterprise system. The student is expected to:
 - (A) analyze the economic rights and responsibilities of individuals as consumers; and
 - (B) analyze the consequences of an economic decision made by an individual consumer.

- *Chapter 4 explores the role of consumers in an economic system. The rights and responsibilities of individuals as consumers are described and the consequences of an economic decision made by an individual consumer are examined. Key concepts and terms, such as caveat emptor, diminishing utility and conspicuous consumption, are defined. Links are included to consumer protection Web sites maintained by the government and consumer watchdog organizations.*

- (2) **Citizenship.** The student understands the rights and responsibilities of businesses in the U.S. free enterprise system. The student is expected to:
 - (A) analyze the economic rights and responsibilities of businesses;
 - (B) analyze the consequences of an economic decision made by a business;
 - (C) analyze the ethics policy of a selected business; and
 - (D) identify and evaluate ordinances and regulations that apply to the establishment of various types of businesses.

- *Chapter 7 describes the rights and responsibilities of businesses. Different types of businesses—sole proprietorships, partnerships, corporations and franchises—are identified. The consequences of an economic decision made by a business are explored and concepts like diminishing returns, assets and liabilities are defined. The role of the entrepreneur is explored and Web links are included to biographies of successful entrepreneurs, such as Ray Kroc, the founder of McDonalds, and Bill Gates, the founder of Microsoft.*

- *Chapter 9 discusses business ethics. The 2002 business scandals that forced Enron and WorldCom into bankruptcy are cited as examples and the government's response is presented. Government regulation of business is explored and links are provided to the complete texts of important government legislation, such as the Sherman Antitrust Act and the Sarbanes-Oxley Act.*

- (3) **Citizenship.** The student understands the right to own, use, and dispose of private property. The student is expected to:
- (A) analyze an example of the responsible purchase, use, or disposal of personal and business property; and
 - (B) identify and evaluate examples of restrictions that the government places on the use of business and individual property.

- *Chapter 6 describes the responsible purchase and use of personal and business property in the context of consumer credit. A comparison of building a house on credit and building a house as costs allowed is presented. Links to related articles are included for more research.*

- *Chapter 12 explains how government can place restrictions on the use of business and individual property. Web links are included to many government regulatory agencies, including the Environmental Protection Agency and the Bureau of Land Management.*

- *Chapter 13 describes how governments can tax individual and business property and, if tax obligations are not met, seize property. The debate over a fair tax is presented and a Web link is included to the Internal Revenue Service.*

- (4) **Economics.** The student understands the basic principles of the U.S. free enterprise system. The student is expected to:
- (A) explain the basic principles of the U.S. free enterprise system including profit motive, voluntary exchange, private property rights, and competition; and
 - (B) explain the benefits of the U.S. free enterprise system including individual freedom of consumers and producers, variety of goods, responsive prices, and investment opportunities.

- *Chapter 3 describes the basic principles of the U.S. free enterprise system and compares them to other economic systems, such as the command communist system of the former Soviet Union. Concepts, such as profit motives, voluntary exchange, private property rights, competition and individual freedom of consumers and producers, are discussed. Web links include biographies of influential philosophers, such as Adam Smith and Karl Marx, and the complete texts of their most influential works.*
- *Chapter 4 explores the role of the consumer in the U.S. free enterprise system and explains how consumer choices influence the price of goods and services. Consumer freedom is explained and key terms like caveat emptor are defined. Links are included to consumer protection Web sites maintained by the government and consumer watchdog groups.*
- *Chapter 7 describes the role of businesses in the U.S. free enterprise system. The freedom of businesses to perform with little government oversight is discussed. Investment opportunities in a free enterprise system are addressed and Web links are included to stock and commodity exchanges around the world, including the New York Stock Exchange, the Chicago Mercantile Exchange and the London Stock Exchange.*
- *Chapter 9 explores competition in the U.S. free enterprise system. Limits to business freedom are addressed and the government's role in maintaining fair and stable competition is discussed. Key concepts and terms, such as monopoly, oligopoly and pure competition, are defined. Links are available to the complete texts of important government legislation, such as the Sherman Antitrust Act and the Robinson-Patman Act.*

- (5) **Economics.** The student understands the concepts of scarcity and opportunity costs. The student is expected to:
- (A) explain why scarcity and choice are basic problems of economics; and
 - (B) interpret a production-possibilities curve and explain the concepts of opportunity costs and scarcity.

- *Chapter 2 defines the concepts of scarcity and opportunity costs. Scarcity and choice are identified as basic problems of economics and the production possibilities curve is described and illustrated with a graphic. Links to related articles and Web sites are included for more information.*

- (6) **Economics.** The student understands the circular-flow model of the economy. The student is expected to:
- (A) interpret a circular-flow model of the economy and provide real-world examples to illustrate elements of the model; and

(B) explain how government actions affect the circular-flow model.

- Chapter 14 describes the circular-flow model of the economy and explains how government actions affect the circular-flow model. Graphics are included to illustrate these concepts and links to related articles and Web sites are available for further research and real-world examples.

- (7) **Economics.** The student understands the interaction of supply, demand, and price. The student is expected to:
- (A) identify the determinants that create changes in supply, demand, and price; and
 - (B) interpret a supply-and-demand graph using supply-and-demand schedules.

- Chapter 8 describes the laws of supply and demand. Determinants that create changes in supply, demand and prices, are identified. Key concepts, such as new buyer effect and substitute goods, are defined. Graphs and charts are included throughout the chapter to illustrate changes in supply and demand. An activity for this chapter in the Educator's Guide includes creating supply and demand graphs and charts using supply and demand schedules.

- The Learning tool worksheet, Analyzing Graphs and Charts, can be used to help interpret supply and demand graphs.

- (8) **Economics.** The student understands the role of financial institutions in saving, investing, and borrowing. The student is expected to:
- (A) explain the functions of financial institutions and how the role of financial institutions has changed over time; and
 - (B) analyze how financial institutions affect households and businesses.
- (9) **Economics.** The student understands types of business ownership and types of market structures. The student is expected to:
- (A) explain the characteristics of sole proprietorships, partnerships, and corporations;
 - (B) analyze the advantages and disadvantages of sole proprietorships, partnerships, and corporations; and
 - (C) describe characteristics and give examples of pure competition, monopolistic competition, oligopoly, and monopoly.

- *Chapter 7 explores the characteristics of different business structures, including sole proprietorships, partnerships and corporations. Advantages and disadvantages of each are discussed. The functions of financial institutions, such as stock and commodity exchanges, are described and their effect on business and household investments are explained and illustrated with a graphic. Web links are included to stock and commodity exchanges around the world, including the New York Stock Exchange, the Chicago Board of Trade and the Tokyo Stock Exchange.*
- *Chapter 9 discusses competition in the market place, the characteristics of pure competition, monopolistic competition, oligopolies and monopolies are described and examples of each are cited. The role of government to regulate competition is explained and links are included to the complete texts of influential government legislation, such as the Sherman Antitrust Act and the Robinson-Patman Act.*
- *Chapter 11 explains the functions of financial institutions, such as banks. Different types of banks are identified and the ways banks affect households and businesses are considered. The ways banks have changed over time are discussed and the role of the Federal Reserve System is described. Web links are included to all branches of the Federal Reserve for more information and a history of the financial institution.*

- (10) **Economics.** The student understands traditional, command, and market economic systems. The student is expected to:
- (A) explain the characteristics and give examples of traditional, command, and market economic systems; and
 - (B) compare the U.S. free enterprise system with other economic systems.

- *Chapter 3 describes the characteristics of traditional, command, market and mixed economic systems. Examples of each are provided and a comparison of the U.S. free enterprise system and other economic systems, such as the command system of the former Soviet Union and the traditional caste system of India, is presented. A comparison of capitalism, socialism and communism is also available and Web links include biographies of influential philosophers and the complete texts of their most famous works.*

- (11) **Economics.** The student understands the basic concepts of consumer economics. The student is expected to:
- (A) analyze the factors involved in the process of acquiring consumer goods and services including credit, interest, and insurance;

- (B) compare different means by which savings can be invested and the risks and rewards each poses to the consumer; and
- (C) analyze the economic impact of investing in the stock and bond markets.

- *Chapter 4 describes the role of consumers in a market economy. Factors involved in the process of acquiring consumer goods and services are discussed. Links to related articles and Web sites provide more information on issues associated with consumer economics.*
- *Chapter 6 identifies factors involved in the process of acquiring consumer goods and services, including credit and interest. The wise use of credit is stressed and an activity for this chapter in the Educator's Guide involves creating a budget to manage debt and save for a future goal.*
- *Chapter 7 discusses the economic impact of investing in the stock and bond markets. The way investing in the stock market provides corporations with investment capital is described and illustrated with a graphic. The risks and rewards of different investments, like stocks, bonds and mutual funds, are identified and an activity for this chapter in the Educator's Guide suggests students invest an imaginary sum of money in the stock market and chart the progress of the investment over a period of time. Web links in the chapter are included to stock and commodity markets around the world, such as the New York Stock Exchange, the Chicago Mercantile Exchange and the Panama Stock Exchange.*
- *Chapter 11 identifies different savings and investment options available from commercial banks, including savings accounts, bonds and Treasury bills. Investment protections, such as deposit insurance, are explored and a Web link is included to the Federal Deposit Insurance Corporation.*

- (12) **Geography.** The student understands the geographic significance of the economic factors of production. The student is expected to:
- (A) describe the effects of the unequal distribution of economic factors of production; and
 - (B) analyze the locations of resources used in the production of an economic good and evaluate the significance of the locations.

- *Chapter 2 identifies the factors of production as being, land, labor, capital and management. Links to related articles and Web sites include current statistics on the distribution of economic factors of production in the U.S. and abroad. The significance of the factors of production and their location is discussed.*

- *Chapter 21 explains the importance of the location of resources in the production of agricultural goods. An activity for this chapter in the Educator's Guide involves identifying on a map of the United States the location of various agricultural crops and explaining why those crops are grown in those locations. Blank outline maps are available in the Learning Tools Map Skills section to assist with this and other projects.*
- *Chapter 24 explains how the unequal distribution of economic factors of production impact developing countries. Concepts, such as standard of living and development, are defined. An activity for this chapter in the Educator's Guide involves identifying developing countries on a map.*
- *A Map Skills worksheet is available in the Learning Tools link from every chapter. These worksheets can be used to analyze the locations of resources used in the production of an economic good and evaluate the significance of the locations. Blank outline maps are included with the Map Skills worksheet to assist in illustrating these concepts.*

- (13) **Geography.** The student understands the reasons for international trade and its importance to the United States. The student is expected to:
- (A) explain the concepts of absolute and comparative advantages;
 - (B) apply the concept of comparative advantage to explain why and how countries trade;
 - (C) analyze the impact of U.S. imports and exports on the United States and its trading partners; and
 - (D) analyze changes in exchange rates of world currencies and the effects on the balance of trade.
- (14) **Geography.** The student understands the issues of free trade and the effects of trade barriers. The student is expected to:
- (A) compare the effects of free trade and trade barriers on economic activities; and
 - (B) evaluate the benefits and costs of participation in international free-trade agreements.

- *Chapter 22 discusses international trade. Concepts such as comparative advantage, imports, exports and balance of trade are defined. The impact of U.S. imports and exports on the U.S. and its trading partners is explored and a history of U.S. trade policy is presented. The debate between free trade and protectionism is examined and different trade barriers, like tariffs and quotas, are identified. Links to related articles and Web sites include opposing views of the free trade debate. The benefits and costs of participation in international free-trade agreements are described and Web links are included to major international trade organizations, including the North American Free Trade Agreement and the European Union.*
- *Chapter 23 explains how international trade has created an interdependent global economy. The impact of changes in exchange rates on global trade and domestic and international economies are described. A Web link is provided to a program that calculates the current exchange rate for the U.S. dollar and other currencies.*

- (15) **Government.** The student understands the role that the government plays in the U.S. free enterprise system. The student is expected to:
- (A) describe the role of government in the U.S. free enterprise system; and
 - (B) evaluate government rules and regulations in the U.S. free enterprise system.

- *Chapter 12 describes the role that government plays in the U.S. free enterprise system. Government rules and regulations for businesses are identified and Web links are included to many government regulatory agencies, including the Environmental Protection Agency and the Food and Drug Administration. The impact of these regulations is discussed and links to related articles and Web sites include current changes to U.S. regulatory policies and opposing views of the success of such policies.*

- (16) **Government.** The student understands the goals of economic growth, stability, full employment, freedom, security, equity, and efficiency as they apply to U.S. economic policy. The student is expected to:
- (A) describe the goals of U.S. economic policy; and
 - (B) analyze how economic growth, stability, and full employment are measured.

- *Chapter 1 identifies various economic indicators like gross domestic product, unemployment and consumer price index that the government uses to measure the growth and stability of the economy. Graphics are provided for every economic indicator to illustrate long-term trends and links to related articles and Web sites include the most current statistics on various economic indicators and an evaluation of their meaning to the economy.*
- *Chapter 14 explains how gross domestic product (GDP) is measured to determine the growth and stability of the economy. The accuracy of GDP is debated and alternatives to GDP, such as the human development index (HDI), are presented. Links to related articles and Web sites include the most current GDP and HDI statistics.*
- *Chapter 15 explains how economic growth is measured and maintained. Factors that contribute to economic growth are identified and problems of economic growth, such as pollution, are discussed. Links to related articles and Web sites are included for more information.*
- *Chapter 17 discusses the goals of U.S. economic policy. The difference between fiscal and monetary policies is explained and fiscal and monetary policy tools, such as deficit financing and open market operations, are described. Links to related articles and Web sites include current information on U.S. economic policy and opposing views on the success of current and past U.S. economic policies.*
- *Chapter 19 explains how employment is measured. Key concepts and terms, such as structural unemployment and displaced workers, are defined. U.S. economic policy toward unemployment is discussed and the success of U.S. economic policy in achieving full employment is debated. Links to related articles and Web sites include current statistics on unemployment in the U.S. and its impact on the economy.*

- (17) **Government.** The student understands the economic impact of fiscal policy decisions at the local, state, and national levels. The student is expected to:
- (A) identify types of taxes at the local, state, and national levels and the economic importance of each;
 - (B) analyze the categories of revenues and expenditures in the U.S. federal budget; and
 - (C) analyze the impact of fiscal policy decisions on the economy.

- *Chapter 12 explores categories of revenues and expenditures at the federal, state and local levels of government. Graphics illustrate state and local revenues and expenditures. The federal budget-making process is described and illustrated with a graphic. Web links are included to many government agencies involved in the budget process including the Office of Management and Budget and the Congressional Budget Office.*
- *Chapter 13 identifies different types of taxes—income, sales and property tax—at the federal, state and local level and explains the importance of each. Different types of taxation—proportional, progressive and regressive—are defined and the debate over a fair tax is presented. A Web Link is included to the Internal Revenue Service and other links are available for statistics on state and local tax revenue.*
- *Chapter 17 discusses the impact of fiscal policy decisions on the economy. Different fiscal policy options, such as deficit financing, are identified. The debate between Keynesian and supply-side economists is discussed. Links to related articles and Web sites includes information on current U.S. fiscal policy and opposing views of the success of those policies.*

- (18) **Government.** The student understands the role of the Federal Reserve System in establishing monetary policy. The student is expected to:
- (A) explain the structure of the Federal Reserve System; and
 - (B) analyze the three basic tools used to implement U.S. monetary policy.

- *Chapter 11 explains the structure of the Federal Reserve System. Key concepts and terms, such as reserve requirements and discount rates, are defined. Web links are included to all branches of the Federal Reserve for current information on monetary policy decisions and more information its role and structure.*
- *Chapter 17 describes the basic tools used to implement monetary policy, such as open market operations, making changes to the discount rate and making changes to the reserve requirement. Links to related articles and Web sites include current information on U.S. monetary policy decisions and their impact on the economy.*

- (19) **History.** The student understands economic ideas and decisions from the past that have influenced the present and those of today that will affect the future. The student is expected to:
- (A) analyze the importance of various economic philosophers such as John Maynard Keynes, Karl Marx, and Adam Smith and their impact on the U.S. free enterprise system;
 - (B) trace the history of the labor movement in the United States;
 - (C) analyze the impact of business cycles on U.S. history; and

(D) identify the contributions of entrepreneurs, past and present, such as Mary Kay Ash, Andrew Carnegie, and Bill Gates.

- *Chapter 2 includes a timeline of important events in U.S. history that had an impact on the economy. Links to related articles and Web sites are included for more information on these events and for information on current events that have a lasting economic impact.*
- *Chapter 3 describes the important contributions of various economic philosophers, such as John Maynard Keynes, Karl Marx and Adam Smith, and their impact on the U.S. free enterprise system. Web links include biographies of these and other philosophers and the complete texts of their most influential works, including The Wealth of Nations and Das Kapital.*
- *Chapter 7 identifies the contributions of entrepreneurs past and present and describes their role in the economic system. Links to biographies of successful entrepreneurs, including Mary Kay Ash, Andre Carnegie, Bill Gates and Ray Kroc, are available for more information. An activity for this chapter in the Educator's Guide suggests students interview a successful entrepreneur in their community.*
- *Chapter 10 traces the history of the labor movement in the United States. Issues, such as child labor and minimum wage, are discussed and the role of labor unions is identified. Web links are provided to major U.S. labor organizations, including the AFL-CIO and the Teamsters.*
- *Chapter 16 discusses the impact of the business cycle on U.S. history. Terms, such as recession, depression and inflation, are defined and a graphic is included to illustrate fluctuations in the business cycle. Time periods when the U.S. economy was in recession, depression, recovery or prosperity are identified. An oral history of the Great Depression is included to illustrate the impact of the business cycle on U.S. history and individuals.*

- (20) **History.** The student understands economic concepts embodied in historical documents including the U.S. Constitution. The student is expected to:
- (A) identify economic concepts in the U.S. Constitution including property rights and taxation; and
 - (B) analyze the impact of economic concepts in the U.S. Constitution on contemporary issues and policies.

- *Chapter 12 explains how the U.S. Constitution defines the roles of government including the economic role of government. A link is included to the complete text of the U.S. Constitution.*

- *Chapter 13 describes how the U.S. Constitution grants the government the power of taxation. A link is included to the complete text of the 16th Amendment that gave the government the power to tax income.*
- *Chapter 15 identifies the contributions of the U.S. Constitution to economic growth, including the importance of Article I, section 8 that gives Congress the power to create laws "to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." Links are included to the complete text of the U.S. Constitution and to the Web site of the U.S. Patent and Trademark Office that was created to catalog and oversee patents and trademarks.*

- (21) **Culture.** The student understands how societal values affect a nation's economy. The student is expected to:
- (A) analyze the societal values that determine how a country answers the basic economic questions; and
 - (B) describe the societal values that influence traditional, command, and market economies.
- (22) **Culture.** The student understands the impact of a nation's culture on its level of economic development. The student is expected to:
- (A) describe the level of economic development of selected nations; and
 - (B) analyze how societal values affect the economic development of nations.

- *Chapter 3 explains how societal values determine how a country answers the basic economic questions and explores how those values influence traditional, command and market economies. A comparison of the traditional caste system in India and the command systems of ancient Egypt and the former Soviet Union is provided to demonstrate this concept. Links to related articles and Web sites include other examples of how societal values affect a nation's economy.*
- *Chapter 24 describes how a nation's culture impacts its level of economic development. The levels of economic development of selected nations are discussed and examples are provided. Key concepts and terms, such as development, least developed countries and colonialism, are defined. An activity for this chapter in the Educator's Guide involves identifying developed and developing countries on a map.*

- (23) **Social studies skills.** The student applies critical-thinking skills to organize and use information acquired from a variety of sources including electronic technology. The student is expected to:
- (A) analyze information by sequencing, categorizing, identifying cause-and-effect relationships, comparing, contrasting, finding the main idea, summarizing, making generalizations and predictions, and drawing inferences and conclusions;
 - (B) create economic models such as production-possibilities curves, circular-flow charts, and supply-and-demand graphs to analyze economic data;
 - (C) create a product on a contemporary economic issue or topic using critical methods of inquiry;
 - (D) explain a point of view on an economic issue;
 - (E) analyze and evaluate the validity of information from primary and secondary sources for bias, propaganda, point of view, and frame of reference;
 - (F) evaluate economic-activity patterns using charts, tables, graphs, and maps; and
 - (G) use appropriate mathematical skills to interpret social studies information.
- (24) **Social studies skills.** The student communicates in written, oral, and visual forms. The student is expected to:
- (A) use social studies terminology correctly;
 - (B) use standard grammar, spelling, sentence structure, and punctuation;
 - (C) transfer information from one medium to another including written to visual and statistical to written or visual using computer software as appropriate; and
 - (D) create written, oral, and visual presentations of social studies information.
- (25) **Social studies skills.** The student uses problem-solving and decision-making skills, working independently and with others, in a variety of settings. The student is expected to:
- (A) use a problem-solving process to identify a problem, gather information, list and consider options, consider advantages and disadvantages, choose and implement a solution, and evaluate the effectiveness of the solution; and
 - (B) use a decision-making process to identify a situation that requires a decision, gather information, identify options, predict consequences, and take action to implement a decision.

- *Generalizations, Analytical Questions, Key Problems and Activities for each chapter in the Educator's Guide provide teachers with suggestions as to how to structure the class to help students develop social studies, grammar and writing skills. Activities include: analyzing information, creating economic models, using critical methods of inquiry, explaining a point of view on an economic issue, evaluating economic-activity patterns using charts and graphs, using appropriate mathematical skills to interpret economic information, using computer software to transfer information from one medium to another, creating written, oral and visual presentations of economic information, and using problem-solving and decision-making processes.*
- *Learning Tools worksheets linked to each chapter provide students with a formula for analyzing and evaluating information from primary and secondary sources, and educates the students on appropriate problem-solving and decision-making processes. Learning Tools include Inquiry and Discovery forms on, Understanding Basic Knowledge, Problem Solving, Analyzing Graphs and Charts, and Map Skills.*
- *A Glossary of Key Concepts and Terms is included with the book and links are available from the main Table of Contents and every chapter. All glossary terms are italicized in the text to assist students in developing a greater economic vocabulary. Links to an Online dictionary and thesaurus are also available from all sections of the book and database for assistance with vocabulary and assignments.*
- *Numerous charts, tables, graphs, photos and maps are included throughout the text of the book to illustrate concepts such as production possibilities curves, circular-flow of money and supply and demand schedules.*
- *Links to related articles and Web sites are included in every chapter to provide students with the resources to explore topics further. These links can be used to analyze and evaluate the validity of information from primary and secondary sources for bias, propaganda, point of view and frame of reference.*

- (26) **Science, technology, and society.** The student understands the effects of science and technology on an economy. The student is expected to:
- (A) analyze the effect of technology on productivity;
 - (B) analyze the economic effects of the development of communication and transportation systems in the United States;
 - (C) analyze the economic impact of obsolescence created by technological innovations; and
 - (D) analyze how technological innovations change the way goods are manufactured, marketed, and distributed.

- (27) **Science, technology, and society.** The student understands the economic effects of scientific discoveries and technological innovations on households, businesses, and government. The student is expected to:
- (A) give examples of types of economic information available as a result of technological innovations; and
 - (B) explain how scientific discoveries and technological innovations create the need for rules and regulations to protect individuals and businesses.

- *Chapter 4 explains how technological innovations change the way goods are marketed and distributed. A Web link is included to the American Advertising Museum for more information on how technological innovations changed the way goods are marketed. The need for rules and regulations are also explored and Web links are included to consumer protection Web sites, such as the Consumer Product Safety Commission.*
- *Chapter 10 describes how technological innovations changed the way goods are manufactured. The technological innovation of the assembly line is explored and the impact of new technological innovations, such as the rise of the information sector of the economy, on employment is discussed and illustrated with a graphic. Links to related articles and Web sites are available for further research into the impact of technological innovation on manufacturing and employment.*
- *Chapter 15 identifies factors that contribute to economic growth, including technological innovation. The effects of technology on productivity are discussed, as are the economic effects of the development of communication and transportation systems. Key concepts and terms, such as forced obsolescence and innovation, are defined. The need for rules and regulations to protect individuals and businesses is addressed in the context of patent and trademark protection. A Web link is included to the U.S. Patent and Trademark Office for more information and specific examples.*
- *Chapter 24 explains how technological innovation is an important factor in economic development. Key concepts and terms, like brain drain and development, are defined. Links to related articles and Web sites explore issues associated with economic development.*

Source: The provisions of this §118.2 adopted to be effective September 1, 1998, 22 TexReg 7769.

Subchapter B. Other Economics Courses

Statutory Authority: The provisions of this Subchapter B issued under the Texas Education Code, §28.002, unless otherwise noted.

§118.11. Implementation of Texas Essential Knowledge and Skills for Economics with Emphasis on the Free Enterprise System and Its Benefits, Other Economics Courses.

The provisions of this subchapter may be implemented beginning September 1, 1998.

Source: The provisions of this §118.11 adopted to be effective September 1, 1998, 22 TexReg 7769.

§118.12. Economics Advanced Studies (One-Half Credit).

- (a) General requirements. Students may take this course with different course content for a maximum of one credit. Students who are pursuing the Distinguished Achievement Program may take Economics Advanced Studies to earn state credit for developing, researching, and presenting their mentorship or independent study advanced measure.
- (b) Introduction. In Economics Advanced Studies, an elective course, students conduct in-depth research, prepare a product of professional quality, and present their findings to appropriate audiences. Students, working independently or in collaboration with a mentor, investigate a problem, issue, or concern; research the topic using a variety of technologies; and present a product of professional quality to an appropriate audience.
- (c) Knowledge and skills.
 - (1) The student will investigate, independently or collaboratively, a problem, issue, or concern within a selected profession or discipline. The student is expected to:
 - (A) analyze the relationship between his or her interests and career/discipline;
 - (B) review literature from varied sources from the selected career or discipline;
 - (C) identify a problem, issue, or concern;
 - (D) survey and/or interview professionals to determine the appropriateness of a project; and
 - (E) develop a proposal that includes well-defined questions, goals and objectives, rationale, and procedures for the project.
 - (2) The student will demonstrate understanding of the research methods and/or technologies used in a selected profession or discipline. The student is expected to:
 - (A) develop an understanding of the requirements and practices of the profession in the selected career or discipline through observation;
 - (B) simulate the methods and/or technologies used in the research process particular to the selected field or discipline; and
 - (C) review and revise the original proposal to reflect changes needed based upon preliminary research and practices.
 - (3) The student will develop products that meet standards recognized by the selected profession or discipline. The student is expected to:

- (A) collaborate with the appropriate professionals to define the product;
 - (B) develop a plan for product completion;
 - (C) develop assessment criteria for successful completion of the project;
 - (D) establish the appropriateness of the product for the intended audience;
 - (E) implement the plan for product completion; and
 - (F) maintain a journal to document all phases of the implementation of the plan and reflections on learning experiences and processes.
- (4) The student will demonstrate an understanding of the selected problem, issue, or concern by explaining or justifying findings to an appropriate audience for public comment or professional response. The student is expected to:
- (A) review and revise the plan to present the findings;
 - (B) make arrangements for the presentation of findings to an appropriate audience;
 - (C) present findings, simulating the skills used by professionals;
 - (D) consider feedback received from the audience;
 - (E) reflect on the study and its potential for impact on the field; and
 - (F) reflect on personal learning experiences of the study.

- *Suggested activities in the Educator's Guide for various chapters include aspects of this knowledge and these skills. For example, activities for Chapter 7 include developing a business plan for the production of a good or service and in a group setting formulate a proposal presenting findings simulating skills used by professionals. An activity for Chapter 10 involves researching a career option and identifying skill and education requirements for that career. A Web link in the chapter is included to the Occupational Outlook Handbook that provides information on many different career options. Other activities involve oral presentations, research projects, interviews and creating and analyzing graphs, charts and maps. Many different role-playing scenarios are suggested that encourage students to develop skills that will carry over into various economic occupations.*

Source: The provisions of this §118.12 adopted to be effective September 1, 1998, 22 TexReg 7769.

§118.13. Advanced Placement (AP) Microeconomics (One-Half Credit).

- (a) General requirements. This course may be used to meet required course requirements for state graduation. If Microeconomics is used to meet the required

course requirement for state graduation, Macroeconomics may be used as a state-approved elective.

- (b) Content requirements. Content requirements for Advanced Placement (AP) Microeconomics are prescribed in the College Board Publication *Advanced Placement Course in Microeconomics* published by The College Board.

- ***Correlations to the Advanced Placement Microeconomics content requirements as prescribed in the College Board Publication Course Description: Economics Microeconomics, Macroeconomics, are available from the What Citizens Need to Know About Economics correlation page accessible from the Educator's Guide.***
(http://www.sirs.com/pdfs/econ_ap.pdf)

Source: The provisions of this §118.13 adopted to be effective September 1, 1998, 22 TexReg 7769.

§118.14. Advanced Placement (AP) Macroeconomics (One-Half Credit).

- (a) General requirements. This course may be used to meet required course requirements for state graduation. If Macroeconomics is used to meet the required course requirement for state graduation, Microeconomics may be used as a state-approved elective.
- (b) Content requirements. Content requirements for Advanced Placement (AP) Macroeconomics are prescribed in the College Board Publication *Advanced Placement Course in Macroeconomics* published by The College Board.

- ***Correlations to the Advanced Placement Macroeconomics content requirements as prescribed in the College Board Publication Course Description: Economics Microeconomics, Macroeconomics, are available from the What Citizens Need to Know About Economics correlation page accessible from the Educator's Guide.***
(http://www.sirs.com/pdfs/econ_ap.pdf)

Source: The provisions of this §118.14 adopted to be effective September 1, 1998, 22 TexReg 7769.