

Texas Essentials Knowledge and Skills

Economics

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).

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.
- (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.
- (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.
- (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.
- (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.
- (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.
- (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.
- (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.
- (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.
- (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.
- (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.
- (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.
- (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.
- (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.
- (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.
- (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.
- (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.

- (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.
- (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.
- (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.
- (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