

**Unit Name: National and Economic Fluctuations      Time Frame: Three Weeks**

**Author: Egg Harbor Township High School Social Studies Department**

## UNIT

Subject: **Economics**

Country: **USA**

Course/Grade: **Economics 10-12**

State/Group: **NJ**

School: **Egg Harbor Township High School**

### UNIT SUMMARY

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. It is important, therefore, for students to understand possible causes of changes in these levels and how such changes can produce economic problems (such as unemployment and inflation) or opportunities (such as increased employment). Understanding these forces equips students to predict the economic consequences of proposed government policies and to make informed choices among alternative public policy proposals.

### UNIT RESOURCES

- Economics: Concepts and Choices
- Exemplary Lessons for High School Economics
- Economics: Macroeconomics and the American Economy
- Teacher Generated Activities and Resources

### Internet Resource Links:

## STAGE ONE

### GOALS AND STANDARDS

<b>At the completion of the course students will be able to</b>	<b>At the completion of the course, students will use this knowledge to:</b>
1. An increase in nominal GDP may reflect increases in the production of goods and services and also increases in prices. GDP adjusted for price changes is "real GDP." real GDP per capita is a basis for comparing material living standards over time and among different countries.	1. Gather current and historical data on nominal GDP and real GDP and describe why the annual changes may differ. Collect real GDP per capita for the United States, Japan, Peru, and South Korea and use these data to describe a relationship between real GDP per capita and material standards of living.
2. The potential level of real GDP for a nation is determined by such things as the size and skills of its labor force, the size and quality of its stock of capital goods, the	2. Explain why it might be difficult for Sub-Saharan Africa countries to reach a level of real GDP that approaches the level of Western European countries within the next 25 years.

quantity and quality of its natural resources, its technological capabilities, and its legal and cultural institutions.

3. A business cycle involves fluctuations of real GDP around its potential level.

4. Fluctuations of real GDP around its potential level occur when overall spending declines, as in a recession, or when overall spending increases rapidly, as in recovery from a recession or in an expansion.

5. When real GDP rises above its potential, there is a tendency for inflation to rise. When real GDP is below its potential (as in a recession), there is a tendency for inflation to fall.

3. Select a particular business cycle in U.S. history and identify its phases as well as the long run trend in real GDP around this cycle.

4. List possible causes of recent recessions and recent expansions.

5. Describe the effect on the overall price level when total consumption, investment, government spending, and net exports exceed the value of a nation's output of final goods and services.

## **ENDURING UNDERSTANDINGS**

Fluctuations in a nation's overall levels of income, employment, and prices are determined by the interaction of spending and production decisions made by all households, firms, government agencies, and others in the economy. Recessions occur when overall levels of income and employment decline.

## **ESSENTIAL QUESTIONS**

- What does GDP show about the economy?
- Is the GDP an effective measure of the economic health of a nation?
- What factors affect the phases of a business cycle?
- How does the economy grow?

## **KNOWLEDGE AND SKILLS**

SWBAT:

- List the four categories of GDP
- Compare the three measurements of income – national, personal, and disposable
- Describe the relationship between inflation and the purchasing power of money
- Distinguish between the two measures of inflation: the consumer price index and the producer price index
- List and explain the relationship between changes in price and changes in aggregate quantity demanded and aggregate quantity supplied
- Analyze how equilibrium is effected by aggregate supply and demand
- List, discuss, and analyze the phases of a business cycle
- Determine and compare three distinct downturns in the US economy since 1920
- Identify potential causes of economic fluctuations
- Use broad categories of economic indicators to predict possible business fluctuations

## STAGE TWO

### PERFORMANCE TASKS

- Display charts of GDP and its components. Students will use the charts to compute the differences between GDP and disposable personal income
- Organize students into small groups and have them review the roles of taxes, depreciation, and investment in calculating various measures of income
- Have students create a “market basket” of goods from 50 years ago and compare them to those prices of the same products today
- Place charts showing the equilibrium level of national output and the price level on the board. Analyze and discuss. Brainstorm what the levels indicate about economic activity
- Assign students to prepare a photo essay that illustrates each state of the business cycle such as the Roaring Twenties, Great Depression and the 1970s recession and Depression

### OTHER EVIDENCE

- Teacher-created formative assessments
- Teacher-created summative assessments
- Worksheets
- Group work
- Teacher observation

## STAGE THREE

### LEARNING PLAN

- In order to maximize classroom time the class will generally maintain a structured routine throughout the year. There will be a focus question or assignment on the board when the students walk into the room for a warm-up. Students will maintain a notebook for notes and reflections. Exit cards and closing activities will be used to ensure students understood the material. Each lesson will be composed of a variety of activities to ensure student attention is not lost.
- Activities may include: document analysis, scenarios, video clips, power points, writing assignments, small group work, guided reading, discussion, simulations, research, and/or student led presentations

**Unit Name: The Role of Government and Market Failure Time Frame: Three Weeks**

**Author: Egg Harbor Township High School Social Studies Department**

## **UNIT**

Subject: **Economics**

Country: **USA**

Course/Grade: **Economics 10-12**

State/Group: **NJ**

School: **Egg Harbor Township High School**

### **UNIT SUMMARY**

Identify and evaluate the benefits and costs of alternative public policies, and assess who enjoys the benefits and who bears the costs.

Why does government pay private construction firms to build roads and highways? Why do the firms that build the roads not own them themselves and charge tolls to users? All kinds of goods and services are produced and distributed through private markets, so why not roads and highways, too? In flipping through the pages of the telephone directory, we observe a vast array of businesses and government agencies. Why do markets work well to supply much of what we want, while failing to produce other things we want?

Citizens should understand the limitations and shortcomings of both markets and government policies. Learning the economic as well as the political and social reasons for public sector services helps citizens 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.

### **UNIT RESOURCES**

- Economics: Concepts and Choices
- Exemplary Lessons for High School Economics
- Economics: Macroeconomics and the American Economy
- Teacher Generated Activities and Resources

### **Internet Resource Links:**

## **STAGE ONE**

## GOALS AND STANDARDS

At the completion of the unit	At the completion of the unit
<p>1. Markets do not allocate resources efficiently if: (1) property rights are not clearly defined or enforced; (2) externalities (spillover effects) affecting large numbers of people are associated with the production or consumption of a product; or (3) markets are not competitive.</p>	<p>1. Identify at least three economic roles of our government and cite a specific example of each.</p>
<p>2. An important role for government in the economy is to define, establish, and enforce property rights. a property right to a good or service includes the right to exclude others from using the good or service and the right to transfer the ownership or use of the resource to others.</p>	<p>2. Predict what would happen to the value of apple orchards if owners were unable to prohibit apple theft.</p>
<p>3. Property rights provide incentives for the owners of resources to weigh the value of present uses against the value of conserving the resources for future use.</p>	<p>3. Analyze how issuing property rights in certain parts of the ocean will affect the size of fish harvests in those parts of the ocean.</p>
<p>4. Externalities exist when some of the costs or benefits associated with production and consumption fall on someone other than the producers or consumers of the product.</p>	<p>4. Explain why there is a role for government in dealing with pollution, vaccinations and medical research; recommend what this role would be.</p>
<p>5. When a price fails to reflect all the benefits of a product, too little of the product is produced and consumed. When a price fails to reflect all the costs of a product, too much of it is produced and consumed. Government can use subsidies to help correct for insufficient output; it can use taxes to help correct for excessive output; or it can regulate output directly to correct for over- or under-production or consumption of a product.</p>	<p>5. Explain why state and local governments use public money for elementary education and why tobacco and gasoline are heavily taxed and some polluting firms are taxed and/or regulated.</p>
<p>6. In the united States, the federal government enforces antitrust laws and regulations to try to maintain effective levels of competition; however, laws and regulations can also have unintended effects of reducing competition.</p>	<p>6. Explain why the Federal trade Commission might oppose the purchase of one large corporation by its closest competitor and what the effects might be on consumers, producers, and workers if the merger were allowed.</p>
<p>7. When one producer can supply total output in a market at a cost that is lower than when there are two or more producers, competition may be undesirable. in the absence of competition, government regulations may then be used to try to control price, output, and quality, or government may directly provide the good or service.</p>	<p>7. Explain why there is usually only one local water and sewer supplier, natural gas distributor, or electric service.</p>
<p>8. Government laws establish the rules and institutions in which markets operate. these include such things as property rights, collective bargaining rules, laws about discrimination, and laws regulating marriage and family life.</p>	<p>8. Explain how the Civil rights act of 1964 has affected labor markets.</p>

<p>9. Governments often redistribute income directly when individuals or interest groups are not satisfied with the income distribution resulting from markets; governments also redistribute income indirectly as side-effects of other government actions that affect prices or output levels for various goods and services.</p>	<p>9. Describe a government assistance program, explain why government provides it, and determine which groups in the economy benefit and which groups bear the costs.</p>
<p>10. Different tax structures affect consumers and producers differently.</p>	<p>10. Analyze the following situation: a government has to raise \$100 billion of revenues. It can do so through a sales tax or a progressive income tax. Explain the effect of each tax on a low income and a high-income family.</p>
<p>11. Governments provide an alternative to private markets for supplying goods and services when it appears that the benefits to society of doing so outweigh the costs to society. Not all individuals will bear the same costs or share the same benefits of those policies.</p>	<p>11. Discuss the costs and benefits of public education and identify who gains and who bears the costs.</p>

## ENDURING UNDERSTANDINGS

There is an economic role for government in a market economy whenever the benefits of a government policy outweigh its costs. Governments often provide for national defense, address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Most government policies also have direct or indirect effects on people's incomes.

## ESSENTIAL QUESTIONS

- What is the most effective way to tax people?
- What are the features of a tax system?
- What types of taxes does the federal government collect? The state?
- How does the federal government spend its income?
- How do local governments manage their money?

## KNOWLEDGE AND SKILLS

### SWBAT

- List and explain the commonly accepted responsibilities of government
- Define and provide examples of both harmful and beneficial externalities
- Identify and analyze principal categories of federal, state, and local government budgets
- Compare and contrast "ability to pay" benefit received approaches to taxation
- Use and explain the difference between proportional, progressive, and regressive taxes

- To use tables and graphs to explain national debt, budget deficit, and budget surplus
- Describe and use two measurements of government growth
- Suggest and support possible reasons for growth and assess its validity
- List and compare four ways government regulates economic activity
- Analyze ways government regulates economic stability
- Classify and evaluate basic steps in the federal budget making process and analyze methods used to reduce deficits
- List at least three forms of taxation and analyze their effects on taxpayers and on economic activity

## STAGE TWO

### PERFORMANCE TASKS

- Ask students to write a list of government services they use. Place items on the board and ask them to debate how these services should be paid for and if its fair that those who do not use them still must pay for them.
- Use Internet resources to examine the President's budget proposals. Organize students into groups and have them prepare charts on various expenditures showing changes from past budgets. Conclude by holding a mini debate on the efficacy of these changes.
- Conduct a mock senate or house committee hearing on the budget. Assign students to play the role of legislators, special interest groups, lobbyists, and average citizens.
- Distribute play money to each student in class to represent their weekly incomes. Divide the students into five groups giving each group one of the following: \$3,000, \$2,300, \$1,500, \$900, and \$400. Proceed to collect taxes using various taxing systems to demonstrate proportional, progressive, sales, and regressive taxes. Have students vote on which system they felt was best

### OTHER EVIDENCE

- Teacher-created formative assessments
- Teacher-created summative assessments
- Worksheets
- Group work
- Teacher observation

## STAGE THREE

### LEARNING PLAN

- In order to maximize classroom time the class will generally maintain a structured routine throughout the year. There will be a focus question or assignment on the board when the students walk into the room for a warm-up. Students will maintain a notebook for notes and reflections. Exit cards and closing activities will be used to ensure students understood the material. Each lesson will be composed of a variety of activities to ensure student attention is not lost.

- Activities may include: document analysis, scenarios, video clips, power points, writing assignments, small group work, guided reading, discussion, simulations, research, and/or student led presentations

**Unit Name: International Trade**

**Time Frame: Three Weeks**

**Author: Egg Harbor Township High School Social Studies Department**

## **UNIT**

Subject: **Economics**

Country: **USA**

Course/Grade: **Economics 10-12**

State/Group: **NJ**

School: **Egg Harbor Township High School**

### **UNIT SUMMARY**

Negotiate exchanges and identify the gains to themselves and others. Compare the benefits and costs of policies that alter trade barriers between nations, such as tariffs and quotas.

As a result of their competitive experiences in sports and games, students usually have learned to expect that, in most contests when one person or team wins, another person or team must lose. Voluntary exchanges, on the other hand, are cooperative activities in which both sides expect to gain, and both usually do. Because all of the parties to a voluntary exchange expect to gain from trade, institutions that make trading easier usually improve social welfare.

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. For example, an employer will hire a student at a wage rate of \$8 per hour only if the employer expects to receive labor services from the student that are worth at least that much. And the student will voluntarily work for \$8 per hour only if the student values the \$8 more than the best alternative use of his or her time. The principle that voluntary trade can improve each participant's situation applies to all voluntary exchanges, including trade between people or organizations in different parts of the same country, or among people or organizations in different countries.

### **UNIT RESOURCES**

- Economics: Concepts and Choices
- Exemplary Lessons for High School Economics
- Economics: Macroeconomics and the American Economy
- Teacher Generated Activities and Resources

### **Internet Resource Links:**

## STAGE ONE

### GOALS AND STANDARDS

At the completion of the unit	At the completion of the unit , students will use this knowledge to:
1. Imports are paid for by exports, savings or borrowing.  2. When imports are restricted by public policies, consumers pay higher prices and job opportunities and profits in exporting firms may decrease.	1. Participate in a trading simulation where students represent people or organizations in different countries with specific goods to sell and specific goods they want to buy; explain how each nation pays for its imports with its exports. after concluding the simulation, ask students how they might acquire additional imports after they had exhausted their export revenues.  2. Analyze the political and economic implications of a proposed ban on imported products.

### ENDURING UNDERSTANDINGS

Voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and among individuals or organizations in different nations.

### ESSENTIAL QUESTIONS

- Why do countries trade with one another?
- How can trade be beneficial to all parties?
- Would the US be better off producing everything it consumes?
- Should imports be taxed?

### KNOWLEDGE AND SKILLS

#### SWBAT

- Explain why economists think of imports as gains of trade and exports as payments
- Describe the relationship between a country's imports and exports
- Define absolute advantage and list examples of nations or regions that have it for specified items
- Analyze the relationships between productivity and comparative advantage
- Present a supported argument for and against free trade
- Interpret charts showing various international exchange rates and suggest possible factors that determine them
- Define and apply the terms of balance of payments, merchandise trade balance, current account, and capital account
- Prepare a chart demonstrating through statistical evidence the benefits of international trade

- Analyze graphs showing changes to America's balance of trade over the last two decades
- Suggest ways in which imports can be restricted
- Summarize at least one current worldwide trade agreement and two regional trade agreements
- Read and understand international trade tables found in publications such as The Wall Street Journal or USA Today

## STAGE TWO

### PERFORMANCE TASKS

- Divide the class into small groups. Give each one a different candy bar and ask them to determine the origin of each ingredient. Have them prepare a map drawing a line from the US to the source of each ingredient. Have them also analyze the wrapper, including shipping, storing and other marketing services to determine the scope and complexity of global trade
- Assign students to conduct a survey of adults to determine their attitude toward protective tariffs. Those surveyed should be asked to indicate whether their sources of income are affected by the global economy. Chart results and create a list of general statements from the data
- Write "Made in America means ..." on the board. Assign students to complete the sentence. Call on volunteers to read their statements and discuss how it is difficult to identify an item made in the US
- Have small groups of students brainstorm economic reasons for promoting political stability. Ask them to apply these reasons to international affairs by bringing in news of coups, revolutions, and dictatorships. Each group will then report to the class on how these political conditions might affect trading status
- Assign groups to outline the provisions of WTO, EU, and NAFTA. Report to the class and debate the value of the agreements

### OTHER EVIDENCE

- Teacher-created formative assessments
- Teacher-created summative assessments
- Worksheets
- Group work
- Teacher observation

## STAGE THREE

### LEARNING PLAN

- In order to maximize classroom time the class will generally maintain a structured routine throughout the year. There will be a focus question or assignment on the board when the students walk into the room for a warm-up. Students will maintain a notebook for notes and reflections. Exit cards and closing activities will be used to

ensure students understood the material. Each lesson will be composed of a variety of activities to ensure student attention is not lost.

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**Unit Name: The Federal Reserve System and Monetary Policy**

**Time Frame: Three Weeks**

**Author: Egg Harbor Township High School Social Studies Department**

**UNIT**

Subject: **Economics**

Country: **USA**

Course/Grade: **Economics 10-12**

State/Group: **NJ**

School: **Egg Harbor Township High School**

**UNIT SUMMARY**

Explain how their lives would be more difficult in a world with no money, or in a world where money sharply lost its value.

Most people would like to have more money. Students, however, often fail to understand that the real value of money is determined by the goods and services money can buy. Doubling the amount of money in an economy overnight would not, by itself, make people better off, because there would still be the same amount of goods and services produced and consumed, only at higher prices. The use of money in buying and selling goods and services is important to an economy, however, because as it replaces barter, it makes exchange less costly. As a result, people are more likely to specialize in what they produce, and then use money to buy whatever they want to consume. This increases the overall levels of production and consumption in a nation.

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.

**UNIT RESOURCES**

- Economics: Concepts and Choices
- Exemplary Lessons for High School Economics
- Economics: Macroeconomics and the American Economy
- Teacher Generated Activities and Resources

**Internet Resource Links:**

**STAGE ONE**

**GOALS AND STANDARDS**

**At the completion of the unit:**

**At the completion of the unit:**

1. The basic money supply in the United States consists of currency, coins, and checking account deposits.	1. Explain why deposits in checking accounts are considered money but assets such as stocks and bonds are not. Also explain why a credit card should not be considered money.
2. In many economies, when banks make loans, the money supply increases; when loans are paid off, the money supply decreases.	2. Demonstrate how successive deposits and loans made by commercial banks, resulting from one new deposit in the banking system, cause the money supply to expand and how repayment of loans causes the money supply to contract.
3. The consumer price index (CPI) is the most commonly used measure of price-level changes. It can be used to compare the price level in one year with price levels in earlier or later periods.	3. Determine the current price for a pair of designer sunglasses that cost \$50 in 1982-84, assuming the price has increased at the average rate of inflation.
4. The annual inflation rate is the percentage change in the average prices of goods and services over a twelve-month period.	4. Calculate the annual rate of inflation when the CPI changes from 200 to 205 in one year.
5. In the long-run, inflation results from increases in a nation's money supply that exceed increases in its output of goods and services.	5. Explain why inflation occurs after participating in two rounds of an auction where the number of goods available remains constant, but the money in circulation increases in round two.

## ENDURING UNDERSTANDINGS

Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services. The amount of money in the economy affects the overall price level. Inflation is an increase in the overall price level that reduces the value of money.

## ESSENTIAL QUESTIONS

- How does the US regulate money?
- Is the Fed an effective body for managing the US monetary policy?
- How does money serve the needs of our society?
- What banking services do financial institutions provide?
- How has the American banking system changed to meet new challenges?

## KNOWLEDGE AND SKILLS

### SWBAT

- List and explain the types of money in use in the US today
- Compare loose money and tight money policies
- Describe and explain fractional reserve banking
- Assess the impact on money expansion in the banking system
- Outline the organization of the Federal Reserve System
- Analyze and evaluate the functions of the Federal Reserve System

- Predict ways in which changes in the reserve requirements by the Federal Reserve will impact the money supply
- Identify and give examples of how the Fed uses open-market operations
- Assess the effects of different types of monetary policy

## STAGE TWO

### PERFORMANCE TASKS

- Organize the class into small groups and ask them to locate current rates of mortgage loans published in the business section of most newspapers. Have them compare these rates with the average rates five years earlier and speculate on the causes for any changes. Conclude by asking the students how mortgage rates affect consumers
- To demonstrate how the fractional reserve system works have the students sit in a circle. Give the first student 200 fake single dollar bills or her and have him write #1 and \$200 on the board. Tell him or her to keep 10% and pass the \$180 on to the next student who will write #2 and 180 on the board. Repeat this process until all have participated and calculate how much money is in circulation when we started with \$200
- Have students compare the First Bank of the US with the Federal Reserve System in a written report to be read to the class.
- Hold a news conference with the Chairman of the Federal Reserve. Have one group of students prepare questions for the other group to answer
- Have students work in pairs to create political cartoons that illustrate the role and power of the chairperson of the Federal Reserve System

### OTHER EVIDENCE

- Teacher-created formative assessments
- Teacher-created summative assessments
- Worksheets
- Group work
- Teacher observation

## STAGE THREE

### LEARNING PLAN

- In order to maximize classroom time the class will generally maintain a structured routine throughout the year. There will be a focus question or assignment on the board when the students walk into the room for a warm-up. Students will maintain a notebook for notes and reflections. Exit cards and closing activities will be used to ensure students understood the material. Each lesson will be composed of a variety of activities to ensure student attention is not lost.
- Activities may include: document analysis, scenarios, video clips, power points, writing assignments, small group work, guided reading, discussion, simulations, research, and/or student led presentations

**Unit Name: Inflation and Unemployment**

**Time Frame: Three Weeks**

**Author: Egg Harbor Township High School Social Studies Department**

## UNIT

Subject: **Economics**

Country: **USA**

Course/Grade: **Economics 10-12**

State/Group: **NJ**

School: **Egg Harbor Township High School**

### UNIT SUMMARY

Make informed decisions by anticipating the consequences of inflation and unemployment.

Inflation and unemployment are costly to individuals and affect economic growth and standards of living. Some aspects of inflation and unemployment can be addressed with public policies. Various political leaders and parties often have different ideas about which policies should be followed to deal with inflation and unemployment, however. The controversial policies, and the fact that almost everyone is affected by unemployment or inflation, explain why these two problems and alternative approaches to combat them are so widely reported in the news media, and why understanding them is important to people in a democratic political system.

### UNIT RESOURCES

- Economics: Concepts and Choices
- Exemplary Lessons for High School Economics
- Economics: Macroeconomics and the American Economy
- Teacher Generated Activities and Resources
- Inside Job

### Internet Resource Links:

## STAGE ONE

### GOALS AND STANDARDS

SWBAT

- List and provide solutions to two problems economists face in measuring unemployment
- Distinguish between demand-pull and cost-push inflation and explain reasons for each

- Draw and explain a simple model of how income flows between businesses and consumers
- Summarize how Keynesian economists believe fiscal policy should have been used at the beginning of the great depression
- Predict how fiscal policy might be used to reduce inflation
- Explain the monetarists' view of the Fed's role in the Great Depression and compare this with the Keynesian view
- List and evaluate how monetarist theory influenced government policy in the 1980s
- Summarize and evaluate monetarists' criticism of fiscal policy

## ENDURING UNDERSTANDINGS

Unemployment imposes costs on individuals and the overall economy. Inflation, both expected and unexpected, also imposes costs on individuals and the overall economy. Unemployment increases during recessions and decreases during recoveries.

## ESSENTIAL QUESTIONS

- What causes unemployment?
- What causes recessions and depressions?
- What are the causes and effects of inflation?
- How would a Keynesian economist view the role of the Fed?
- How would a monetarist economist view the role of the Fed?
- How should inflation and unemployment be kept in check? Can they?

## KNOWLEDGE AND SKILLS

At the completion of the unit:	At the completion of unit:
1. The unemployment rate is an imperfect measure of unemployment because, among other reasons, it does not: (1) include workers whose job prospects are so poor that they become discouraged from seeking jobs and leave the labor force, and (2) reflect part-time workers who are looking for full-time work.	1. Explain how the fact that there are people who are discouraged from seeking jobs helps us understand why unemployment sometimes increases while employment is rising during an economic recovery.
2. Unemployment rates differ for people of different ages, races, and sexes. this reflects differences in work experience, education, training, and skills, as well as discrimination.	2. Locate data pertaining to unemployment rates for young people and minorities, and provide possible explanations of why unemployment rates for these groups differ from the unemployment rates for other groups in the economy.
3. Unemployment can be caused by people changing jobs, by seasonal fluctuations in demand, by changes in the skills needed by employers, or by cyclical fluctuations in the level of national spending.	3. Give examples of each type of unemployment and identify which types cause more serious problems in the economy.

<p>4. Some people are unemployed even when the economy is said to be functioning at full employment.</p> <p>5. Changes in total employment are an important indicator of economic performance and influence levels of real GDP.</p> <p>6. Unexpected inflation imposes costs on many people and benefits others because it arbitrarily redistributes purchasing power among different groups of people. Unexpected inflation hurts savers and people on fixed incomes; it helps people who have borrowed money at a fixed rate of interest.</p> <p>7. Inflation can reduce the rate of growth of national living standards because individuals and organizations use resources to protect themselves against the uncertainty of future prices.</p>	<p>4. Identify why people might be unemployed even when the economy appears to be at full employment.</p> <p>5. Using data on employment and real GDP, identify the relationship between the two.</p> <p>6. For each of the following cases, explain who would be harmed and who would benefit from an unexpected 10 percent inflation: (1) Mike's retirement income is fixed at \$24,000 a year; (2) Bonnie borrowed \$5,000 last year and must pay it back at the end of this year; (3) John lent the \$5,000 to Bonnie last year and will be paid back at the end of this year.</p> <p>7. Identify assets people can buy to protect themselves against inflation and discuss how much time people spend with this problem in times of high inflation compared to times of low inflation.</p>
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## STAGE TWO

### PERFORMANCE TASKS

- Poll students on their personal job-hunting experiences. List jobs that are plentiful and those in that group that require special skills. Next list jobs that are scarce. List four generalizations from this information and then brainstorm about the causes of unemployment
- Tell students they have a paycheck of \$1,200 a month. List various expenses and ask them to calculate their discretionary income. Then raise all expenses and ask them how they would cope with these new "inflated" prices
- Use Internet sources to prepare charts and graphs showing inflation trends over the past 3 decades in 5-year intervals. Speculate as to possible causes and effects
- Divide the class into groups and have each create diagrams to express the Keynesian view of the slide into the Great Depression and how it might have been avoided
- Assign a short essay in which the student compares Keynesian economics and the cost-push theory of inflation

### OTHER EVIDENCE

- Teacher-created formative assessments
- Teacher-created summative assessments
- Worksheets
- Group work
- Teacher observation

## STAGE THREE

## **LEARNING PLAN**

- In order to maximize classroom time the class will generally maintain a structured routine throughout the year. There will be a focus question or assignment on the board when the students walk into the room for a warm-up. Students will maintain a notebook for notes and reflections. Exit cards and closing activities will be used to ensure students understood the material. Each lesson will be composed of a variety of activities to ensure student attention is not lost.
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**Unit Name: Disputes in Macro Theory and Policy    Time Frame: Three Weeks**

**Author: Egg Harbor Township High School Social Studies Department**

## UNIT

Subject: **Economics**

Country: **USA**

Course/Grade: **Economics 10-12**

State/Group: **NJ**

School: **Egg Harbor Township High School**

## UNIT SUMMARY

The student, at this point, should understand the basics of macroeconomics. Students will now learn about the different perspectives on how the economy functions and the major disputes in macro theory. To do this students will analyze the classical and Keynesian views of macroeconomic theory using a three-question framework: What causes macro instability in the economy? Does the economy self-correct its macro instability? Should the macro economy be guided by policy rules or discretion?

## UNIT RESOURCES

- Economics: Concepts and Choices
- Exemplary Lessons for High School Economics
- Economics: Macroeconomics and the American Economy
- Teacher Generated Activities and Resources

### Internet Resource Links:

- <http://www.bea.doc.gov/bea/glance.htm> - This will give you data from the Bureau of Economic Analysis
- <http://www.oecd.org/std.nahome.htm> - shows quarterly growth rates in the GDP at the Constant Price section of the OECD
- <http://ecedweb.unomaha.edu> - helpful site for the teaching of economics
- <http://www.ncat.edu/~simkinss/econlinks.html> - this site is designed to provide access to basic economic and financial information on the internet
- [http://www.euro.net/innovation/finance\\_base/encyclopedia/](http://www.euro.net/innovation/finance_base/encyclopedia/) - This site contains definitions and financial terms

## STAGE ONE

### GOALS AND STANDARDS

- Students will understand institutions evolve in market economics to help individuals and groups accomplish their goals

- Students will understand that money makes it easier to trade, borrow, save, invest, and compare the value of goods and services
- Students will understand that an interest rate rises and falls to balance the amount saved with the amount borrowed, thus affecting the allocation of scarce resources between present and future uses

### **ENDURING UNDERSTANDINGS**

- The Keynesian “mainstream” to macroeconomics believe that aggregate supply is fairly stable and that aggregate demand is highly unstable.
- “Monetarists” mainly focus on the money supply and the stable nature of a market economy

### **ESSENTIAL QUESTIONS**

- What causes macro instability in the economy?
- Does the economy self-correct its macro instability?
- Should the macro economy be guided by policy rules or discretion?

### **KNOWLEDGE AND SKILLS**

#### SWBAT

- Compare the classical and the Keynesian views of aggregate demand and aggregate supply
- Explain the monetarist view of stability in the macro economy
- Explain why monetarists think the velocity of money is stable
- Discuss the monetary causes of instability in the macro economy
- State the two basic assumptions of the rational expectation theory
- Describe how monetarists and new classical economists view the effectiveness of fiscal policy
- Offer a summary of the four alternative views on issues affecting the macro economy
- Describe and analyze possible reasons for increased stability in the macro economy since 1946

## **STAGE TWO**

### **PERFORMANCE TASKS**

- Divide the students into two groups, each representing a theory of dispute. Have them create a chart outlining the views of their group
- Take the students to the computer lab to have them research the economic policies of FDR and Reagan. Have them decide which economic policy they like best and explain their answer in a short essay
- Do historical research into the collapse of the Soviet Union and its economy. What were the key economic factors that led to its downfall? Did the US economy have anything to do with its collapse?

- Discuss the cold war and its effects on the economy. Ask whether the threat of war maintained the stability and growth of the economy or was it just coincidence? Did that have an impact on the Soviets?
- Students are to look at the economies of other countries of similar geographic size. Then compare the economic “health” of that nation to ours. What similarities and differences can they note?

### **OTHER EVIDENCE**

- Teacher-created formative assessments
- Teacher-created summative assessments
- Worksheets
- Group work
- Teacher observation

## **STAGE THREE**

### **LEARNING PLAN**

- In order to maximize classroom time the class will generally maintain a structured routine throughout the year. There will be a focus question or assignment on the board when the students walk into the room for a warm-up. Students will maintain a notebook for notes and reflections. Exit cards and closing activities will be used to ensure students understood the material. Each lesson will be composed of a variety of activities to ensure student attention is not lost.
- Activities may include: document analysis, scenarios, video clips, power points, writing assignments, small group work, guided reading, discussion, simulations, research, and/or student led presentations