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***Macroeconomics: The Nation’s Economy***

**Economics, Unit #5**

Chapters13, 15, 16, 17, 18

CCCS Reading Standards 12.2, 12.3, 12.4, 12.7, 12.9, CCCS Writing Standards 12.2, 12.6, 12.7, 12.9, 12.10

State Standards 12.3, 12.5, 12.6

**Overview:** This unit is specifically a Macroeconomic unit of study that focusses on the influence of the federal government on the American Economy as well as the impact of aggregate economic behavior. We will learn how we measure various economic indicators and what types of fiscal and monetary policy tools the government or the Federal Reserve may use to solve economic problems.

1. **Essential Question(s)**: By the end of the unit, students should be able to expertly answer the following question(s):
	1. Draw a diagram of the Business cycle and label each phase. Explain the economic indicators of each phase.
	2. What role does the Federal Reserve System play in regulating the U.S. Economy? What are the three main tools the Fed can use and how can they impact the economy?
	3. What is inflation and how do we measure it? Who is helped and who is hurt by unanticipated inflation? Explain.
2. **Key Terms**: In order to fully understand and connect the current topic of inquiry with previous and future topics in economics and the social sciences, it is necessary to have a working knowledge of the following key terms. Divide paper into six squares. Label each square with the idea/term at the bottom. On one side, define the term. On the other side use a picture, headline from a newspaper, or current event topic to demonstrate your knowledge of the term and its’ application to our society.

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| 1. Gross Domestic Product (GDP)2. real GDP3. purchasing power4. deflation5. aggregate demand6. aggregate supply7. business cycle8. unemployment rate | 9. full employment 10. stagflation11. fiscal policy12. monetary policy13. Federal Open Market Committee14. reserve requirement15. discount rate16. prime rate | 17. open market operations18. budget deficit19. national debt20. proportional taxes21. progressive taxes22. regressive taxes |

1. **People/Case Studies:** People make economic choices every day, some of these choices seem irrelevant and others change our lives and how we live them. The following people and/or groups have made economic choices that are worth considering as an example of what we are learning in class. Use pictures and key words to illustrate each of the people below. Divide your paper into four squares. For each person use one square for illustrations and key words and the other square for important facts about the person and their contribution to society and economics.

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| 1. Milton Friedman2. John Maynard Keynes | 3. Steve Mnuchin4. Janet Yellen | 5. Council of Economic Advisors6. Internal Revenue Service |

1. **Ideas, Skills, and Concepts:** Economics requires the understanding of certain ideas and concepts but also the application of certain skills to solve real world problems and make sound economic choices. The following topics are essential to the study of economics and the ability to use it in your daily life.

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| 1. Measuring Economic Performance2. Business Cycle | 3. Monetary Policy4. Federal Reserve System | 5. Fiscal Policy6. Taxation |

1. **Graphic Organizers:** (skills worksheets, charts, graphs, organizers, etc.) – Graphic organizers serve as a way to practice and review economic skills and concepts, creating not only a deeper understanding of the topics being addressed but also allows for mastery of skills and concepts prior to formal assessment.

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| 1. Federal Budget/ Social Security 2. Multiplier/Federal Reserve | 3. Tool of Fiscal Policy (Act. 30)4. Monetary & Fiscal Policy (Act. 43) | 5. Foreign Goods/Exchange Rates6. International Trade x-word |

1. **Articles/ Current Events:** Articles and/or current events will be provided by the teacher or assigned for individual research on topics that are relevant to the current unit of study in order to emphasize the link to the “real world.” Complete the following assignment for each article or current event. 1) Write a paragraph summarizing the main ideas in the article, 2) write a paragraph explaining how these ideas or concepts relate to everyday life (give an example of a practical application in the real world), and 3) write a paragraph explaining your personal opinion.

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| 1. fiscal policy2. monetary policy |  |  |

1. **Class Notes:** Use Cornell notes to record class lectures.
2. **Key Unit Questions:** Use key terms as well as personal opinion to answer the following questions with thoughtful, complete sentences. Quality responses will be several sentences or a small paragraph. You do not need to re-write the questions.
	1. List five items you have recently purchased. Explain why they should or should not be counted in GDP and use terms such as value, double counting, and final.
	2. Explain the relationship between inflation and the purchasing power of money.
	3. Do you think it is easier to increase or decrease government spending? Explain.
	4. List and explain five ways the local, state, and federal government are involved in your life by providing goods or services for you. In other words, what type of benefits do you receive from tax revenue?
	5. List and explain the two principles of taxation and use them to write a rationale for progressive, recessive, and proportional taxes.
3. **Miscellaneous**: Anything else used in support of this unit but not specifically listed on the unit sheet.
4. **Capstone Activity:** Each unit will contain at least one assignment that will be saved as part of a culminating semester long final project. This unit students will be given two scenarios with aggregate data that indicate certain problems within the economy. Students will need to identify the economic problems and the fiscal or monetary policy tools that could be used to solve these problems. They will also explain the pros and cons of these policy solutions and the likely outcomes we expect to see as a result.

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| **COMMON CORE LITERACY STANDARDS** |

**Reading History:**

12.2 Determine central ideas or information or a primary or secondary source; provide an accurate summary that makes clear the relationships among the key details and ideas.

12.3 Evaluate various explanations for actions or events and determine which explanation best accords with textual evidence, acknowledging where the text leaves matters uncertain.

12.4 Determine the meaning of words and phrases as they are used in a text, including analyzing how an author uses and refines the meaning of a key term over the course of a text.

12.7 Integrate and evaluate multiple sources of information presented in diverse formats and media.

**Writing History:**

12.2 Write informative/explanatory texts, including scientific procedures/experiments, or technical processes, including formatting graphics.

12.6 Use technology, including the internet, to produce, publish, and update individual or shared writing products in response to ongoing feedback, including new arguments or information.

12.7 Conduct short as well as more sustained research projects to answer a question or solve a problem; narrow or broaden the inquiry when appropriate; synthesize multiple sources on the subject, demonstrating understanding of the subject under investigation.

12.9 Draw evidence from informational texts to support analysis, reflection, and research.

12.10 Write routinely over extended time frames and shorter time frames for a range of discipline specific tasks, purposes, and audiences.

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| **CALIFORNIA STATE CONTENT STANDARDS** |

**12.3 Students analyze the influence of the federal government on the American economy.**

1. Understand how the role of government in a market economy often includes providing for national defense, addressing environmental concerns, defining and enforcing property rights, attempting to make markets more competitive, and protecting consumers’ rights.
2. Identify the factors that may cause the costs of government actions to outweigh the benefits.
3. Describe the aims of government fiscal policies (taxation, borrowing, spending) and their influence on production, employment, and price levels.
4. Understand the aims and tools of monetary policy and their influence on economic activity (e.g., the Federal Reserve).

**12.5 Students analyze the aggregate economic behavior of the U.S. economy.**

1. Distinguish between nominal and real data.
2. Define, calculate, and explain the significance of an unemployment rate, the number of new jobs created monthly, an inflation or deflation rate, and a rate of economic growth.
3. Distinguish between short-term and long-term interest rates and explain their relative significance.

**12.6 Students analyze issues of international trade and explain how the U.S. economy affects, and is affected by, economic forces**

**beyond the United States’ borders.**

1. Identify the gains in consumption and production efficiency from trade, with emphasis on the main products and changing geographic patterns of twentieth-century trade among countries in the Western Hemisphere.
2. Compare the reasons for and the effects of trade restrictions during the Great Depression compared with present-day arguments among labor, business, and political leaders over the effects of free trade on the economic and social interests of various groups of Americans.
3. Understand the changing role of international political borders and territorial sovereignty in a global economy.
4. Explain foreign exchange, the manner in which exchange rates are determined, and the effects of the dollar’s gaining (or losing) value relative to other currencies.