Unit 3: Money and Interest Rates

Content Area: **Social Studies**
Course(s): **American Economics**
Time Period: **November**
Length: **4 weeks**
Status: **Published**

Transfer Skills

Money has three main functions: a medium of exchange, a standard of value (or unit of account) and a store of value; Interest rates are a tool used by the government to control the supply of money.

Enduring Understandings

What determines the value of money?

What is the measurement of wealth?

What is the role of government in controlling the money supply?

Essential Questions

To what extent should the government involve itself in the American economy?

To what extent is economics the primary driver of political and social change?

How do inflation and unemployment affect the average American citizen?

Content

Vocabulary
Money, Interest rate, Federal Reserve Board, Phillips Curve

Skills

Explain the function and characteristics of money.

Explain the role of the Federal Reserve Board (the Fed) in controlling the money supply.

Relate the interest rate to the supply of money.

Evaluate the current monetary policy employed by the Fed.

Describe how the interest rate affects personal financial decision-making.

Resources

Standards

SOC.6.1.12.C.2.a	Assess the effectiveness of the new state and national governments attempts to respond to economic challenges including domestic (e.g., inflation, debt) and foreign trade policy issues.
SOC.6.1.12.C.6.c	Analyze the impact of money, investment, credit, savings, debt, and financial institutions on the development of the nation and the lives of individuals.
SOC.6.1.12.C.9.a	Explain how government can adjust taxes, interest rates, and spending and use other policies to restore the country's economic health.
SOC.6.1.12.C.9.b	Explain how economic indicators (i.e., gross domestic product, the consumer index, the national debt, and the trade deficit) are used to evaluate the health of the economy.
SOC.6.1.12.C.9.c	Explain the interdependence of various parts of a market economy (i.e., private enterprise, government programs, and the Federal Reserve System).