Unit 3: Investment and Competition

Content Area: **Social Studies**
Course(s):
Time Period: **Marking Period 2**
Length: **2-3 Weeks**
Status: **Published**

Summary

Students in the Economics course study how society meets unlimited wants with limited resources and how the resulting goods and services are distributed. The curriculum includes a study of principal economic concepts at both the micro and macro levels; fiscal and monetary policy; and how students can act in financially responsible ways. In order to provide students with a comprehensive understanding, current events and real world examples are highlighted as case studies of economic concepts.

This unit is part of the larger aforementioned course sequence and specifically focuses on investment and competition where students will understand that market competition operates on a spectrum between pure monopoly and perfect competition; while both are equally rare, current market structures can approach each side of the spectrum. Moreover, students will understand that investing allows for individuals to have a stake in companies and organizations as producers, and while this process can bring about significant financial returns, higher returns are accompanied by higher risks. By the end of this unit, students will be able to identify different forms of investment along with their risks and returns, evaluate the function of the stock market, stock exchange, and stock indices, and reflect on how investing can benefit them in the future. Finally, students will examine forms of perfect and imperfect competition regarding market structures and identify how these market structures are evident in their own lives.

This course fulfills the 2.5 credits in financial literacy coursework required by both Cranford High School and the state of New Jersey for graduation.

Revision Date: August 2023

Standards

8.2.12.EC.1: Analyze controversial technological issues and determine the degree to which individuals, businesses, and governments have an ethical role in decisions that are made.

6.2.12.EconGE.5.a: Evaluate the role of the petroleum industry in world politics, the global economy, and the environment.

9.1.12.EG.3: Explain how individuals and businesses influence government policies.

9.1.12.FI.2: Explain ways to manage your accounts that maximize benefits and provide you with the utmost protection.

9.1.12.FP.3: Relate the concept of delayed gratification (i.e., psychological distance) to meeting financial goals, investing and building wealth over time.

9.1.12.FP.4: Identify how unconscious beliefs like "money scripts" (money avoidant, money worship, money status, money vigilant) influence financial decision-making.

9.1.12.FP.5: Evaluate how behavioral bias (e.g., overconfidence, confirmation, recency, loss aversion, etc.) affects decision-making.

9.1.12.FP.6: Evaluate the relationship of familial patterns, cultural traditions, and historical influences on financial practice.

9.1.12.FP.7: Determine how multiple sources of objective, accurate and current financial information affect the prioritization of financial decisions (e.g., print information, prospectus, certified financial planners, internet, sales representatives, etc.).

9.1.12.PB.1: Explain the difference between saving and investing.

9.1.12.PB.2: Prioritize financial decisions by considering alternatives and possible consequences.

9.1.12.RM.2: Identify types of investments appropriate for different objectives such as liquidity, income, and growth.

9.2.12.CAP.14: Analyze and critique various sources of income and available resources (e.g., financial assets, property, and transfer payments) and how they may substitute for earned income.

9.2.12.CAP.22: Compare risk and reward potential and use the comparison to decide whether starting a business is feasible.

9.4.12.CI.1: Demonstrate the ability to reflect, analyze, and use creative skills and ideas (e.g., 1.1.12prof.CR3a).

9.4.12.CT.2: Explain the potential benefits of collaborating to enhance critical thinking and problem solving (e.g., 1.3E.12profCR3.a).

This unit is aligned to the English Language Development (ELD) standards for kindergarten through grade 12 since multilingual learners develop content and language concurrently, with academic content in a classroom where the language of instruction is English. As a result, language learning and language as a means for learning academic content are interchangeable. The following ELD standards are relevant for this unit and course of study:

- Standard 1: Language for Social and Instructional Purposes: English language learners communicate for social and instructional purposes within the school setting.
- Standard 5: Language for Social Studies: English language learners communicate information, ideas and concepts necessary for academic success in the content area of Social Studies.

The standards in this unit reflect a developmental progression across grade levels and make interdisciplinary connections across content areas including the humanities, technology, career readiness, cultural awareness, and global citizenship.

Essential Questions and Enduring Understandings

Essential Questions:

- To what extent do risk factors impact investment?
- How can investing strategies vary among individuals?
- How does imperfect competition impact consumers?

Enduring Understandings:

- Market competition operates on a spectrum between pure monopoly and perfect competition; while both are equally rare, current market structures can approach each side of the spectrum.
- Investing allows for individuals to have a stake in companies and organizations as producers, and while this process can bring about significant financial returns, higher returns are accompanied by

higher risks.

Objectives

Students will know:

- Terms, concepts and individuals (including, but not limited to): Risk Aversion, Investment, Common Stock, Preferred Stock, Stock Market, Capital Appreciation, Securities, Stock Index, Stock Exchange, Mutual Funds, Bonds, Dividend, Commodities, Perfect Competition, Imperfect Competition, Horizontal Integration, Vertical Integration, Collusion, Cartel, Oligopoly, Monopolistic Competition, Pure Monopoly, Prisoner's Dilemma
- Characteristics of Perfect and Imperfect Competition.
- Examples of Imperfect Competition: Pure Monopolies, Monopolistic Competition, and Oligopolies
- The impact of cartels and collusion on consumers.
- The causes for collusion.
- The impact of imperfect competition on consumers.
- The ways in which imperfect competition is seen in the real world.
- Composition and characteristics of the labor force in relation to competition.
- History, structure, and impact of labor unions in the United States.
- The structure of the stock market and the ways stocks are bought and sold.
- The risks and benefits to various forms of investment.
- The level of risk associated with an investment relates to the type of investment (i.e. Cryptocurrency having high risk versus low risk in bonds)
- Investments are usually made for long-term growth rather than fast returns.

Students will be skilled at:

- Analyzing and interpreting stock information in regard to the workings of the stock market.
- Explaining the relationship between risk and return.
- Assessing their own level of risk and interpreting how it will impact future investment endeavors.
- Differentiating different forms of investment.

- Explaining the benefits of a diversified investment portfolio.
- Examining the benefits and detriments of various forms of investment.
- Assessing why it is beneficial for businesses to sell shares of their company to consumers.
- Distinguishing between perfect competition and the different types of imperfect competition.
- Identifying a pure monopoly and analyzing its characteristics.
- Identifying perfect competition and analyzing its characteristics.
- Making present day connections to types of competition.
- Explaining the benefits and detriments of imperfect competition from the perspectives of producers and consumers respectively.
- Analyzing the extent to which governmental policies protect consumers against monopolies and cartels.

Section Five: Learning Plan

This unit includes, but is not limited to, the following learning strategies:

Risk Assessment Quiz: Students will first report what they believe to be their risk tolerance based on life experiences, then take an online assessment to measure their actual risk tolerance. Students will reflect on their score and the extent to which it may impact their future investment behavior.

Stock Market Explained: Students will watch a video on the role of the stock market in businesses and investing. Students will analyze how the stock market can impact the economy as a whole and how they can participate in the stock market.

Risk in Investing- Cryptocurrency Investigation: Students will examine how investing in high risk can have benefits and detriments through case studies of cryptocurrency leading to high reward and high losses.

Stock Market Game: Students will participate in an online simulation of the Stock Market, where they will ask as investors attempting to gain the biggest return for their clients. Students have $50,000 that they use to invest in stocks over the course of a month. Students will analyze how their stocks perform week to week, trade stocks, and reflect on their performance in the stock market.

Perfect Competition Analysis: Students will examine the characteristics of perfect competition and apply them to various markets. Students will analyze which characteristics apply to each market and then report on the extent to which the market acts perfectly competitive.

Imperfect Competition Scavenger Hunt: Students will attempt to find the types of imperfect competition in the real world. Students will then explain how their examples fit the characteristics of each type of imperfect competition.

Vertical vs. Horizontal Integration in the Real World: Students will apply their understanding of vertical and horizontal integration to the real world by categorizing present-day businesses into each type of merger, explaining why it serves as an example of either horizontal or vertical integration. Students will analyze the benefits and detriments to each type of merger for the producer and the consumer, and draw conclusions on how integration impacts the market.

Types of Monopolies Analysis: Students will analyze four different types of Monopolies (Technological, Geographic, Natural, Governmental) and categorize different organizations into the four types. Students will explain why these types of monopolies exist and how they operate in the real world.

Labor Unions in the Market: Students will analyze how different forms of competition impact labor markets and in turn labor unions. Students will analyze current day case studies of labor unions at work and how they address some of the challenges faced in competitive and non-competitive markets.

Monopolies in the Real World Project: Students will choose a company that they believe acts as a monopoly in the real world. Students will research their company and create a presentation that addresses the question, "To what extent do monopolies exist?" After, class will classify companies using the competition spectrum.

Dueling Gas Stations: Students will read about an oligopoly and give advice on how each company can improve their business model. Students will analyze long and short term impacts of economic decisions (such as changes to price).

Collusion Simulation: Students will act as scientists in need of a rare orange, in which there is a limited supply. Students will attempt to make deals to obtain the orange. Students may collude with one another to obtain a deal that is mutually beneficial. Students will then reflect on how colluding can benefit those involved and how it acts to minimize competition.

Prisoner's Dilemma Video Analysis: Students will watch clips from a television game show to examine the prisoner's dilemma in action. Students will reflect on how the prisoner's dilemma can impact colluder's decisions, connect to cost-benefit analysis, and explain how collusion is rooted in trust.

Note: Other strategies to address the learning objectives may include, but are not limited to direct instruction, self and peer review, think-pair-share activities, creating visual representations, debates, film analysis, Socratic seminars, small group discussions, simulations, mapping activities, jigsaw activities, gallery walks, web quests, and/or inquiry or problem based learning projects.

Assessment

When taking a Social Studies course, students demonstrate differentiated proficiency according to their ability to answer the essential questions through formative and summative assessments. Many of the performance tasks below can be implemented as formative and/or summative assessments. As teachers strive for students to demonstrate proficiency, they will need to create additional or alternative assessments based on demonstration or absence of skill.

Formative Assessments:

- Do Nows
- Exit Slips
- Homework
- Classwork
- Risk Tolerance Assessment
- Stock Market Game
- Risk in Investing- Cryptocurrency Investigation
- Integration in the Real World
- Types of Imperfect Competition Scavenger Hunt
- Collusion Simulation Debriefing (Written Response)

Summative Assessments:

- Investment and Competition Quiz (Multiple Choice, Graphing with Schedules/Word Problems, Short Answer)
- Monopolies in the Real World Project

Benchmark Assessments:

- Stock Market Week Assessment Sheets

Alternative Assessment:

- Economics in the Real World Portfolio: Students must find personal or present day connections to ten economic topics and principles related to the unit, providing evidence to how it reflects economic principles and explaining the significance of the topic to the study of economics.

Materials

The design of this course allows for the integration of a variety of instructional, supplemental, and intervention materials that support student learners at all levels in the school and home environments. Associated web content and media sources are infused into the unit as applicable and available In addition to the materials below, the following link connects to district approved textbooks and resources utilized in this course: Core Book List.

The following are approved resources that teachers can include to further unit related objectives:

- Risk Tolerance Assessment: University of Missouri
- Money, Explained: Stock Market Video
- Risk and Benefits of Cryptocurrency: Fidelity
- Why Should Anyone Invest in Crypto? Investopedia
- The Collapse of FTX Investopedia
- The NYSE and Nasdaq: How They Work Investopedia
- Stock Market Game: MarketWatch
- Zara: The Master of Retail
- Ugli Oranges Simulation
- Golden Balls Prisoner's Dilemma Videos
- Principles of Economics (2nd Edition)- Online Ebook from Rice University's OpenStax Exchange

Any additional resources that are not included in this list will be presented to and reviewed by the supervisor before being included in lesson plans. This ensures resources are reviewed and vetted for relevance and appropriateness prior to implementation.

Suggested Strategies for Modification

This link includes content specific accommodations and modifications for all populations:

https://docs.google.com/spreadsheets/d/1Pp6EJOCsFz5o4-opzsXpQDQoa6aClW-bkRGPDRHXVrk/edit?usp=sharing

These additional strategies are helpful when learning Economics content and skills:

- Bolded terms in directions.
- Reading texts aloud for students to assist in comprehension and analysis.
- Providing opportunities for text-to-speech for written responses.
- Use visual presentations of all materials to include graphic organizers for written components.
- Provide step-by-step instructions for economic problems that require problem solving, calculation, or graphing.
- Modeling of practices to support student understanding.