Unit 4: Macroeconomics

Content Area: **Social Studies**
Course(s):
Time Period: **Marking Period 2**
Length: **5-6 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 Macroeconomics where students will understand that while Gross Domestic Product can be a strong economic indicator and it is important to analyze aggregate changes to our economy, GDP does not encompass the full economic health of a nation, often overlooking distribution of wealth and individual standard of living. Moreover, students will understand that monetary policy and fiscal policy attempt to mitigate economic crises through different means; it is important to assess when these differing tactics are most successful and how interference can impact the overall economy. By the end of this unit, students will be able to define and calculate GDP, as well as examine and graph aggregate supply and demand curves to visualize changes in the economy and how small changes can have great economic impacts. Students will also examine how wealth of a country is not necessarily evenly distributed and the impacts of this unequal distribution. Finally, students will examine how Congress and the Federal Reserve attempt to mitigate economic downturn and crises in various ways, comparing and contrasting the benefits and criticisms of fiscal and monetary policy. Students will be able to calculate changes to the money supply through fractional banking, and suggest changes that the Federal Reserve should make to improve the economic health of the country.

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

8.1.12.IC.3: Predict the potential impacts and implications of emerging technologies on larger social, economic, and political structures, using evidence from credible sources.

8.2.12.ED.6: Analyze the effects of changing resources when designing a specific product or system (e.g., materials, energy, tools, capital, labor).

8.2.12.ITH.3: Analyze the impact that globalization, social media, and access to open source technologies has had on innovation and on a society's economy, politics, and culture.

6.1.12.EconNE.9.a: Explain how economic indicators are used to evaluate the health of the economy (i.e., gross domestic product, the consumer price index, the national debt, and the trade deficit).

6.1.12.EconNE.9.b: Compare and contrast the causes and outcomes of the stock market crash in 1929 with other periods of economic instability.

6.1.12.EconNE.9.c: Explain how government can adjust taxes, interest rates, and spending and use other policies to restore the country's economic health.

6.1.12.EconNE.9.d: Explain the interdependence of various parts of a market economy (i.e., private enterprise, government programs, and the Federal Reserve System).

6.1.12.EconNE.14.a: Use economic indicators to evaluate the effectiveness of state and national fiscal (i.e., government spending and taxation) and monetary (i.e., interest rates) policies.

6.1.12.EconET.14.a: Use current events to judge what extent the government should intervene at the local, state, and national levels on issues related to the economy.

6.1.12.EconET.14.b: Analyze economic trends, income distribution, labor participation (i.e., employment, the composition of the work force), and government and consumer debt and their impact on society.

6.1.12.EconEM.14.a:Relate the changing manufacturing, service, science, and technology industries and educational opportunities to the economy and social dynamics in New Jersey.

6.1.12.EconNE.15.a: Assess economic priorities related to international and domestic needs, as reflected in the national budget.

6.1.12.EconNE.16.a: Make evidenced-base inferences regarding the impact of technology on the global workforce and on entrepreneurship.

6.1.12.EconNE.16.b: Evaluate the economic, political, and social impact of new and emerging technologies on individuals and nations.

6.2.12.EconGE.6.a: Evaluate efforts of governmental, non-governmental, and international organizations to address economic imbalances, social inequalities, climate change, health and/or illiteracy.

6.2.12.EconGE.6.b: Assess the role government monetary policies, central banks, international investment, and exchange rates play in maintaining stable regional and global economies.

9.1.12.EG.1: Review the tax rates on different sources of income and on different types of products and services purchased.

9.1.12.EG.2: Explain why various forms of income are taxed differently.

9.1.12.EG.4: Explain the relationship between your personal financial situation and the broader economic and governmental policies.

9.1.12.PB.5: Analyze how changes in taxes, inflation, and personal circumstances can affect a personal budget.

9.1.12.RM.4: Determine when and why it may be appropriate for the government to provide insurance coverage rather than private industry.

9.2.12.CAP.1: Analyze unemployment rates for workers with different levels of education and how the economic, social, and political conditions of a time period are affected by a recession.

9.2.12.CAP.12: Explain how compulsory government programs (e.g., Social Security, Medicare) provide insurance against some loss of income and benefits to eligible recipients.

9.2.12.CAP.16: Explain why taxes are withheld from income and the relationship of federal, state, and local

taxes (e.g., property, income, excise, and sales) and how the money collected is used by local, county, state, and federal governments.

9.2.12.CAP.18: Differentiate between taxable and nontaxable income from various forms of employment (e.g., cash business, tips, tax filing and withholding).

9.2.12.CAP.19: Explain the purpose of payroll deductions and why fees for various benefits (e.g., medical benefits) are taken out of pay, including the cost of employee benefits to employers and self-employment income.

9.2.12.CAP.20: Analyze a Federal and State Income Tax Return.

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).

LA.RH.9-10.7 - Integrate quantitative or technical analysis (e.g., charts, research data) with qualitative analysis in print or digital text, to analyze information presented via different mediums.

LA.SL.9-10.1 - Initiate and participate effectively in a range of collaborative discussions (one-on-one, in groups, and teacher-led) with peers on grades 9–10 topics, texts, and issues, building on others' ideas and expressing their own clearly and persuasively.

6.3.12.EconGE.1: Participate in a simulated meeting (e.g. President's Council, World Bank, International Monetary Fund (IMF), research evidence from multiple sources about an economic problem (e.g. inflation, unemployment, deficit), and develop a plan of action.

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:

- How can gross domestic product be used to effectively assess the growth of the economy?
- How can income distribution affect an individual's standard of living?
- How can the government intervene to mitigate economic crises and challenges to benefit individuals and the economy as a whole?
- How can the Federal Reserve impact the economy?

Enduring Understandings:

- While Gross Domestic Product can be a strong economic indicator and it is important to analyze aggregate changes to our economy, GDP does not encompass the full economic health of a nation, often overlooking distribution of wealth and individual standard of living.
- Monetary policy and fiscal policy attempt to mitigate economic crises through different means; it is important to assess when these differing tactics are most successful and how interference can impact the overall economy.

Objectives

Students will know:

- Terms, concepts and individuals (including, but not limited to): Gross Domestic Product (GDP), Real GDP, Nominal GDP, Intermediate Goods, Final Goods, Imports, Exports, Consumption, Investment, Government Spending, Expenditures, GDP Deflator, Business Cycle, Indicators, Short-Run Aggregate Supply, Long-Run Aggregate Supply, Aggregate Demand, Price Index, Inflation, Unemployment,

Poverty, Income Inequality, Wealth Gap, Income Distribution Gap, Frictional Unemployment, Cyclical Unemployment, Underemployment, Fiscal Policy, Discretionary Spending, Mandatory Spending, Outlays, Revenues, Progressive Tax, Proportional Tax, Regressive Tax, Surplus, Deficits, Supply-Side Economics, Demand-Side Economics, Monetary Policy, the Federal Reserve, Money Multiplier, Fractional Banking, Fiat Money, Liquidity, Money Supply, Open-Market Operation, Discount Rate, Reserve Ratio

- Gross Domestic Product and how to calculate it.
- The difference between Nominal and Real GDP.
- The purpose of the GDP Deflator and how to calculate it.
- The difference between final and intermediate goods.
- The components of GDP and how to classify them.
- Other ways of measuring macroeconomic activity and why they are less effective.
- The purpose and definition of the Consumer Price Index.
- The impact of inflation on price.
- The phases of the Business Cycle and where they are labeled on a graph.
- How consumers contributed to the 2008 Recession.
- How to graph aggregate supply and demand.
- The factors that influence a change in aggregate supply and demand and how to graph these changes.
- The definition of unemployment within economics and who counts toward unemployment.
- The definition of poverty and its effects.
- Government policies to mitigate economic inequality and supply poverty relief.
- The definitions and functions of fiscal and monetary policy.
- Types of taxes the government uses to collect funds.
- The ways in which the federal government creates a fiscal budget.
- How the Federal government can influence the economy through taxing, borrowing, and spending.
- The relationship between federal debt and spending.
- The consequences of budget cuts and challenges in balancing the budget.
- The different ways in which fiscal and monetary policy attempt to mitigate economic downturn.
- The objectives of the Federal Reserve.

- The role of the Federal Reserve Chairman.
- Tools the Federal Reserve use to accomplish their objectives.

Students will be skilled at:

- Interpreting tables, graphs, and charts (Aggregate Demand/Aggregate Supply graph, Business Cycle Graph, Money Supply chart).
- Creating tables, graphs and charts (Aggregate Demand/Aggregate Supply graph, Business Cycle Graph, Money supply graph).
- Identifying determinants that cause Aggregate Demand/Aggregate Supply shifts.
- Calculating nominal and real GDP/GDP deflator.
- Explaining the impact of inflation on the economy.
- Explaining the impacts of unemployment and poverty on individuals and the economy as a whole.
- Assessing the significance of government programs which assist those who are unemployed or living in poverty.
- Explaining how the Federal Reserve functions.
- Differentiating between monetary and fiscal policy.
- Calculating and interpreting fractional banking and its impact on the money supply.
- Explaining the benefits and criticisms of fiscal policy.
- Explaining why monetary policy is favored by some economists when addressing economic downturn.
- Analyzing the relationship between money supply and inflation.

Learning Plan

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

GDP Analysis: Students will classify final vs. intermediate goods, which factor of GDP goods and services count as, and calculate nominal GDP. Students will reflect on what factors contribute most to GDP and explain why goods and services do or do not count towards Nominal GDP.

GDP Deflator Practice: Students will calculate the GDP Deflator and assess whether a nation experienced

inflation or deflation between two years. Students will explain the impact of either change on the economy and price levels.

Business Cycle in the Real World: Students will make historical connections to the Business Cycle by analyzing changes in GDP in relation to war time. Students will explain why certain changes occur connecting to historical context, and give present day examples of how world events can impact the business cycle and GDP.

Aggregate Supply and Demand Practice: Students will practice graphing Aggregate Supply and Demand using word problems, indicating shifts that occur and explaining why certain events will lead to an increase or decrease in aggregate supply or demand.

Current Events Aggregate Supply and Demand: Students will research current events relating to economics and graph shifts that occur due to global events. Students will write a reflection on these changes connecting to factors studied in class.

Inflation Simulation: Students will participate in a mock auction where they experience an increase in money each "year" while attempting to buy a constant good. Students will reflect on how the activity represents the concept of inflation and how it impacts purchasing power.

Comparing Prices Past to Present: Students will evaluate the real change in prices over time by examining different goods and their prices in the past as well as today. Students will use the CPI calculator to determine the real difference in prices and reflect on why some goods may have increased in price while others fell.

Examining Unemployment and Poverty: Students will examine unemployment in the United States by comparing the national average with that of New Jersey and other states. Students will reflect on conditions that contribute to varying unemployment levels and recommend government actions to help mitigate this economic issue.

Income Distribution Gap Video Analysis: Students will watch clips from the documentary "Inequality for All" to examine the ways in which the income distribution gap has grown over time. Students will assess the question, "To what extent is the income distribution gap an issue?" and provide their own reflections on how this could be resolved, as well as potential implications of their solution.

Government Intervention Policies: Students will compare and contrast government policies created to attempt to support people who are unemployed or impoverished such as TANF, Medicaid, SNAP, Section 8 Housing, and Head Start Programs. Students will examine who benefits most from these programs, address

common misconceptions of these policies, and reflect on the benefits they offer to those in need.

Determining the Discretionary Budget: Students will analyze aspects of the discretionary fiscal budget and attempt to prioritize programs that need the most funding. Students will then compare their lists to the actual discretionary fiscal budget, analyzing why certain programs receive the most fundings and the challenges that arise in creating a discretionary budget.

Taxes Analysis: Students will compare and contrast the various ways in which citizens can be taxed and examine the breakdown of how taxes contribute to revenue. Students will look at a sample check to examine one way taxes are taken out and review what a progressive tax policy looks like for different tax brackets.

Federal Debt: Students will examine how and why the United States operates under constant debt by examining the debt clock and reading an article on federal debt. Students will analyze how this has impacted the United States in recent years, such as debates over raising the debt ceiling.

Fiscal vs. Monetary Policy: Students will be given various scenarios in which there was a form of intervention in the economy. They will have to determine whether the change applies under fiscal or monetary policy, explaining why either the government or the Federal Reserve has the power in each scenario.

It's a Wonderful Life Video Analysis: Students will examine a clip of a bank run from It's A Wonderful Life to assess why it is important to control the money supply.

Fractional Banking Practice: Students will practice calculating the money multiplier through fractional banking. Students will identify reserve ratios, assets and liabilities of banks, and examine how money grows as it continues to be lent out. Students will assess the impact of changing reserve ratios on the money supply and make suggestions on how it should be changed based on inflation.

Note: Other strategies to address the learning objectives may include, but are not limited to direct instruction, source analysis (including annotations, critique, questioning and close reading strategies), self and peer review, think-pair-share activities, creating visual representations, debates, film analysis, Socratic seminars, small group discussions, simulations, 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
- GDP Analysis
- Business Cycle in the Real World
- Current Events Aggregate Supply and Aggregate Demand
- Inflation Simulation Reflection (Written Response)
- Income Distribution Video Analysis
- Taxes Analysis
- Fiscal vs. Monetary Policy
- Fractional Banking Practice

Summative Assessments:

- Aggregate Supply and Demand Quiz
- Macroeconomics Test (Multiple Choice, Short Answer, Graphing)

Benchmark Assessments:

- Macroeconomics Practice Packet

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. Students will graph concepts when applicable.

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:

What is GDP? MSNBC Video

FTE Lesson: Money and Inflation

CPI Inflation Calculator

Inequality for All Video

Why Poverty Might Be Far Worse in the U.S. than it's reported CNBC

Poverty Data Census.gov

Congressional Budget Office (Updated Fiscal Budgets)

Income Distribution Activity: Council for Economic Education

Your Tax Dollar In Action: NextGen

Progressive Tax Activity: IRS.gov

Federal Debt Clock

It's A Wonderful Life Video Clip

Council for Economic Education Macroeconomic workbook

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 Social Studies 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 including 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.