

# CONCEPTS AND GOALS

“ 5 concepts ”

This program is based on five concepts:

1. **Economics is not too complex** for the typical high school student to understand clearly!
2. **Economics is not too obscure or abstract** to be interesting for the typical high school student!
3. **Economics is not too technical** for the typical high school teacher to teach effectively!
4. **Economics is a subject that is crucial** to all young persons' ability to cope with the world they are entering!
5. **Economics is a subject that can provide great satisfaction** to teachers when they teach it well!

This program has four fundamental goals:

1. **To create a basic learning process that is as real as possible!**  
Students do not just memorize abstract numbers and charts and graphs; they engage in activities that create real numbers and results.
2. **To create realistic situations for making choices!**  
Much of life (and economics) is choice. These can be time choices: *Do I take the job offered now or do I go to college and possibly get a better job later?* These can be pleasure choices: *A vacation now or a stereo for now and later?* These are not win-lose, high-risk choices; they are just plain value choices. Economics is loaded with choices which are great practice for the lives students are going to live.
3. **To create realistic situations of risk-taking and reward!**  
Your students will not just read about levels of risk; they will take their time, effort, and capital to compete with others in a market situation. They will not simply read about profit and loss; they will be in a situation where they can profit or lose.
4. **To create a sense of world economic participation!**  
Goal 4 will be a difficult goal to reach, but oil cutoffs, energy crises, and dollar panics have made this task easier. Your students will not just read about trade imbalances, oil price fluctuations, and official policy statements; they will work in situations where the actions of foreign nations impact basic daily lives, choices, and futures.

If students accomplish these goals, they will understand basic economics, economic decision making, and world economic reality. Economics will not be remote, abstract, dull, and quickly forgotten. This program is dedicated to that end.



“ 4 goals ”

# OVERVIEW - 1

The ECONOMICS MADE EASY notebook program is divided into five units. Each deals with a separate level of economic activity and may be used independently. Each part includes the following:

- a set of goals;
- items of teacher preparation;
- bulletin board suggestions;
- material to be duplicated; and
- a calendar of events that can be followed in long or short form.

A full description of all the action and teacher input at each stage is incorporated in daily directions. Each part concludes with suggested follow-up activities.

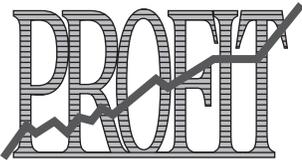
## Unit 1: The Individual in Our Economy

In this unit students learn about the basic economic choices most, if not all, must someday make: *Should I buy a house or rent? How do I get a mortgage? Should I buy a new car or save the money? Should I buy insurance for health? Or car? Or life? Or all three? How much should I take out of my paycheck for taxes? Whatever the choices, will I be able to balance my own budget? What does this "Supply-Demand Curve" have to do with me, anyway?* All activities center on the individual learning to cope in our economic system.



## Unit 2: Business Organization

This unit moves to basic business organizations, how they operate, the kind of decisions they require, and the advantages and disadvantages of each. In Cycle 1 students form six different small businesses and learn how individual proprietor and/or partnerships are set up and run. In Cycle 2 students learn how corporations are formed, set up, and run. Both cycles have students analyze one another's work to determine which group would succeed best.



## Unit 3: Taxation and Government Regulation

This unit features the interaction of economic interest groups as they deal with taxes and government regulation. These political "pressure groups" are embroiled in a local community's struggle to find a fair and just way to finance an upgrade of its sewer system while at the same time wrestling with the economic morality of allowing a potentially polluting factory to be built, but which would also go a long way toward solving the community's tax problems. Students learn it is no longer sufficient to act on the basis of what is best for the individual alone or one business alone; that, indeed, a citizen must think and act as part of a pressure group in order to be effective in our democratic republic.





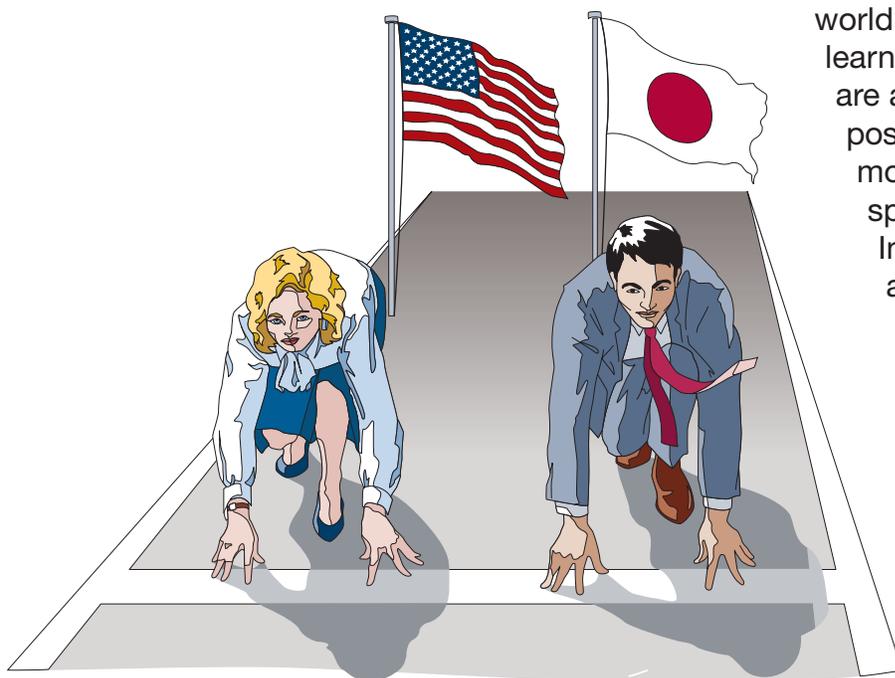
### Unit 4: Banks and the Federal Reserve System

This unit focuses on the areas of banks, banking, interest, credit, and the control of our money system. Acting as “economic units,” students learn how they are affected by rates and procedures in our local banking system and how these banks are, in turn, controlled to a large degree by the federal government through the Federal Reserve system. Students go step by step through this seeming “maze” to learn how our “money” (not paper money or cash) is created or shrunk by actions of the “Fed.” Many of the “warts” in this system also surface and provide stimuli for good discussions.

### Unit 5: World Trade

This unit has students join the largest economic groups—various types of nations engaged in international trade. Acting as these nations, students experience the problems of international trade balances, crises, money panics, and general world economic stress. They also

learn that all economic problems are also political problems in our post-cold war world and perhaps, most importantly, that a “dime” spent in some remote village in India has a ripple effect across all the world. For, like it or not, we now are truly “one world” economically. Therefore, we have no choice (other than self-destructive war) but to negotiate ways for all nations to trade peacefully with one another.



“ Are we going to have a fair race? ”

# MODEL BUDGET

Item, activity or service	Typical individual cost	Your cost Cycle ____	Typical couple cost	Your cost Cycle ____	Additional explanations
Groceries	\$4,000		\$5,200		Food & household items
Restaurants	\$600		\$1,200		2 meals per month + pizza or burgers
Clothing	\$250		\$500		New clothing
Cleaning	\$150		\$300		Dry cleaning and laundry
Mortgage	\$9,600		\$9,600		See banker description for numbers
Utilities	\$2,000		\$2,000		Heat, light, phone, sewer, water, cable
Insurance	\$500		\$500		See insurance description for numbers
Taxes	\$1,000		\$1,000		Property tax only
Upkeep	\$1,000		\$1,000		Paint, repair, renovation
Car loan	\$6,600		\$13,200		See car dealer description for numbers
Car ins.	\$560		\$		See insurance description for numbers
Car upkeep	\$1,000		\$		Gas, oil, repairs, tolls at 20 cents a mile
Medical ins.	\$1,000		\$		If you have a job, your employer pays*
Doctor	\$1,000		\$		Based on 80%/20% type policy
Dental	\$1,000		\$		Includes hospital
Fed. taxes	\$3,000		\$6,000		Based on 10% of \$30,000
State taxes	\$600		\$		Based on 2% of \$30,000
Local taxes	\$500		\$		Est. of income, per capita, occupation
Vacations	\$1,000		\$1,500		Pure estimate
Holidays	\$300		\$500		Pure estimate
Movies, etc.	\$200		\$400		Pure estimate
Life insur.	\$600		\$1,200		Based on term average cost**
Misc.	\$500		\$1,000		Estimate only
Savings	\$		\$		
Other	\$1,000		\$		
Total	\$37,960		\$45,100		

\* If not, or if you lose job, you pay \$350 per month. This is for 80/20 type policy (policy pays 80%; you pay 20%).

\*\* You can choose term (inexpensive) or whole life (expensive) coverage.

# DAILY DIRECTIONS - 1

## Day 1

1. Divide the class into 12 teams of two to three students each. Have one member of each team pull a business out of a hat. Use our suggestions or your choice, but six businesses is a good number. That will give you 12 groups with two teams in competition in each business. This one-to-one competition is a key item.
2. Arrange the class so that similar product teams are not next to each other and quickly review the goals. They will act as proprietors or partners and establish a local business in the area they have drawn. The class will judge who does the best job in each business.
3. Hand out the INDIVIDUAL PROPRIETOR/PARTNERSHIP WORKSHEET and allow time to read and study. Answer any initial questions now. Explain that individual proprietor businesses and partnerships follow the same practices in the small businesses the students are engaged in. There are, of course, many variations that need not be discussed at this point.

## Day 2

1. Teams now meet to create their product and determine the final number and price as instructed in the handout. Your role is to help in the estimation of *major* cost items. Do *not* supply every cost. There is no problem if students share information as long as they are doing the job. You may have to add cost items to the list. The list is the basic guide, not the final word. You/they may have to do some creative guessing; none of this will hurt the desired outcome.
2. Remind them to be complete in their thinking. Don't just say, "We will spend x dollars to advertise"; explain how they would advertise. After all, their competitors will, and they should not wish to look stupid.
3. Tell teams they must pay at least the federal minimum wage as hourly payment to workers. When they present their product to the class and have a super low price, it *cannot* be based entirely on minimum wages for everyone. No one with any skill will work long for that wage, and the class will see it immediately.
4. Circulate, advise, coach, help until you have your teams ready to present the products, number, and prices.

## TEACHER PREPARATION - 2

- COST VS. BENEFIT CHART
- IDENTITY MAP
- TAX LIST (The list of taxes in use at start of activity.)
- TAX WORKSHEET
- POSSIBLE TAX LIST/GUIDE TO COSTING
- INDUSTRIAL ANNOUNCEMENT
- NEWSPAPER ITEM
- FINAL CRITIQUE

2. **Awareness. material** Bring in local or nearby urban newspapers for tax information. Also, find news magazines for information on regulatory issues. In most of the country we have all seen the local headlines. “School taxes to skyrocket!” “Old people forced out of homes by tax burden!” “Education programs gutted by budget cuts.” “Rich avoid taxes as usual!” “Get the cheats and deadbeats now!” Use your local paper, blow up the headlines, tack up the articles, and make the students aware of the tax turmoil that is continuous in the U.S. Make part of your bulletin board space look like “tax-war” information central. In addition, use magazines for examples of the positions, often very extreme, on environmental and regulatory issues. How many warning labels and safety guards do we really need? Will all the loggers go on welfare just to have happy owls? Does business want milder regulation to be able to compete better, or just to make huge profits while we choke on foul air? Use information from corporations, Sierra Club, and local groups. Try for the extreme position whenever possible.

Rich avoid taxes as usual  
Rich avoid taxes as usual  
Rich avoid taxes as usual  
Rich avoid taxes as usual

# Clear River

## G A Z E T T E

Thursday, August 25, 1994

### New factory for Clear River!

Biochemical Innovation Group Inc., **B.I.G.**, whose headquarters are in New York City, announced that it has obtained an option to buy and develop land in the northwest quadrant of Clear River between the highway, river, and railroad.

This is undeveloped land at present with a small stream, woods, and no housing or industry. It is an ideal location with a good water supply and road and rail access. **B.I.G. Inc.** will begin construction of the factory as soon as necessary permits are secured.

Based on a typical factory assessment system, **B.I.G.**

will pay \$50,000 in property taxes. In addition, the corporate tax rate of 20% on a projected net profit of \$250,000 per year will bring in another \$50,000 to Clear River.

**B.I.G.** will hire locally and manpower needs should help absorb the present 12-1/2% local unemployment rate. At typical industrial wages, the income tax from these new workers should be at least \$25,000.

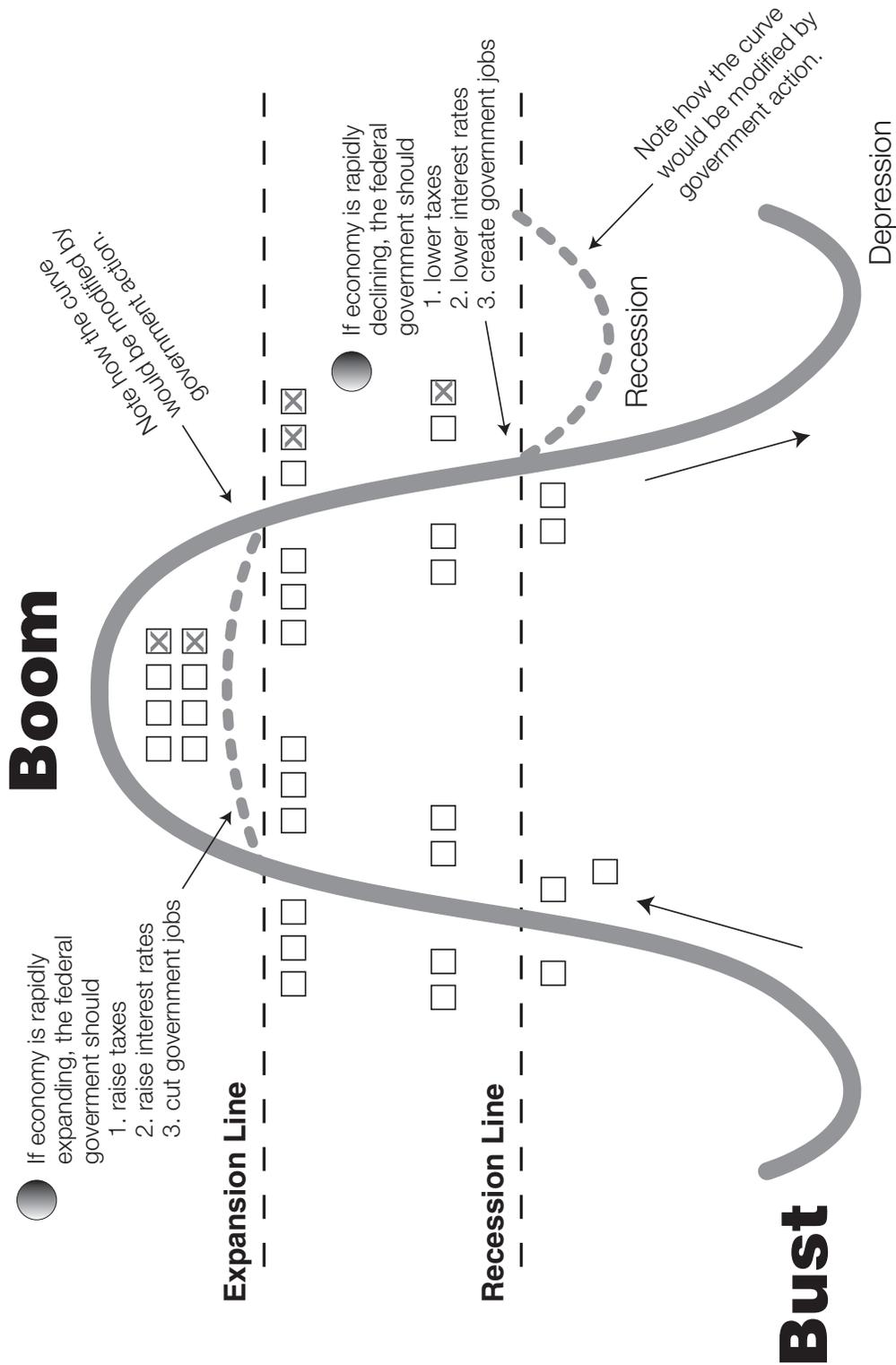
“The current tax crisis will end, and an era of full employment and security should begin,” one council member projects.

# UNIT TIME CHART

This chart is intended as an example; alter as desired.

<p>Organization</p> <p>Hand out student booklets</p> <p>Select students for roles</p> <p>Setup room</p> <p>Allow time to look over material</p> <p style="text-align: right;"><b>1</b></p>	<p>Cycle 1 begins</p> <p>Have students follow directions in UNIT 4 STUDENT INTRODUCTION</p> <p>Open all accounts; obtain loans; get safe deposit box; complete all records</p> <p style="text-align: right;"><b>2</b></p>	<p>Fed audits</p> <p>Question and answer session</p> <p>Correct any errors</p> <p>Bankers review RISK FACTOR MEMO</p> <p>Begin Cycle 2</p> <p style="text-align: right;"><b>3</b></p>	<p>Continue Day 3</p> <p>Help as needed</p> <p>Work with Fed for Cycle 3 problems</p> <p style="text-align: right;"><b>4</b></p>	<p>Complete Cycle 2</p> <p>Balance books and records</p> <p>Conduct audit</p> <p>Critique: Who was hurt? Why?</p> <p style="text-align: right;"><b>5</b></p>
<p>Cycle 3 begins</p> <p>Help as needed</p> <p>Complete cycle; use option</p> <p style="text-align: right;"><b>6</b></p>	<p>Balance and record and audit</p> <p>Cycle 3 ends</p> <p style="text-align: right;"><b>7</b></p>	<p>Critique: Was Fed policy correct?</p> <p>Extra-credit projects</p> <p>Evaluation</p> <p style="text-align: right;"><b>8</b></p>	<p>Other views</p> <p>Outside speakers</p> <p style="text-align: right;"><b>9</b></p>	

# KEYNESIAN SUPPLY/DEMAND CURVE



## Overlay 3