

WHY
EVERY
CHILD
SHOULD
LEARN



 CON

NOW

ANNA TAKAI



WHY IS ECONOMICS IMPORTANT?

I believe that economics is an important area of study for living in the 21st century, as it not only covers international relations, but also daily financial movement of individuals. By learning the basics of economics at a young age, students will be more prepared to spend their adult life, and will succeed. Our workbook method incorporates the assessment for learning approach. Please contact fecaeducation@gmail.com for more.

MY STORY

My name is Anna Takai, a high school junior in Japan. My passion for educational inequality and the SDGs provoked me to explore the area of economics. Through my experience studying for AP Macro/Micro, I have learned the connection between economics and various societal issues, and now find economics a crucial area of study.

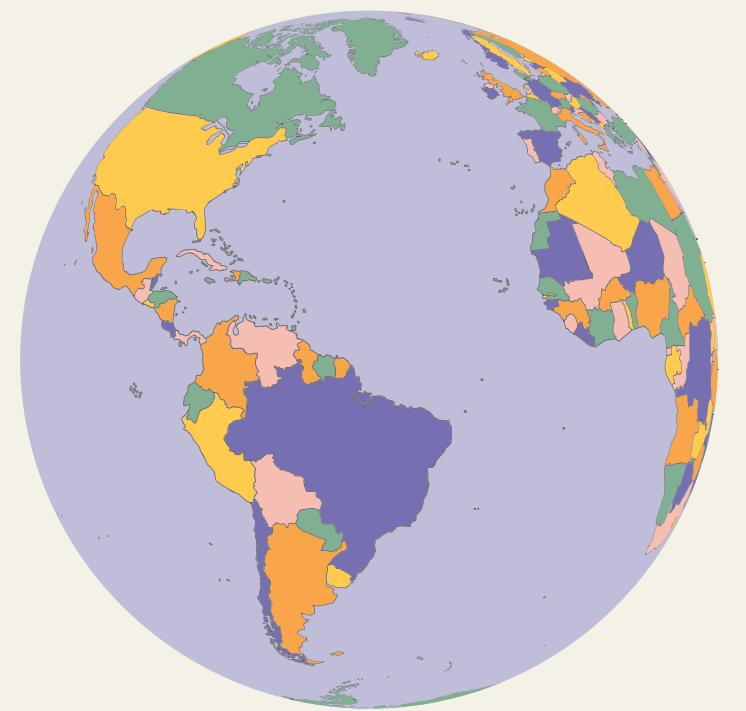
My scores: AP Macro- 4, AP Micro- 5

WHAT IS GDP?

GDP- Gross Domestic Product
a measure of the size of the economy

FORMULA

$$C+I+G+NE$$



C= consumer spending

I= Investment

G= Government Spending

Net Exports= Exports-Imports

Calculate the GDP based on the information below

consumer spending= \$200 million

investment spending= \$55 million

state/local government spending= \$120 million

Federal government spending= \$80 million

Imports= \$50 million

Exports= \$45 million

\$450 million

GDP QUIZ

Is the following included/excluded as part of GDP?

1. The government's purchase of a new submarine for the Navy

2. A plumber's purchase of a two-year-old used truck

3. The services of a barber cutting his own hair

4. Your sister using your notebook left at home

5. Nike investing in an organization

GDP QUIZ

Is the following C, I, G, or NE

1. You spend \$20 on a phone case

2. You buy clothes (made in Japan) but you live in the US

3. Toyota buys robots to boost their corporate profits

4. You pay tuition to attend college

5. The government increases its spending by \$20 million

ANSWERS: GDP QUIZ

1. The government's purchase of a new submarine for the Navy

included, as the government is spending money to help the economy

2. A plumber's purchase of a two-year-old used truck

excluded, as the two-year-old used truck is a secondhand item

3. The services of a barber cutting his own hair

excluded, as cutting your own hair isn't exchanging in the legal market

4. Your sister using your notebook left at home

excluded, as the notebook left at home is either secondhand, or isn't involved in the market

5. Nike investing in an organization

included, as investing is a part of GDP

ANSWERS: GDP QUIZ

1. You spend \$20 on a phone case

C

2. You buy clothes (made in Japan) but you live in the US

NE

3. Toyota buys robots to boost their corporate profits

I

4. You pay tuition to attend college

C

5. The government increases its spending by \$20 million

G

THE BUSINESS CYCLE

Expansionary-

real output, GDP, in the economy is increasing
unemployment rate is declining

Peak-

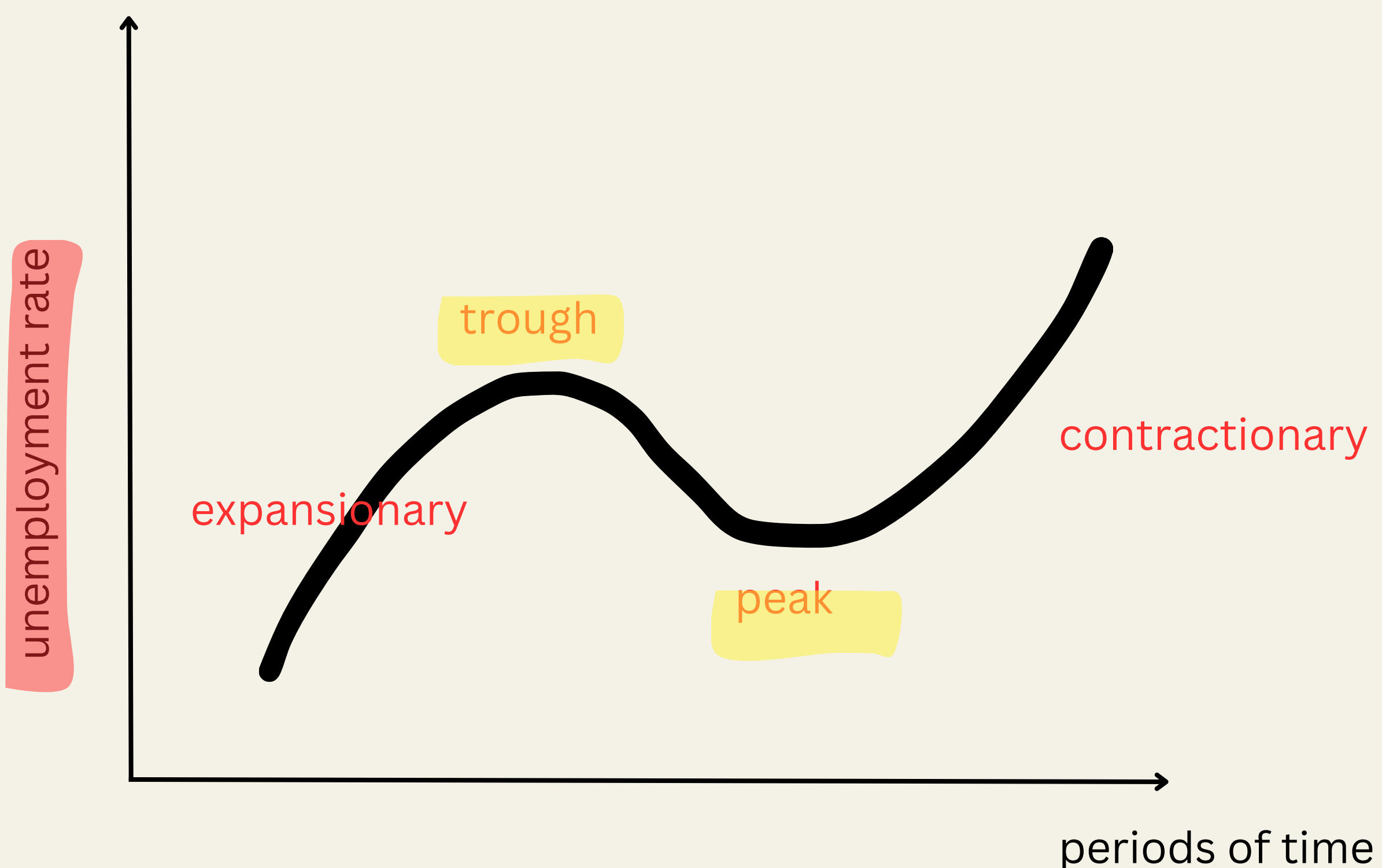
GDP is at his HIGHEST POINT of the business cycle

Contractionary-

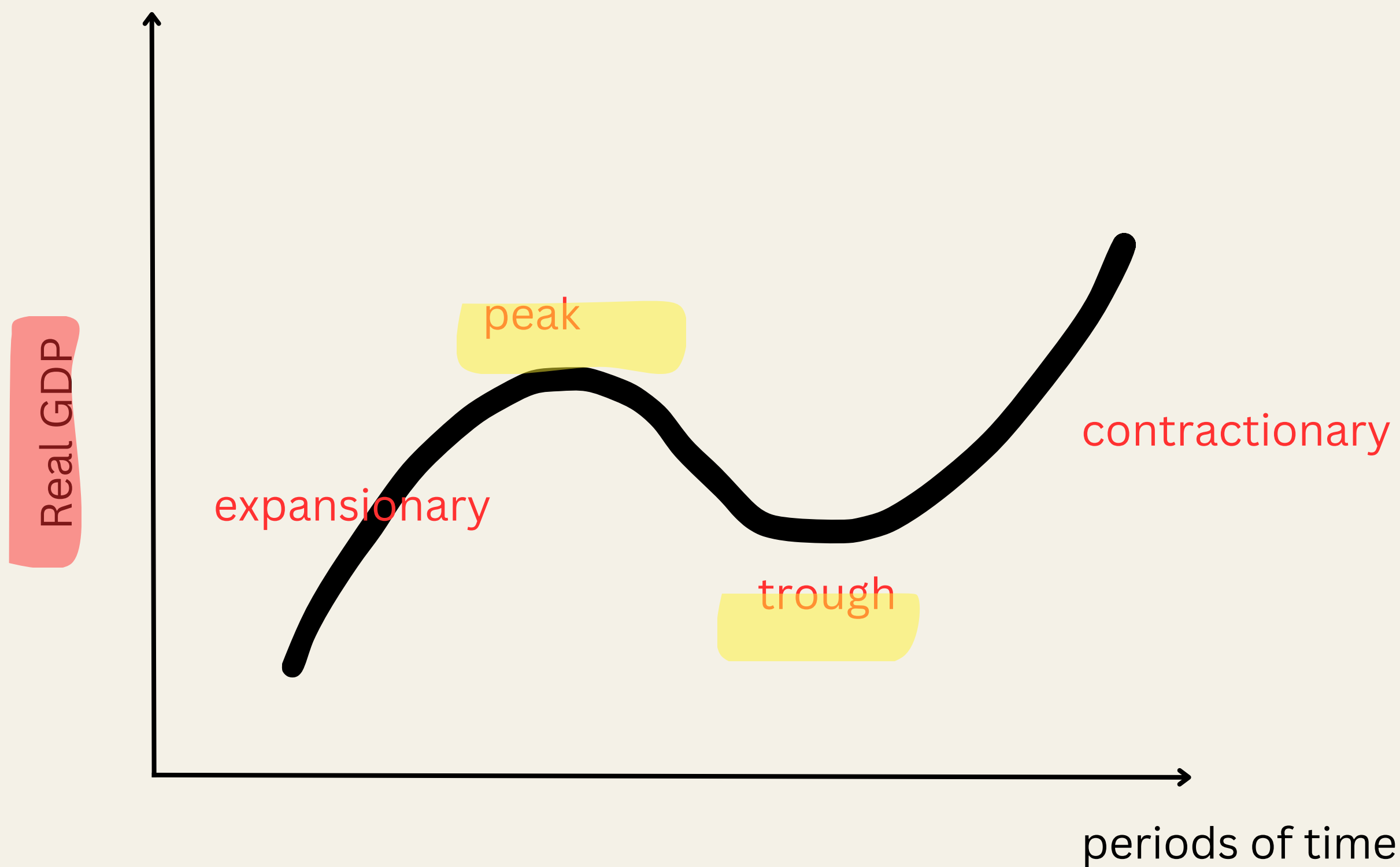
real output, GDP, in the economy is decreasing
unemployment rate is rising

Trough-

the lowest point of real GDP in the business cycle



THE BUSINESS CYCLE



GDP and Unemployment move oppositely, which is why the peak and trough are reverse.

↑GDP ↓ unemployment

↓GDP ↑ unemployment

well
done!



MINI QUIZ



Explain the four terms of the business cycle

Expansionary

Peak

Contractionary

Trough

Explain the relationship between GDP and Unemployment to your parent, and write down what you told them (summary).

Parents, tick this box if they have completed this!

☐

BANKING SYSTEM

LOAN MARKETS-

lender lends money, borrower has to pay back (with interest)

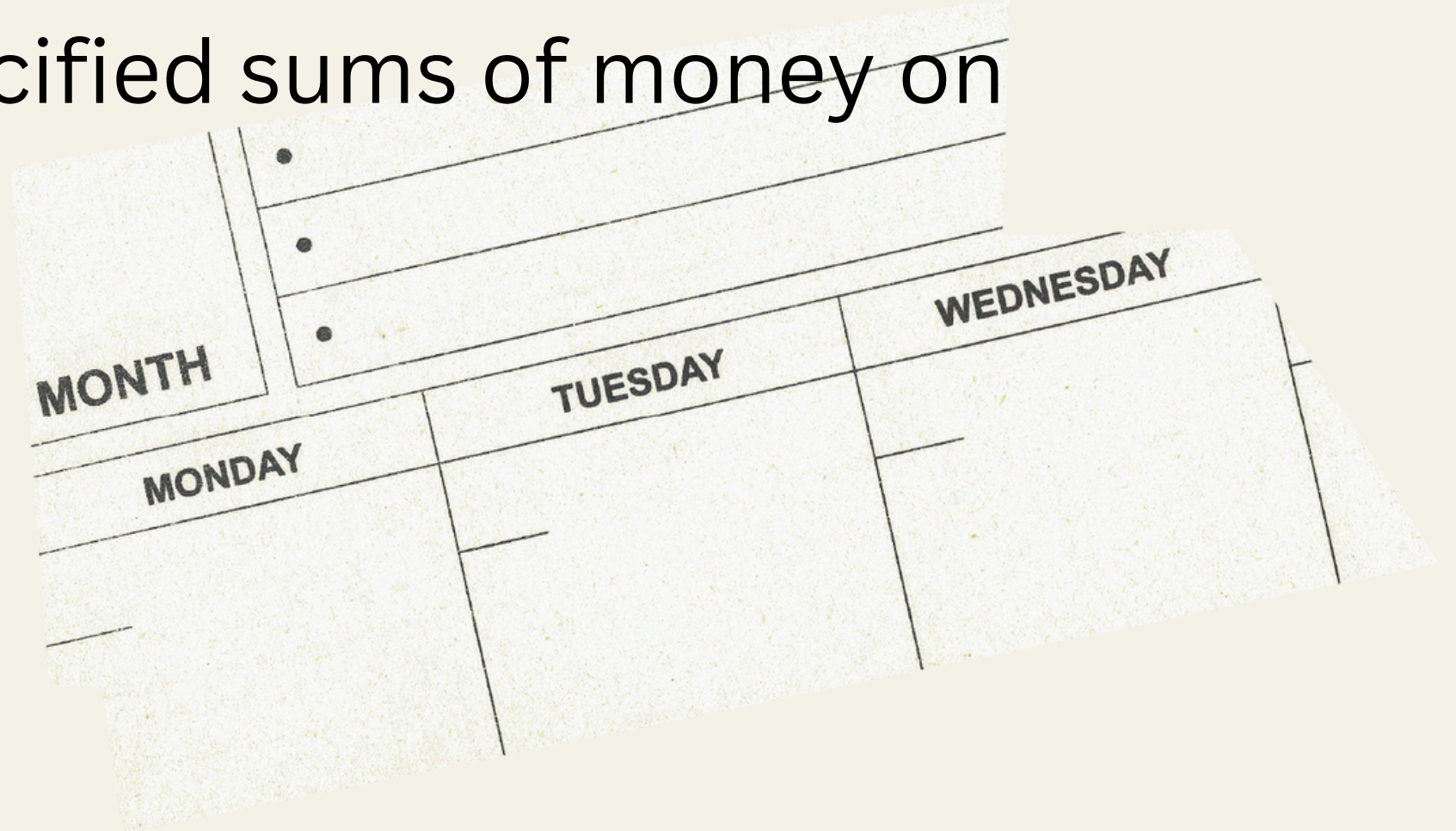
ex. mortgages

agreement to borrow money from a bank/ other financial organization, to buy a house or other property,



BOND MARKETS-

promise to buy specified sums of money on specified dates



STOCK MARKETS-

a certificate of ownership to a firm's profits. ability to control that money for investment or more profit



WHAT IS THE FEDERAL RESERVE?

Federal Reserve- central bank of the US

responsible for monetary policy
operates independently of politics

History of the FED



President Woodrow Wilson signed the Federal Reserve Act into law on December 23, 1913.

Prior to the creation of the Fed, the U.S. economy was plagued by frequent episodes of panic, bank failures, and scarce credit.

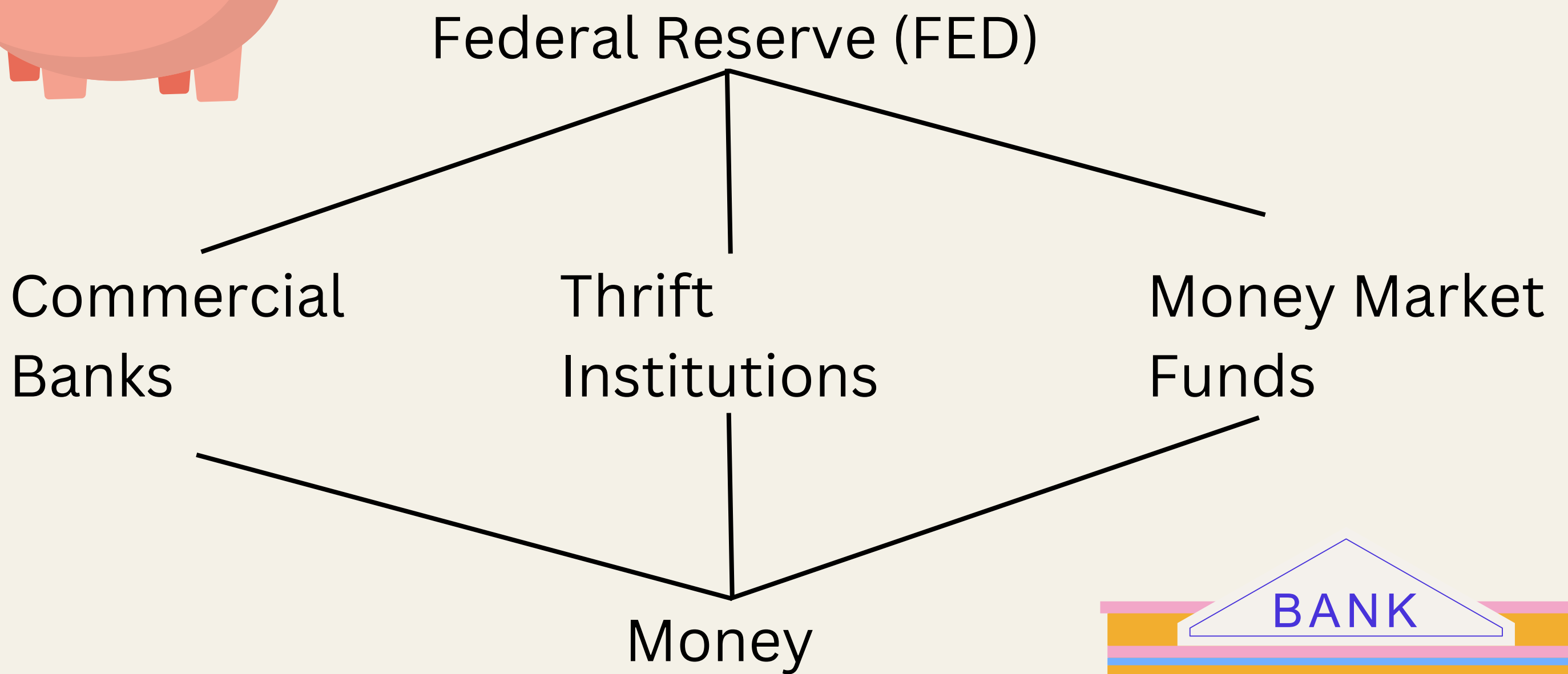


Its core responsibilities include:

- setting interest rates
- managing the money supply
- regulating financial markets.



BANKING SYSTEM



Commercial Banks-
banks that offer services to the general public and to companies

Thrift Institutions-
Save, borrow money to buy a house offering savings accounts, and home mortgages

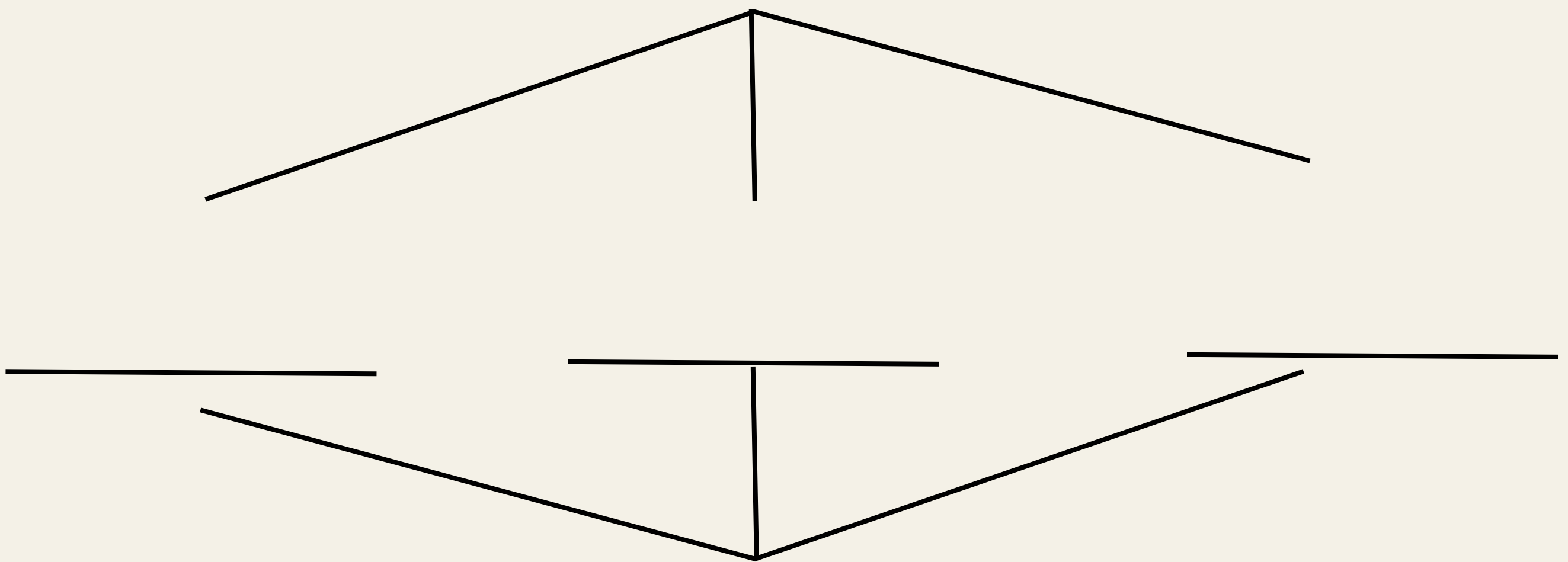
Money Market Funds-
obtaining funds by selling stock and uses the funds, money to buy property



QUIZ: BANKING SYSTEM

Fill in the blanks:

Federal Reserve (FED)



Money

What are the 3 main things the FED does?

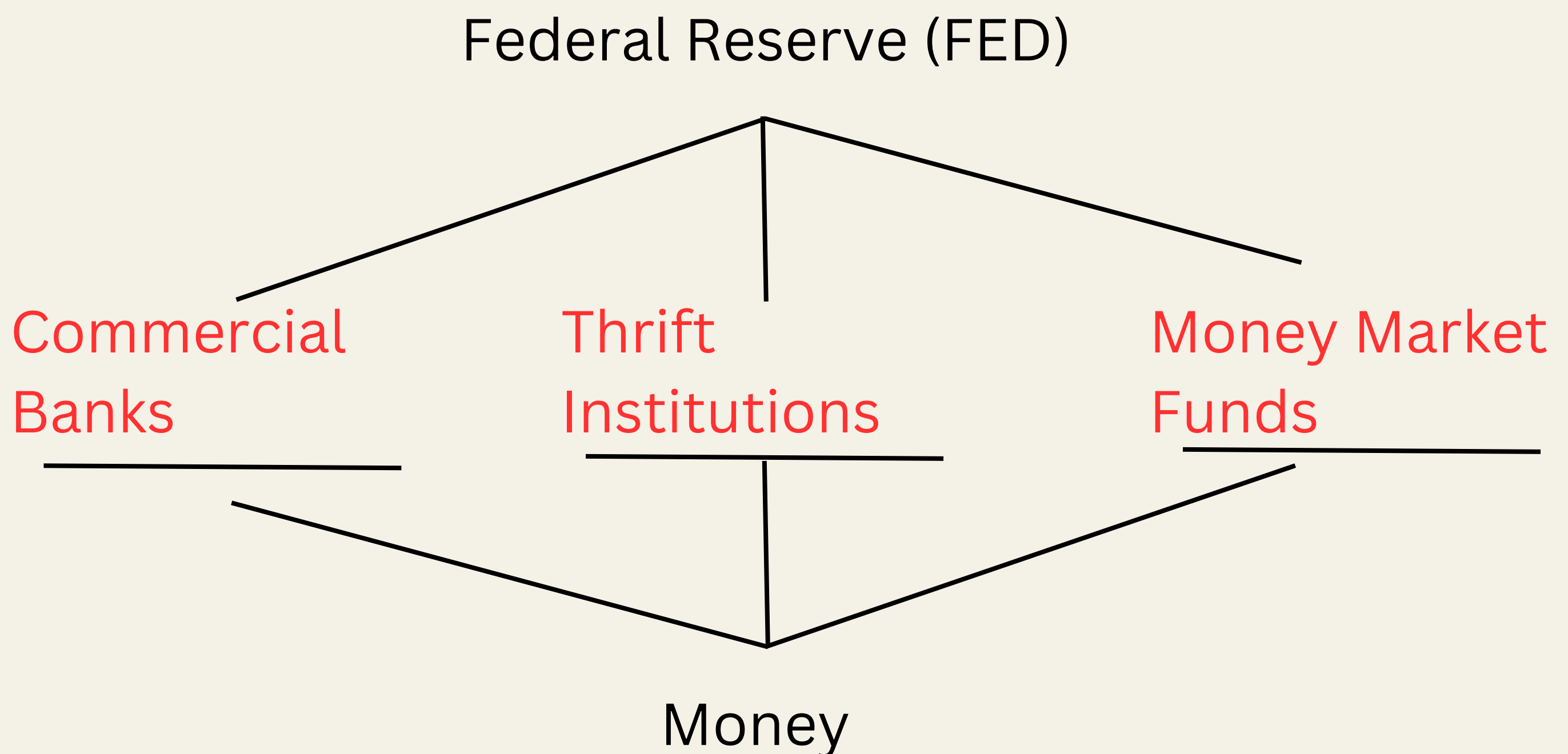
1 _____

2 _____

3 _____

ANSWERS: BANKING SYSTEM

Fill in the blanks:



What are the 3 main things the FED does?

- 1 setting interest rates
- 2 managing the money supply
- 3 regulating financial markets

MINI QUIZ: BANKING SYSTEM

Paraphrase the meaning of loan, bond, stock market in your own words.

Loan Market

Bond Market

WELL DONE!

Stock Market

Tell your parents or friends what you wrote

Parents/friends, tick this box if they have completed this!

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INFLATION

Inflation is the rate at which prices for goods and services rise



Inflation is typically a broad measure, such as the overall increase in prices or the increase in the cost of living in a country.

Whatever the context, inflation represents how much more expensive the relevant set of goods and/or services has become over a certain period, most commonly a year.

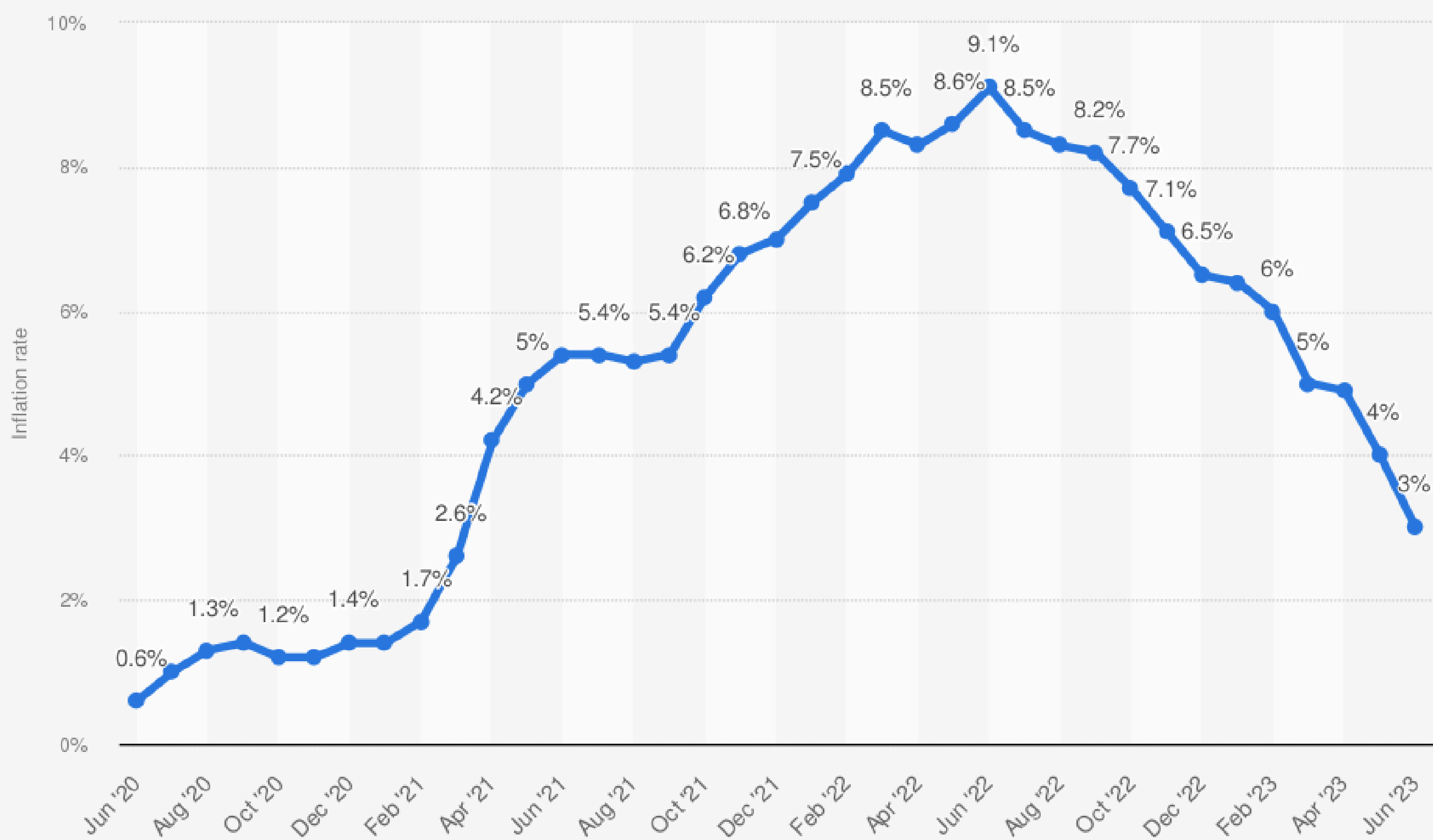
While high inflation is generally considered harmful, some economists believe that a small amount of inflation can help drive economic growth.



The annual inflation rate in the US slowed to 3% in June of 2023,

INFLATION

Monthly 12-month inflation rate in the United States from June 2020 to June 2023

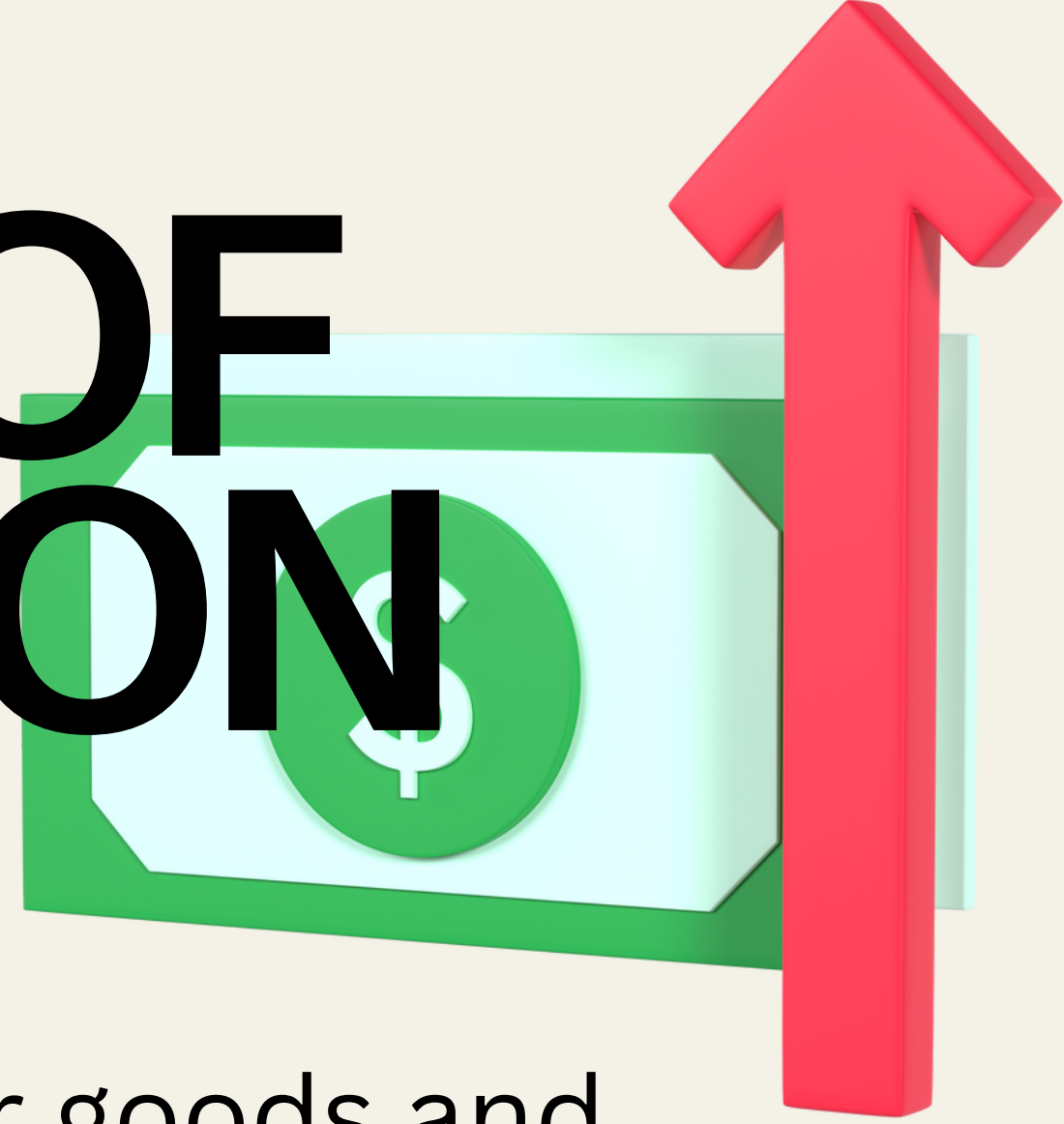


Source
Bureau of Labor Statistics
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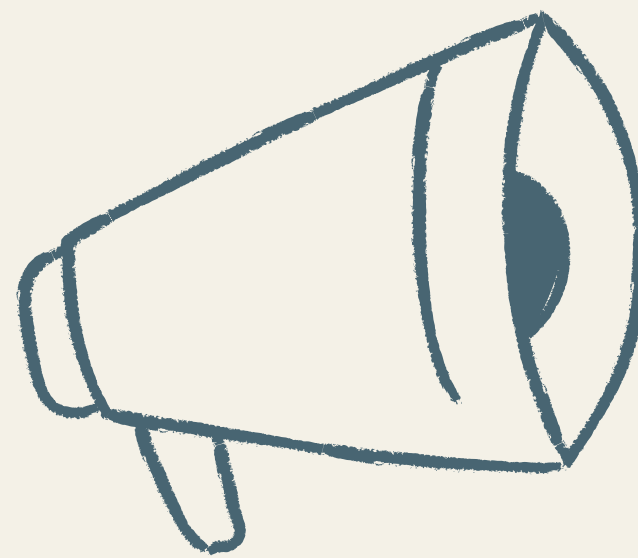
Additional Information:
United States; June 2020 to June 2023

OBSERVATIONS

TYPES OF INFLATION



Demand- pull inflation- occurs because the demand for goods and services increases at a time when the production of goods and services is already high.



EXAMPLE

In his 2020 State of the Union address, President Dodge calls for an increase in the US military presence across the globe to combat what he deemed a "threat to the sovereignty of the US economy and trade routes."

Demand pull inflation because the increase in military means increase in government spending. Thus, increase demand pull inflation

Demand-pull inflation- AFFECTS GDP (movement in demand)

consumption

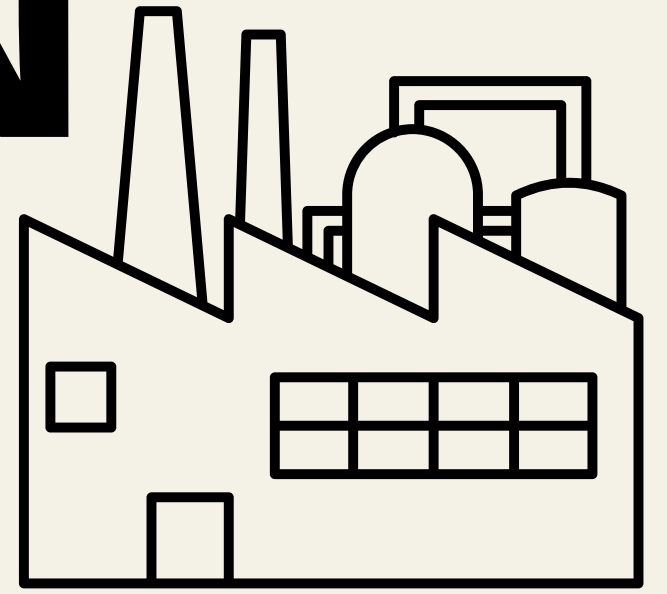
investment

government

net exports (export-import)



TYPES OF INFLATION



Cost-push inflation-
caused by an increase in the cost of input
(wages and raw materials)

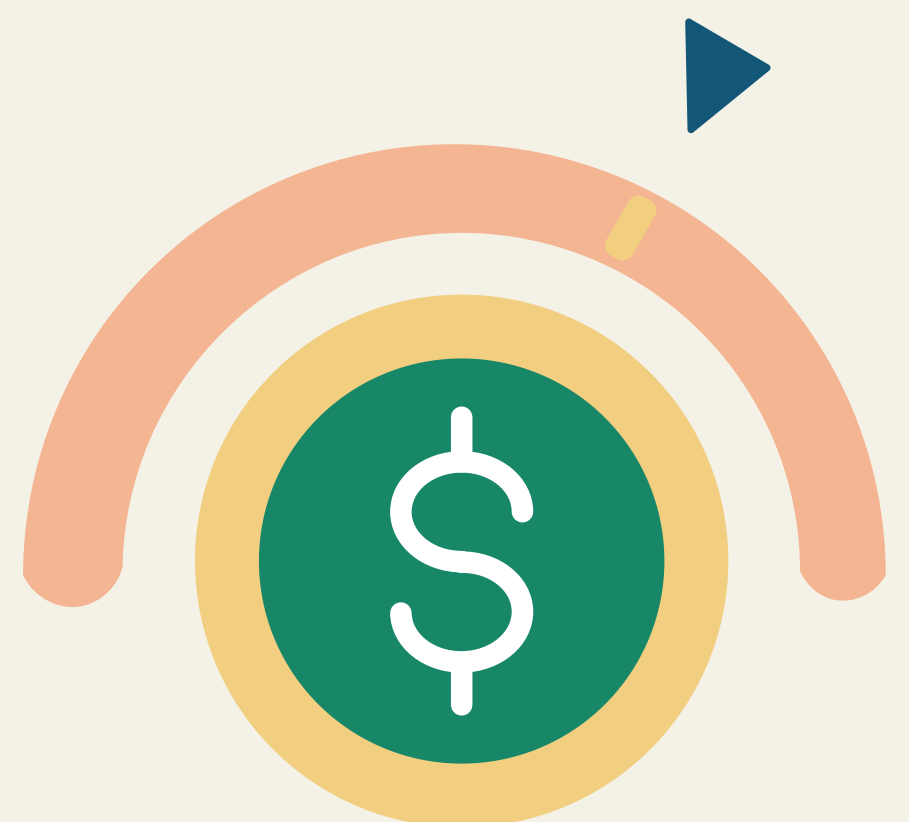
EXAMPLE



The Arab Spring of 2010 disrupts oil production and supplies worldwide. This causes OPEC and commodities speculators to raise crude oil prices to record levels.

Cost-push inflation because the increase in the price of crude oil would lead to high costs of production of other items.

Cost-push inflation- AFFECTS PRODUCTION PRICES (increase in product input)



QUIZ: TYPES OF INFLATION

Is this situation Demand-pull or cost-push inflation, and explain

During the election of 2100, Democratic presidential candidates all advocate the expansion of the Social Security and Medicare, and Medicaid programs to include a greater number of American citizens. These campaign promises caused the United States to run a budget deficit in the year after the election, which in turn leads to increased government borrowing.

The federal government raises the minimum wage to \$12 an hour

ANSWERS: TYPES OF INFLATION

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DEMAND-PULL INFLATION

The supply of money is not meeting the demand, promise to expand social security, medicare, and medicaid programs. Also, the government is spending in the long run because they need to pay back the money eventually

The federal government raises the minimum wage to \$12 an hour

COST-PUSH INFLATION

Increasing the wages would increase the wages of workers, therefore, costs more money to produce.

MINI QUIZ

GOOD
JOB!!

What is Inflation?

Summarize demand-pull inflation

Summarize cost-push inflation

QUESTIONS?

