

CURRICULUM GUIDE: RECESSION IS NOT RECESS



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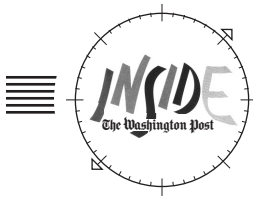
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Recession

KidsPost Article: "Ripples of the Recession"

Lesson: Understand the meaning of recession as an economic slow-down through identifying causes and effects from the article

Level: All

Subjects: Social Studies, Economics

Related Activity: Mathematics, Language Arts

Procedure

Define

Give students "Word Study: a look at economics." Extend class discussion from the concept of keeping one's personal finances in order to managing a budget for a family, a school, a business and a country. Introduce students to the term "recession." During a recession, consumers spend less money, companies don't sell as many products and more and more people lose their jobs.

Read

Read the article on recession from KidsPost as a class. Tell students that after looking at some cause and effect relationships from the article, they will build an understanding of economic recession.

Discuss

Ask students to answer the following questions.

1. After Linda Thomas lost her job, she received government assistance checks. What are these checks and why are they given?
2. What changes took place in Linda Thomas' life after she lost her job?
3. What changes took place in Kyla's life after her mother lost her job?
4. What advice would you give to Kyla? Can she still have fun on a limited budget?
5. Kyla and her mother are no longer planning a trip to Disneyworld. Where might they go in the D.C. metropolitan area as a substitute for this vacation? Need some ideas? Look in the Style section or Sunday's travel section.
6. What is a recession?
7. The writer of the article states when many people reduce their spending, "the whole economy slows down." What are some of the changes, resulting from an economic slowdown, that might be seen in your school? What will people not buy? What prices might be reduced in order to sell items?
8. Unemployment is just one factor in a recession taking place. What are other factors that influence the financial stability of a business?
9. Linda and Kyla Thomas represent the many people who have had to make changes in their spending and life style after unemployment. Why do journalists use a representative approach?

Vocabulary

Deflation: A decrease in most prices; a persistent decrease in the level of consumer prices or a persistent increase in the purchasing power of money because of a reduction in available currency and credit

Economics: The social science that deals with the production, distribution and consumption of goods and services

Goods: Commodities that can be stored or inventoried

Gross Domestic Product (GDP): The value of all goods and services produced in a country by residents and nonresidents

Inflation: An increase in most prices

Labor force: People age 16 and over who are employed or actively seeking work

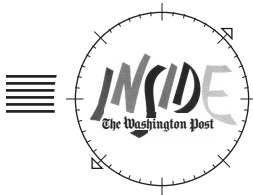
Nondurable goods: Commodities that can be stored or inventoried but have an average life of less than three years

Recession: A decline in general business activity; typically three consecutive quarters of decline in a nation's gross domestic product, employment and trade

Recovery: In a business cycle, the period after a downturn or recession when economic activity picks up and the gross domestic product increases

Unemployment: When people who are willing and able to work do not have jobs

Definitions are from The American Heritage Dictionary, The Wall Street Journal Classroom Edition and the National Council on Economic Education



Recession

Continued

Analyze

Use "Causal Chain: Loss of Job," a graphic organizer, to help students generate a causal chain from information read in the article. Focusing first on the slow-down in travel, trace the events that represent how the economy slows down when income is reduced. We suggest that you make an overhead transparency. Use the completed causal chain to walk students through the process of identifying events that lead to other events, which contribute as a whole, to the economic slow-down of recession.

Apply and Write

Divide students into five groups. Give each group the reproducible "Causal Chain." Ask students to complete a similar causal chain following a different result of income reduction. Your groups could be: 1. purchasing fewer articles of clothing, 2. avoiding expensive Holiday toys, 3. no longer buying books from a small family-owned bookstore, 4. eating less meat and 5. deciding not to replace broken or old electronic equipment. This activity lends itself to working in small groups, but can also be done as a whole group activity before dividing for the writing portion.

After the groups complete their causal chains, ask students to take the roles of different people, either as people who have been affected or as spokespersons for businesses in their causal chains. Tell students to: Write a script for your person. Have your person describe how life has changed.

Share

Bring the class back together to share the various causal chains and to hear the voices of those affected by an economic slowdown.

Summarize

Have students summarize the activity by writing. In their own words, define "recession" through the use of examples. Their examples may be from the article or from personal experience.

Enrichment

During the Depression many people were unemployed. Everyone knew it, but there was no system of record keeping. To know how many and what percent of the work force were not employed, a monthly survey was developed by 1940 to keep track of employment patterns.

Unemployment information is readily available online today. The Bureau of Labor Statistics (<http://www.bls.gov>) provides monthly data. Unemployment rates, seasonally adjusted, are provided online at <http://www.bls.gov/lau/home.htm>.

Give students the reproducible "Unemployment by the Numbers." This activity uses data from the Bureau of Labor Statistics. Students will be asked to work with percentages, to read charts and to make a graph.

Unemployment by the Numbers

ANSWERS. 1. c; 2. b; 3. a. -0.1, b. 0.8, c. 1.9; 4. a. -0.5, b. 0.4, c. -0.6; 5. Virginia; 7. D.C.

Economics 101

ON THE WEB

<http://www.washingtonpost.com/wp-dyn/education/kidspost/nie/A61427-2001Nov20.html>

The Specter of Deflation

A November 2001 perspective on the economy by *Washington Post* politics columnist Robert J. Samuelson.

<http://www.washingtonpost.com/wp-dyn/education/kidspost/nie/A58396-2001Dec4.html>

What Recession?

As 2001 closed *Post's* Robert J. Samuelson examined the journalists' role in accurate reporting of the economy.

<http://minneapolisfed.org/pubs/region/98-12/walstad.html>

Why It's Important to Understand Economics

A professor of economics provides the rationale for economic education in the schools. Part of the Economic Literacy Project of the Federal Reserve Bank.

<http://minneapolisfed.org/pubs/region/98-12/meszaros.html>

The Case For Economics in the Elementary Classroom

Elementary school teachers are encouraged to include economics instruction, to use the resources of the National Council of Economic Education and the Federal Reserve banks.

<http://ecedweb.unomaha.edu/lessons/mouse.htm>

If You Give a Mouse a Cookie

A lesson on cause and effect. One of many lessons provided on the Omaha Center for Economic Education Web site. Go to Economics Resources for K-12 Teachers at <http://ecedweb.unomaha.edu/teach.htm>.

http://www.mcps.k12.md.us/curriculum/socialstd/Econ_Geog.html

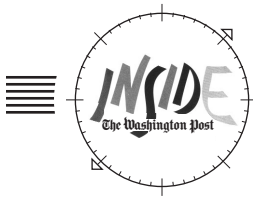
Economics and Geography Lessons for 32 Children's Books

The Council on Economic Education in Maryland and the Maryland Geographic Alliance sponsored the lessons on the Montgomery County Public Schools Web site. For example, "Uncle Jed's Barbershop" is used to teach the relationship between economic wants and needs.

<http://www.washingtonpost.com/wp-srv/business/personalfinance/women/budgetcalculator.htm>

Budget Worksheet

Online monthly budget sheet brought to you by the *Post*.



Recession

Continued

Enrichment

After completing “Unemployment by the Numbers,” your students may be ready for a more challenging set of data. Give them information about historic high and low unemployment rates. This information can be presented in verbal and in chart formats. For example, here is information about the states of Washington and Michigan in verbal format. D.C., Maryland and Virginia data is presented in chart format.

You might ask students to create a graph for the five jurisdictions. If you wish more than five items to graph, information for all states and D.C. can be found at

<http://www.bls.gov/web/lauhsthl.htm>.

Student might do a search of *The Washington Post* archives. What was happening in the states of Michigan and Washington in November 1982 that resulted in such high unemployment?

Historic High, Low Unemployment Rates

Washington State in December 2001 had an unemployment rate of 7.1%; its historically highest unemployment took place in November 1982 at 12.5%; its lowest rate of unemployment was in November 1997 at 4.4%. Michigan in December 2001 had an unemployment rate of 6.0%; its historically highest rate of unemployment took place in November 1982 at 16.3%; its lowest rate in March 2000 was 3.3%.

	D.C.	Maryland	Virginia
Historic High	July 1983 11.9%	Jan. 1982 8.7%	March 1982 8.0%
Historic Low	Nov. 1988 4.4%	Aug. 1999 3.4%	Jan. 2001 2.1%

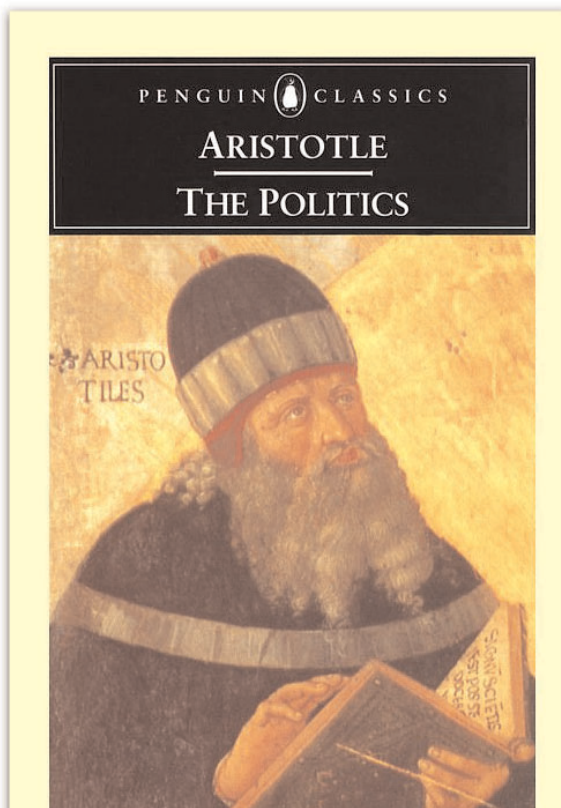
Source of data: Department of Labor, U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics Information and Analysis. Last Modified Date: Jan. 18, 2002.

“Ripples of the Recession”

<http://www.washingtonpost.com/wp-dyn/education/kidspost/niel/A52563-2002Jan28.html>

“The Rest of the Recession Story”

<http://www.washingtonpost.com/wp-dyn/education/kidspost/niel/A52564-2002Jan28.html>



Oikonomia

The Word Study in this curriculum guide looks at the Greek origin of “economy.” *Oikonomia* (pronounced oy-kon-om-EE-ah) meant to manage the household with thrift, arrangement and direction.

Aristotle, in Book One of *The Politics*, examines the management of a household, the basic unit of a state. He considers the relations of master and slave, husband and wife, father and children. “And there is another element of a household,” stated Aristotle, “the so-called art of getting wealth.”

He discusses *oikonomia*, placing special emphasis that wealth, properly understood, applied to the things necessary to the life of the household, not toward the accumulation of goods and services.

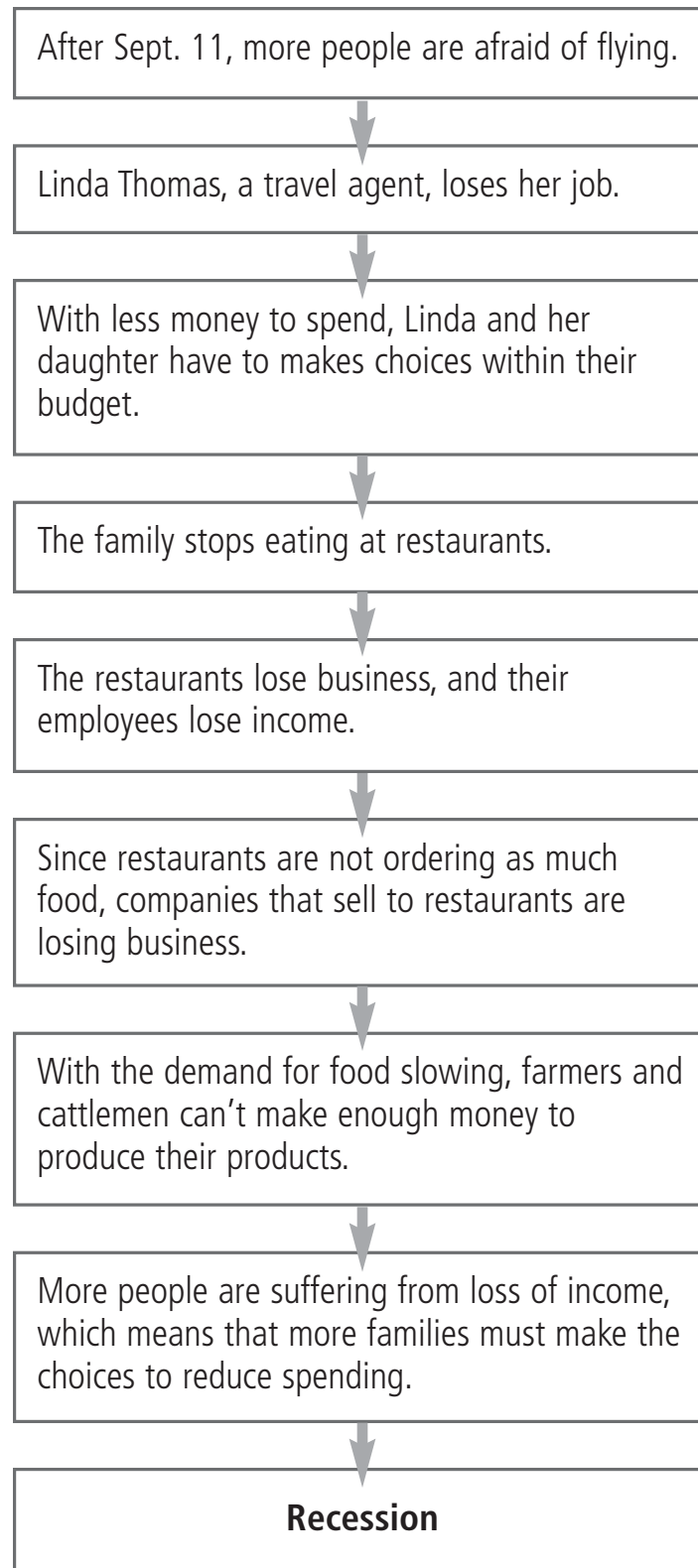
As he explains, wealth, viewed in the homely confines of the house, can be more realistically viewed. A household, to be a good household, does not need unlimited wealth; it simply requires a sufficiency. Other household goods include education of the young, not just academic but moral and spiritual.

If you have time for a more extensive study of “economy” in an ancient civilizations unit focusing on Greece, you may wish to read and study Aristotle’s view of acquiring wealth and the management of a household for your background.

How does Aristotle’s view of wealth compare with contemporary American ideas of wealth?

A Causal Chain

Loss of Job



A Causal Chain

FOCUS

Write your focus area
in this shaded box:

Fill-in your cause-and-effect chain below:



Unemployment by the Numbers

Who is considered “unemployed”? An unemployed person is someone who:

- has no job, and
- is available for work, except for temporary illness, and
- has tried to find employment some time during a specific 4-week period.

People who have lost a job are a large portion of those classified as unemployed each month, according to the BLS Web site.

The labor force is composed of individuals 16 years of age or older residing in the 50 states and the District of Columbia. These people are employed or are actively seeking work. Inmates in penal or mental facilities, residences of homes for the aged and those who are on active duty in the Armed Forces are not counted in the civilian noninstitutional population.

- _____ 1. Which of the following would be counted as a member of the labor force?
- An elementary school student who mows neighbors' lawns in summer
 - A retired school librarian
 - An automobile salesman
 - An army officer
- _____ 2. Which of the following would be counted as unemployed?
- A woman who has decided not to work outside the home until her children are in school
 - A hotel maid who was laid off when fewer hotel reservations were being made
 - A 42-year-old former actor who looked for two years, but finally gave up searching for a job because he was discouraged by his lack of success
 - A self-employed handyman who works whenever he gets a call

Use this chart to answer the questions that follow.

Unemployment Rate

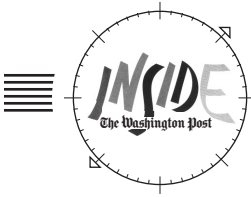
Date	D.C.	Maryland	Virginia	U.S.
Dec. 2001	16.0%	4.5%	4.0%	5.8%
Dec. 2000	6.1%	3.7%	2.1%	NA

Annual Average Unemployment Rate

Date	D.C.	Maryland	Virginia	U.S.
2000	5.8%	3.9%	2.2%	NA
1999	6.3%	3.5%	2.8%	4.2%
1998	8.8%	4.6%	2.9%	4.5%

3. What is the percent of change in unemployment rate from 2000 to 2001 in
- _____ a. D.C.
- _____ b. Maryland?
- _____ c. Virginia?
4. What is the percent of change in annual average unemployment rates from 1999 to 2000 in
- _____ a. D.C.?
- _____ b. Maryland?
- _____ c. Virginia?
5. Which jurisdiction saw the greatest change in unemployment rate from December 2000 to December 2001?
6. The unemployment rate for the United States in December 2001 was 5.8%. Create a graph that compares the unemployment rates in D.C., Maryland and Virginia to the unemployment rate in the United States.
7. Was the annual average unemployment rate in 1998 higher in the United States, D.C. or Virginia?

Source of data: Department of Labor, U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics Information and Analysis. Last Modified Date: January 18, 2002.



Word Study: A look at economy

As you receive your allowance for the month, you think of all the things you want to get. You will have to decide what to save and what to spend—just as your grandparents and parents do.

Some parents have someone to help manage their money, and businesses have someone to write paychecks. This is not a new idea. Greek society even had a word for it—*oikonomos*. This was the word for someone who managed a household, the steward. The father trusted this man, often a freed-man or a slave, to take care of finances. The *oikonomos* watched over income and expenses, gave servants and even children of the *oikos* their portion.

Oikonomos was created by combining the word for house, *oikos*, with the verb *nemein*, meaning to manage.

If you were a Greek woman, your most

important role in life was to produce children to continue the family line. You were responsible for keeping the household running smoothly. If you were rich, you had one or more *oiketes*, servants to cook and clean. You had time to weave and to teach your daughters the secret, ancient songs and dances for festivals.

If you were a wealthy Greek man, you might own a town house and an estate in the country. A wise, trusted servant would be your *oikonomos*, or farm manager. Another Greek word mattered to this steward. *Oikonomia* (pronounced oy-kon-om-EE-ah) meant to manage the household with thrift, arrangement and direction.

Boys who lived in the country began their training to be good managers every morning when they were sent to lead the goats and sheep to fresh pasture. Girls learned to weave and cook as

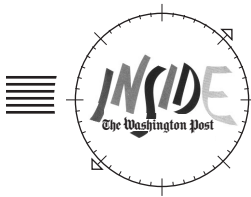
well as when it was time to gather herbs and nuts, weed the vegetables and dry foods for winter so they could be good wives and *oiketes* for a rich family.

Oikonomia was also expected of the important men who governed the public income. The American Heritage Dictionary of the English Language states that the “first recorded sense of our word economy, found in a work possibly composed in 1440, is ‘the management of economic affairs.’ ” It is not surprising that the subject of the work was a monastery. The root of the words “parochial” and “parish” is *oikos*. To our Greek word for house has been added the prefix *para* that means beside or near. Why would it be good management to place the church near houses?

Speaking of closer to home. What will you do with your allowance?



Statue of Greek warrior from the book "Ancient Greece: The Dawn of the Western World" by Furio Durando.



Academic Content Standards

This lesson addresses academic content standards of Maryland, Virginia and the District of Columbia. Among those that apply are:

Maryland

Social Studies/Economics

Economics 5.0: Students will develop economic reasoning to understand the historical development and current status of economic principles, institutions, and processes needed to be effective citizens, consumers, and workers participating in local communities, the nation, and the world.

5.1 Students demonstrate understanding of the implications of the economic concepts of scarcity and choice and how they are related. In the context of home, school, and community, at the end of grade 3, students know and are able to: 5.1.3.1 identify economic wants for goods and services and explain how limited natural, capital, and human resources require people to make choices. 5.1.3.2 identify the opportunity costs of economic decisions made about goods and services.

In the context of Maryland up to contemporary times, and U.S. History through 1790, at the end of grade 5, students know and are able to do everything required at earlier grades and are able to: 5.1.5.1 explain how limited resources and unlimited economic wants cause people to choose certain goods and services and give up others.

A complete list of Standards of Learning of Virginia can be found on the Web at <http://www.mdk12.org/mspp/standards/>.

Virginia

Economics

Grade 1, 1.11: The student will explain that limits on resources require people to make choices about producing and consuming goods and services. The student will explain that people make choices because they can't have everything they want.

Grade 3, 3.8: The student will explain in simple terms how opportunity cost (what is given up when making a choice), scarcity, and price influence economic decision making.

Grade 7, 7.10 The student will interpret maps, tables, diagrams, charts, political cartoons, and basic indicators of economic performance (gross domestic product, consumer price index, productivity, index of leading economic indicators, etc.) for understanding of economic and political issues.

Reading/Literature

Grade 5, 5. 6: Students will demonstrate comprehension of a variety of literary forms.

- Locate information to support opinions, predictions and conclusions.
- Identify cause and effect relationships.
- Write about what is read.

A complete list of Standards of Learning of Virginia can be found on the Web at <http://www.pen.k12.va.us/>.

Washington, D.C.

Social Studies

Scientific, Technological and Economic Change, Content Standard 3: Students recognize scientific, technological and economic changes and understand how they have affected societies, culture, and politics throughout history. Grade 3: The student defines basic needs, wants, resources and sharing; creates narratives and stories that describe individuals' search for the necessities of life. By the end of Grade 3, the student will give examples that show how scarcity and choice govern our economic decisions; explain how needs and wants dictate supply and demand. By the end of Grade 5, the student will describe how limited resources necessitate choice.

Reading/English Language Arts

Language for Research and Inquiry, Content Standard 3: Students use language and symbol systems (e.g., timelines, maps, graphs, and charts) to define problems and organize information. Grade 4: The student uses current events and periodicals as sources for expository writing. Students make connections between written text and life experiences.

A complete list of Standards for Teaching and Learning of the District of Columbia Public Schools can be found at <http://www.k12.dc.us/>.

National Content Standards

The National Council on Economic Education produced a set of national content standards based on the essential principles of economics. Standard 19 applies to this lesson.

Economics

Standard 19: Students will understand that: Unemployment imposes costs on individuals and nations. Unexpected inflation imposes costs on many people and benefits some others because

it arbitrarily redistributes purchasing power. Inflation can reduce the rate of growth of national living standards because individuals and organizations use resources to protect themselves against the uncertainty of future prices.