



# Economic Cycles

EPISODE #208

## LESSON LEVEL

Grades 6-9

## KEY TOPICS

- Entrepreneurship
- Economic cycles
- Bull and bear markets

## LEARNING OBJECTIVES

1. Identify economic cycles.
2. Recognize how businesses are affected by the economy.
3. Identify economic opportunities.
4. Learn financial terms.

## EPISODE SYNOPSIS

Trends in the economy go up and down. Learn how trends can affect a business. Discover how you can protect yourself against negative effects and plan for positive trends.

## NATIONAL STANDARDS CORRELATIONS

Aligned to *National Financial Literacy Standards* from the **JumpStart Coalition for Personal Financial Literacy.**

Financial Responsibility and Decision Making

*Standard 1:* Take responsibility for personal financial decisions.

*Standard 4:* Make financial decisions by systematically considering alternatives and consequences.

Planning and Money Management

*Standard 6:* Develop a personal financial plan.

Saving and Investing

*Standard 3:* Evaluate investment alternatives.

Aligned to *Voluntary National Content Standards in Economics* from the **Council for Economic Education.**

*Standard 2:* Decision Making

*Standard 14:* Entrepreneurship

*Standard 18:* Economic Fluctuations

Aligned to **Common Core State Standards Initiative's** standards for *Literacy in History/Social Studies, Science and Technical Subjects.*

*Standard 1:* Read closely to determine what the text says explicitly and to make logical inferences from it; cite specific textual evidence when writing or speaking to support conclusions drawn from the text.

*Standard 4:* Interpret words and phrases as they are used in a text, including determining technical, connotative, and figurative meanings, and analyze how specific word choices shape meaning or tone.

*Standard 7:* Integrate and evaluate content presented in diverse formats and media, including visually and quantitatively, as well as in words.

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# LESSON PREP & SCREENING

## Getting Started

Familiarize yourself with the episode ahead of time. It will serve as a springboard for student learning, discussions, vocabulary exploration, and hands-on activities. Determine what equipment is required to show the episode in your classroom and request it if needed. Choose an activity (each one takes between 45-60 minutes), and gather supplies. Students will need a pen or pencil and copies of the activity worksheets. Have fun!

## Screening

Introduce the series and the episode. Explain that Biz Kid\$ is a public television series that teaches kids about money and business. Mention that the bizkids.com website has lots of video clips, games, a blog, and other resources to help kids start businesses and learn about money. Prior to playing the episode, lead your students in a discussion with the preview questions on this page.

## About the Episode

Trends in the economy go up and down. Learn how trends can affect a business. Discover how you can protect yourself against negative effects and plan for positive trends.

## Episode Preview Questions

Before you show this Biz Kid\$ episode, lead your students in a brief discussion of the following questions:

- What do people mean when they say ‘what goes up must come down?’
- Did you know that the economy moves in cycles?
- If the economy moves in cycles, and if things that go up come down again, what does that mean for your business, your bank account, and your investments?

## Next Steps

Show this episode. After the episode, read the Summary and Conclusion to the class.

## Summary and Conclusion

Financially educated people know that the economy is constantly changing, that there will be good times and bad. Timing is everything with regard to economic cycles. There are cycles of expansion and prosperity, then contraction and recession, and then it rises again. Be patient, and be prepared for the downturns so your business can survive!

## Family Connection

Distribute a copy of the Family Activity Sheet to each student to share what they’ve learned with their families.



# FAMILY ACTIVITY SHEET

## Episode Synopsis

Trends in the economy go up and down. Learn how trends can affect a business. Discover how you can protect yourself against negative effects and plan for positive trends.

## Activity Suggestions

Discuss together how economic trends affect your family's financial situation. What adjustments do you make in economic downturns? What changes do you make when the economy gets better? Reassure your children that people survive tough economic times, and that economies do eventually improve.

Do you have any family members or friends who went through the Great Depression in the 1930's? If so, ask them what it was like, and what they did to get through difficult times. If not, read a book together about that time period or find pictures on the internet or in a library that document the hardships that people survived. Compare the Depression downturns with economic booms like the 'Roaring Twenties' by finding books, photographs, or films that depict the richness of that era.

Another story to read together as a family is the Aesop's Fable entitled "The Ant and the Grasshopper." Discuss ways in which your family sometimes behaves like the ants, and sometimes behaves like the grasshopper. Which character, the ant or the grasshopper, would be most likely to use the phrase "Save for a rainy day?" Be sure to notice that the change of seasons is a cycle, just like the economy goes through a cycle.



Activity #1:

# BIZ TERM\$

## WORKSHEET FOR STUDENTS

### Biz Term\$

- Bear market
- Bull market
- Buyer's market
- Economic cycles
- Depression
- Downturn
- Inflation
- Recession
- Seller's market
- Surge

### Directions

With students, read aloud the Biz Term\$ and each question. Call on volunteers for answers, and have them explain why they chose the term they believe to be correct.

### Biz Term\$ Episode Review

1. We have an economic \_\_\_\_\_ when there is negative economic growth for at least six months.
2. The wave of highs and lows in the economy are \_\_\_\_\_.
3. A \_\_\_\_\_ is optimistic or growing.
4. A \_\_\_\_\_ is pessimistic or in decline.
5. When stock prices are high it's a \_\_\_\_\_.
6. A drop in business or economic activity is a \_\_\_\_\_.
7. A rise in prosperity and economic expansion is a \_\_\_\_\_.



# CURRICULUM CONNECTIONS

## Language Arts

- Have students construct sentences, write a paragraph, or create a story, skit, or dialog using Biz Term\$.
- Have students create a class Dictionary of Financial Terms using Biz Term\$.
- Have students start their own Journal of Personal Financial Education and continue to add to it.

## History/Social Studies

- In this episode, one of the entrepreneurs owns a gold mine. The discovery of gold has often inspired economic booms, but when the gold runs out, these boom towns often bust and become ghost towns. Research gold rushes and ghost towns in your state. What year did the rush start? What year did the bust begin? Have there been multiple rushes and busts in your area? If you were trying to predict the economic cycle, when will the next rush be, and why? When will the next bust be, and why?

## Mathematics

- If you purchased one ounce of gold in 1900, for \$18.96, and sold it in 1950, for \$34.72, what is the dollar amount of profit that you made on your original investment? What is the percentage of profit that you made on your original investment? (Hint: Take the amount of profit and divide it by the original investment.)

## Economics

- In the early 1970's, the United States changed from a gold standard, where each \$1 bill was equivalent to 1.5 grams of gold, to a system where the dollar could not be exchanged for 1.5 grams of gold from the U.S. government. How has this affected the value of the dollar? How has this affected the price of gold? How has this affected the U.S. economy in the long run? Explain your thinking.

## Optional Vocabulary Extensions

### Make Art!

Ask students to create personal illustrated glossaries using sketches or cartoons to visually represent the meaning of each Biz Term.

### Make It Personal!

Provide students with dictionaries and ask students to re-write formal definitions for each Biz Term in their own words to demonstrate comprehension.



Activity #2:

# GOLD RUSH

## WORKSHEET FOR STUDENTS

### Directions

Use the table below to answer the following questions.

| Year | Price per Ounce of Gold |
|------|-------------------------|
| 1900 | \$ 18.96                |
| 1910 | \$ 18.92                |
| 1920 | \$ 20.68                |
| 1930 | \$ 20.65                |
| 1940 | \$ 33.85                |
| 1950 | \$ 34.72                |
| 1960 | \$ 35.27                |
| 1970 | \$ 36.02                |
| 1980 | \$ 615.00               |
| 1990 | \$ 383.51               |
| 2000 | \$ 279.11               |
| 2010 | \$ 1,224.53             |

1. If you bought one ounce of gold in 1900, and sold it in 1910, how much money would you have earned? Would that be a good investment? Explain.

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2. If you bought one ounce of gold in 1970, and sold it in 1980, how much money would you have earned? Would that be a good investment? Explain.

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3. One ounce of gold weighs the same today as it did 100 years ago, but it will cost you more in dollars today. Does that mean that gold is worth more than it was 100 years ago, or that dollars are less valuable today than 100 years ago? Explain your thinking.

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Have students discuss these ideas and share their answers with the class.



Activity #3:

# BULLS OR BEARS?

## WORKSHEET FOR STUDENTS

### Directions

Match the phrases with the correct markets.

| Phrases                          | Bull or bear market? |
|----------------------------------|----------------------|
| example: Buy and invest.         | Bear market          |
|                                  |                      |
| Buyer's market.                  |                      |
| Carpe diem.                      |                      |
| Corporate profits dip.           |                      |
| Financial portfolio is devalued. |                      |
| Get while the getting is good.   |                      |
| High unemployment.               |                      |
| Make hay while the sun shines.   |                      |
| Markets are up.                  |                      |
| Money is tight.                  |                      |
| People get better jobs.          |                      |
| Save for a rainy day.            |                      |
| Seller's market.                 |                      |
| Stock prices rise.               |                      |
| Wages are down.                  |                      |

Have students discuss these ideas and share their answers with the class.

Now have each student create a poster to teach others the difference between a bull market and a bear market. Encourage students to be creative with their designs - they can use words, pictures, and shapes like waves or circles, whatever they find helpful to explain the differences. Try to get permission to post these around the school, so the knowledge is shared with others.



# BIZ TERMS DEFINITIONS

- *Bear market:* A time when investment prices fall, usually during an economic recession.
- *Bull market:* A time when investment prices rise, usually during an economic recovery or boom.
- *Buyer's market:* When the economy is down is a good time to buy investments because prices are low, and this is called a buyer's market.
- *Economic cycles:* A sustained economic recession in which a nation's GDP is falling and marked by low production and sales and a high rate of business failures and unemployment.
- *Depression:* A drop in business or economic activity.
- *Downturn:* The periodic highs and lows of the economy.
- *Inflation:* A rise in the cost of goods and services when too much money is in the economy.
- *Recession:* Negative economic growth for at least six months in a row.
- *Seller's market:* When the economy is up is a good time to sell investments because prices are high, and this is called a seller's market.
- *Surge:* Economic expansion and prosperity.



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