



Economic Cycles

EPISODE #208

LESSON LEVEL

Grades 9-12

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 1930s? 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 1970s, 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:

ECONOMIC CYCLES

WORKSHEET FOR STUDENTS

Lesson Level:

Grades 9-12

Learning Objective:

Identify economic cycles and recognize how businesses are affected.

Directions

Economic cycles are the regular ups and downs of business. See how well you understand the following concepts about economic cycles.

1. In the year 2007, house prices were going up, but by the end of 2008, homes were only worth 1/3 of what you might have paid for them in 2007. Was it a buyer's market or a seller's market in 2007, and explain why?

2. If house prices drop sharply, what other businesses besides real estate agents and banks could be affected? How would house prices dropping affect those businesses, would it be a positive or negative impact?

3. In your own words, what is the difference between a recession and a depression?

4. What information do you need in order to figure out if you're in a bull market or a bear market?

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



Activity #3:

OPPORTUNITY KNOCKS

WORKSHEET FOR STUDENTS

Lesson Level:

Grades 9-12

Learning Objective:

Identify economic opportunities.

Directions

One important part of being a successful entrepreneur is to recognize an economic opportunity. See how you do with the following scenarios.

1. You live in a small town that is centered around a college campus. What are some products or services that you might be able to sell to college student, ages 18-22?

2. A friend of yours lives in a suburban neighborhood, with lawns and yards, but no public transportation. What are some products or services you might be able to sell to suburban homeowners or their kids?

3. On summer vacation, you travelled with your family. Think back and recall, what products or services did you really want during your vacation? Could you sell these products or services to others during their summer vacations?

4. You love animals, and volunteer with a pet rescue organization. What are some products or services that new pet owners might need or want?

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



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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