

GREENSTUFF



ECONOMICS

2001-2002

INTERNET EDITION

STUDY GUIDE

BY
DAN PEEL

GREENSTUFF ECONOMICS STUDY GUIDE

I firmly believe that students are much smarter than most people give them credit for. In fact, I get really upset at the typical response I get when I tell people the level at which I teach. I'm getting tired of immediately saying afterward that this year my students won the Economics America STOCK MARKET GAME... again. They can read the stock market "ticker" on TV and look up a stock in the newspaper, the Standard and Poor's Stock Guide, and even in Value Line!

Students will come up and ask me, "Mr. Peel, what do you think of this stock? It's got a high Beta and a low P/E ratio, but its current assets to liabilities is pretty good."

Six months later, they may not remember all that I've taught them. I have this theory that there are some things we learn in middle school, relearn in high school, and go over again in college. Later on in life, some "life experience " connects up with what we've been taught, and we think we learned it on our own!

Attitudes and values about money are formed at an early age. That's why it's important to begin learning about money early in life.

Students are much smarter than most people think they are. That's why students are the editors of Greenstuff Economics.

HOW TO USE THE BOOK AND STUDY GUIDE

Read all the way to the end of each paragraph. (Don't stop if you come to a word that you don't know. There are enough "contextual clues" surrounding each new word to give you a good idea of its meaning.)

When you finish a chapter, use the study guide and the handbook to define the terms. Economic terms are in, bold type and underlined. Definitions are immediately after each term.

Circle any paragraph that you still don't understand or that you think could be explained better!

USING THIS STUDY GUIDE

1. Read through an entire chapter of the book **FIRST**.
2. Then look up the definitions for the terms that are listed for the chapter in this Study Guide.
3. Write out the definitions in your Study Guide.
4. Study these terms for the chapter quiz.

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Author's Note & Introduction

1. Barter
2. Capital Goods
3. Coins

4. Consumers

5. Federal Reserve

6. Gold Standard

7. Inflation

8. Interdependent

9. Law of Supply & Demand

10. Medium of Exchange
11. Money
12. Producer
13. Specialist
14. Standard of Value

(Greenstuff Economics Pre/Post overlays A-Z & Overlays 1-6)

1. Transfer Agent

2. Consumer Expenditures

3. Productive Services

4. Consumer Goods & Services

5. Income Payments

6. Imports

7. Exports

8. Federal Reserve

9. Producer
10. Consumer
11. Government

(Greenstuff Economics Overlays 7-10)
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Greenstuff Economics Study Guide _____
 Chapter 2 A Plan For Spending
 SCARCITY, CHOICE. AND INTERDEPENDENCE

REMEMBER: It's O.K. to spend more than the "average" in some areas and less than the "average" in other areas. It's your choice! That's what economics deals with. The SCARCITY of money or natural resources, the CHOICES that must be made, and our INTERDEPENDENCE (we depend on others to make the goods and services that we don't make ourselves).

___ Your Car Payment	\$1,893.30 Monthly take-home pay
+ ___ Your Rent Payment	-\$ _____ Total Spent
+ ___ Your "Other Expenses" (P.19)	=\$ _____ Amount left for recreation and entertainment (or extra savings).
___ = Total Spent	

Number of students that choose:	2 nd Block	3 rd Block	4 th Block	6 th Block	7 th Block	8 th Block	9 th Block	10 th Block	Total Number
Used Camaro (\$228.27 a month)									
Used Mustang (\$179.21 a month)									
1 Bedroom Apartment (\$779 a month)									
2 Bedroom Apartment (\$476.50 EACH person)									
Other expenses Spent MORE than the Average (\$425)									
Spent LESS than the Average (\$425)									

Greenstuff Economics Study Guide _____
Chapter 2 A Plan For Spending &
Chapter 3 Seven Menacing Money Myths

1. An economy simply deals with how goods are made, distributed, and used. It answers 4 questions:

- a. What _____
- b. How _____
- c. How many _____
- d. Who _____

2. Three basic principles that we all must deal with everyday are:

1. Scarcity 2. _____ 3. _____

"Economy of Scale" is _____

Write out the seven menacing money myths (excuses for not saving) in the left-hand column. Then match each one with an answer from the right-hand column.

Matching questions

7 menacing money myths:

7 answers to these "myths":

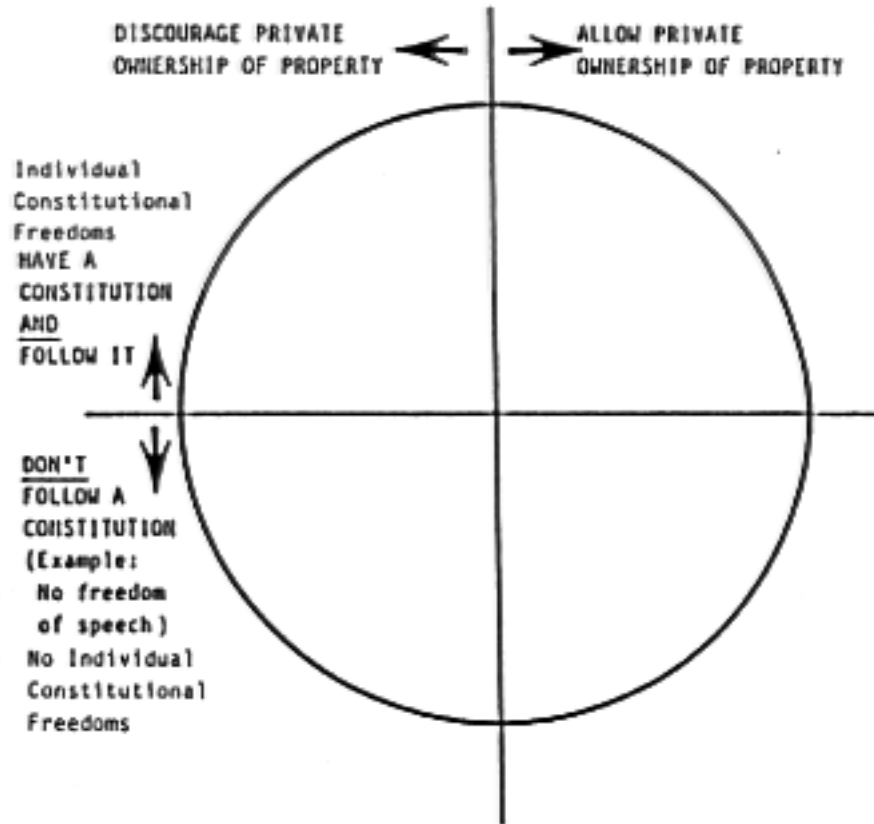
- a. You also owe it to yourself to have the things you really want.
- b. You'll probably live to be over 70 years old. Plan ahead!
- c. True, but you'll have less later on because of interest charges.
- d. You'll have very little money (no matter how much you make) If you don't learn how to manage It.
- e. PAY YOURSELF FIRST!
- f. True, IF you're buying necessities that you will definitely use (during times high inflation).
- 9. True, that's why you should "create a reserve" for emergencies.

1. Capitalistic
2. Free Enterprise
3. Incentive
-
4. Free Choice
5. Responsibility
6. Social Order
7. Private ownership
8. Enterprise
9. Capital
10. Productivity
11. Competition
12. Profit

(Greenstuff Economics Overlays 21-22)
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DIRECTIONS: Write COMMUNISM, DEMOCRACY, FASCISM, & SOCIALISM in the correct spaces on the chart below.

POLITICAL SYSTEMS SIMPLIFIED



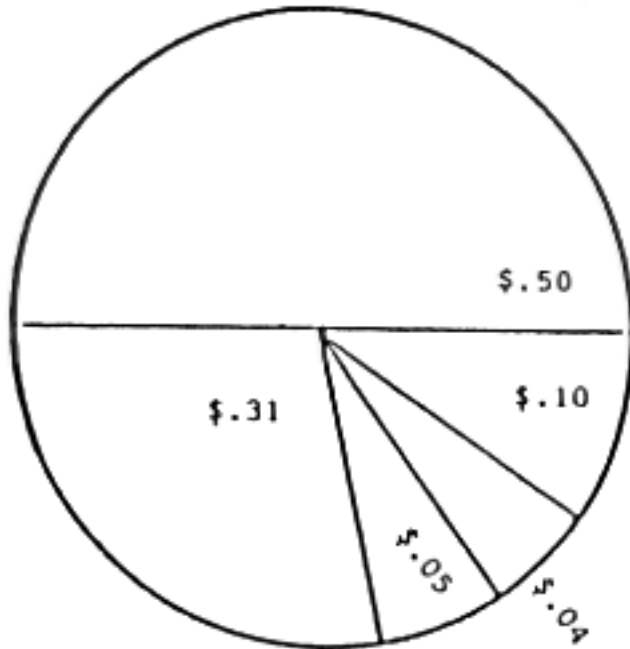
Chapter 5 Creating Personal Wealth

1. a. To legally delay taxes by doing some tax planning (opening an Individual Retirement Account. etc.)
2. b. Changing some taxable dollars of Income to non-taxable income by doing some planning. (Buying tax-free Municipal Bonds, etc.)
3. c. Using money to buy something that will produce a profit.
4. d. Asking yourself 3 questions before buying (1) Is It a "need" or a "want"? (2) Is It a good price? (3) Is It guaranteed and can I return It to the retailer?
5. e. Owners of stock In a corporation
6. f. The cost of replacing tools as they wear out.
7. 9. The cost of employee's wages, social security, fringe benefits, etc.
8. h. The cost of natural resources and other goods and services purchased from others in order to produce a product or service.
9. I. The cost of making payments ordered by the government.
10. J. What is left after all expenses have been paid.

(Greenstuff Economics Overlays 23-25)
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Write the correct word in each space below.

**YOU PAY THESE FIVE COSTS
WHENEVER YOU BUY SOMETHING**



1. The Rule of 72
2. The Magic of Compounding
3. Investing
4. Capital Gains
5. Liquidity
6. Safety
7. Yield
8. Save
9. S.L.Y. Investors
10. The basic building block (or "cost") for improving your lifestyle.

1. Diversify
2. Assets
3. Assayed
4. F.D.I.C. (**F**ederal **D**eposit **I**nsurance **C**orporation) p.41
5. S.E.C. (**S**ecurities **E**xchange **C**ommission) p.42
6. Inflation Hedge
7. No-Load
8. Mutual Funds
9. Prospectus
10. Purchasing Power
11. Money Market **Accounts**
12. Money Market **Funds**

1. Dollar Cost Averaging (D.C.A.)
2. Sell Short
3. Bear Market
4. Bull Market
5. "Pigs"
6. Fundamental Analysis
7. Technical Analysis
8. Contrarians
9. P.E.E.L. Principle
10. Five-year rule

(How to save 10%-50% on everything you buy!)

(Will be an open book quiz)

1. A good place to find coupons is the _____.
(These coupons will save you money if you are going to buy the Item anyway.)
2. Before shopping for groceries you should eat a meal or snack. This will cut down on _____.
3. A way to cut down an "impulse buying" is to make a grocery _____.
4. Items that the grocery store prices **below** its cost (in order to get you into the store) are called _____.
5. Comparison-shopping Includes checking the _____ per _____ for different sizes of the product.
6. The secret to saving 10% to 50% on clothing, shelter, and luxuries is in _____ your purchases.
7. _____ your purchases will save you earn you _____, earn you _____, increase your _____, and increase your _____.
8. Usually, the longer you wait to buy **electronic equipment**, the cheaper the price. However, If you feel that you "have to have" this year's latest electronic gadget, what are the best months to buy:
Computers? _____
Record players and compact disc players? _____

9. What is the best month to buy ski equipment? _____
Why? _____
10. What is the best month to buy toys? _____

Why does the Law of Supply and Demand make these months the best ones to buy toys? _____

11. What are the best months to buy a bicycle?

12. What are the best months to buy a "new" car?

Why? _____

(Greenstuff Economics Overlays 40-42)

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1. Unpaid Balance

2. Billing Date

3. Almost 70 Days

4. Average Daily Balance

5. 3% to 4%

6. 19.8%

7. 26%

8. "Ride"

9. O.P.M.

10. N.O.W. Account

(Greenstuff Economics Overlays 43-44)
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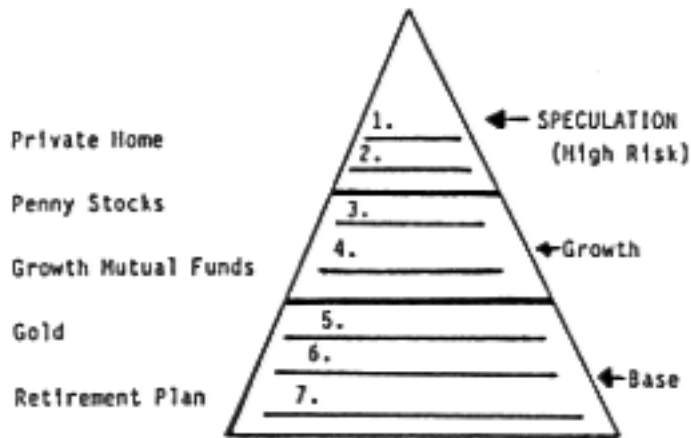
Chapter 12 Measuring Your Progress

1. Monthly Fixed Expenses
2. Monthly Flexible Expenses
3. Credit Obligations (p. 70)
4. Net Monthly Spendable Income
5. Money is a _____.
6. Assets
7. Liabilities
8. Gross Domestic Product
9. Tell what each letter stands for: $GDP = C + I + G + F$
10. You can measure your "financial health" once a year by doing a _____.

(Greenstuff Economics overlays 45-49)
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Chapter 13 Your Action Plan

Directions. Put these terms in the **correct order** as they appear on the Investment pyramid (p. 74)



AT LEAST 2 months liquid reserve in a money market (account **or** fund).

Growth Stocks

8. In "Your Action Plan" you should start saving at least _____% of your income.
9. The easiest way to save is to join a _____.
10. You should **NOT** skip over the _____ of the investment pyramid. Get two to six months liquid reserve" before investing in anything else.
11. You should also open a _____ checking account.
(This is a checking account that pays interest.)
12. You should _____ a part of any pay raise. (Increase your regular _____ whenever you get a pay raise.)
13. Avoid "_____". Use credit cards **infrequently** and for "big ticket items" only.
14. Spend just _____ hour each month to check your progress on "Your Action Plan" (Chapter 11).

Greenstuff Economics Study Guide _____
Chapter 14 Golden Rules Of Personal Money Management
(Summary)

TEN True-False statements on this chapter. Read the golden rules **several times**.
Read carefully!

Fill-in-the-blank

11. Money itself is neither _____.
12. "A part of all you earn is _____.
Pay yourself (save) first.
13. Spend some money on yourself now, but also save some money for short-term _____ and _____ medium term goals.
14. Create a _____ for unexpected expenses.
15. Defer (put off) some little gratifications (_____) for big ones later on.
16. Don't try to "keep up with the _____".
17. Avoid the _____. (I see, I want, I charge.)
18. The fun is in the _____
... Not necessarily in the immediate possession of things.
19. Use credit cards _____.
20. Build by using the Magic of Compounding, _____
investing, and _____.

Greenstuff Economics Study Guide _____
Appendix A Open Book Quiz

1. _____ and _____ occupations were **not** included because the information listed only hourly wages for these occupations and yearly average wages _____ with the health of the _____.

2. The source for what the beginning salaries of these different occupations paid was the _____ handbook.

3. The beginning salaries of these different occupations are similar, but there is quite a bit of difference in the _____ salaries of some of these occupations.
Which occupations (that were listed) do you think will pay a higher salary later on? _____
Why? _____

4. In addition to salary, (when considering an occupation) you should also consider _____, interests, and skills.

5. At the time this was written, the _____ charged _____% interest for car loans.

6. The TOTAL FINANCE CHARGE (the amount of money that you would pay in interest) for a loan on a used Monte Carlo was \$_____.

7. The TOTAL FINANCE CHARGE for a loan on a used Mustang was \$_____.

8. The source for the average selling price of these cars was _____ Chevrolet and _____ Ford in _____.

9. The source for the cost of an apartment rental was in _____.

10. The **Bureau of Labor Statistics no longer releases budget data for the average four-person family** because of _____ budget cuts!

(Greenstuff Economics Overlays 53-57 for Appendix B)

(Also Greenstuff Economics Pre/Post Overlays A-Z)

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MAKING MONEY IN THE 2000'S

As our economy continues to change from a manufacturing economy to a service economy it **appears** that the best way to **earn** money will be to follow this plan:

1. Get experience working for a major corporation. (Develop your skills, knowledge, and talents.)
2. KEEP LEARNING! READ, READ. READ! Keep up on current events (use your Social Studies Skills). Develop your computer skills. Look for trends, growth areas, and new areas of opportunity. - -
3. Become an entrepreneur! Find your "niche" and start your own business. Start part time and expand. - -
4. There are always unmet services! Look for gaps in products, services, public needs, and fill those gaps. That is how some of the most successful and powerful corporations and conglomerates were formed (from a modest beginning). - -
5. Make a list of your strengths and weaknesses. Concentrate on your known strengths. Make a second list of professions/occupations that would require those strengths.
6. Future employment will concentrate on four or five core service areas. Can you name the general categories of" service areas that will be needed?

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**HOW TO WIN THE
CHICAGO TRIBUNE/
ECONOMICS AMERICA
STOCK MARKET GAME**

REMEMBER: In playing the game, you are using "computer dollars" to try and be the **one** team that makes the most money. In a ten-week game, you don't have your biggest ally (TIME) on your side.

1. That means that you should --

2. Read the Chicago Tribune and look for --

3. Read the **Business Section** of the Chicago Tribune and look for --

4. Watch the "ticker" on cable and --

5. Look at the S & P Stock Guide and Value Line at the library and--

6. Search www.morningstar.com and www.Quicken.com
(USING the criteria that we discussed in class).

7. Watch the "Nightly Business Report" and listen for --

8. Watch the news on TV and --

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. . . Builds on the Past !

Special Thanks to Our Peacock Alumni

Ever since they helped to edit GREENSTUFF: The Money Book & Study Guide, Peacock has been on a winning streak in the Stock Market Game. Over 4,000 teams play the Stock Market Game each year. Peacock has less than 1% of the teams in the game, and should win only once every 100 years. Yet Our Itasca Peacock Students have now won 1st, 2nd, or 3rd IN THE STATE SIXTEEN TIMES IN SEVENTEEN YEARS (1985-2001) **THANK YOU Peacock Alumni !**

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Thanks for the e-mails from those of you who found us on the web (www.Itasca.com/schools/peacock/team7) or visited www.HistoryClassroom.com (you can e-mail me at HistoryClassroom@AOL). I'd Love to hear what the rest of you are up to!

Sincerely, Dan Peel

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