

Everyday Finance: Economics, Personal Money Management, and Entrepreneurship

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Unit 1: How the Economy Works

Introduction: What Is Economics?
Adam Smith

Section 1: The Big Picture: Macroeconomics

Overview: Macroeconomics

Subsection 1: Basic Economic Concepts

Scarcity
Three Economic Questions: What, How, for Whom?
Factors of Production: Land, Labor, Capital (including interest, wages, rent)
Circular Flow of Economic Activity
Ceteris Paribus
Thomas Malthus

Subsection 2: Economic Systems and Philosophies

Traditional Economic System
Bartering
Market Economy (free enterprise, capitalism)
Classical Economics
Neoclassical Economics
Keynesian Economics
Monetarist Theory
Supply Side Theory
Say's Law
Rational Expectation Theory
Planned (Command) Economy
Marxian Economics
Karl Marx
Mixed Economic System
Transition Economy

Subsection 3: What Is Money?

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Investment
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Subsection 4: The Economy in Action

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Recession
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Industries
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Financial Markets
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Consumption
Aggregate Demand
Aggregate Supply
Income
Consumer Price Index
Producer Price Index
Index of Leading Economic Indicators
Standard of Living

Section 2: The Individual Parts: Microeconomics

Overview: Microeconomics
Alfred Marshall

Subsection 1: Supply and Demand: The Relationship between Businesses and Consumers

Markets
Supply and Demand
Marginal Utility
Economic Shortage
Economic Surplus (consumer and producer)
Elastic and Inelastic Demand
Income and Substitution Effects
Market Failures
Externalities (Third Party Costs and Benefits,
Social versus Private Costs, Spillover Effect)
Economic Rent

Subsection 2: Competition between Businesses

Perfect Competition
Monopoly
Natural Monopoly
Government-granted Monopoly (including utilities)
Monopolistic Competition (competitive market)
Oligopoly (include Duopoly)
Cartel
Game Theory

Subsection 3: What Motivates Businesses

Revenue
Profit and Loss
Long Run versus Short Run
Economies of Scale
Barriers to Entry
Law of Diminishing Returns
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Technology
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Labor Force
John Stuart Mill
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Productivity
Labor Union
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Section 3: How Countries Work Together: International Trade

Overview: International Trade
David Ricardo

Subsection 1: Basic Concepts

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Comparative Advantage
Free Trade

Subsection 2: Money Moving between Countries

Balance of Payments
Trade Surplus and Trade Deficit
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Subsection 3: International Trends

Globalization
Developed (Industrialized) Countries
Developing (Third World) Countries
International Labor Issues
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Section 4: Government's Role in the Economy

Overview: Government's Role in the Economy
John Maynard Keynes

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Private Property and Property Rights
Creation of Public Goods
 Problem of Free Riders
Government Spending
 Fiscal Policy
 Government Failures
 Economic Development
 Sustainable Development
 Transfer Payments
 Welfare
 Foreign Aid
Monetary Policy
 Bank Reserves (mention excess reserves, required reserves)
 Multiplier Effect
Economic Laws
 Antitrust Legislation
 Intellectual Property (patents and copyrights)
 Labor Laws
 Minimum Wage
 Protectionism (include trade barriers: quotas, tariffs, subsidies)
 Free Trade Zones
 Price Ceilings and Price Floors

Subsection 2: How Governments Raise Money

Taxes
Income Taxes
Sales Taxes
Excise Taxes
Property Taxes
Estate Taxes
Business Taxes

Subsection 3: Who Oversees the Economy: Government Organizations

United States
 Bureau of Economic Analysis
 Bureau of Labor Statistics
 Consumer Product Safety Commission
 Federal Deposit Insurance Corporation
 Federal Open Market Committee
 Food and Drug Administration
 Federal Reserve System
 Federal Trade Commission
 Internal Revenue Service
 Securities & Exchange Commission
International
 Group of Eight (G8)
 International Monetary Fund
 Trade Blocs (including NAFTA and EU)
 World Trade Organization
 World Bank

Unit 2: Personal Finance: Buying, Borrowing, Saving, and Insuring

Introduction: Personal Finance

Section 1: Buying: The Consumer's Role in the Economy

Overview: Personal Decision Making and Shopping

Subsection 1: Common Concerns

Budgeting
Bills
Renting an Apartment (sidebar on renting vs. buying)
Buying a Home (including condominiums)
Buying a Car (mention sticker price, dealer add-ons, and car payments)

Subsection 2: How to Pay for Everyday Purchases

Cash
Checking Account (explain balancing a checkbook, mention interest bearing)
Credit Card (include late fees and cash advances)
 MasterCard
 Visa Card
Charge Card
Debit Card
Electronic Banking (including PayPal)
Money Order
Cashiers Check
Traveler's Check
Gift Certificate
Gift Card

Section 2: Borrowing: When You Need More Money Than You Have

Overview: Why People Go into Debt

Subsection 1: Types of Loans

Basic Loan (or Credit; sidebar on prime rate)
Line of Credit
Personal (Unsecured, Signature) Loan
Student Loan (sidebar on financial aid)
Home Loan (mortgage; include closing costs, escrow account, FHA, and VA)
Home Equity Loan (Second Mortgage)

Car Loan
Leasing a Car
Payday Loan
Debt Consolidation Loan

Subsection 2: Who Lends Money

Bank (outline different types of banks)
Credit Union
Savings and Loan Association
Finance Company
Pawnbroker
Rent-to-Own Store
Check-Cashing Store

Subsection 3: Problems with Debt

Credit (Debt) Counseling
Credit Bureau (reporting agency; include credit score)
Bankruptcy
Garnished Wages

Section 3: Saving and Investing: Planning for the Future

Overview: Saving and Investing Money

Subsection 1: Motivations for Saving and Investing

Time Value of Money
Risk versus Reward (include risk pyramid)
Financial Planning
Saving for College
Retirement Plans (general definition plus various retirement plans)

Subsection 2: Where to Save and Invest

Savings Account
Money Market Account
Stock
 Stock Market
 NYSE
 NASDAQ
Bond (include corporate, municipal, zero coupon, and high yield, or junk)
Mutual Fund
Certificate of Deposits (CDs)
Treasury Securities (Treasury bill, Treasury bond, Treasury note, TIPS, saving bond)
Equity (various economic senses)
Hedge Fund
Safe Deposit Box

Section 4: Protecting Yourself from Risk

Overview: Insurance

Subsection 1: Types of Insurance

Insurance for Property
 Home Insurance
 Renters Insurance
 Car Insurance (comprehensive, liability, bodily injury, and no fault)
 Warranty
Insurance for People
Medical Insurance
 HMO (Health Maintenance Organization)
 PPO (Preferred Provider Organization)

COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985)
Dental Insurance
Disability Insurance
Life Insurance

Subsection 2: Government Protection

Health Insurance
Medicare
Medicaid
Income Assistance
Food Stamps
Social Security
Temporary Assistance for Needy Families (Aid to Family with Dependent Children)
WIC Program (Special Supplemental Nutrition Program for Women, Infants, and Children)
Worker's Compensation
Consumer Laws
Consumer Bill of Rights
Consumer Credit Protection Act (include Truth in Lending Act and Fair Credit Reporting Act)
Usury Laws

Unit 3: The World of Business

Introduction: Entrepreneurship

Section 1: How Businesses Are Run

Overview: Business Organization (including labor management and delegating)

Subsection 1: Types of Businesses

Corporation (including C and S corporations)
 Board of Directors
 Limited and Unlimited Liability
Partnership
Sole Proprietorship
Nonprofit Corporation
 Charitable Organization
Franchise
Multinational Corporation
Independent Contractor

Subsection 2: Starting a Business

Starting a Business
Business Plan (include sales and revenue projections)
Management
Risk Taking
Venture Capital
Small Business Administration

Subsection 3: Creating Products and Services

Product Development
Brand (mention store brand)
Manufacturing
Mass Production
Outsourcing
Quality Control
 Total Quality Management
Product Liability
Customer Satisfaction

Section 2: Attracting Customers

Overview: Marketing Mix (Four Ps of Marketing): Product, Place, Price, Promotion

Subsection 1: Marketing and Advertising

Market Research (including test marketing)
Advertising (Media Marketing)
Mass Marketing
Niche Marketing
Direct Mailing

Subsection 2: Bringing the Product to the Customer

Distribution (including wholesale)
Pricing (including markup)
Selling (including sales force)
Retailing
E-commerce
 Web Management
Public Relations

Section 3: Money Management

Overview: Accounting (financial management)

Subsection 1: Managing Money and Costs within a Business

Cash Flow
Cost-Benefit Analysis
Costs of Production (fixed, variable, and total costs)
Inventory Control
Investment Management
Business Financing

Subsection 2: Making Financial Reports

Financial Statements
Capital Gains and Losses
Depreciation
Trade Credit
Dividend

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Job Applications
Human Resources
Payroll
Cost of Living Adjustment (COLA)
Employee (fringe) Benefit
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Section 5: Business Ethics and the Law

Overview: Business Ethics

Business Laws
Bait and Switch Tactics
Pyramid Scheme
Identity Theft
Insider Trading
Better Business Bureau