

Introduction - Lesson Plan

Overview:

Gods of Money is an app for visualizing and simulating the U.S. economy.

Objectives:

Students will be able to:

- Start and run the Gods of Money app
- Name the 4 main parts of the interface
- Zoom in on the Businesses, Households, and Government graphs
- Use the Gods of Money Guide

Background and Information:

Macroeconomics: The part of economics concerned with large-scale or general economic factors, such as interest rates and national productivity.

Gods of Money app: The app for visualizing and understanding the U.S. Economy.

Time:

45 Minutes

Materials:

- iPad
- Gods of Money** app
- Introduction worksheets

Educational Goals:

- To develop an increased understanding of how the U.S. economy works.
- To understand that a small group of people have a great influence on the economy.
- To understand that the White House and Congress set the budget and taxes, and the Federal Reserve System influences the supply of money.
- To be able to use the Gods of Money app to visualize the U.S. economy.

Activity

I. LECTURE *5 minutes*

- A. **Macroeconomics** is the part of economics concerned with large-scale or general economic factors, such as interest rates and national productivity.
 1. Macroeconomics is important because it tells us how well off the citizens of the U.S. are doing financially.
 2. When the U.S. economy grows the people have a higher standard of living, on average
- B. **Gods of Money** is an iPad app for learning macroeconomics.
- C. With Gods of Money:

1. You can see how the government manipulates the flow of money across the country.
2. You can see
 - a) how much money is made by businesses,
 - b) where the government gets its money and how it is spent,
 - c) and how much money goes to individual households.
3. You can see how the Federal Reserve System, Congress, and the White House create and manipulate the U.S. money supply.
4. Therefore they are called the “Gods of Money.”

II. DEMONSTRATION *15 minutes*

A. Start a Gods of Money session:

1. Mute the iPad by putting its mute switch in the Off position.
2. On the iPad, open the Gods of Money app.
3. Tap ‘Start’ Gods of Money.
4. Tap ‘Watch’ historical data.
5. Set the Start Date to Jan 1968.
6. Tap ‘Start >’.
7. When the budget appears, tap the checkmark to close it.
8. Tap the date in the upper right to pause the app.

B. The Viewport

1. The Viewport shows money and goods flowing through the economy as a diagram
2. The relative sizes of businesses, the U.S. government, and household income are displayed.
3. The large box on the left represents the yearly output of all businesses in the U.S.
 - a) The size of this box represents the gross domestic product for the year.
 - b) Gross domestic product, or **GDP**, is the total of all goods and services produced in the country in one year.
 - c) Double-tap on the businesses box to expand it.
 - d) The 15 major industries are shown with their sizes proportional to their contribution to GDP.
 - e) In 1968 the largest industry was manufacturing which comprised 25.17% of GDP,
 - f) while mining, which includes oil and gas production, made up 1.45% of GDP.
 - g) Tap the checkmark to close the expanded view.
4. The large box on the right shows household income for the year
 - a) Double-tap on the households box to expand it.
 - b) The box is divided into 5 sections.
 - c) Each section represents the same number of households.
 - d) The different sizes represent the total income for each section.
 - e) This gives a graphic representation of **income inequality**.
 - f) Tap the checkmark to close the expanded view.
5. Government

- a) The boxes in the center represent U.S. government revenue, spending, and debt.
 - b) Double-tap the box to expand government expenditures.
 - c) Each section of government expenditures shows the proportional amount of government spending in 17 areas.
 - d) In 1968 the largest single expense was for defense, which was 43.35% of all federal spending.
 - e) Tap the checkmark to close the expanded view.
6. Tap the government box to change the display to revenue.
- a) Double-tap the box to expand government revenue.
 - b) The U.S. government gets money from 4 main sources.
 - c) The largest source of government revenue is personal income taxes.
 - d) Social insurance and retirement taxes, often called payroll taxes, pays for social security and pensions for former government workers.
 - e) Excise taxes are federal taxes on such things as gasoline, alcohol, tobacco, etc. paid by the manufacturer.
 - f) Tap the checkmark to close the expanded view.
 - g) The red box represents the federal debt, which is the amount of debt the the U.S. government owes.
 - h) Note that the boxes representing businesses, households, government expenditures, government revenue, and federal debt are proportional.
 - (1) A box near the bottom right of the graphic display shows the relative size of a given amount of money.
7. Resource Market
- a) The box at the top represents the resource market where individuals (in households) trade their labor or capital for money.
 - (1) Labor is work you do for someone else.
 - (2) Capital can be things like real estate, stocks, bonds, and entrepreneurial ability.
8. Product Market
- a) The box at the bottom represents the product market, where businesses trade their goods and services for money from households.
 - b) Government also gets labor and other resources from the resource market, and gets products such as cars, airplanes, and office supplies from the product market.
9. The status panel on the left shows the current
- a) President
 - b) Makeup of Congress.
10. The panel on the right shows the current
- a) Chair of the Federal Reserve
 - b) Graph showing how well the economy is doing overall
11. Wait for the Budget window to appear (in January)
12. Once a year, in January, the budget for the current year appears.
- a) Tap the timer near the upper right to pause the app.

- b) The budget shows where the White House and Congress have set the spending priorities for the year.
- c) The bold green lines beside the budget item names indicate the mandatory minimum required for those items.
- d) The figures in the lower right show the total expenditures compared with the total revenue, and the projected budget deficit or surplus.
- e) A surplus means the federal government will collect more money than it spends, while a deficit means that government will spend more money than it collects.

C. The News Crawl

- 1. Below the viewport is the news crawl.
- 2. In Watch mode you will see actual news headlines, about one per month.

D. The Dashboard

- 1. The Dashboard shows 18 gauges of economic indicators. The indicators are updated once per month.
- 2. Each shows a line indicating its 12-month history. Many indicators show the percentage change over one year.
- 3. The indicators' background color changes if its value is getting higher or lower than normal.

E. The Tools Panel

- 1. The Tools Panel shows the control settings that are used to influence the economy.
- 2. The controls are not active in Watch mode.

F. Watch Mode vs. Active Mode

- 1. In Watch mode you can only observe historical data. You can see how the U.S. economy has grown and changed over time.
- 2. You can use Active mode to try your hand at manipulating the economy by playing the roles of the Federal Reserve System, the White House, and Congress - the "Gods of Money."
- 3. The "Eye" icon indicates you are in Watch mode. When you are ready, tap it to change to Active mode.

a) Your Grade

- (1) After running Gods of Money in Active mode for at least one year your performance is evaluated and you receive a letter grade.
- (2) Your grade is based on several factors which indicate the change in the standard of living for U.S. citizens.
- (3) A grade of C+ or better means that most people are better off, and a score less than C means the standard of living declined, or improved more slowly than the historical average.

G. The Gods of Money Guide

- 1. The Gods of Money Guide provides information on important economic issues as they arise.
- 2. The Guide's pop-up windows tell why an issue is important, what actions to take (if any), and more detailed information if requested.
- 3. The Guide can be turned on or off under Settings.

4. The Guide can be turned off by tapping the “X” on a guide pop-up window.

H. Options

1. Tapping the “Gear” icon in the upper right opens the Options window.
 - a) Tap Settings to open the Settings window you where can specify the Display, Sound, Speed, and Guide.
 - b) Tap Quit to end the current session.

I. Sounds

1. Put the iPad mute switch in the Off position, so sounds are heard.
2. Tapping the “Gear” icon in the upper right to open the Options window.
3. Set the Sounds switch to On.
4. Tap the checkmark to dismiss the window.
5. If necessary, resume the app by tapping the date (in the upper right.)
6. Note the background sounds.
 - a) When the economy is doing OK, you will hear sounds of construction and office work.
 - b) When the economy is doing well, you will hear restaurants and parties
 - c) When the economy is doing poorly, you will hear wind howling, dogs barking, etc.
 - d) If the economy is doing very bad, you will hear the sounds of riots.

III. IN-CLASS ASSIGNMENT *25 minutes*

- A. Pass out the **Introduction Worksheets**, one per student.
- B. Have students follow the instructions on the worksheet:
 1. Start and run **Gods of Money**.
 2. Answer the questions on the worksheet.

IV. HOMEWORK ASSIGNMENT *20 minutes*

- A. Assign students to complete the homework assignment on the worksheet.