<u>CE.E.3.3</u>

Analyze organizations in terms of their roles and functions in the United States economy (e.g., banks, labor unions, federal reserve, nonprofit organizations and cooperatives, Wall Street, etc.).

Students will understand:

1. National governments can control the supply of money in an economy by encouraging or discouraging bank loans with the changes in discount rate and the buying or selling of government bonds. (Structure of government)
2. Nonprofit organizations can be a valuable part of a nation's economy.
3. Financial institutions facilitate allocation of financial resources from its source to potential users.
4. The disbursal of financial resources can be facilitated through government and financial institutions.
    a. For example:
        i. Some financial institutions collect funds from investors and make them available to users.
        ii. Some financial institutions act as middlemen between deficit and surplus units.
        iii. Some financial institutions manage funds as agents for their clients.

Students will know:

1. That the Federal Reserve and the US Treasury have a monopoly on providing the nation's money supply.
2. That the financial system (banks, the stock market, etc.) connects savers to borrowers.
3. Entrepreneurs get money for new businesses by borrowing money through banks.
4. The definition and characteristics of a boom, recession, and depression.
5. When people become afraid that too many loans will not be repaid, a financial panic or a "run" on the banks may occur.

<u>Key Terminology:</u>

- Financial system – A financial system is the processes and procedures used by a nation's or business's management to exercise financial control and accountability