

Social Studies Unit

School: Red Cedar

Grade Level: 3rd

Unit Topic: Economics

Introduction

For my Social Studies Unit, I constructed a unit centered on Economics. Understanding economics is not only vital for living in society, but it is also a heavily weighted concept within the Michigan Grade Level Content Expectations. Although I created seven lesson plans, many were implemented on more than one day. This unit required three weeks for completion, ending with a school-wide fundraiser that pulled together every concept identified. Overall, this economics unit will focus on:

- Goods and Services
- Producers and Consumers
- Scarcity
- Opportunity Cost
- Specialization
- Interdependence
- Entrepreneurship
- Michigan's Economy Today
- Michigan's Economic Future

Background information is necessary to not only better understand the underlying concepts of economics, but also, is crucial to teaching the concepts. Students have many questions as they are learning about a new topic, and it is vital that the educator has a strong knowledge base in order to answer questions and make connections between themselves and the concepts presented.

Background Information:

A good is an item that may be bought or sold, and is tangible. Goods are created using human, capital, and/or natural resources. Human resources are the health, strength, education, and the skills of people. Capital resources are constructed and manufactured resources used for the production of goods and services. Natural resources are found in our environment, and have not been created by man. Producers create goods and services using the previously mentioned resources. A service is an action or a process that has been produced. Examples of service workers include teachers, firefighters, and policemen. A consumer is someone who trades for a good or service. Everyone is a consumer in some way, because not everyone is able to produce everything that they need to survive.

Scarcity occurs when there is not enough resources to produce a good or service. Many times, individuals hope to create a new good or service; however, the appropriate resources are

not available. In this situation, there is a scarcity of resources. Scarcity occurs when the needs and wants of people outweigh the available resources. Scarcity requires people to make a choice. Often times, individuals have an opportunity cost. An opportunity cost is the result of constraints on resources and income. Whether people do not have the money to buy a good or service, or must make another choice because the good or service is unavailable to them, these individuals must make a choice. Each week in our classroom, our students are given the opportunity to buy items out of the “Ticket Shop” with the green tickets that they earned throughout the week for responsible behavior. Some students save their tickets from each week until they are able to buy a more expensive item. Other students use their tickets immediately and buy whatever they can afford. There are also multiple instances in which the students cannot afford a certain item, and must decide whether to buy a less expensive item, or save their tickets. The opportunity cost in this case would be the item that the student wanted the second most. Individuals may have an opportunity cost when on a time constraint or limited budget.

Many states and countries specialize in the production of different goods and services based on their available resources. Florida, for example, grows a lot of citrus fruits because of the warm tropical climate. Michigan would have difficulty growing citrus fruits because of the climate and changing seasons. In Michigan, we specialize in the production of Kellogg cereal. This good is produced in Michigan, and sold to other states and countries. Specialization ultimately results in exchange. The excess output from a specific producer’s specialization is traded for goods and services that will satisfy an individual’s needs and wants. Producers who specialize, trade with other states and countries and this process is known as interdependence. These producers become dependent on one another, and trade their specialized good for another specialized good.

New goods and services are produced due to entrepreneurship. Anyone can be an entrepreneur if they have the necessary available resources, and produce a good or service that is needed by society. An entrepreneur is someone who uses their resources to create a good or service which is needed by society that may not yet exist. Henry Ford was an example of a Michigan entrepreneur. He used capital, natural, and human resources to create the first car. Today, Michigan continues to manufacture and sell cars through General Motors.

Although car production is not as rampant as it used to be, Michigan is turning to producing new goods and services to help stabilize our economy. Michigan has now turned its focus to wind turbines. Due to our state’s location near the great lakes, a large amount of wind is produced. Therefore, we have recently started using wind turbines as a way to produce energy. As the need for alternative forms of energy increases, Michigan will begin to specialize in this process and ultimately, produce our own energy.

Narrative:

Economics have a large role in every person’s life. Whether it be using money to buy a good or producing a good or service for others, it is vital for survival. Economics range from defining needs and wants to global interdependence. The needs and wants of a society directly affect the goods and services created by the producer. Therefore, even at a young age, a child’s needs are shaping production and our economy as a whole.

Individuals use the resources available to them to create goods and services that other people will have an interest in buying or trading. Productive resources are used in order to satisfy the needs of others. Productive resources include human resources, natural resources, and capital resources. Human resources are considered to be the health, strength, education, and skills of people. Natural resources are found within the environment, and have not been altered by man. A common misconception is that money is a resource. The money earned by people, however, is limited by what limited resources they were able to sell. Therefore, money is not a resource but instead, scarce. Capital resources are factories, tools, and machines used to aid in the production of goods. A good is a physical object that can be obtained. A service, on the other hand, is the producing of an act or process. Individuals desire to obtain specific goods based on their own individual needs and wants. All people need food, clothing, water, and shelter in order to survive. Additionally, people have wants for goods that they do not need to have, but find important. Between needs and wants, consumers play a large role in what is produced in our world. It is this desire that drives the economic industry.

When the need for a good or service is greater than the available resources, the good is considered scarce. Scarcity exists because people's wants for different goods and services are unlimited, whereas most resources are limited. While there are many examples of scarcity in regards to goods and services, many new technologies for children are considered to be scarce. Parents are willing to pay large amounts of money for particular gaming systems and toys, however, only a specific amount is manufactured. Therefore, the smaller the quantity of produced goods, the greater the need for them becomes. It is vital that scarcity is never confused with the term "rare." Scarcity is relative. For example, if there are only three pieces of gold left in the world but not wanted by anyone, the gold is rare. If, however, multiple companies were fighting over the gold, the gold would be considered scarce. In addition, it is important to note that scarcity is not a shortage. A shortage occurs when the demand for a particular good or service exceeds the supply of the good or service. Shortages are temporary. Scarcity simply reiterates the idea that the wants of people are limitless; however, our resources are limited.

Scarcity often requires people to make a choice as to what resources they can use to create a good or service. If only limited resources are available when producing a good or service, an opportunity to use the resources for another purpose is given up. Examples of limited resources include time, income, and space. This choice is known as opportunity cost. When making this choice, both long term consequences and short term consequences should be considered. In my classroom, the students are constantly faced with an opportunity cost when they shop in the classroom store each week. Students receive tickets throughout the week for taking responsibility and following classroom procedures. They then get to decide what items they would like to buy with their tickets. The students must decide what they would like to spend their tickets on, and often times, can only choose one item. Therefore, the good that they chose not to buy is their opportunity cost.

Every person who obtains a good or uses a service is a consumer. Consumption is a type of economic activity that allows people to pick and choose goods and services based on their own specific needs. In today's society, children as consumers are creating a great change in production because there is a fairly new market centered on interactive toys and technologies for children. Children are beginning to have a greater role in what is produced based on their needs and wants. Many consumers buy their goods from businesses, and consuming is a way of

satisfying short-term wants. In order to satisfy long-term wants, individuals must save their income. One way in which people save is by withholding a percentage of their salaries and putting them into a bank account. In this situation, the bank is providing a service in that they are safely holding an individual's money, and more than likely, paying interest. In a market economy, the income that a person earns is determined by the value of their labor and other scarce resources. In the job market, some people earn more than others because they either have a greater amount of scarce resources for sale, or, possess a skill that is in high demand. Many people choose to specialize in the production of one good or service, depending on the resources available to them.

In order for a consumer to buy a good or service, a producer must have used his own available resources to make it possible. Producers combine their own resources to make goods and services. They use human resources, natural resources, and capital resources in order to produce a good that is both affordable and desirable. Production processes can be simple or complex, and transform resources into usable goods and services. Natural, human, and capital resources are pooled to create goods and services. Producers, like consumers, are often forced to make choices. They decide what goods should be produced, and what resources to use in order to make the good affordable. In addition, producers attempt to minimize the cost of production to make a greater profit.

Individuals in today's society belong to multiple interdependent groups. Examples of these groups include family, school, community, and the world. In our world, specific groups have chosen to focus on the production of specialized goods and services. These producers are dependent on others to produce the goods they need for their own production. By specializing, individuals are ultimately giving up some of their own dependence. They become dependent on others to help increase their well-being. The process of exchange is extremely important to interdependence. Goods are exchanged for survival purposes. Our world is completely interdependent. We share goods and services including oil, food, research, clothing, and more. Our well being is directly connected to the behaviors of others in interdependence. If one particular step in the process is neglected, it affects the rest of the individuals involved.

Economics can be found all throughout the world. Young children are able to draw personal connections to the topic as well as adults. Scarcity, opportunity cost, consumption, production, and interdependence all have a major role in the shaping of our economy. It is crucial that students understand the effect that they have on production and consumption. Only once students can grasp the importance of economics in their own lives can they begin to appreciate and advance in the process.

Accommodations:

Numerous accommodations were made during each lesson of my unit. At Red Cedar Elementary School, a great majority of the students are from other countries. Many of my students speak English as a second language, and therefore, I did a lot of modeling during my teaching. I also created word walls, and used physical materials to supplement my lessons. During assessments, I allowed for those students who have a difficult time writing in English, to verbalize their response while I took notes and videotaped. I then had evidence to better

understand their thinking, and help determine whether or not my goals had been met. I also made sure to schedule my teaching of Social Studies during a time in which students would not be pulled out of class for additional support, and when we had M.S.U. service learning students available for help. A few of my students need constant redirecting during individual activities, and by having these M.S.U. service learning students available, I can ensure that all students are remaining on task. Finally, I will provide a safe and positive learning environment for all students. I will enforce the rule that students should never be disrespectful to another individual. This is extremely important to the success of my unit. Only if my students feel confident and free to make mistakes can they begin to learn. Since we have some students who are too shy to speak out, I will, at times, allow these students to write down their responses. Although at some points I may require all students to speak during discussion, I also want to know what each student is thinking and have them feel comfortable.

Michigan Grade Level Content Expectations

Market Economy

E1.0.1 Explain how scarcity, opportunity costs, and choices affect what is produced and consumed in Michigan.

E1.0.2 Identify incentives (e.g., sales, tax breaks) that influence economic decisions people make in Michigan.

E1.0.3 Analyze how Michigan's location and natural resources influenced its economic development (e.g., how waterways and other natural resources have influenced economic activities such as mining, lumbering, automobile manufacturing, and furniture making). (H, G)

E1.0.4 Describe how entrepreneurs combine natural, human, and capital resources to produce goods and services in Michigan. (H, G)

E1.0.5 Explain the role of business development in Michigan's economic future.

National Economy

E2.0.1 Using a Michigan example, describe how specialization leads to increased interdependence (cherries grown in Michigan are sold in Florida; oranges grown in Florida are sold in Michigan).

International Economy

E3.0.1 Identify products produced in other countries and consumed by people in Michigan.

Big Ideas

- A society's needs and wants influence economic decisions made by buyers and sellers.
- The resources available for a given community directly affect the goods produced.
- The specialization of a specific good is often shared with other locations in the world to promote interdependence.
- Individuals utilize their resources to satisfy their needs and wants. These resources include: human resources, natural resources, and capital resources.
- Resources become scarce once the demand of the good is greater than the produced amount.
- Consumption uses goods and services to satisfy an individual's short-term wants.
- Price increases due to high demand in a scarce environment.
- A good is a physical object that can be obtained.
- A service is an action or process that has been produced.
- Producers utilize their available resources to create goods and services.
- People's well-being is dependent on others when they choose to specialize and become interdependent.
- Producers are often dependent on others for the resources that they need in order to produce goods and services.
- Well-being is the total satisfaction people receive from engaging in economic and non-economic activities.
- Specialization ultimately results in exchange. The excess output from a specific producer's specialization is traded for goods and services that will satisfy an individual's needs and wants.
- Scarcity occurs when people cannot have everything that they want.
- Scarcity requires a choice. Individuals must decide what wants they wish to fulfill.

- Limited resources are often times used for one specific purpose and when this occurs, another opportunity must be forfeited in order to use those particular resources for another purpose. This situation is a representation of opportunity cost.
- Opportunity costs are the result of constraints on resources and income.
- Saving makes it possible to satisfy long-term wants.
- In a market economy, an individual's earned income is determined by the value of the scarce resources that the person can sell in the market.
- Production can be simple and involve only a few steps and individuals. Production can also be complex and involve many steps and individuals.
- Human resources are the health, strength, education, and skills of people.
- Natural resources are the resources that have not been created by man, but instead, are found in our environment.
- Capital resources are constructed and manufactured resources used for the production of goods and services.
- The producer must make a choice in deciding which goods and/or services to produce.
- The producer must make a choice in what resources to use when creating a good and/or service.
- Individuals are members of multiple interdependent groups (family, school, community, country, and world).
- The more steps and individuals that are involved in the production of a good and/or service, the more interdependent the processes and people are.
- Voluntary exchanges of specializations increases the well-being of those involved in interdependence.
- Economics affects everyone.

Pre-Assessment

Many of the students in my classroom are from other countries and speak English as a second language. It was very important to me that I pre-assess my students in multiple ways, so that every student had the opportunity to demonstrate what they knew. Therefore, I gave the students a closed assessment, and I held an informal discussion with them following the written

portion. Once I looked through every student's pre-assessment, I realized that I was difficult to determine what misconceptions students had and what their thought process was, which in turn, left me wondering what the students truly understood prior to my unit. I then had an informal discussion with my students, which allowed all of my students the opportunity to share their thoughts in a safe and positive environment. I first explained that although we had not discussed these concepts yet as a class, it was important that everyone participated so that I could mold my lessons to what they needed.

The following is the closed pre-assessment that was given to my students on March 16th, 2010.

Name: _____

Date: _____

Economics Pre-Assessment

For the following questions please put a \checkmark in either the "true" box, or the "not true" box, depending on your answer. Try your best!

1. A good may be bought or sold.

True

Not True

2. A consumer is the person who produces a good or service.

True

Not True

3. Scarcity occurs when there is more of a good or service than there is a demand for the good or service.

True

Not True

4. A firefighter is an example of a service provider.

True

Not True

5. Opportunity cost is the amount of money that a good or service costs.

True

Not True

6. Countries and states produce different goods and sell them to each other. These countries and states are interdependent.

True

Not True

7. Henry Ford was an entrepreneur.

True

Not True

8. Goods and services are produced in Michigan, and traded for goods and services in other states and countries.

True

Not True

9. Human-environment interaction is needed to produce goods and services.

True

Not True

10. Three different types of resources may be used to produce goods and services. These three types of resources are natural, human, and capital.

True

Not True

Once I gave this assessment, I realized that the majority of the students had a very limited knowledge of economics. Five of my students received 20%, seven students received 40%, eight students received 50%, one student received 70%, and another student received 90%. The problem with this assessment, however, was that it didn't help me to better understand student misconceptions. Therefore, I held an informal discussion with my students, to better understand what they knew. Some of the statements made were: "Economics is all about money. Only kids with a lot of money, or adults have to learn about economics." Another student insisted that "goods and services are the same thing. Like, if you work at a grocery store, you are working so that's a service, and you are selling the food like a good. So, you can't have one without the other." Finally, a third student, when asked about what individuals could become an entrepreneur, stated: "Well, there can't really be any more entrepreneurs, because everything that we want has already been invented!" Glaring misconceptions such as these would not have been evident had I simply used a closed assessment. Two of these students received the highest scores in the class on their pre-assessment, and yet, did not have a solid foundation of knowledge regarding economics. This pre-assessment allowed me to better understand what concepts students needed support with the most, and what misconceptions they had.

Parent Letter

The following is a parent letter that was sent home the week prior to beginning my economics unit. This was used to not only introduce the concept to parents, but also encourage parent-student interaction.

Dear Parents,

Next week in Social Studies, we will begin an Economics Unit entitled: *Economics and Me*. During this three week unit, students will be taking an in-depth look at our economy in Michigan. Students will learn about goods and services, producers and consumers, opportunity cost, interdependence, and more. It is vital that the students understand that economics is not simply a topic covered at school, but is present in their everyday lives.

Many students tend to question how they can relate economics to their lives. It is crucial that they understand how economics affects not only them, but the world around them. For this reason, I am encouraging the students to make connections between their own lives, and the material presented in class. By doing this, your child will begin to better understand that all aspects of economics is tied to their lives.

In order for them to better understand the presence of economics in their lives, students will have a different homework assignment each night. A large majority of the assignments involve discussing and explaining the concepts presented in class to a family member. In other instances, students may be encouraged to bring in an item from home which relates to the topic being covered. Each homework assignment will not only allow your child to review economic concepts, but will also prepare them for the upcoming lesson.

Please help your child at home by having daily discussions with them about the concepts discussed in class. With your help, your child will be able to succeed with this unit. Please contact me with any questions that you may have. I very much appreciate all of your assistance!

Sincerely,

Ms. Bepler

Economics and Me

Lesson 1: Human Environment Interaction

Resources

- Poster of goods produced in Michigan
- Pictures of cars and informational text regarding Henry Ford.
- Pictures of things we need to survive, and things we may simply want.

Children's Literature

Salomon, M. (2003). *What Do We Pay For?* New York: Newbridge Educational Publishing.

General Comments

Put up a poster containing multiple goods and services that can be bought here in Michigan. Students each pick one item, and identify one way that in producing that particular good, humans had to interact with the environment. Once the students have determined one way in which human-environment interaction was used to create the product, discuss with a partner to

generate another way the environment was used. After the students have finished sharing with a partner, we will gather at the rug to discuss our ideas as a group.

General Purposes or Goals

To help students (1) understand that economics is the study of individuals using resources to help create goods and services for people that have needs and wants for that particular good or service; (2) people interact with the environment in Michigan for economic purposes through the use of natural resources; and (3) human resources and capital resources are used in the production of goods and services in Michigan.

Main Ideas to Develop

The goods and services that are produced here in Michigan require local resources for production.

Human-environment interaction is necessary for the production of goods and services in Michigan.

There are three different kinds of resources. These include: natural, human, and capital resources.

Teaching Tips **Starting the Lesson**

To start the lesson, revisit the goods represented on the poster. Brainstorm possible ways that humans interacted with the environment to create the specific goods. Introduce the definition of human, natural, and capital resources. Students will then work in small groups to construct a list of resources used for the production of each good. Students will, as a group, present their ideas to the class. This ensures that all students are equally included in the discussion. Although some students may be too shy to speak out in front of the class, I can observe each student as they discuss their ideas in a group. This way, every student is contributing in some way or another, even if they are uncomfortable speaking in front of the class. Once the students have shared their ideas, as a class, make a list of resources that we have available to us in Michigan. This list will be used later in the lesson as well. These resources may include water, trees, soil, and more. At this point in the lesson, the resources named do not have to exclusively belong to Michigan, but instead, are simply available to producers.

Once the presentations and conversation comes to an end, motivate the students by explaining to them that we will be devoting a specific section of our room to items created in Michigan. Explain that to the students that all goods and services are in some way directly tied to human-environment interaction, we will each be bringing in a good produced in Michigan. Tell the students that once we can better understand the large amount of goods created in Michigan, we can begin to identify which resources were used in production.

Read the book entitled: *What Do We Pay For?* by Marilyn Salomon to the class. Discuss the ways in which goods and services are bought. Explain that using money is a form of trading. Consumers do not necessarily need to trade another good for a good or service, but often exchange money as the form of trade. Ask the students: “Have any of you ever bought anything using money? What was something that you bought recently? Those of you that raised your hands were consumers, and you traded money for a good that was created by a producer.

Suggested Lesson Discussion

Day 1:

Goods and services are created by producers, and are used to satisfy the needs and wants of people. A need is something that is necessary for survival (i.e. food, clothing, shelter). A want, on the other hand, is not something that individuals must have in order to live, but is something desirable that they wish to have. Ask the students to discuss with a partner, something that they really want. Have them further discuss the item, and determine whether or not they need it to live. I will explain that something that I really want is a new car; however, I will still be able to live without a new car. I will then explain to the students that I do need shelter to live. Especially in Michigan, where the temperatures decrease significantly, it is vital that I have a warm, dry place to live. By giving examples from my own life, the students will begin to recognize the wide variety of needs and wants, and identify their own needs and wants accordingly.

Next, show pictures to the students of different needs and wants. These pictures will include: a house, food, mp3 player, game, bicycle, and more. Students will then separate the pictures into piles as a class and I will, at this time, address any confusion or misconceptions. In Michigan, producers use resources found locally to produce goods and services for others. A good is a physical object that is obtainable, while a service is the production of an action or a process. Give examples of goods and services, and allow time for students to ask questions if they are unsure of the difference between the two. Examples of goods will be foods, toys, books, and others. I will also use pictures of firefighters, policemen, teachers, and others to show examples of service providers.

Multiple resources are necessary to create products in Michigan. These include: Capital resources, natural resources, and human resources. Revisit the poster that was introduced in the beginning of the lesson. Choose one specific good, and as a class discuss the resources necessary for production. Demonstrating the way in which all resources are intertwined for production will provide an example for the students so that they can begin drawing connections between my own examples, and their everyday lives.

[Find one object in the room that you can bring back to the rug. Turn to a partner and identify one capital resource, one human resource, and one natural resource used to produce that particular product]

As the students discuss the necessary resources with a partner, I will record conversations as I walk from group to group. By recording these discussions, I can listen again at a later time to use for an informal assessment. My students do very well when they are given time to talk through their ideas with a classmate. Therefore, by recording this process, I can allow them to be comfortable sharing ideas and better understand what they know. As students complete this task, I will require each group to share their findings with the rest of the class. Sharing will not only allow the students to feel responsible for their ideas, but also, give them the opportunity to practice speaking aloud in a safe learning environment.

Day 2:

Begin the second day of this unit by reviewing goods and services. Ask each person to define goods and services on their white board, and also include an example of each. It is important to review not only to remind students of what was discussed on the previous day, but also to introduce the terms to any students who may have been absent.

Goods and services cannot be produced without resources. Producers use available resources to create goods and services based on the needs and wants of people in society. A consumer is the person who trades for a particular good or service. Every single student is a consumer in some way. They are unable to create everything that they need and want, and therefore, they (or their parents) must take part in trade to obtain a particular good or service.

Activity: Day 1

Share information with the students about Henry Ford. Henry Ford grew up in Dearborn, Michigan and moved to Detroit in 1879 at the age of sixteen. In 1903, Henry served as the vice-president to the Ford Motor Company. In 1908, Henry Ford used his available resources to create the Model T. Hold a discussion about why he may have chosen to produce cars, and what resources he would need for class, the motor, and frame of the car.

Once the students have been introduced to the fact that Henry Ford interacted with our environment to build cars, put a picture of a car produced in Michigan under the document camera. Divide the class into three groups, and have each group assigned to a particular resource (human, capital, or natural). It is each group's task to think of the resources needed to build a car that fall within that specific group. For example, the students in the natural resources group may list water, iron, sand (for windows), and more. Once each group has exhausted their list, they will come together to discuss all of the resources needed.

Activity: Day 2

If necessary, add to the list of resources available in Michigan that was created at the beginning of the lesson. Explain to students that entrepreneurs use available resources to create new goods and services. Students will discuss, in groups of four, what types of goods and services could be created using the resources listed. Once they have generated ideas, allow them to pick one good or service and create an advertisement for their peers. After each group has invented a new good or service, the class will vote to determine which they would be the most likely to buy. This activity will motivate the students to consider their resources, create a new good or service, and they must take their audience into account to determine whether or not people will want to buy the good or service. Ultimately, the students will be able to combine all of the concepts presented throughout the lesson, and begin thinking as producers.

Summarize

Natural, human, and capital resources are all used in Michigan in order to create goods and services.

Economics is the study of producers creating goods and services to match the needs and wants of consumers.

Assessment

Students will participate in a “whip-share” for an assessment. The class will stand in a circle as I name a type of resource. They will then respond with an example of that resource. For example, I may call out “natural resources” and the students would state an example of a natural resource (water, soil, rocks, etc.). Some students may need a bit more time than others to formulate their thoughts, so, I will give all students the opportunity to brainstorm examples on their white boards before the whip-share. This will ensure that all students have a resource in mind, and can contribute to the class discussion.

Home Assignment

Students must have the opportunity to share their daily discussions with peers with their parents as well. For the first part of their assignment, students will be asked to verbally explain to a parent what the three types of resources are in Michigan, and give examples of each.

In addition to sharing, students will also be required to bring in at least one good produced in Michigan. This could be something that they bought, or was locally grown or produced. For example, a student could bring in a vegetable from their home garden, because resources of Michigan were used to produce the good. We will donate a portion of our classroom to these goods and as they are posted, and they will serve as a gentle reminder that specific goods are produced in Michigan using human, capital, and natural resources.

Letter to the Parents

Dear Parents,

Today in class, we spent a great deal of time discussing goods and services produced in Michigan. We generated examples, learned about entrepreneurs, and each student thought of a new possible good or service. The students have been asked to complete two tasks at home over the next two days. First, they will be sharing what they learned about natural, capital, and human resources in Michigan with someone in their family. In addition, they will be providing examples of each resource.

The students were also asked to bring in at least one item that was produced in Michigan. Since we are currently studying goods and services in Michigan, we would love to create a section of our room to remind us that items are produced in Michigan based on the resources available. This will serve as a visual reminder, and is supplemental to our class discussions.

Thank you so much for your assistance!

Sincerely,

Ms. Bepler

Additional Resources

"Lesson Detail." *Using Resources to Produce Goods and Services in Michigan*. Scope, n.d. Web. 28 Jan. 2010 <<http://members.scope.oakland.k12.mi.us/lessondetail.aspx?id=1480&el=54&unit=38>>.

Economics and Me

Lesson 2: Scarcity

Resources

- *Economics and Me* video (part 2, with a focus on scarcity).
- Student Journals (for recording information during our “scarcity walk”).

Children’s Literature

Adil, J. *Scarcity*. Minnesota: Capstone Press.

General Comments

At this point in our Economics Unit, the students have learned about goods, services, producers, and consumers. It is important that they learn that there is not an endless supply of goods and services, however, and that scarcity is the result of unlimited human wants and limited resources. In this lesson, students begin to realize that when goods and services are scarce, they are not always available for consumption or production.

General Purposes or Goals

To help students (1) understand that scarcity is the result of limited resources and unlimited human wants; (2) understand that when goods and services are scarce, we may not always be able to obtain that good or service; and (3) understand that scarcity affects what is consumed and produced.

Main Ideas to Develop

Goods and services become scarce when an increased need outweighs the resources available.

Resources are limited, and therefore, producers face scarcity in production.

Scarcity affects goods and services that are consumed and produced.

Teaching Tips **Starting the Lesson**

To begin the lesson, write the term “scarcity” on the easel. Ask students: “What is scarcity? Has anyone ever heard of something being scarce? How was the word used?” [Students turn to their neighbors to discuss the term, and determine whether or not they are familiar with the meaning.] “The last time we met, we learned about goods, services, producers and consumers. Can anyone tell me what these terms mean?” [Call on volunteers to share their responses] “We also discussed that resources are needed to produce goods and services. Sometimes, the need for a good or service is greater than the available resources. This situation results in scarcity.”

Read the book entitled: *Scarcity*, written by Janeen Adil, to the class at the rug. After reading the story, ask the students to write on their white boards, one item that was scarce. Explain that scarcity is the result of human wants and needs outweighing available resources. Give the following personal example to add a new element to the lesson. “When I went to the

grocery store last weekend, I was really excited because the bones that I buy for my dog were on sale. They are usually \$15.00 a bag, and on that day, they were only \$7.50. So many people wanted to buy the bones because they were on sale, and the store eventually ran out. There were not enough for everyone to buy. There was a scarcity of dog bones.” Ask the students to think of a time in which resources were scarce, and they could not obtain the good that they wanted. Draw sticks to have students share their experiences.

The term “scarce” is often used by individuals out of context. It is important to begin this lesson by identifying any misconceptions that the students may have. At this point, do not make claims that a statement is correct or incorrect, but instead, simply listen to the ways that the students have heard the words used in their daily life. These statements may provide for connections later in the lesson between the students’ lives and the concepts presented regarding scarcity.

Suggested Lesson Discussion

Yesterday, we learned about goods and services and how they are produced and consumed. What we haven’t yet discussed, is what happens when there is a need for a good or service that cannot be met. Sometimes, the need for a good or service outweighs the available resources. This affects both consumers and producers. Consumers are limited in what they can buy, and they must either wait for the good or service to become available or choose to buy something else. Producers are affected in that they can produce if resources are scarce, and many times must choose to either produce a different good or service, or not produce anything at all.

‘Have you ever wanted to buy something, but the good or service was scarce? It seems to me that there is always one item during the holidays that a lot of people want to buy and there is never enough for everyone. Have you ever experienced this? A few years ago, there was a toy on the market, ‘Tickle Me Elmo’, that seemed to have everyone worried about whether or not they would be able to buy one for their children. Many times, because there is a lack of the good or service, people are willing to pay more to obtain it. This is common in economics. The more people want to buy something, the higher the price is raised. This is the same reason that a swimming pool might cost less to buy in the winter than in the summer. In the summertime, more people want the swimming pool to help cool off, and they are willing to pay more for it. Producers realize this, and often times, charge more for an item at a different time in the year.’”

Scarcity can be long-term or short-term. Depending on available resources, it could take a few days to restock an item at the store, or it could take weeks or months to produce new crops. Scarcity is not to be confused with the term “rare.” In order for something to be rare, there is a uniqueness of that item. Scarcity relates to the amount of a good that is produced. Therefore, when the demand for an item is higher than the available resources, that good becomes scarce.

Activity

Watch the first video segment from “Econ and Me.” Divide the class into four groups of five by drawing sticks. Each group will engage in a discussion based on the following questions (one is assigned to each group). Each group will be responsible for reporting their answers back to the class.

- What things did the children have to build their clubhouse? (Wood, land, trees, five people, tools, cardboard, etc.)
- What word did Econ use to call the items that the children had? (Resources) Were any of these items scarce? (Wood and large trees)
- Since the children have to now make choices because some of the items are scarce, what do you think they will do?
- What were some of the choices that Econ showed at the end of the video? (What to do when you come home from school, what to pack in the car for vacations, etc.)

Once the students have discussed their questions, sit in a circle and have each student share their thoughts with the class. This will ensure that all students are participants in discussion. Once again, it is very important that all of my students are sharing their ideas. I will consider it appropriate to allow for one student to speak on behalf of a group, as long as every person has contributed to these ideas. I will also communicate this to the students before beginning the activity, so that they will all understand what is expected of them.

As the students share their responses, I will record all ideas on the easel. It is important that the students can visualize what topics have already been discussed, and they can also use the topics listed to springboard into a related concept. This will also help to support my ELL students, so that they can both hear and see the ideas of their classmates. At this time I will also hold a discussion with the students about scarce resources in Michigan. These resources could include a warm and tropical climate, land, soil, and more. It is important that the students realize that there is not an endless supply of resources available to producers. By understanding this concept, students will begin to think about the upcoming lesson in which opportunity cost is discussed.

Activity

Take students on a walk in and around the school. Along the way, have the students write down resources that are scarce. These can be resources that they see, or resources that they remember seeing or hearing about being scarce in the past. Once students return to the classroom, they will draw the resources that are scarce in their immediate surroundings. The students will also label their drawings, and we will devote a section of our classroom to these resources. This section of the room will serve as a constant reminder that resources are limited, and human unlimited wants and limited resources ultimately results in scarcity.

In addition to drawing and labeling these resources, discuss the results as a group. The students will sit in a circle and each share their drawings with the class. Ask the students what goods and services could be produced or consumed if these resources are scarce. Is there a second choice? This will allow students to realize that sometimes a choice must be made when resources are scarce. This idea will be developed fully in the following lesson.

Summarize

Scarcity is the result of unlimited human wants, and limited resources.

Scarcity affects what is produced and consumed.

Many resources are scarce in Michigan, which force producers and consumers to make a choice about what to produce and consume.

Assessment

Conduct a “thumbs-up, thumbs- down” assessment to determine what students know and understand regarding scarcity. All students must keep their heads down for confidentiality, and to ensure that responses are not swayed by the rest of the class. I will also record this assessment for further reflection. State the following:

- Scarcity affects only consumers. [Thumbs-down]
- Scarcity only happens in Michigan. [Thumbs-down]
- Scarcity is the result of unlimited human wants, and limited resources. [Thumbs-up]
- In the “Econ and Me” video, wood and large trees were scarce for the children that wanted to build a clubhouse. [Thumbs-up]
- Prices tend to rise when resources become scarce [Thumbs-up]

Home Assignment

The students have both watched a video and looked for scarce resources within the school community. It is important that they extend this activity in order to draw connections between the effects of scarcity and their lives at home. For a home assignment, students will walk around their neighborhood and identify two resources that are scarce. Once they are identified, they will

label and draw the resources and bring them in to school to include in the section of our classroom devoted to scarce resources.

Letter to the Parents

Dear Parents,

In class, we have been spending a lot of time discussing scarce resources, and how scarcity affects producers and consumers. For a home assignment, students have been asked to take a walk around their neighborhood to identify two resources that are scarce. The students are to draw the resources and label them accordingly. Once they have identified at least two scarce resources, they will bring the drawings back to school to add to our “Scarcity Museum.” This will serve as a constant reminder of how resources are limited, however, human wants are unlimited and the end result is scarcity. It is important that every student completes this activity, because it will serve as the base of our upcoming economics lesson.

Thank you so much for your time and help!

Sincerely,

Ms. Bepler

Additional Resources

“Economics and Me”. Econ and Me, 1989. VHS.

Play Dough Economics. New York, NY: National Council On Economic Education, 2005. Print.

Economics and Me

Lesson 3: Opportunity Cost

Resources

- Pretend money

- Pictures of various items with different prices attached

Children’s Literature

Martin, C. (2001). *Making Choices*. New York: Newbridge Educational Publishing.

General Comments

Students must become familiar with the importance of making choices and opportunity cost. In the previous lesson, they learned that resources are limited, and that sometimes consumers cannot have their first choice of a good because that particular good is scarce. Therefore, many times consumers have to trade for their second choice, and this is the opportunity cost. Ask the students: “Have you ever really wanted a good but it was sold out? What did you do? Each week in our school store, you all have to make decisions as to whether or not to buy something different or save your money if your first choice was too expensive or not available. When you make the decision to buy something else, you have an opportunity cost.” Allow students to share their experiences on the rug. Once the students can identify various opportunity costs in their lives, they will begin to discover the importance of opportunity cost with regards to economics.

General Purposes or Goals

To help students (1) understand that when buying goods and services, choices must be made; (2) understand that when producing goods and services, choices must be made; and (3) understand that opportunity cost is the second most wanted good or service when the cost is greater than what a person has.

Main Ideas to Develop

Consumers must make choices about buying goods and services based on available funds.

Producers must make choices about producing goods and services based on available resources.

An opportunity cost is what is given up when one chooses to use limited time or money in order to obtain a good or service.

Teaching Tips

Starting the Lesson

To begin the lesson, discuss the process of buying items in the classroom store. Ask the students: “Have any of you ever wanted to buy something in the classroom store, but didn’t have enough green tickets?” [Students receive green tickets throughout the week for exhibiting responsible behaviors and buy items in our classroom store with these tickets at the end of the week] “Did you decide to save up your tickets to buy the item at another time, or did you buy something that you may not have wanted as much but could afford?”

Take a poll of what choice the students decided to make. Look at the results as a class. “Did more people save their tickets, or buy the next best thing?” Those students who bought the next best thing had an opportunity cost. They had to give up their initial want to buy something different. Explain to the students that in today’s lesson, we will be talking about making choices, and how these choices affect the goods and services that we buy and produce.

Suggested Lesson Discussion

Day 1:

“Yesterday, we learned that sometimes, the goods that people want might outweigh the available resources. We learned a new term for this situation. Does anyone remember what it was?” [Scarcity] “When there is a scarcity of a good, people are forced to make choices.”

There are specific goods and services that are produced only in Michigan. Consumers may buy based on what is available to them, and producers create products based on what is available to them. An issue arises, however, when the wants of the consumer outweigh the goods available to them. This situation results in scarcity. The good or service has become scarce, because human wants were greater than the available resources. When a good or service becomes scarce, a choice must be made. An opportunity cost is the second good or service that the consumer wanted most.

Both consumers and producers have opportunity costs. For consumers, choices must be made when the wanted good or service is unattainable. Consumers must then choose the item that they wanted the second most, and this is known as their opportunity cost. For example, in our school store many people have bought other items than what they originally wanted because they could not afford the first item. The item that they bought that was not their initial choice is their opportunity cost.

Producers also have opportunity costs when deciding what goods and services to produce. A producer may want to produce a good or service, but not have the available resources necessary. The producers must then choose the second best option. This is their opportunity cost.

In our everyday lives, we all make choices. We must weigh our options and sometimes, we do not always get what we want. “What are some examples of opportunity costs in your lives?” [Students will discuss the ideas with a partner] “Let’s make a list of different opportunity costs that you have had recently.” Once we have compiled a list of examples as a class, the students can begin to draw connections between their own lives and economics. They will better understand how much their lives are effected by economics, and how often they are forced to make an opportunity cost.

I will also explain to the students that an opportunity cost could be simply not having enough time to complete an activity. In this situation, time is the scarce resource. Many of my students can relate to not having enough time to do everything that they want in a day, and I will also give the example of how stressful it is when I run out of time on an exam. It is vital that the students understand that time is a valuable resource as well, and that resources are not all physical.

Finally, read the book entitled: *Making Choices* to the students. This book not only discusses opportunity cost in great detail, but also uses kid-friendly examples that my students can relate to. The students must realize that it is not only adults with money who face opportunity costs, and that they too are affected by this economic concept.

Day 2:

“In our last meeting, we spent a lot of time talking about opportunity costs. There is not always enough resources available to produce goods that everyone wants. Therefore, this situation results in scarcity. When a good is scarce, people are often required to choose the next best thing. Their second choice is their opportunity cost. Today, you will have the opportunity to participate in a simulation. You will get to experience the desire for a good, however, you may need to choose the next best item if you cannot afford your first choice.”

Activity: Day 1

At the end of reading the book *Making Choices*, discuss the different choices that were made throughout the story. What were the opportunity costs of the people in the story? How were their lives affected by consuming or producing their second choice? Use this conversation with the students to lead into the effects of opportunity cost on our economy.

Activity: Day 2

Post pictures of goods and services throughout the room with prices attached. Allow students to walk around the room and choose one thing that they would like to buy. Students return to their seats and together, discuss that what they chose to buy was their first choice. Next, give each student a different amount of pretend money. Some students will have one hundred dollars, while others may have only ten. Other students will have anywhere in between those two

amounts. Have the students walk around the room again with their pretend money. Allow each student to buy one item of their choice based on how much money they have available to them.

Once the simulation is finished, take a poll of how many students received their first choice, and how many students had to choose something different because of monetary issues. Explain that those people who had to buy something different had an opportunity cost. They had to choose the next best thing, based on how much money they had.

Summarize

Opportunity costs effect the goods and services that producers make, and consumers can buy or trade for.

An opportunity cost is the choice that one must make when he cannot produce or buy a good or service.

Individuals must make choices when a good or service is scared. Opportunity costs are part of everyday life.

Assessment

As an informal assessment, have each student write down an example of an opportunity cost in their journals. They must then explain why this example is indeed an opportunity cost. By having the students complete this journal entry independently; it will be clear who needs additional help and who has a strong understanding of the concept. If students prove to still have misconceptions or difficulty with explanations, I will further discuss the idea in the following lesson.

Name: _____
Date _____

Today we discussed the causes and effects of opportunity costs. Please list an example of an opportunity, and explain why it would be considered an opportunity cost.

Home Assignment

For a home assignment, students will go home and discuss opportunity costs with another adult family member. They must explain what an opportunity cost is, how it effects producers and consumers, and give one example. To ensure that all students have discussed the concept with a family member, they will record one example and have it signed by that family member. This gives the students an additional opportunity to further examine opportunity cost and consider other examples that are directly connected to their lives.

Letter to the Parents

Dear Parents,

Today in class, we spent a great deal of time talking about opportunity costs. This evening, the students have been asked to sit down with an adult family member and discuss this concept. The student must explain what an opportunity cost is, how it effects producers and consumers, and give an example. In addition to discussion, the students have been asked to record their example and have it signed by an adult family member to ensure that all students can participate. If you are unable to sit down with your child, please arrange for another family member to work with them and indicate this next to the signature.

Thank you so much for your time and help!

Sincerely,

Ms. Bepler

Additional Resources

Martin, C. (2001). *Making Choices*. New York: Newbridge Educational Publishing.

Economics and Me

Lesson 4: Interdependence

Resources

- Examples of resources from other states and countries.

- Kellogg's cereal box
- Cards with services listed on each.

Children's Literature

McCoy, D. *Shipping Goods*. New York: Newbridge Educational Publishing.

General Comments

Begin by informally assessing the student's prior knowledge. Ask them: "Do people in Michigan depend on other states and countries to get the goods and services that we need and want? How?" Record student responses on the easel, and revisit them during the discussion regarding interdependence. Students may realize that we have items from other states and countries, but may not be familiar with the term specialization.

General Purposes or Goals

To help students (1) understand that people specialize in the production of a particular good or service and then trade with others; (2) understand that the more people, states, and countries interact with one another through specialization and trade, the more interdependent they become; and (3) understand that trade is important to the economy of Michigan.

Main Ideas to Develop

Individuals do not have the resources to produce everything that they need and want. Therefore, specialization and trade occurs.

Interdependence is the result of people, states, and countries specializing and trading with one another to get everything that they want and need.

Michigan is a contributor to interdependence. We trade goods with other states and countries.

Teaching Tips **Starting the Lesson**

Revisit the question of whether or not we are dependent on other states and countries for goods and services. Excite the students by saying: "I would bet that every person in this room is wearing something made somewhere other than Michigan." This will intrigue the students, and prove my point that we are all interdependent. Give students a few minutes to look at their tags and shoes, to determine whether or not my statement was applicable to them.

To introduce the term specialization, ask the students: “Since I am a teacher, am I producing a good or a service? What types of services do I provide? Do you believe that I made my own clothes and shoes?” Explain that people may produce certain types of goods and services but not others, and that this is called specialization. Discuss the importance of trade in specialization, and that many times, money is traded for a good or service.

Read the book entitled: *Shipping Goods* to the class. This book not only explains the topic of specialization in detail, but also provides a map which represents the various locations that goods are shipped to and from. The book mostly focuses on the shipping of bicycles, eggs, and computers. All of the items are used daily by many of the students in my classroom, so this will allow for a text-to-self connection to be made. Explain to the students that many states and countries specialize in one specific type of good, and they are interdependent in that they trade these goods with other states and countries that specialize in the production of other goods and services. At the end of the story, ask the students to identify one of the goods from the story, and identify where the good was produced, and where it was shipped to.

Suggested Lesson Discussion

Day 1:

Recently, we have spent a lot of time discussing goods, services, producers, and consumers. A good is tangible and can be obtained, whereas a service is an action provided to you. Producers are the individuals who create the good, and consumers are the individuals who trade for that particular good. It would be extremely difficult for one person to produce all of the goods and services that person needed and wanted. Therefore, many individuals choose to specialize and produce a specific good or service. They may only have the available resources to produce that particular good, and if another state or country does not have these available resources, they may need to trade in order to obtain that good. Once a good or service has been produced, it can be traded for money or another good or service.

Explain to the students that just as different foods are grown in different climates, other goods and services are made in varying states and countries. For example, cars were created in Michigan because of our available resources, whereas a state with a lot of farming area may specialize in growing crops. No matter what a community specializes in, it must meet the demands of society in order to be tradable.

The process of trading within communities, states, and countries is known as interdependence. The more a state or country trades with others, the more interdependent it becomes. To be dependent, means to rely on another person or group for success. If a community is interdependent, they rely on other communities for goods and services, and communities trading with them are dependent as well.

Day 2:

“As we discussed yesterday, interdependence is the process of trading within communities, states, and countries. Michigan is interdependent. It is impossible to produce every good and service within this state that people want and need. Consequently, we trade with other states and countries for the goods and services that they specialize in.” Hold up an orange. Guide the students through understanding why oranges are not produced in Michigan. Oranges need a warm, tropical climate for growth. Ask the students where the orange may have been produced. Then, explain how we have traded with Florida to obtain oranges. Other examples of interdependence include: strawberries from California, potatoes from Idaho, and wheat from Kansas. Ask students to name any additional goods or services that they use on a daily basis not produced in Michigan.

Activity: Day 1

The students and I will review the term interdependence. As a class, brainstorm ways in which people may be dependent on one another for goods and services. Discuss jobs that provide a service to the community. Refer to the example of me, as a teacher, serving the students. Address any questions or misconceptions before moving further.

Students will sit in a large circle around the room. Each student will be wearing a card with an attached string that has an occupation written on it. Some of these occupations may include: teacher, police officer, banker, dentist, grocer, fire fighter and more. The students will take on the role of the card that they receive. Beginning with one student, have them say “I am a (n) “x” and I depend on the “x” for...” Once they have identified another person who they are dependent on, they will toss a ball of yarn to that person while holding on to one end. By the time every student has been identified, a large web of yarn will be present in the middle of the circle. Take a picture of the students holding this web which represents interdependence and post it to the “Interdependence Board.”

Activity: Day 2

Bring in a Kellogg’s cereal box to class. Ask the students if they notice anything unusual about the box. If no one points it out, explain to the class that the writing on the box is Chinese. Ask the students: “Why would the writing on this box be in Chinese?” Students will begin to make the connection that in Michigan we depend on other countries for goods and services.

Discuss the reasoning behind why a person, state, or country would want to be interdependent. Allow students to draw connections between goods and services that they have that are from other countries. Ask the students to look at the labels on their shoes and shirts, and take a poll of where most of the clothing originated. Explain that Michigan, along with other

states and countries, depend on others for goods and services because we do not have the resources to create everything that everyone in our state needs and wants.

Summarize

People, states, and countries often choose to specialize in the production of a particular good and become interdependent.

Michigan is interdependent with other states and countries to provide us with the goods and services that we need and want.

Assessment

Tell the students: “Imagine a stranger walked up to you and said they heard the word “interdependence” on the news but didn’t know what it meant. How would you explain this to them? Write what you understand the word to represent, and use examples.” Students will then write down what they would tell the stranger, which in turn, allows me to assess whether or not they understand how states and countries are interdependent, and if they can apply it to their own lives through examples.

Home Assignment

Students will discuss, with their parents, the importance of interdependence in regards to Michigan’s economy. Together, students and parents will locate at least five items in their home and the state or country in which it was created. Students can take a picture or draw a picture of the item, explaining where the item was produced. They will then bring their pictures back to school so that we can begin to create a class board entitled “We are Interdependent.” This board will contain a picture from the previous activity as well, which serves as a visual aid that we are all interdependent.

Letter to the Parents

Dear Parents,

We have recently been discussing the importance of interdependence with regards to Michigan economics. The students have taken part in activities demonstrating the importance of interdependence, and acknowledging that Michigan is interdependent. In order for the students to make meaningful connections between our curriculum and their everyday lives, we felt it would be important for them to look through their homes for items that were not produced in Michigan. Students may want to draw a picture item, and label it with the place of origin. We are asking

that with your help, students will be able to bring back pictures of at least five items to post on our classroom board.

Thank you so much for your assistance!

Sincerely,

Ms. Bepler

Additional Resources

"Lesson Detail." *Specialization and Interdependence*. Scope, n.d. Web. 28 Jan. 2010.
<<http://members.scope.oakland.k12.mi.us/lessondetail.aspx?id=1480&el=54&unit=38>>.

Economics and Me

Lesson 5: Incentives

Resources

“Michibucks” (Money used to buy goods regarding Michigan)

Individual pictures of items for sale with prices.

“Cash for Clunkers” advertisement from local newspaper.

Children’s Literature

Murphy, S. (1998). *Lemonade for Sale*. New York: HarperCollins.

General Comments

Divide students into four groups of five students. Provide each group with a large piece of poster paper with the one of the following questions attached. These questions include: What are incentives? How are incentives important to what we buy and sell in Michigan? Why would

consumers and producers appreciate incentives? What are some examples of recent incentives used in Michigan? Students will generate a list of responses that they will later share in a large group discussion format.

General Purposes or Goals

To help students (1) understand the need for incentives; (2) identify various incentives used in Michigan's economy.

Main Ideas to Develop

Incentives have an influence on the economic decisions that individuals make in Michigan.

Incentives are used to get people to buy goods and services as sales decrease.

Incentives are used to get people to produce particular goods and services as production decreases.

Teaching Tips **Starting the Lesson**

To begin the lesson, hold a discussion with the students on the rug. To pre-assess the students, ask them the following questions, while recording responses on the easel: What are incentives? How are incentives important to what we buy and sell in Michigan? Why would consumers and producers appreciate incentives? What are some examples of recent incentives used in Michigan? Although I expect many students to either not know what an incentive is, or have the misconception that incentives are only ads in the newspaper, a sample answer may include: "Incentives are used by producers to get us to buy their goods and services. For example, an item may be on sale, and this is an incentive to buy because we wouldn't have to spend as much money. Incentives are important to the economy in Michigan. Since a lot of people in Michigan have lost their jobs because of car plants closing, people don't have as much money. One example of an incentive in Michigan is 'Cash for Clunkers.' A lot of people would probably not have bought new cars if the dealerships didn't have these incentives. Incentives are also important for producers. Many people cannot start a business to produce goods or services because they do not have the money to pay for costs. The government gives tax breaks to companies so that they can keep producing so the consumers have goods and services to buy. Consumers like incentives because it is like a deal. You get more for your money, so it makes you want to buy goods and services that you may not have bought if incentives were not offered.

Producers also appreciate incentives, because they either get money, or do not have to pay as much to run a business and so they do not have to shut down and lose more money.” The students will respond to the questions based on which question their group was responsible for. I will, however, extend the question to the entire class, and every student will be given the opportunity to answer every question. A few of my students are extremely shy, and had I simply held a discussion I may not have generated responses from these individuals. By having them work in groups, I can move around the room and ensure that all students are participating and comfortable within their learning environment.

Although the students have not had a formal lesson focused on the purpose of incentives, it is my hope that by beginning with these questions, I will informally pre-assess what the students know about incentives. If the students are able to define and identify incentives in Michigan, the introductory portion of my suggested lesson discussion can either be eliminated or shortened. If the students prove to have multiple misconceptions or no background knowledge of incentives in Michigan, we will begin by defining the term and making immediate connections to the students’ lives.

After the initial discussion, explain to the students that together we will be creating a board filled with examples of incentives found in Michigan. Give the following example. “Boys and girls, I told you a few days ago that even though I want a new car, I do not need one. Since local car dealerships have been having difficulty selling cars lately because of so many people losing their jobs and not having a lot of money, these dealerships have started to offer incentives. For example, many places offer \$2,000.00 if you can push, pull, or drag your car in and are willing to buy a new one. Of course, you do not get to keep this money, but instead, it is put towards your new purchase. I have considered this deal multiple times, and I am tempted to buy a car more now because I will get this extra bonus.” Motivate the students by stressing the importance of incentives, and explain how many of the items in their homes may have been bought because of incentives. Show them the board in which we will be using, and tell them that throughout the next few days, the board will ultimately remind us of the variety of incentives used in Michigan that are directly affecting our lives.

Suggested Lesson Discussion

Day 1:

As the wants of consumers decrease, producers begin to use incentives to get people to buy their goods and services. Sales (buy one get one free, 50% off, etc.), ads, and tax breaks are often used to increase sales. Incentives may also be used to get individuals to begin producing goods and services. Incentives generally increase sales in times where sales may otherwise decrease.

[Turn to a neighbor and discuss the ways in which you or your family have taken advantage of incentives. Did any families take part in the “Cash for Clunkers” sale in which an old car could

be turned in to a local car dealership? Each car turned in automatically resulted in a monetary amount used for another purchase of a car. Why would the car dealerships do this? Is it considered an incentive? Why? Explain that many of my own friends took part in this deal. Use pictures of older cars and newer cars for a visual representation.]

Many consumers appreciate incentives because they are able to save their money, or get more (goods or services) for their money while still receiving a good or a service. Incentives are often used when sales begin to decline, as a way for producers to receive money and make goods and services available for consumers.

To conclude the lesson, read the book *Lemonade for Sale*, which provides a story about children who created a lemonade stand in order to make money. Encourage the students to look for examples of incentives. What were the incentives for the consumers? What incentives did the producers have? Both are present throughout the story and by identifying these incentives, the students will be able to make additional connections between the story and incentives.

Day 2:

“In our last meeting, we read the book *Lemonade for Sale*. We read about different incentives that were given by the children running the lemonade stand. Remember that an incentive encourages consumers to buy/trade a good or service. Today, you will be reviewing opportunity costs, and learning more about incentives through a simulation.”

Activity: Day 1

At the end of reading the book *Lemonade for Sale*, require students to brainstorm the ways in which incentives played a role in the story. As a class, define the term “incentives”. Discuss how the producers and consumers used incentives in the story, and how the incentives ultimately altered the story line. What may have happened if incentives were not offered to the consumers? (They may not have bought lemonade and the producers would not make money) What may have happened if the producers were not offered incentives? (They may not have been able to produce lemonade for all of the children) This discussion will lead into the idea that incentives have a major effect on economics.

Activity: Day 2

Students work with a partner to take turns being a buyer and a seller. Provide the seller with twelve cards that contain pictures and prices of items related to Michigan. The prices on the cards range from \$7.00 to \$25.00. The buyers will then look at the cards and create a list of what they would like to buy based on needs and wants. The items at the top of the list are those that they want the most, and items towards the bottom are those they want the least.

Next, give each buyer \$15.00 in “Michibucks.” Tell the buyers that this is all the money that they have to buy the goods that they want. After a few minutes, interrupt the students and take a poll. “How many of you cannot afford to buy your first choice?” Give sellers the

opportunity to create incentives. They may want to consider “buy one get one free” deals or percentages off of prices. They must keep their profit high, however, because at the end of the simulation they will be ranked on who gained the most money. This simulation not only forces students to consider scarcity, opportunity cost, and choice, but also allows them to create incentives to support their “business.”

Once the simulation has been completed, hold a class discussion about choices, feelings (when an item could not be bought due to lack of money, or being forced as a producer to lower prices), and the importance of incentives. Collectively, the students will begin to relate all of the concepts to one another, and realize that incentives play a major role in economics.

Summarize

Incentives have a great effect on what is produced and consumed in Michigan.

Incentives are used to promote the buying and producing of goods and services.

Incentives allow goods and services to be more affordable, therefore, increasing sales and production.

Assessment

Conduct a “thumbs-up, thumbs-down” assessment with the students. Each student must put their heads down on their desks for the assessment, so that they are not influenced by others. State the following:

- An incentive is only for consumers. [Thumbs down]
- Incentives are used in Michigan, and have an effect on our economy. [Thumbs up]
- “Cash for Clunkers” is an example of an incentive. [Thumbs up]
- Incentives are only used by the government for producers. [Thumbs down]
- Ads in the local newspaper are an example of an incentive. [Thumbs up]
- In the book, *Lemonade for Sale*, the producers and the consumers were influenced by incentives. [Thumbs up]
- Incentives are only used in Michigan. [Thumbs down]

This assessment will help me to determine whether or not the students have a solid understanding of the concepts presented throughout the lesson. If the students do not get at least six out of the seven questions correct, I will revisit these ideas in the following lesson. I will also

videotape this assessment, so that I can use the data at a later time if necessary. This will help me to better understand who needs additional help with the concepts, and who has a strong understanding.

Home Assignment

Since the students have spent a great deal of time discussing incentives in class, it is vital that they can make immediate connections to their lives. Students will sit down with parents to brainstorm ways in which their own families use incentives. They may: draw pictures, use magazine pictures, find newspaper articles, collect ads in the local paper, take pictures of incentives in their own community and more. The final product will result in a list of incentives used by students and their families. As the students bring in their compiled lists and pictures/articles, create a board in the classroom to display the multiple ways in which the students take advantage of incentives within the community.

Letter to the Parents

Dear Parents,

In economics, we have currently been discussing the importance of incentives in a struggling economy. In class, we began to compile a list of incentives that we have taken part in. The students had so many wonderful examples that we then decided it would be much more beneficial to create a board in our classroom to show the ways in which incentives affect our buying choices. Over the next few days, please take time to sit down with your child and look through your magazines and local papers for ads and articles promoting incentives for buying. You may also consider simply discussing incentives that you have taken part in at some point in the past. The format is completely up to the student, and each student has been asked to bring in at least three examples for our board. This display will serve as a constant reminder of the importance of incentives in our communities, and will help the students to make meaningful connections between the terms discussed in class and their lives at home.

Thank you so much for your time and help!

Sincerely,

Ms. Bepler

Additional Resources

"Lesson Detail." *Scarcity, Choice, and Opportunity Cost*. Scope, n.d. Web. 28 Jan. 2010. <<http://members.scope.oakland.k12.mi.us/lessondetail.aspx?id=1480&el=54&unit=38>>.

Murphy, S. (1998). *Lemonade for Sale*. New York: HarperCollins.

Economics and Me

Lesson 6: The Future of Michigan Economics

Resources

Michigan “Harvest Wind Farm” photograph

Michigan “Harvest Wind Farm Inset Map”

“Michigan Wind Map”

Children’s Literature

Wind Turbines Generate Michigan Jobs Hopes. 18 July 2009 Detroit News website. <http://www.detnews.com/article/20090507/BIZ/905070406/Wind-turbines-generate-Michigan-job-hopes>

General Comments

At this point, the students have learned a great deal of information regarding economics. They are able to identify producers and consumers, understand the need for incentives, the difference between goods and services, and more. The students must now focus on economics in the future. In this lesson, students will better understand how Michigan’s economy is changing, and how we as a community will alter our production to meet the demands of society.

General Purposes or Goals

To help students (1) understand the changing economy and resources available in Michigan (2) understand the importance of the needs of the consumer when producing a new good or service.

Main Ideas to Develop

Goods and services must be altered and/or created to meet the demands of society.

Michigan uses wind power to produce energy to be used throughout the world.

Teaching Tips **Starting the Lesson**

To begin the lesson, review the importance of consumers, and how their wants and needs essentially determine what goods and services must be produced. Explain to the students that in Michigan (although it occurs everywhere), there is a shift in what is needed to be produced. In the past, Michigan has put a large focus on car production. Until recently, this was our state's major mode of production. Due to our location near the Great Lakes, Michigan has the opportunity to capitalize on wind power, and ultimately turn this natural process into energy. We may then capitalize on this opportunity, and produce energy for our machines.

It is important that students understand that this is a new technology. Although the winds have always been present, it was only within the last few years that scientists learned how to use this force to their advantage. In addition, wind power is quickly becoming a vital economic activity for Michigan. By recognizing this opportunity, Michigan may be able to take the lead in the nation for wind power technology. Our production has altered, to meet the demands of society.

Ask the students: "Have you ever heard of wind-powered energy? How could this be helpful to Michigan?" At this point I will not address any misconceptions, but rather, will be looking for answers centered on the fact that this is an opportunity to power machines in a cost-effective manner. Students will not be penalized for not knowing about wind-powered energy, however, it will serve as an informal pre-assessment to determine what students already know.

Suggested Lesson Discussion

As the wants and needs of consumers change, producers must alter their goods and services to meet the demands of others. We recently learned about the Model T, and how important it was to society in the early 1900's. Car manufacturing has since improved due to available resources and technology, and cars are produced much differently today. It is not profitable to create a good/service if there is no interest in the consumer. Therefore, it is important that producers always pay close attention to the needs and wants of the consumer.

Place the “Harvest Wind Farm” photograph and map under the document camera. Ask the following questions: “What is a wind farm? [A wind farm is a group of wind turbines used to produce electric power] Why might we have so many wind farms in Michigan? [We are located near the Great Lakes, and because of this location, and large amount of wind is present] How might a wind farm be helpful to our community?” [Michigan will be able to use this energy to power machines used for the production of goods. If students have difficulty formulating a response, allow them to discuss these ideas with a neighbor before continuing. This will ensure that all students are given the opportunity to respond to the questions.] If the students are having a difficult time answering these questions, I will begin to scaffold their thinking to help them better understand what a wind farm is. Many of my students may have never heard of a wind farm, and therefore, it may be difficult for them to understand their importance.

Next, place a copy of the “Wind Tower Power” map under the document camera. Ask the students where, on the map, the most wind is generated [near the great lakes]. “Where would be the best place for a wind farm? Why?” [Near the great lakes, because the most wind is generated there and wind is needed for the wind farms] I will then ask the students if they have ever been to the beach. “Every time that I go to the beach and stand near the water, I notice that it feels a lot windier the closer I get to the water. Has this ever happened to you? This is because the wind is much stronger above the water. This is also why we have so much wind at these wind farms in Michigan, because we are surrounded by the Great Lakes.”

As a class, read the article entitled: *Wind turbines generate Michigan Job Hopes*. Explain to the students that although many individuals lost their jobs with the closing of General Motors, many are hopeful that they will be able to gain employment through working at the wind farms. Once the students have a basic understanding of the wind turbine process, revisit the importance of interdependence and specialization, and how the concepts apply to this particular process. Discuss that our state is specializing in this fairly new process, and that in time, we may not only power our own machines, but create a business in which other companies build in Michigan where our wind farms can help generate power for their machines as well.

Activity

Begin by placing a picture of a “Harvest Wind Farm” photograph and map under the document camera. Ask the students to revisit their initial thoughts of what a wind farm is used for. Guide the students in their thinking to better understand that wind farms produce power for electricity. Next, place a copy of the “Wind Tower Power” map under the document camera. Point out to the students that many of the farms are located near a great lake. Hold a discussion with the students about why this location is important.

Once the students have an understanding of where the wind farms are located, place the “Michigan Wind Map” under the document camera. This map will show that the strongest winds occur near the great lakes. Ask the following questions in a discussion format: “How will wind farms help Michigan’s economy?” “How might our Michigan economy benefit from the desire

for wind farms and wind power?” As a class, discuss how wind farms will produce electricity and that Michigan could also produce wind turbine parts for others.

Activity

Each student will receive a copy of the article entitled: *Wind turbines generate Michigan Job Hopes*. Read the article as a class as students follow along. After reading the first two paragraphs, ask students to discuss with a partner why the MasTech company was in trouble. Once the students have identified the issue, allow them to silently read the third paragraph to determine what significant change was made [the company switched from making auto parts to wind turbine parts].

Once the change in production has been identified, read the remainder of the article aloud to the students. Ask the students: “How did the creation of wind turbines solve some of Michigan’s economic hardships?” [The factories are now used to create wind turbines, jobs were created and these factories will not only help Michigan workers, but the goods produced can be sold to other states].

Summarize

Michigan has turned its focus to wind turbines, and the production of energy.

Specialization is taking place in Michigan, to meet the demands of consumers.

The needs and wants of consumers are constantly changing, and producers must alter their goods and services to meet these needs and wants.

Assessment

Create an advertisement for a local wind farm. On the advertisement, explain why wind farms are important to Michigan’s economic future. You may draw a picture of the wind farm located near one of the great lakes, and write why the location is important as well. Construct your advertisement in whatever way you feel will get people’s attention. It is your job to inform others about wind farms and how they are shaping our economic future.

Home Assignment

For tonight’s home assignment, the students have been asked to have a discussion with at least two family members regarding Michigan’s economic future. They will begin by interviewing these people, and asking questions such as: “Do you expect Michigan’s economy to improve? Why? Do you know of any type of good or service that is currently being produced in Michigan that will help our economy? Have you ever heard of wind farms?” Once the students

have interviewed their family members, they will then introduce the concepts learned in school to promote an educational discussion for all parties involved.

Letter to the Parents

Dear Parents,

Your child has recently been learning about Michigan's economic past and future. For tonight's home assignment, the students have been asked to interview two different family members (who are older) on their opinions regarding Michigan's economic future. They will be recording these responses, and responsible for bringing the written piece back to school to share with their classmates. This interview will be followed by a discussion, in which your child will further explain to you the concepts presented in class, which in turn, will help them to review the economic ideas and make connections between home and school.

Thank you so much for your continuing support!

Ms. Bepler

Economics and Me

Lesson 7: Meeting Economic Challenges

Resources

Chart paper
Markers and crayons for group presentations

Children's Literature

Time for Kids: Kids Making Money

General Comments

In this lesson, students will not only learn more about entrepreneurs, but will have the opportunity to solve a dilemma in a group format. The students will first read about entrepreneurs and their importance to economics. It is crucial that students understand that anyone, with the appropriate resources and product, can become an entrepreneur. During my unit pre-assessment, one student said that there is nothing else to invent, and that only adults can be entrepreneurs. My goal is for my students to not only recognize the need these producers, but also, that they too can become an entrepreneur. Once we have discussed the role of an

entrepreneur, students will be divided into groups and given an economic problem specific to Michigan. Students will work together to determine a possible solution, and will present their results to the class.

General Purposes or Goals

To help students (1) understand the need for entrepreneurs in economics; (2) identify possible solutions to current economic problems.

Main Ideas to Develop

Entrepreneurs use available resources to produce new goods and services for consumers.

Entrepreneurs may solve economic problems through the production of a new good or service.

Teaching Tips **Starting the Lesson**

To begin the lesson, hold a discussion with the students on the rug. Ask the students the following questions: “What is an entrepreneur? Can anyone be an entrepreneur? Why are entrepreneurs important to our economy?” Write down responses from the students on the easel. Form this discussion so that the students are the facilitators. Allow them to respond to one another, instead of simply calling on raised hands. Ensure that the setting is not too chaotic by allowing only the person with the “talking stick” to speak. This way, all students will have an opportunity to share their opinions without being interrupted, and they can respond to one another’s comments instead of my questions alone.

At this point in the lesson, I will not correct misconceptions, but instead, simply record all responses from the students. It is my hope that the students will remember this term from a previous lesson, in which Henry Ford was introduced. We will review Henry Ford’s Model T, and discuss how this invention would classify him as an entrepreneur. At the end of the lesson, we will revisit all of the ideas listed and determine whether or not the concepts and ideas were correct.

Suggested Lesson Discussion

Day 1:

Read to the students, *Time for Kids: Kids Making Money*. Together we will identify the goods, services, producers and consumers. In addition, this story places a large emphasis on opportunity costs which will serve as both a review, and an introduction to the upcoming lesson. In this book, students will learn that although anyone can be an entrepreneur, available resources and a demand for the product are vital for success. Students must realize that they cannot simply create a product without resources or a consumer in mind. We will then discuss the importance of studying what goods and services are needed in society, and then determine how to create a product based on those needs.

Day 2:

For the second part of the lesson, students will be divided into groups and given an economic problem. Together they will list their possible resources, along with a solution. The students will lead this portion of the lesson, when they present their results to the class. This will not only allow me to determine how well students are able to present to the class, but also how well they are using resources available to produce a good or service that meets the current demand of society.

Entrepreneurs are essential to the growth of our economy. Without producers creating new, necessary goods and services, our society would be unable to progress. Anyone can become an entrepreneur with the appropriate resources, and a good that is in high demand. Ask the students: “Have you ever considered creating a new good or service? What would it be? How would it benefit society? Have you thought about the necessary resources? What would you need to create that good or service?” Hold a discussion with the students, and call on volunteers to share their answers. Explain that if the resources are available and there is a demand for the good or service, they themselves could become an entrepreneur. It is not only adults with a lot of money who create new products.

Activity: Day 1

After reading *Time for Kids: Kids Making Money*, discuss the importance of entrepreneurs in Michigan. Review the entrepreneur Henry Ford with the class. Hold a discussion with the students. Ask the following: “Why are entrepreneurs important? Can anyone be an entrepreneur? What must one consider before producing a new good or service?” It is vital that students understand that although anyone may become an entrepreneur, they must have available resources and a need for the good or service.

Activity: Day 2

Divide the students into five groups. Give each student a large piece of chart paper. Each group will be given a Michigan economic challenge. The students will then be given the

opportunity to think like entrepreneurs, and find a solution to the problem. One of the following issues will be given to each of the groups:

- “People want cars to run on something other than gasoline.”
- “Tourists want new places to visit and new things to do.”
- “Michigan has to find something to do with old factories.”
- “People who lost their jobs in car factories need jobs.”
- “Michigan has a lot of copper but it’s deep in the ground and expensive to mine.”

Once students have come up with a possible solution, they will draft their idea along with an illustration. Students will then present their dilemma and solution to the class in a presentation format.

Summarize

Entrepreneurs must use available resources to meet the demands of the consumer.

Entrepreneurs are able to address economic issues by producing new goods and services.

Assessment

The final assessment for this lesson will take part during the class presentations. Each student will be expected to share some piece of information with the rest of the class during their group presentation. This will ensure that all students have a part in the problem solving process, and that all students have an understanding of the importance of entrepreneurs. If a student refuses to participate, I will ask that student to turn in a written response to better understand what that student knows. I will also be recording the presentations, so that I may use the information presented as a formal assessment at a later time.

Home Assignment

For this home assignment, students will be encouraged to research entrepreneurs with the help of a family member. They may look online, visit the local library, watch videos, or interview someone in the local community. It is important that the students are exposed to different entrepreneurs, to better understand the variety goods and services produced. By completing this assignment with a family member, they are also encouraged to explain the concepts discussed in class while researching.

Letter to the Parents

Dear Parents,

Today in class, we learned about entrepreneurs and their importance to our economic future. For the student’s final home assignment, they have been asked to research entrepreneurs with a

family member. They may chose to look online, visit the local library, rent videos, or interview an entrepreneur that they know. Once the students have identified an entrepreneur, they will write down information to bring in and share with the class. The students will have today and the weekend to complete this assignment. It is important that the students understand that anyone can become an entrepreneur, and how crucial these producers are to the advancement of our world. If you have any questions at all, please do not hesitate to contact me.

Thank you for your time and support!

Ms. Bepler

Post-Assessment

In addition to the final assessment from the seventh lesson, I will also give the following post-assessment. I chose to construct an open-ended assessment so that I could fully understand student thinking. At the beginning of the unit, I conducted a closed-assessment which ultimately left me confused as to what the students truly understood. Therefore, by using the following post-assessment, I hope to not only look for accurate explanations, but also any underlying misconceptions that I may need to readdress.

Name: _____

Date: _____

Economics Post-Assessment

What is the difference between a good and a service? List two examples for each.

Good	Service

What is an opportunity cost? Everyone has opportunity costs whether it is because of time, money, or lack of resources. Support your definition with an example from your own life.

How does Michigan's location and resources affect what is produced in Michigan? Give one example to support your answer.

There are three different types of resources used to produce a good or service. List the three below (one in each box) and give one example for each. You may also include a picture if necessary.

Resource:	<u>Example</u>
Resource:	<u>Example</u>
Resource:	<u>Example</u>

Note:

For a supplemental activity, my students and I created a school-wide fundraiser in which they were able to use many of the concepts discussed to help organize and implement. After considering their demographic, the students decided that the best possible fundraiser for them would be a raffle, which would take place on our annual Book Bingo Night to raise money for their upcoming Big Zoo Lesson. The students created posters, advertised, decided on which businesses to contact for prize donations, and helped run the raffle. Overall, it was a wonderful way to tie a large majority of concepts discussed. They used available goods and incentives to sell tickets, to help raise money for a cause. Although this was not directly tied to my unit, it was a great way for the students to make connections between the first few lessons taught, and their own lives.

Additional Resources

Gilman, Laura Anne. *Economics (How Economics Works)*. Minneapolis: Lerner Publications, 2005. Print.

Jackson, Polly. *Econ and Me: An introduction to basic economic concepts*. Bloomington: JCEE, 1989. Print.

Play Dough Economics. New York, NY: National Council On Economic Education, 2005. Print.

"Economics Basics: Introduction." *Welcome to Investopedia.com*. N.p., n.d. Web. 23 Jan. 2010. <<http://www.investopedia.com/university/economics/>>.

"Economics - FREE powerpoints, interactive activities games, lessons - pppst.com." *Business - FREE Presentations in PowerPoint format, Free Interactives & Games for Kids*. N.p., n.d. Web. 22 Jan. 2010. <<http://business.pppst.com/economics.html>>.