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**E**  
**A**conomics  
Academy

101



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**Teacher Guide**

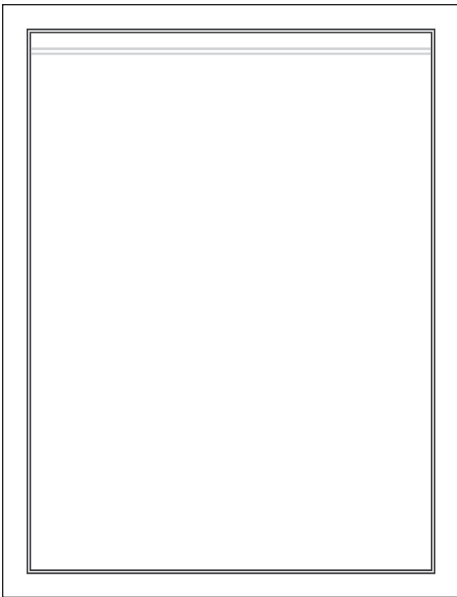
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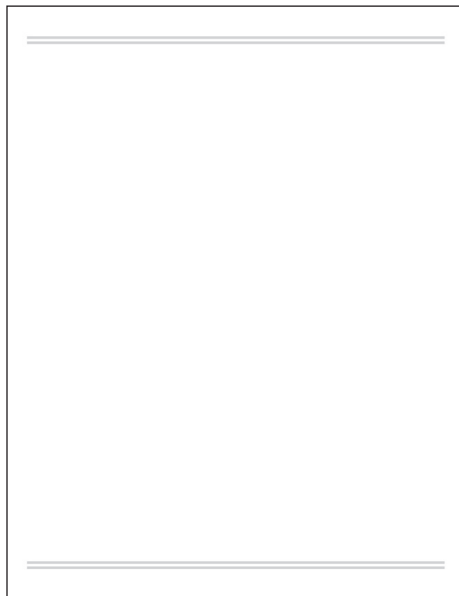
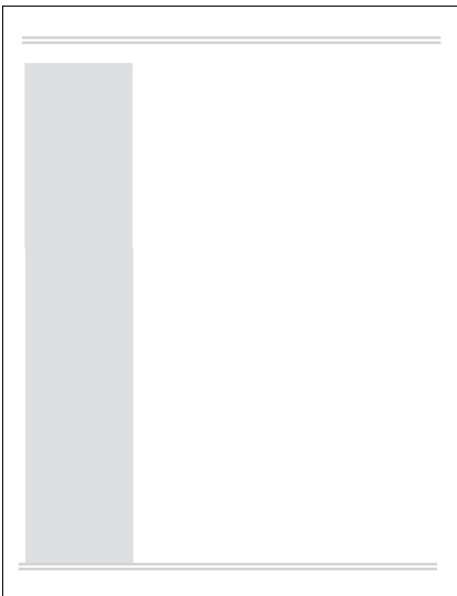
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**Resource Pages**



**Student Pages**



**Teacher Pages**

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# Introduction

## Purpose

The goal of **Economics Academy 101** is to provide videos, lesson plans and Web activities that help students, through hands-on activities, to understand both the role of economics in our society and the role it plays in the “economic” world. Students need an awareness of how they are affected by the economy and how they, in turn, affect the economy. **Economics Academy 101** is keyed to state social studies standards for Grades 4 through 8.

## Why Study Economics

“Economics deals with society’s fundamental problems; it concerns everyone and belongs to all. It is the main and proper study of every citizen.”... “The common man is the sovereign consumer whose buying or abstention from buying ultimately determines what should be produced and in what quantity and quality.”

Ludwig von Mises (1881-1973)

We are the common man! We are the consumer! We are “every citizen!” But WHY should we study economics? Economics helps us to understand the use of our resources – natural resources, human resources and capital resources – to help people acquire the things they need and want.

Economics helps us understand how goods and services are provided and acquired (supply and demand). Economics helps us to understand the important concept of scarcity. Scarcity is not having sufficient resources to produce enough to fulfill unlimited things and services that we want.

Economics is both “the science that deals with the production, distribution and consumption of goods and services, or the material welfare of humankind” (**dictionary.com**) and financial considerations that we make individually and collectively. The focus of this project is to look at both aspects of economics in general (scarcity, production, consumption, distribution and the market economy) and to view economics with a historical perspective.

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# Agencies

## National Center for Economics Education

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New York, NY 10036  
Phone: (212) 730-7007 or 1-800-338-1192  
Fax: (212) 730-1793  
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## Center for Economic Education

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# Contents of the Economics Package

## The Videos

**Economics** follows a day in the life of Kyle Cashaway (K.C.) as he discovers how his life is impacted by economics.

- **Video 1:** K.C. is your average teenager who wakes up one morning to discover that everybody wants the same video game. There aren't enough of them, so the price goes up and this causes K.C. some problems.
- **Video 2:** In his effort to make enough money to buy his video game, K.C. becomes part of the Junior Commerce Company and creates a product to sell.
- **Video 3:** K.C. learns about some rules that govern the making and selling of the product made by the Junior Commerce Company and that there are laws and guidelines that govern all industries.
- **Video 4:** K.C. learns that his company operates like major companies around the world. The productive resources, the resources available and other factors affect his ability to produce his product.
- **Video 5:** In class, K.C. finds out that economics must be placed in a historical context, so the early beginnings of our nation and its economic history are discussed.

## The Teacher Guide

There are three distinct parts of the teacher guide:

First are resource materials that can be used by the teacher if more information is needed on a topic. They also may be distributed to the students to increase their breadth of knowledge.

Next are introductory activities that include The International Trade Game, which simulates many economic concepts.

Following the activities are lesson plans for each of the video segments.

- **Video 1** includes lesson plans on supply and demand, competition and an introduction to interdependence.
- **Video 2** looks at productive resources, scarcity, producers and consumers and fundamental economic questions.
- **Video 3** contains lessons on the availability of resources, imports and exports, trade and interdependence.
- **Video 4** covers government regulations, tariffs and globalization.
- **Video 5** compares a franchise to mercantilism, looks at Triangular Trade and examines the effect of economics on the Articles of Confederation.

## The Web

Resource pages and lesson plans for the teacher guide are available at [www.WesternReservePublicMedia.org/economics](http://www.WesternReservePublicMedia.org/economics). Student worksheets and video on demand are also available.

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**E**  
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101



**the basics**







# The Economic Way of Thinking

**E**conomics is both “the science that deals with the production, distribution, and consumption of goods and services, or the material welfare of humankind” ([dictionary.com](http://dictionary.com)). It also involves financial considerations that we make individually and collectively. The focus of this project is to look at both aspects of economics in general and to view economics with a historical perspective.

**So what does economics have to do with us? The answer is “everything.” Following are some examples of how economics affects us.**

The National Council on Economic Education offers the following information about the economic way of thinking.

1. Resources are limited.

**a. Time** is limited. You want to play football and soccer. They both practice after school. You have to make a choice because “time is limited.”

**b. Space** is limited. You want to have a swimming pool and a tennis court in your backyard. You only have room for one. You have to make a choice because “space is limited.”

**c. Money** is limited. You have \$25. You want to buy a sweater, a new game and a pair of jeans. Each costs \$25. You have to make a choice because “money is limited.”

2. People cannot have everything that they want.

3. People must make a choice.

4. Every choice has a consequence.

a. You have the choice to do your math homework, practice piano or watch your favorite show. If you choose to do your homework, the consequence is that you give up your second choice. What you don’t choose is called the **opportunity cost**. It’s the next-best or second-best alternative. Time is limited.

b. Your mom gave you money to buy something for your room. You can get a desk to help you study, a bookshelf to hold your books and PlayStation or a double bed so that you can sleep better. You only have room for one more item. Decide how you would rank these choices – first, second or third. The opportunity cost is what you don’t choose. It’s the next-best alternative. Space is limited.

c. You go to the fair. You can buy a hot dog and fries, a stuffed animal for your friend or a ride on the roller coaster. You don’t have enough money for all three. The opportunity cost is what you don’t choose. It’s the next-best alternative. Money is limited.

5. People respond to incentives.

a. An incentive is something that causes you to give a greater effort or to do some action. A paycheck is an incentive that causes you to babysit or cut the grass. Getting an “A” on your report card is an incentive to study.

Source: Used with permission. **Financial Fitness for Life: Shaping Up Your Financial Future**, copyright ©2001, National Council on Economic Education, New York, NY. All rights reserved. For more information visit [www.ncee.net](http://www.ncee.net) or call 1-800-338-1192.

# Scarcity — Supply and Demand

“The first lesson of economics is **scarcity**: There is never enough of anything to satisfy all those who want it.” — Thomas Sowell

The Cleveland Cavaliers are charging \$4 for a LeBron James bobblehead doll. They have 300 dolls in the store. Unfortunately, you are the 301st person who wants to buy one. Sorry — no bobblehead for you! The **supply** of bobblehead dolls at \$4 is gone. The demand for the dolls was greater than the supply at this price. If 275 people want the dolls, then the **demand** is 275. If 325 people want the dolls then there is a demand of 325.

**Supply** is the amount of a good or service that firms are willing and able to provide at various prices in a given time period. Demand is the amount of a good or service that buyers are willing and able to purchase at various prices in a given time period. Put the two together and you get the concept of “supply and demand.” **Scarcity** is the lack of sufficient resources to produce all the goods and services that people desire. There is a shortage of bobblehead dolls. This is a core concept of economics.

We have three types of resources — **natural resources** (land), which include minerals, water, trees, etc.; **human resources**, which are the mental and physical efforts of people; and **capital resources**, which include man-made items used in production. Each of these resources is limited.

There is an important relationship between supply and demand and the scarcity that is shown in the price of an item. Let’s look at Ohio State football tickets. The stadium holds up to 110,000 people. Tickets sell for \$60 at the box office, but generally there are none available to the general public. Some games are so popular that owners of tickets are often willing to sell them. You may find these tickets in newspaper ads or online. What will happen is that those who want tickets will bid up the price in order to get the seats. In some cases, tickets may sell for \$1,000. As there are more consumers who want the tickets than there are tickets, the demand will keep pushing up the price.

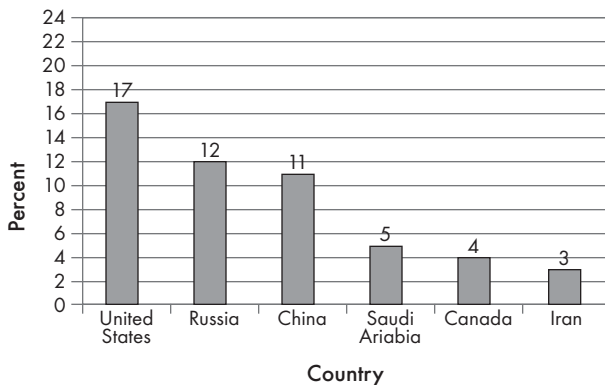
The reverse is also true. Back to LeBron. He introduced a new type of tennis shoe that everyone wanted (demand), so the stores stocked up. After a time, Shaquille O’Neal introduced new tennis shoes and LeBron’s were not as popular. Stores tried to sell their stock of LeBron’s shoes by reducing the price. **Prices will go down when the demand decreases**. When you sell something at less than what it cost to produce it, this is called a loss.

Any time an item is not freely available, it is considered **scarce**. People’s wants are unlimited. We want many, many things. However, the natural, human and capital resources required to provide those wants is limited.

# Producers and Consumers — Student Handout

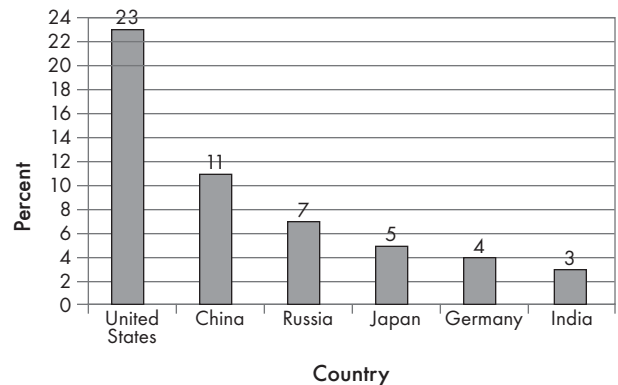
**M**uch has been said about energy use over the last few years. The graph below is part of a study done in 2003 by the U.S. Department of Energy.

### Top Energy Producers



**Producers** are people who make goods or provide services. Energy is considered a good because it is made and delivered using the productive resources.

### Top Energy Consumers



**Consumers** are people who buy or use goods or services.

## What do the graphs show?

The United States produces 17 percent of the energy, but uses 23 percent. What does this say about the demand for energy in the United States?

The United States has 4.5 percent of the world population, but uses 23 percent of the energy. Why might this occur?

It is important to note that the United States is a major manufacturer of goods to the world market.

# Productive Resources — Student Handout

**A**dam Smith (born in 1723) was the first person to study the historical development of industry and trade. His work created the study of economics and developed the concepts of the productive resources. To learn more about the interesting life of Adam Smith, go to [www.blupete.com/Literature/Biographies/Philosophy/Smith.htm](http://www.blupete.com/Literature/Biographies/Philosophy/Smith.htm). Let's take a look at these factors.

**Productive Resources** are the resources used to make goods and services (i.e., natural resources, human resources and capital goods).

1. **Natural Resources** are the resources supplied by nature. They include ores, trees, land and the other things nature provides.
2. **Human Resources** consists of the talents and skills of human beings that contribute to the production of goods and services.
3. **Capital Goods** consists of human-made materials needed to produce goods and services. Capital goods include buildings, machinery, equipment and tools.

Some experts say that there is a fourth factor:

4. **Enterprise** — entrepreneurial ability. **Entrepreneurs** are people who organize other productive resources to make goods and services. It often is said that a business will succeed or fail relative to the ability of the person or entrepreneur involved in it. This individual assumes risk for the business. They may or may not be paid for their efforts.

Now that you know these terms, let's see if we can use them to solve sort these factors.

At the top of a paper write **Natural Resources**, **Human Resources** and **Capital Goods**. Place these items under the correct heading.

- |                  |                  |                  |
|------------------|------------------|------------------|
| • Delivery Truck | • Bushel of corn | • Doctor         |
| • Teacher        | • River          | • Bulldozer      |
| • Factory        | • Hair stylist   | • Tractor        |
| • Tree           | • Gold           | • Farmer         |
| • ATM machine    | • Barrel of oil  | • Factory worker |

Do we all agree on the placement of these items? Let's consider some other questions about productive resources.

- Are the factors interdependent? (In other words, do the factors affect one another?)
- Land is considered a "passive" factor. Why?
- How do capital and labor differ from land?

# Productive Resources — Answer Key

## Natural Resources

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Tree  
Bushel of corn  
River  
Gold  
Barrel of oil

## Human Resources

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Teacher  
Hair stylist  
Doctor  
Farmer  
Factory worker

## Capital Goods

---

Delivery truck  
Factory  
ATM machine  
Bulldozer  
Tractor

# Economic Systems

“An economic system is the structural framework in which households, businesses and governments undertake the production and consumption decisions that allocate limited resources to satisfy unlimited wants and needs.”

Source: [www.amosweb.com](http://www.amosweb.com)

When dealing with economics, the following three questions need to be answered:

- **What** should be produced?
- **How** should it be produced?
- **Who** gets to produce it?

Different nations answer these questions differently based on their economic system. There are often ideologies and political structures that determine the economic system that a nation uses. There are four general categories of markets: traditional economies, command (centralized) economies, market (decentralized) economies and mixed economies. Let's look at some of these systems.

- **Traditional economy** is an economic system within which decisions are based on customs, beliefs, religion, habit, etc. Such a system is generally characterized by simple production methods and limited exchange.
- **A command economy or centrally planned economy** is an economic system within which decisions are made largely by an authority, such as a monarch or government planning agency.
  - A **socialist economy** refers to a system where the government makes production decisions.
  - A **planned economy** is one where the state controls the decisions as to what will be produced.
- A **market economy**, also known as a **free market economy**, is an economic system that has the following characteristics: private ownership of goods and the productive resources, freedom of individuals to make economic choices, the use of prices to allocate resources and a limited economic role for government.
  - A **capitalist economy** has entrepreneurs or business men and women who bring together the productive resources to make and distribute goods and services. The motive is often money.
- A **mixed economy** is a mix of systems that includes both private and state-owned enterprises.

# Monopolies and Competitive Markets



**monopoly** is where there is only one provider of a product or service. There is no **competition** or no close substitute for the good or service.

A **market economy** is one in which economic decisions and the pricing of goods and services are guided by how much people buy and sell. There is little government intervention or central planning. **Competitive** markets affect both buyers and sellers. Competition among sellers means lower prices for the consumer. Competition among buyers means higher prices for the consumer.

## Let's look at the history of our telephone service.

*"The history of AT&T is in large measure the history of the telephone in the United States. AT&T's roots stretch back to 1875, with founder Alexander Graham Bell's invention of the telephone. During the 19th century, AT&T became the parent company of the Bell System, the American telephone **monopoly**. The Bell System provided what was by all accounts the best telephone service in the world. The system broke up into eight companies in 1984 by agreement between AT&T and the U.S. Department of Justice." Source: [www.att.com/history](http://www.att.com/history)*

This break-up occurred by law to end the monopoly held by AT&T and to allow a competitive market in the phone industry. What happened? You know! Competition for your dollars brought about incredible changes in the industry. Today there are many service providers. Sprint, Verizon and many more offer a variety of plans and features. Do you think that there would have been as much innovation in phone service if there had remained one provider?

Let's look at a few competitive markets that affect our lives. Athletic shoes, cereals and collectibles (such as Beanie Babies or baseball cards) are examples of competitive markets.

- What affects your decision on what to buy?
- What is the opportunity cost when you make a decision?
- How are prices affected by having a choice of products?
- What would determine the price that a business would charge for its goods or services?
- What role does scarcity play in the price of items? (Think about Ohio State football tickets!)

# Tariffs, Free Trade and Buying American in the 21st Century

**I**n the United States, the popular slogan “Buy American” is a way of reminding citizens that buying products made in America will benefit American workers and American companies. But a government has a way of helping this cause by placing tariffs on imports. **A tariff is a tax on imported goods.** A country places these taxes on products that are brought into the country from other countries. One of the reasons they do this is to protect the country’s companies that manufacture the same goods.

For example, look at automobiles. At one time, Japanese car companies were faced with a tariff that made their cars more expensive to sell in America. Someone interested in purchasing a Japanese car would see that a similar American car would be cheaper in price. The tariff protected American car companies then, because many car buyers chose the cheaper American car. So the profits were made by an American company that was paying American workers.

But Japanese car manufacturers were willing to reduce their prices so low that the tariff didn’t make a difference in the price between a Japanese and an American car. Many car buyers felt that Japanese cars offered higher quality and if the prices were fairly equal, they might choose to buy Japanese cars. The Japanese companies would make their profits by selling more cars and hoping that car buyers would continue to buy their cars years later.

Today many countries enter into agreements with surrounding nations to create **free trade agreements** or **free trade zones** where tariffs are not placed on goods between those countries. The purpose is to allow more products to reach buyers and grow the wealth of all the nations involved. An example of this is called NAFTA (North America Free Trade Agreement). It allows for products made in Mexico and Canada to be sold in the United States without any tariff placed on them (and for U.S. products to be sold tariff-free in Mexico and Canada).



# Economic Institutions

**E**conomic institutions such as banks evolved to help people meet their goals. Think about when you were young. You wanted that certain baseball card that your friend had. He said it was yours if you gave him two of your cards. You traded or bartered to meet the goal of getting the card you wanted.

Surprisingly, this is how economic institutions began. The New York Stock Exchange (where billions of dollars are exchanged every day) “started out as a dirt path in front of Trinity Church in East Manhattan 200 years ago. At that time, there was no paper money changing hands, or even the idea of stocks. Rather, they traded silver for papers, saying they owned shares in cargo that was coming in on ships every day. The trade flourished.”

Source: <http://library.thinkquest.org/3088>

Let’s look at a few of these institutions that have had an effect on our economic system.

## Banks

Banks are economic institutions that allow people to save money and earn interest on it, or to borrow money and pay the bank interest on the money they are using. Alexander Hamilton, secretary of the treasury, instituted the first central bank in 1791 through a Congressional charter. In 1832, states took over the banking business. They were required to have enough gold or silver on hand to pay a note issued by the bank. By 1860, there were over 10,000 different kinds of notes. Counterfeiting was common. It was impossible to tell which notes were real, so many banks failed.

There was an outcry for uniform money that could be used anywhere. This brought about the National Currency Act of 1863 and the National Bank Act of 1864. This brought a centrally controlled monetary system, which works well.

**The Federal Reserve System** is the central bank of the United States. Its main office is in Washington, but there are 12 regional offices around the country. Its main duties are to regulate banking and to maintain stability in the banking system. President Woodrow Wilson signed the Federal Reserve Act in 1913 after much debate in Congress.

“During the American Revolution, the Colonial Government needed money to fund its wartime operations. One way they did this was by selling bonds. Bonds are pieces of paper a person buys for a set price, knowing that after a certain period of time, they can exchange their bonds for a profit. Along with bonds, the first of the nation’s banks started to sell parts or shares of their own companies to people in order to raise money. In essence they sold off part of the company to whomever wanted to buy it, which is the essence of the modern-day stock market.” Source: <http://library.thinkquest.org/3088>

## Stock Market

Stocks are shares in a business that people can buy or sell. People invest in stocks and make other investments to stay ahead of inflation and to reach financial goals.

## Inflation

Inflation is the general rise in prices. This means that \$50 today may buy fewer things than the same \$50 could buy five year ago.

## Legal System

A big step in making the economic system run smoothly was the making of legislation that assured people that they could make investments in property or business and they would get the rewards of the use of that money. The legal system passed laws that guaranteed that contracts would be honored and corporations could engage in business transactions with the support of the legal system.

## Labor Unions

The labor unions began as a reaction to poor working conditions. The factory system became more and more important after the Civil War. Long hours of work and low wages caused workers to band together to improve conditions.

# Business in the Market Economy

**A** **market economy** is one in which economic decisions and the **pricing** of goods and services are guided by how much people buy and sell. There is little government intervention or central planning. **Competitive markets** affect both buyers and sellers. Competition among sellers means lower prices for the consumer. Competition among buyers means higher prices for the consumer. The market economy thrives in the United States. Millions of independent consumers and businesses are answering these questions: What should be produced? How should it be produced? Who gets what is produced?

There are three types of business models.

- A **sole proprietorship** has one entrepreneur who controls the business, gets the profits and assumes any losses that the business makes.
- **Partnerships** have two or more owners. Profits and losses are shared among the partners.
- **Corporations** are large companies chartered and regulated by the government and owned by stockholders. People buy and sell shares of the company. The price of these shares changes as people buy and sell their stock. Some companies pay **dividends** or money to the shareholders, usually on a quarterly basis. To learn more about the stock market, go to <http://wneo.org/LessonActivities/stockmarket/default.htm> for a tutorial, activities and a stock market simulation for student use.

**Entrepreneurs** are the backbone of the market economy. The goal of the entrepreneur is to meet the needs of the consumer and to make a profit in doing so.

Other names for the market economy include **price system**, **capitalism**, **laissez-faire** (or hands-off) and **free enterprise**. It is important to know that in this system, prices in the marketplace depend on the balance between consumer desires and financial incentives for producers.

# Government's Role in Economics

**B**ecause the United States has a **market economy**, consumers and producers make many decisions about what goods are manufactured and what services are available. The government does, however, have a powerful effect on the economy in four areas.

1. **Stabilization and Growth** – The federal government “guides the overall pace of economic activity,” according to the U.S. Department of State. The government attempts to have a steady growth of the economy by keeping a high level of employment and price stability. The government can cut taxes which, in turn, increases spending. The goal is to keep the inflation rate, or the increase in overall prices, low.
2. **Regulation and Control** – The federal government regulates businesses directly and indirectly. Directly, the government can regulate monopolies. For example, regulations have been put on utility companies to keep the companies from raising prices to achieve unreasonable profits for the companies. Antitrust laws prohibit mergers that would limit competition. The government has control over private companies to make sure that public health and safety are maintained. There is a fine line between government control and individual freedom.
3. **Direct Services and Direct Assistance** – Some examples of **direct services** from the federal government include national defense, research on new products and programs to provide workplace skills. State governments are responsible for highways and support of public schools. Local government services include police and fire and support of schools.  
  
Some examples of **direct assistance** include low-cost loans to businesses, Social Security (which is a tax on employers and employees to support retirement benefits for older Americans), Medicaid for low-income families, food stamps and welfare programs.
4. **Equal Opportunities** – The federal government has introduced many anti-poverty efforts. The government sets a minimum amount of income necessary for basic subsistence and provides help for those who fall below this level.  
  
The market economy does not, however, ensure equal goods and services for all. Wages paid, education, entrepreneurship, creativity, etc., all play a part in a person’s ability to earn an income. Despite the general prosperity of Americans, there are still significant portions of the population that are considered to be “living in poverty.”

Source: Department of State at <http://usinfo.state.gov>

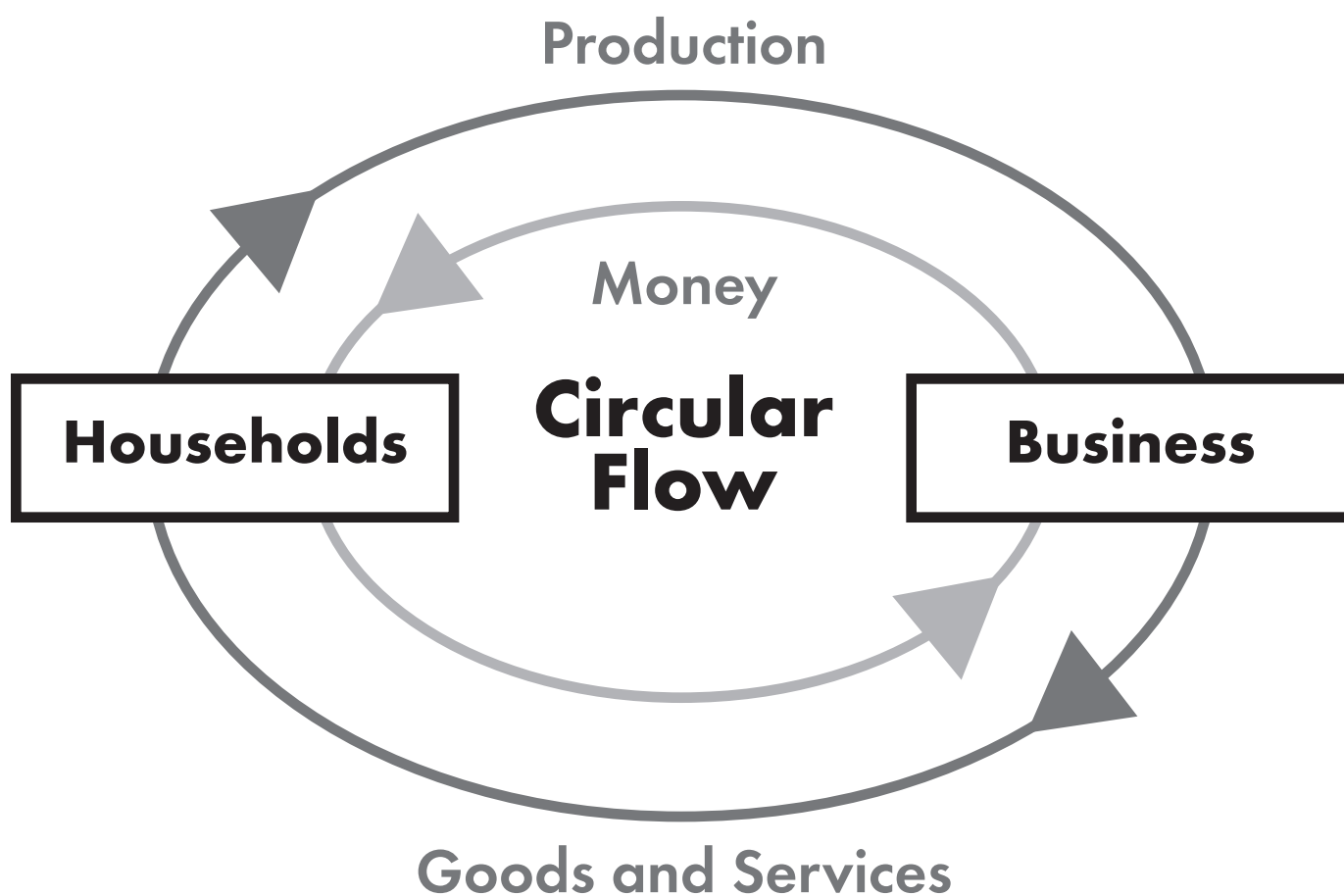
## The Circular Flow of Economy

The **circular flow of income**, or simply the **circular flow**, describes how a market economy works. A market economy is one in which individuals influence directly what is produced, marketed and consumed. Individuals do this by spending money on what they want. This then directs producers to produce goods and services that individuals will consume. The amount of goods and services that are made available is related to the laws of supply and demand.

*Source: Encyclopedia of Business and Finance*

The two main pieces that make up this model are **business** (producers) and **households** (consumers). Businesses purchase resources used to produce goods or services and sell them to the households. Households provide labor in exchange for income and with that money purchase the goods and services created by business.

The **resource market** includes the capital, entrepreneurs, land (natural resources) and labor (human resources) required by producers. The products market includes the goods and services required to satisfy the wants and needs of the consumers.



## Economic Causes of the Civil War

The common belief is that the Civil War was caused by moral indignation over the issue of slavery. While it is true that there was a concern over the oppression of human beings, it is only partially true that this caused the Civil War. A major cause of the war was economic in nature. Following are some factors that played a part in causing the Civil War.

- In 1798, the Federalist-controlled Congress passed a series of laws called the **Alien and Sedition Acts** which, on the surface, were designed to control the activities of foreigners in the United States during a time when war was looming. Beneath the surface, however, the real intent of these laws was to destroy Jeffersonian Republicanism that promoted an agrarian or farming society. Ninety-two percent of the nation's industrial resources were located in the North.
- Concern for states' rights and thoughts of secession were not exclusive to the South. As early as December 1814, a gathering of New England Federalists met in Hartford, Conn., to call for states' rights. They drafted the **Hartford Convention**. The Constitutional amendments that were proposed reflected the delegates' hostility toward the South and West, as the previous War of 1812 was very unpopular in commercial New England.
- The Southern states had lost control of the House of Representatives because the population growth of these states was slower than the growth of the Northern states. The North had a population of 22 million. The South had a population of 9 million, of which 3.5 million were slaves. New territories in the North also gave an advantage to free states in the Senate.
- Missouri asked to enter the Union as a slave state in 1819. A bitter debate arose that was not resolved until the following year when Maine requested entry as a free state. Senator Jesse B. Thomas offered an amendment that produced the Missouri Compromise.
- The **Missouri Compromise** is the result of a battle in Congress to have an equal number of slave and free states. It brought about a power struggle to get control of Congress.
- Missouri was admitted as a slave state (1821) after Maine was admitted as a free state in 1820.
- From the beginning of the Union, individual states had conflicts with the federal government. Generally these were economic or philosophical in nature, where either the North or the South thought that the federal government was giving preference to the other side. **The Tariff of 1828** was an example of this.
- The Northern states wanted Andrew Jackson to win the presidency in 1828 over the current president, John Quincy Adams. Democrats, including Southern Democrats, devised a scheme to discredit the Adams administration by drastically raising the tariff rates. The plan backfired and Congress passed the bill. The Tariff of 1828 was also called the "Tariff of Abomination" and was widely protested in the South.
- The **Kentucky and Virginia Resolutions** attacked the Federalists' interpretation of the Constitution, which extended the powers of the federal government over the states. The resolutions declared that the U.S. Constitution only established an agreement between the central government and the states, and that the federal government had no right to exercise powers not specifically delegated to it. Should the federal government assume such powers, its acts under them would be void. It was the right of the states to decide as to the constitutionality of such acts.
- The South saw tariffs imposed by the national government on foreign imports not for general revenue purposes but to help domestic manufacturing industries located mainly in the North. At the same time, there were depressed cotton prices and a reduced demand for raw goods from the South.

# Economics Glossary

**Advertising:** To announce or praise (a product, service, etc.) in some public medium of communication in order to induce people to buy or use it.

**Appreciation:** An increase in the value of an asset.

**Assets:** Items of ownership convertible into cash; total resources of a person or business.

**Average cost:** The amount spent on producing each unit of output. The average cost is calculated by dividing the total cost by the output.

**Balance of trade:** The difference between the value of exports and imports. Calculated as the value of exports minus the value of imports.

**Balanced budget:** The situation where income matches expenditure.

**Barriers:** This generally refers to factors inhibiting the free movement of resources to trade, e.g. restrictive laws relating to the movement of goods, capital and labor between countries or regions.

**Barter:** The direct exchange of goods and services without the use of money.

**Capital:** Human-made goods that are used to produce other goods.

**Chain of distribution:** The link between raw material suppliers, manufacturers, wholesalers and retailers.

**Chain of production:** The different stages of making, distributing and selling a good or service.

**Competition:** Efforts among companies to win more business.

**Competition-based pricing:** When prices are determined by what your competitors are doing or plan to do.

**Consumer:** One who buys and/or uses goods and services.

**Consumer goods:** Items used by households.

**Consumer loyalty:** Attachment by consumers to particular goods and services.

**Copyright:** The sole legal right to sell a good, usually literary, musical or artistic work.

**Cost of production:** Total costs. Costs are made up of fixed costs and variable costs including land, labor and capital resources.

**Demand:** The amount of a good or service that buyers are willing and able to purchase at various prices in a given time period.

**Demographics:** The study of trends in population.

**Deregulation:** The removal of controls on a particular market aimed at improving the economic efficiency of that market.

**Division of labor:** The separation of the total work required to produce a good or service into individual interrelated tasks, so that each worker can become more skilled at a particular job. The use of a division of labor results in increased efficiency and productivity.

**Economic growth:** Typically, an increase in a country's output of goods and services.

**Embargo:** A ban placed on the export or import of a certain good or on trade with a particular country or countries.

**Entrepreneur:** A person who organizes and manages any enterprise, especially a business, usually with considerable initiative and risk.

**Equity:** The monetary value of a property or business beyond any amounts owed on it in mortgages, claims, liens, etc., or shares of stock in a company.

**Excess demand:** Consumers want to buy more than producers are prepared to sell at a certain price.

**Excess supply:** Producers are prepared to sell more than consumers are willing to buy at a certain price.

**Exports:** Goods, services and capital assets sold to other countries.

**Factor costs:** The value of output measured in terms of the cost of the productive resources used to produce it.

**Free enterprise system:** People can own and run their own business.

**Free trade:** Trade or commerce carried on without such restrictions as import duties, export bounties, domestic production subsidies, trade quotas or import licenses.

**Globalization:** The trend of money and businesses to move beyond their own markets to other markets around the globe.

**Goods:** Objects that are capable of satisfying human wants.

**Human capital:** The accumulated skill, knowledge and expertise of workers.

**Imports:** Goods, services and capital assets purchased from other countries.

**Income:** Payments received by households, businesses and governments in a given time period that may be spent or saved.

**Inflation:** An upward movement in the general level of prices that results in a reduction in the amount of goods and services that can be purchased with a given amount of money.

**Interdependent:** Each country needs the other countries to meet the needs and wants of its people.

**Interest:** A charge for a loan that is usually a percentage of the amount loaned, or the amount paid to an individual or business for money deposited in a bank.

**Labor Force:** Those who are employed or are available for work.

**Land:** All natural resources (minerals and other raw materials).

**Manufacturing:** Making large amounts of goods.

**Market:** Exchange of goods, services and resources between buyers and sellers.

**Market economy:** An economic system that has the following characteristics: private ownership of goods and the productive resources, freedom of individuals to make economic choices, the use of prices to allocate resources and a limited economic role for government.

**Mercantilism:** The theory and system of political economy prevailing in Europe after the decline of feudalism, based on national policies of accumulating bullion, establishing colonies and a merchant marine, and developing industry

and mining to attain a favorable balance of trade.

**Open economy:** An economy that engages in international trade.

**Opportunity cost:** The second-best choice when you make a decision; what you could have gotten if you made a different choice.

**Output:** The goods and services produced as a result of economic activity.

**Ownership:** The people or institutions that legally possess an item.

**Prices:** The amount of money for which goods and services are bought and sold.

**Producer:** The makers of goods using productive resources.

**Production:** The output of goods and services.

**Productive Resources:** The resources used to make goods and services (i.e., natural resources, human resources and capital goods).

1. **Natural Resources** – The resources supplied by nature. They include ores, trees, land and the other things nature provides.
2. **Human Resources** – The talents and skills of human beings that contribute to the production of goods and services.
3. **Capital Goods** – Human-made materials needed to produce goods and services. Capital goods include buildings, machinery, equipment and tools.

**Profits:** The total revenue received by a business firm minus its total cost of production.

**Property rights:** The conditions of ownership, including the rights and restrictions regarding use, ownership and sale.

**Revenue:** The money received from the sale of output.

**Resources:** Inputs used in the production of goods and services.

**Sales:** The amount of goods sold in a given period of time.

**Satisfaction:** Pleasure derived from consuming a good.

**Savings:** That part of disposable income not spent on goods and services.

**Scarcity:** The concept of many individuals desiring something of limited availability. Scarcity implies that not all of society's goals can be attained at the same time, so trade-offs of one good against others (opportunity cost) are made.

**Specialization:** Producing only a few products instead of many different products.

**Stocks:** Raw materials, work in progress and unsold consumer goods, or shares in a company that are available for sale.

**Stock Exchange (Stock Market):** A market for the sale and purchase of second-hand shares and securities.

**Supply:** The amount of an item produced for sale.

**Tariffs:** Taxes generally on goods imported or exported.

**Unit cost:** Total cost divided by output.

**Variables:** Economic items that change and take different values.

**Wages:** A payment for labor.

**Wealth:** A stock of all those assets capable of earning an income. Wealth can be human or material.

**Work:** The use of mental or physical effort to produce a good or service.

**World Bank:** The bank aims to encourage capital investment for reconstruction and development in member countries.

**World Trade Organization (WTO):** The only international organization dealing with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible.



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**E**conomics  
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# Vocabulary Review: Economic Concentration and Tic-Tac-Toe



## Overview

Economic terms will be reviewed and reinforced as students work in groups to play card games using terms and definitions. The Vocabulary Review Sheet could be used as a study guide before the lesson.



## Outcome

Student will understand basic economics vocabulary words.

## Standards Addressed

### Grade 4

#### **Social Studies – Economics, Benchmark A**

01. Identify the productive resources needed to produce a good or service and suggest opportunity costs for the resources involved.

#### **Social Studies – Economics, Benchmark B**

03. Explain how entrepreneurs organize productive resources to produce goods and services and that they seek to make profits by taking risks.

## Materials for Concentration

- Vocabulary cards (on tag board if possible)
- Definition cards (on tag board if possible)
- Space to lay out cards in an 8" x 5" grid

## Procedure for Concentration

1. Print out the vocabulary cards on heavy paper.
2. Shuffle the cards.
3. Lay both vocabulary and definition cards out in a face-down grid.
4. Start with the player on the dealer's left.
5. Each player turns up two cards.
  - a. If the definition matches the term, the player keeps the cards.
  - b. If the cards don't match, the player turns the cards face down in their original place.
6. Make sure all players get to see what cards are turned up.
7. Once all the cards are picked up, the player with the most cards wins.

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## Materials for Tic-Tac-Toe

- Game board – use pattern on page 34 or draw on sheet of paper
- Vocabulary cards
- Definition cards
- Three players

## Procedure for Tic-Tac-Toe

1. Player 1 uses the vocabulary cards and either gives the definitions for the students to guess the words, or gives the words and has them guess the definitions.
2. Players 2 and 3 take turns answering the questions.
  - a. If Player 2 answers a question correctly, he or she places an “X” on the game board.
  - b. If Player 3 answers a question correctly, he or she places an “O” on the game board.
3. If the question is answered incorrectly, the next player gets a chance to answer and place a mark on the game board.
4. Continue answering questions until a player has three marks in a row (across, down or diagonally).
5. Rotate jobs of the three players and play again.

## Review Test Answers (p. 37)

1. **Productive Resources:** The resources used to make goods and services (i.e., natural resources, human resources and capital goods).
  1. **Natural Resources** – The resources supplied by nature. They include ores, trees, land and the other things nature provides.
  2. **Human Resources** – The talents and skills of human beings that contribute to the production of goods and services.
  3. **Capital Goods** – Human-made materials needed to produce goods and services. Capital goods include buildings, machinery, equipment and tools.

Some experts say that there is a fourth factor:

4. **Enterprise** – entrepreneurial ability.  
**Entrepreneurs** are people who organize other productive resources to make goods and services. It often is said that a business will succeed or fail relative to the ability of the person or entrepreneur involved in it. This individual assumes risk for the business. They may or may not be paid for their efforts.
2. Import – bring in goods from another country  
Export – sell goods to another country
3. Income
4. People can own and run their own business.
5. Consumers buy and use goods and services.  
Producers make goods and services.
6. Has more revenue coming in than was used to produce the good or services
7. Work together to meet the needs and wants of countries involved
8. Desiring something that has limited availability

## Evaluation

A two-part assessment may be used. For Part 1, a participation score may be assessed as the game is played. Part 2, the Review Test Form, also may be used.

## Vocabulary Cards

|                              |                             |
|------------------------------|-----------------------------|
| <b>natural<br/>resources</b> | <b>consumer</b>             |
| <b>human<br/>resources</b>   | <b>scarcity</b>             |
| <b>capital goods</b>         | <b>opportunity<br/>cost</b> |
| <b>entrepreneur</b>          | <b>supply</b>               |
| <b>producer</b>              | <b>demand</b>               |

**income**

**profit**

**import**

**export**

**manufacturing**

**free enterprise  
system**

**market**

**specialization**

**interdependent**

**competition**

## Definition Cards

|   |  |
|---|--|
| <b>resources supplied<br/>by nature</b>   | <b>buys and uses<br/>goods and services</b>  |
| <b>talents and skills of<br/>human beings</b>   | <b>many individuals<br/>desiring something<br/>that has limited<br/>availability</b> |
| <b>human-made<br/>materials that help<br/>produce products</b>  | <b>value of the second-<br/>best choice given<br/>up when a decision<br/>is made</b> |
| <b>person who has skill<br/>and leadership to<br/>start a new business<br/>and produce new<br/>products</b> | <b>makes goods using<br/>the factors<br/>of production</b>                           |
| <b>exchange of goods<br/>and services<br/>between buyers<br/>and sellers</b>                                | <b>number of<br/>consumers who<br/>want and are able<br/>to buy an item</b>          |

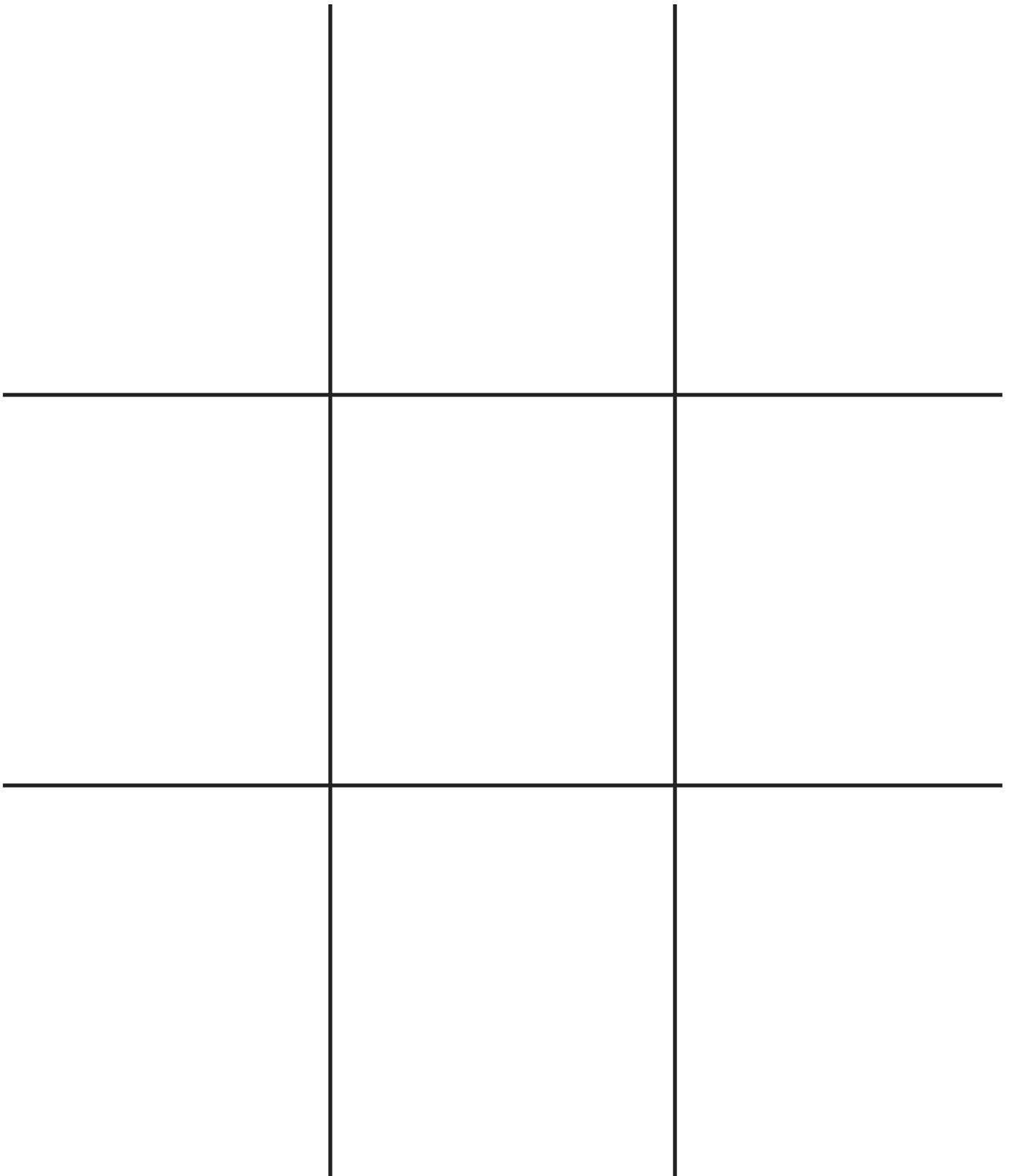
|  |  |
|--|--|
| <b>revenue of a business minus cost<br/>– what you make</b>                | <b>people can own and run their own business</b>                               |
| <b>making a large amount of goods</b>                                      | <b>amount of an item produced for sale</b>                                     |
| <b>to buy goods from another country for sale or use</b>                   | <b>producing only a few products instead of many different products</b>        |
| <b>to sell products to another country</b>                                 | <b>each country needs the others to meet the needs and wants of its people</b> |
| <b>payments received by people that can be spent over a period of time</b> | <b>competition between companies to win more business</b>                      |



# Concentration Cards — Blank

|  |  |
|--|--|
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

# Tic-Tac-Toe Game Board



# Vocabulary Review: Economic Fortune Tellers

**O**verview  
Economic terms are reviewed and reinforced as students work in groups to play card games using terms and definitions. The Vocabulary Review Sheet may be used as a study guide before the lesson.

**O**utcome  
Students will understand the basic economics vocabulary words.

## Standards Addressed

### Grade 4

#### **Social Studies — Economics, Benchmark A**

01. Identify the productive resources needed to produce a good or service and suggest opportunity costs for the resources involved.

#### **Social Studies — Economics, Benchmark B**

03. Explain how entrepreneurs organize productive resources to produce goods and services and that they seek to make profits by taking risks.

## Procedure

1. Have the students review the Vocabulary Review Sheet.
2. Each student writes eight questions and answers.
3. Each student makes a fortune teller, as described below.
4. Students write questions that they make up on the inside flaps of the fortune tellers, with the corresponding answers written on the underneath flaps.
5. On the top of the fortune tellers, students can write a four-word statement about economics, such as "the four productive resources."
6. When fortune tellers are completed, students work with a partner. Each student takes a turn manipulating the fortune teller while the partner chooses and answers a question.

## How to Make a Fortune Teller

1. Start with an 8½" square piece of paper.
2. Fold square in half diagonally to make a triangle.
3. Fold the triangle in half vertically to make a smaller triangle.
4. Open up the paper to the original square.
5. Take each corner and fold it in to meet the center of the square, forming a smaller square when finished.
6. Flip the square over so that the smooth surface is on top.
7. Repeat Step 5.
8. Fold the square in half horizontally, creasing the fold and then opening it back up.
9. Fold the square in half vertically, creasing the fold, and then opening it back up. The result is a blank fortune teller.

## Evaluation

A two-part assessment may be used. For Part 1, a participation score may be assessed as the game is played. For Part 2, the Review Test Form may be used.

# Vocabulary Review Sheet

**Productive Resources:** The resources used to make goods and services (i.e., natural resources, human resources and capital goods).

1. **Natural Resources** – The resources supplied by nature. They include ores, trees, land and the other things nature provides.
2. **Human Resources** – The talents and skills of human beings that contribute to the production of goods and services.
3. **Capital Goods** – Human-made materials needed to produce goods and services. Capital goods include buildings, machinery, equipment and tools.

Some experts say that there is a fourth factor:

4. **Entrepreneur** – A person who organizes and manages any enterprise, especially a business, usually with considerable initiative and risk.

**Producer:** The maker of goods using productive resources.

**Consumer:** One who buys and/or uses goods and services.

**Scarcity:** The concept of many individuals desiring something of which there is limited availability.

**Opportunity cost:** What you give up when you make a decision. The value of your second-best choice.

**Supply:** The amount of an item produced for sale.

**Demand:** The number of consumers who want and are able to buy an item.

**Income:** Payments received by households, businesses and governments in a given time period that may be spent or saved.

**Profit:** The total revenue received by a business firm minus its total cost of production.

**Imports:** Goods, services and capital assets purchased from other countries.

**Exports:** Goods, services and capital assets sold to other countries.

**Manufacturing:** Making large amounts of goods.

**Free enterprise system:** People can own and run their own businesses.

**Market:** The exchange of goods, services and resources between buyers and sellers.

**Specialization:** Producing only a few products instead of many different products.

**Interdependent:** A situation in which each country needs the other to meet the needs and wants of its people.

**Competition:** A competition between companies to win more business.

# Vocabulary Review Test Form

Name \_\_\_\_\_

**Answer the following question in complete sentences.**

1. Name and define the productive resources.
2. Describe the difference between importing and exporting goods.
3. You have just received a bonus of \$100. Is this income or profit? Why?
4. Our economy is based on a free enterprise system. What does this mean?
5. Describe what consumers and producers do.
6. How does a company make a profit?
7. Explain how our economy is interdependent with other countries.
8. When does scarcity occur?

# Case Study: The International Trade Game

**O**verview This game is a version of the World Trade Game developed by Action Aid, a Third World development charity. It has been amended to be suitable for students beginning a course in economics, economic development or international trade, although it could be used with students studying related subjects. We are using this game with permission from John Sloman of the University of the West of England.

The game is fun to play. It needs no computing facilities and uses only very basic equipment, such as scissors, pencils, rulers and paper. Preparing the materials for the game usually takes about 20 to 30 minutes.

**O**utcome This lesson will help students comprehend the concepts of supply and demand.

## Standards Addressed

### Grade 5

#### **Social Studies – Economics, Benchmark C**

05. Explain the general relationship between supply, demand and price in a competitive market.
06. Explain why competition among producers/sellers results in lower costs and prices, higher product quality and better customer service.

### Grade 6

#### **Social Studies – Economics, Benchmark A**

01. Explain how the availability of productive resources and entrepreneurship affects the production of goods and services in different world regions.
02. Explain that most decisions involve trade-offs and give examples.

#### **Social Studies – Economics, Benchmark B**

04. Identify goods and services that are imported and exported and explain how this trade makes countries interdependent.
05. Describe how supply and demand help to set the market clearing price for goods and services and how prices reflect the relative scarcity of goods and services.

### Grade 7

#### **Social Studies – Economics, Benchmark A**

01. Compare the endowment of productive resources in world regions and explain how this endowment contributed to specialization, trade and interdependence in ancient times.

#### **Social Studies – Economics, Benchmark B**

02. Describe the growth of cities and the establishment of trade routes in Asia, Africa and Europe; the products and inventions that traveled along these routes (e.g., spices, textiles, paper, precious metals and new crops); and the role of merchants.

## Introduction to the Game

Students are divided into teams, each of which acts as a separate “country,” with between two and 10 students on each team. There are five or six countries in a game. A game thus can be played with between 10 and 60 students.

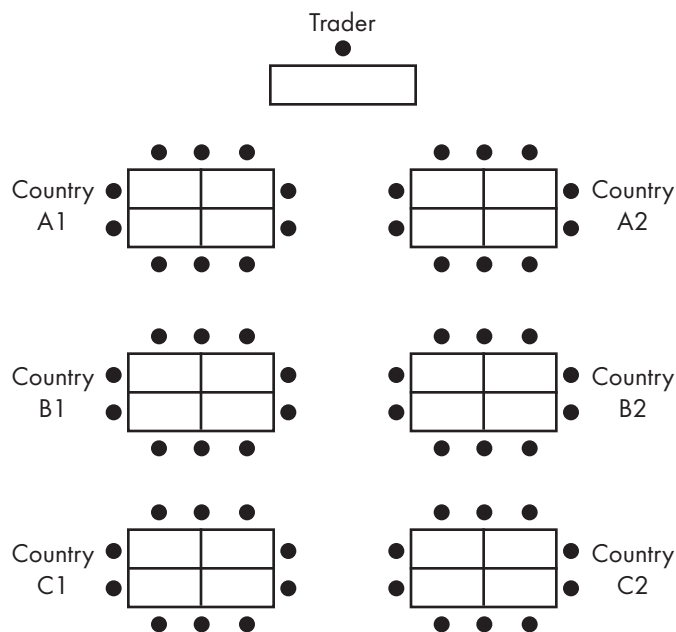
Countries compete against each other to “manufacture” paper shapes (circles, triangles, rectangles, etc.) and sell them to an international commodity market trader at posted prices, which vary with supply and demand. The objective for each country is to make as much money as possible.

There are three types of countries in a game:

- Two rich, industrialized countries
- One or two middle-income countries
- Two low-income countries

Students are not told this; they find out as they play the game.

The game requires a large flat room, with loose tables and chairs.



## Room Layout

Only one presenter is required as game leader. One additional person is required to act as a commodity trader in each game. This person could be a student. It is also useful to have one or two observers for each game. These, too, can be students. The game takes between 45 and 90 minutes to play. This is followed by scoring, reporting by the students and debriefing by the teacher, who will probably want to draw various economic lessons from the game. This all lasts a further 20-45 minutes.

## Game Preparation

1. Assemble envelopes of resources for each country, as described in Envelopes of Materials for Countries (p. 43).
2. Put up posters on the wall showing the shapes, their measurements and their initial values (normally two per game). These posters are enlarged so that students cannot simply trace out the shapes. Prepare an envelope for the commodity trader (normally one per game).
3. Prepare an envelope of resources for yourself as game leader.

## Procedure

1. Tell the students to leave all bags and any equipment (e.g. paper or pens) at the front of the room and then to seat themselves around the clusters of tables. Distribute the envelopes to each of the countries.
2. The game requires minimal, but clear, instructions. Students should not open their envelopes until told to do so. The dynamic of the game requires that there is no preamble explaining the purpose of the game and certainly no summary from the teacher explaining what the game is supposed to illustrate. It is important for the students to work out what they should do.
3. Read the following instructions for starting the game:

“Each of the groups represents a country. **The objective for each country is to make as much money for itself as possible by using the materials in the envelope.** No other materials can be used. Use the materials to manufacture paper shapes. You can choose to make any of the shapes shown on the diagrams on the wall.

“All shapes must be cut with clean, sharp edges using scissors and must be of the exact size specified on the diagrams. The shapes can then be sold in batches to the trader, who will check them for accuracy and exchange them for cash. Inaccurate shapes will be rejected. You can manufacture as many shapes as you like – the more you make, the richer you will become. You must not cut up your envelope!

“If you hear me whistle, you must immediately stop what you are doing and pay attention. If there is any dispute, I will settle it. My word is final! No physical force is to be used in the game.”

4. Once the students understand the instructions, tell them how long they have to play the game (usually 45 minutes) and announce the start of manufacturing.
5. Give no further instructions. It is important for the students to work out what they should do.

### During the Game

At the beginning of the game, there will be a lot of confusion and students will have many questions about issues such as where to get scissors, whether they can buy things off other countries and whether they may have a loan. Resist all temptation to answer these questions.

After a minute or two, they will probably begin moving around the room and trading, but the initiative should come from them, not you.

The rich countries (A1 and A2) will probably begin making shapes, as they have all the materials and equipment that they need. However, they will soon run out of raw materials and will probably try to buy some paper from other groups.

**Role of observers:** Use the observers to report back to you on what is going on. This will help to give you information for the debrief session at the end. For example, get them to find out what is happening to the scissors — the one crucial implement that has to be used for all shapes and is possessed initially by only two countries. Do the rich countries form a scissors cartel? Do they sell one pair to another country, or do they hire them out?

Observers should watch how groups negotiate the prices of paper and other materials. They should note the formation and operation of any alliances and deals and any cheating that takes place. Observers should also report to you any malpractice, such as stealing other countries' paper, implements or shapes.

It is up to you to decide whether you should ignore the problem, thereby encouraging countries to do their own policing, or whether you should impose a punishment, such as suspending them from making shapes for five minutes, confiscating certain materials or fining them.

**The role of the commodity trader:** The trader must be careful in measuring the shapes and reject any that have not been cut out. Alternatively, if they have been torn carefully against a ruler, or are only slightly too large or small, a reduced price could be given. You could leave this to the trader to decide, or you could agree to a policy in advance. The trader must keep a close eye on the money to prevent students from stealing it, preferably keeping it out of their reach. Shapes that have been sold should be put into an envelope or box, again out of reach of students.

Traders should not normally give loans.

**Your role as game leader:** You will need to keep in regular contact with the trader. Find out which shapes are being sold in large quantities (probably the triangles and rectangles) and which are hardly being sold at all (probably the circles and the protractor-sized semi-circles). Then blow the whistle and announce that, **owing to the forces of demand and supply, the prices of certain shapes have changed.**

You can choose how much to change the prices, but a dramatic change stimulates more interest and provides a stronger focus for later discussion. For example, when the students are debriefed after they have finished the game, it is easier to refer to the importance of price elasticities of demand and supply when the price changes have been dramatic. For similar reasons, it is better to change prices very infrequently. The price of particular shapes will also affect the value of particular tools. If circles go up in price, this will affect the demand for compasses. This relationship can be identified later in the debriefing.

Extra dimensions can be introduced into the game by simulating the emergence of new technology, new raw materials or new equipment. It is important to make sure that the observers are primed to focus upon the reactions of groups to each change. The debriefing will depend heavily on the quality of the information they are able to provide.

The development of new technology can be simulated by giving about eight colored, small sticky shapes to one of the low-income countries, without indicating the possible use of those shapes. The game leader then goes to one (or both) of the rich or middle-income countries and informs them that the value of a standard shape is tripled if it has a colored shape attached to it and that one of the low-income countries possesses colored shapes. This scenario could also simulate the discovery of raw materials in a developing country, which are then developed by a multinational corporation investing in the country and bringing its expertise and technology with it.

You could also increase the stock of capital by selling a further pair of scissors by auction. This will need to be done relatively early on in the game and you will need to announce your intention five or 10 minutes before you do so. Although the poor countries would dearly like to buy a pair, one of the rich countries is more likely to be successful at the auction. It might then hire out the scissors to a poor country.

As the game progresses, paper will rapidly run out. Trade in paper is likely to take place, with the price of paper rising to meet its value in terms of the shapes that can be made from it. The game can be prolonged by introducing more paper (simulating the discovery of new raw materials). You can do this in two ways. First, you may give some to one or both of the low-income countries. The second way is to sell more paper. A good way of doing this is to hold a paper auction, where you sell



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about 10 sheets, one at a time. Announce that in 5 minutes' time you will be holding an auction and ask for one representative from each country to attend. The two issues are:

- How will the price at the auction reflect the value of shapes that can be made from it?
- Will bidders collude to drive down the price?

You can draw lessons from this in the debriefing session at the end.

### Ending the Game

The students should be given a five-minute warning before the game ends. There will probably be a flurry of activity as students rush to make shapes with their remaining paper and bring those shapes to the commodity trader. When the game ends, the game leader should ask all the students to return to their countries and to answer three questions:

- What was in their envelopes when they opened them?
- What implements do they currently own?
- How much money do they have?

### Collating Results and Debriefing Students

A whiteboard or flip chart can be used to record the results. The answer to the first of the questions (what was in the envelopes?) is known and it is helpful if this information has already been recorded on the flip chart or whiteboard. The answers to the other two questions can be gathered quickly so that the groups can easily compare their experience with that of other groups.

It can be helpful to organize the debriefing into three stages:

**Stage 1. Draw students' attention to similarities and differences between the results from different groups.** Did the groups that started with the same resources perform in a similar way? How much of the difference between the groups was due to strategies pursued and how much to the initial endowment? It is also appropriate at this stage to pose questions that prompt students to describe how they felt about the game as it developed. For example, the teacher could ask students in the different types of countries how they felt when they opened their envelopes.

Questions to pose during the debriefing might include these:

- **To more successful countries:** How did you achieve your success? What problems did you experience and what strategies did you use to overcome them?
- **To less successful countries:** What factors limited your success? What strategies did you pursue? Which strategies failed and why? Now that you have learned how to play the game, what would you do differently next time?
- **To countries that formed alliances:** Why did you form the alliance? How well did it work? What prevented it from breaking up?

Compare the strategies of successful A countries, which probably involved exploiting their clear advantage at the beginning of the game, with those of relatively successful B and C countries, which probably involved clever negotiation and perhaps combining with other countries.

**Stage 2. Ask the students to indicate ways in which they believe the game simulates the real world and ways in which they believe it is unrealistic.** The capacity for simulations to affect students' thinking depends a great deal on whether they believe that the world is reflected in the simulation. It is quite usual for some students to dismiss as unrealistic aspects of a simulation that the lecturer is hoping to use to illustrate a theoretical idea.

One of the strengths of this game is that the inherent inequality in resource endowment that gives the game its distinctive character is hard to contest as a reflection of the real world economy. Students are more likely to question the way in which the game simulates the opportunities that these endowments create for different countries and how those opportunities are exploited.

**Stage 3.** In the third stage of the debriefing, the teacher aims to **help students to compare the way they have analyzed their experience in the game with the insights derived from economic ideas and the evidence that economists have assembled.** This part of the debriefing should be focused on those ideas that have been selected in the desired learning outcomes for the activity. The debriefing naturally begins as a large discussion group led by the tutor. However, if this format is maintained for more than 10-15 minutes, some students will get restless and there will be pressure for the tutor to end the session.

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Given that the debriefing represents the teacher's main opportunity to develop students' thinking, it is important to find ways of avoiding a short and rather low-level discussion. The debriefing session needs to be planned as carefully as the activity. Typically this will involve asking students to discuss a couple of questions and arguments (during Stage 2 and Stage 3) within their "country" groups. In Stage 3, when the focus is on economic ideas and evidence, it can be useful to have a small piece of evidence for each group to consider before returning to the whole-group discussion.

## **Learning Outcomes**

The International Trade Game has a wide range of potential learning outcomes, and with suitable focus, especially during the process of debriefing, a number of economic topics might be identified and developed more fully. These topics range from elementary trade theory to issues of imperfect information and even debates surrounding international inequality and world relations. The Economic Concepts of the International Trade Game page in this section offers topics for discussion.

In addition to subject-related learning outcomes, the International Trade Game helps develop a number of key skills. Group working and interacting with others are among the most significant. The process of negotiating is also a very strong element within this game.

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# Envelopes of Materials for Countries

**E**ach team (country) is given an envelope of materials at the start of the game. You will need to fill each envelope with the appropriate materials in advance and label the envelope. The following envelopes are required for each game.

## **Rich countries: A1, A2**

- Two pairs of scissors
- Two rulers
- One compass
- One set square (the exact size of the large triangular shape)
- One protractor (the exact size of the semi-circular shape on p. 45)
- Two pencils
- One sheet of 8½" x 11" paper
- Six \$100 notes

## **Middle-income countries: B1, B2**

- Two pencils
- One ruler
- 10 sheets of 8½" x 11" paper
- Three \$100 notes

## **Low-income countries: C1, C2**

- Two pencils
- Four sheets of 8½" x 11" paper

## **Envelope of materials for international commodity market trader (one per game)**

The trader is given an envelope with money and a template of the shapes so that he or she can check whether the shapes are the right size. The template also gives the opening prices for the shapes.

- Template of shapes with their prices
- Banknotes: 30 @ \$50; 60 @ \$100; 20 @ \$500; 40 @ \$1,000
- A pencil and eraser for marking changes to the prices of shapes
- A large envelope for keeping completed shapes "secure"

## **Envelope or box of materials for game(s) leader**

- Whistle
- Six small, colored sticky shapes per game
- 10 sheets of A4 paper per game

# Economic Concepts of the International Trade Game

The International Trade Game can be used to illustrate the following economic topics:

**Specialization and division of labor.** How did teams divide up the tasks? Was it more efficient to have some students cutting out the shapes, while others queued to sell the shapes, negotiate, scout around to see what other teams were doing or determine whether there were opportunities that could be of benefit?

**Opportunity cost.** What was the cost – in terms of lost time, value from shapes, lack of access to equipment, etc. – of particular decisions?

**Supply and demand and the determination of price.** Why did prices vary as they did in the game? What determines the magnitude of commodity price changes in the real world?

**Prices as signals and incentives.** How did teams respond to price changes? How elastic was their supply? Did anticipated price changes affect the production of shapes or when they were taken to the trader?

**Derived demand and the price of inputs.** How did the prices of shapes affect the price of various pieces of equipment or their rental value? Do the same principles apply to pencils (in relatively plentiful supply) and scissors (in relatively short supply)?

**Cartels and oligopolistic collusion.** What cartels formed? What cartels could have formed, and how would they have affected the balance of advantage in the game?

**Game theory: strategy, bargaining, trust, etc.** What incentives were there for sticking to agreements and for breaking them? How would the number of people in a team or the number of teams involved in an agreement affect the likelihood of sticking to or breaking an agreement? How did risk attitudes determine strategy?

**The law of comparative advantage.** Why do countries specialize in particular products? How does this depend on their resources? How does it relate to opportunity cost?

**Terms of trade.** What determines the relative price of shapes and how does this relate to resources? Can countries influence the price of shapes?

**World inequality.** You could refer to the distribution of resources in the world and ownership patterns. What determines whether inequality is likely to increase or decrease over time?

**The importance of market power in international trade.** What is the role of multinationals? How do they control markets? Is there anything that developing countries can do to create countervailing power?

**The importance of resources and technology in determining trade patterns.** Certain equipment is best designed to produce certain shapes. You could show how control over this equipment affects the pattern of trade and can influence prices.

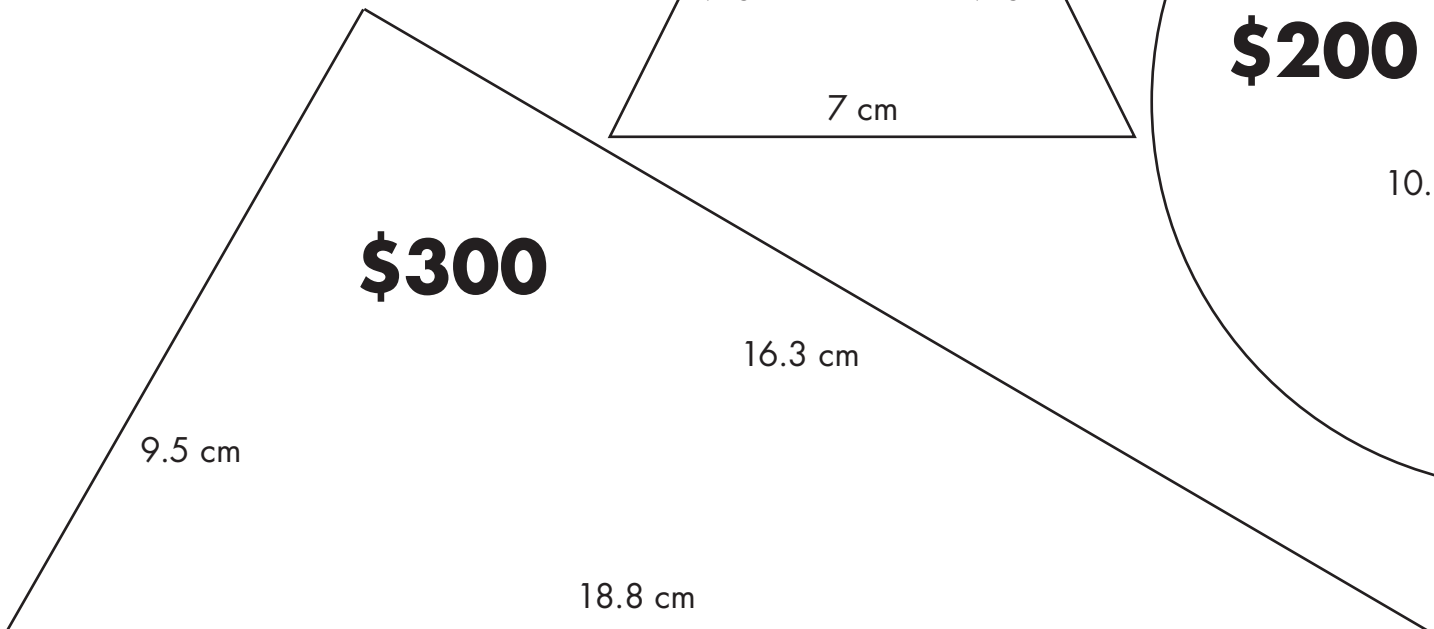
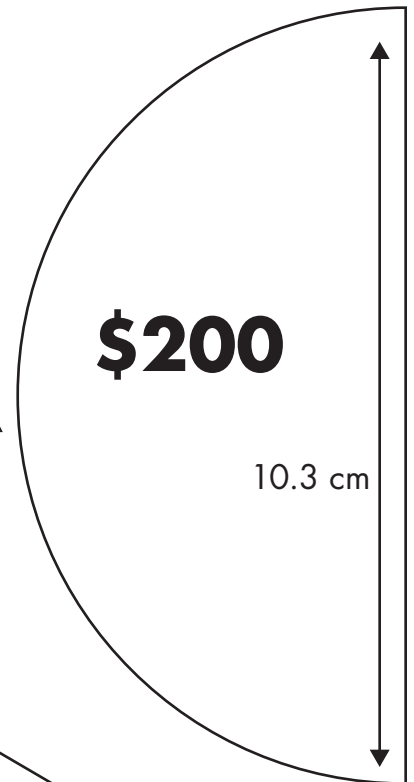
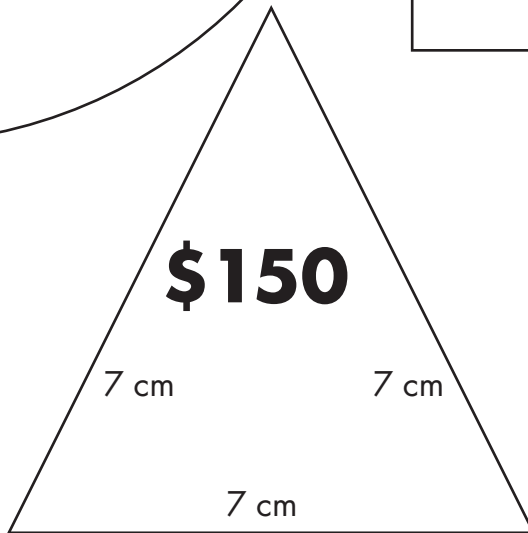
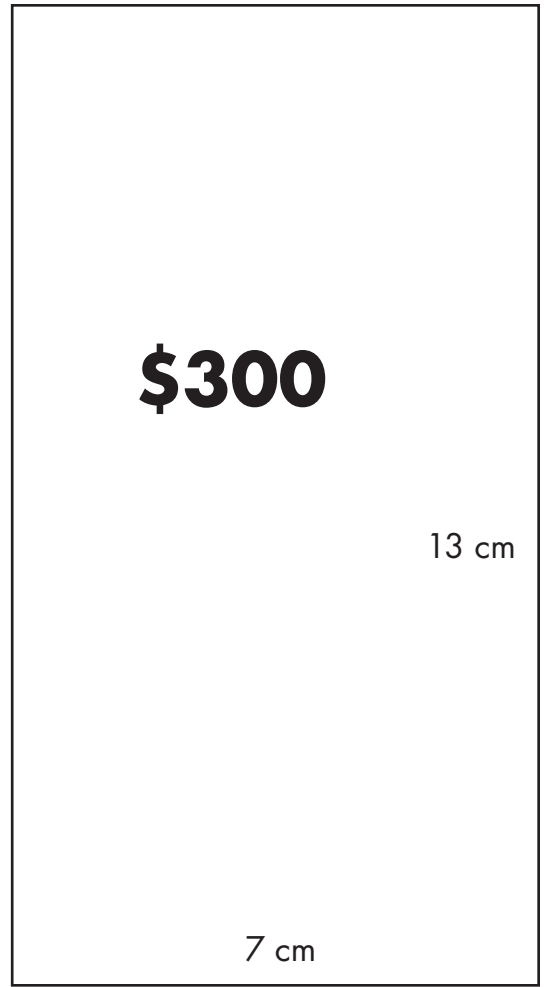
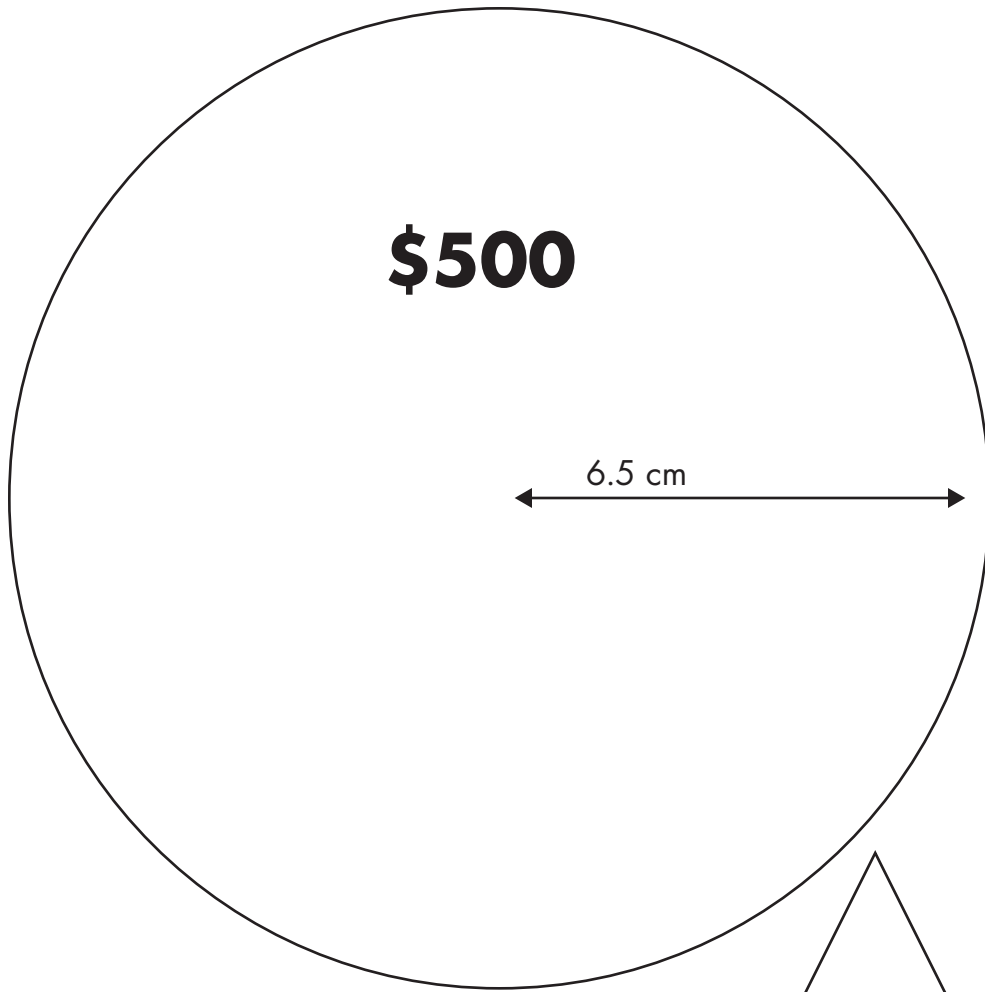
**Imperfect information and acting on expected prices.** How do price expectations influence production and the timing of sales? On what basis are price expectations formed? Do people learn from experience?

**Risk and uncertainty.** There are several aspects of the game that involve uncertainty. These include the likelihood of obtaining equipment, future prices, the outcome of the paper auction, the role of the colored sticky shapes, the effects of negotiations between other countries on their behavior and whether and what punishment will be imposed by the leader for “malpractice.”

**Bidding and auctions.** What determines the price at auctions? What determines whether there will be any collusion between bidders? What would be the outcome of that collusion?

The game may also be used to illustrate a number of more general development issues, such as the powerlessness of poor countries. It gives participants the opportunity to experience various emotions concerned with production and trade in an unequal world – emotions such as envy, greed, frustration and the desire to escape poverty by any means. In so doing, it can help students to gain a greater empathy with development and trading issues. It encourages students to move away from a typical textbook account of the embedded ideas and prompts them to consider alternative motives that might prompt economic behavior.

# Shape Template



# Literature Connection — Sample Lesson

**O**verview  
After hearing or reading the story *Grandpa’s Mountain*, students gather information about eminent domain, the Civilian Conservation Corps and the Depression. They then create a graphic organizer about the building of Shenandoah National Park and give the position of each party involved.

**O**utcome  
Students will understand the concept of eminent domain.

This is a sample lesson plan. For a list of books that deal with economic topics, go to [www.WesternReservePublicMedia.org/economics](http://www.WesternReservePublicMedia.org/economics).

## Story Summary — *Grandpa’s Mountain*, by Carolyn Reeder

For as long as she can remember, 11-year-old Carrie has spent the summer with her grandparents in Virginia’s Blue Ridge Mountains, where life is peaceful and carefree. But this year her grandparents’ home — and her summer haven — is threatened by plans for a new national park.

Carrie is reassured when Grandpa says, “I was born here, and I intend to die here!” She watches with pride as he fights to keep his home and land, confident he will win. But then she finds out that the government is already buying up land for the park — and has evicted people who refused to leave!

(Source: *The Official Homepage of Carolyn Reeder*, [www.reederbooks.com/grandpa.htm](http://www.reederbooks.com/grandpa.htm))

## Standards Addressed

### Grade 7

#### **Social Studies — Economics, Benchmark C**

01. Explain how governmental protection of property rights and regulation of economic activity impacted the development of the U.S. economy.

## Materials

- The book *Grandpa’s Mountain*, by Carolyn Reeder
- *Grandpa’s Mountain* student handout
- Web or textbook access

## Procedure

1. Teachers can either read *Grandpa's Mountain*, by Carolyn Reeder, to the class or have the students read it on their own.
2. On the board or on chart paper, keep a list of concept words and vocabulary that might be difficult for the students to comprehend, such as these:
  - **Civilian Conservation Corps (CCC)** – Young men were given jobs such as building roads, cleaning up cities and building parks by the government to help offset unemployment.
  - **Eminent domain** – Land purchased by the government for the better good of society.
  - **Great Depression** – An economic slump in North America, Europe and other parts of the world that began in 1929 and lasted until about 1939.
  - **Dust Bowl** – There was a terrible drought (little or no rainfall) in the Midwest. Farmland was turned to dust and few crops could be grown. People moved West for a better life.
3. Have the students work with a partner or in groups of three to complete the graphic organizer handout. Make sure each student has a copy of the handout.
4. On the back of the handout, ask students to either write about what they would have done if they were in Carrie's position, or what they see as the pros and cons of the government taking Grandpa's land.

## Evaluation

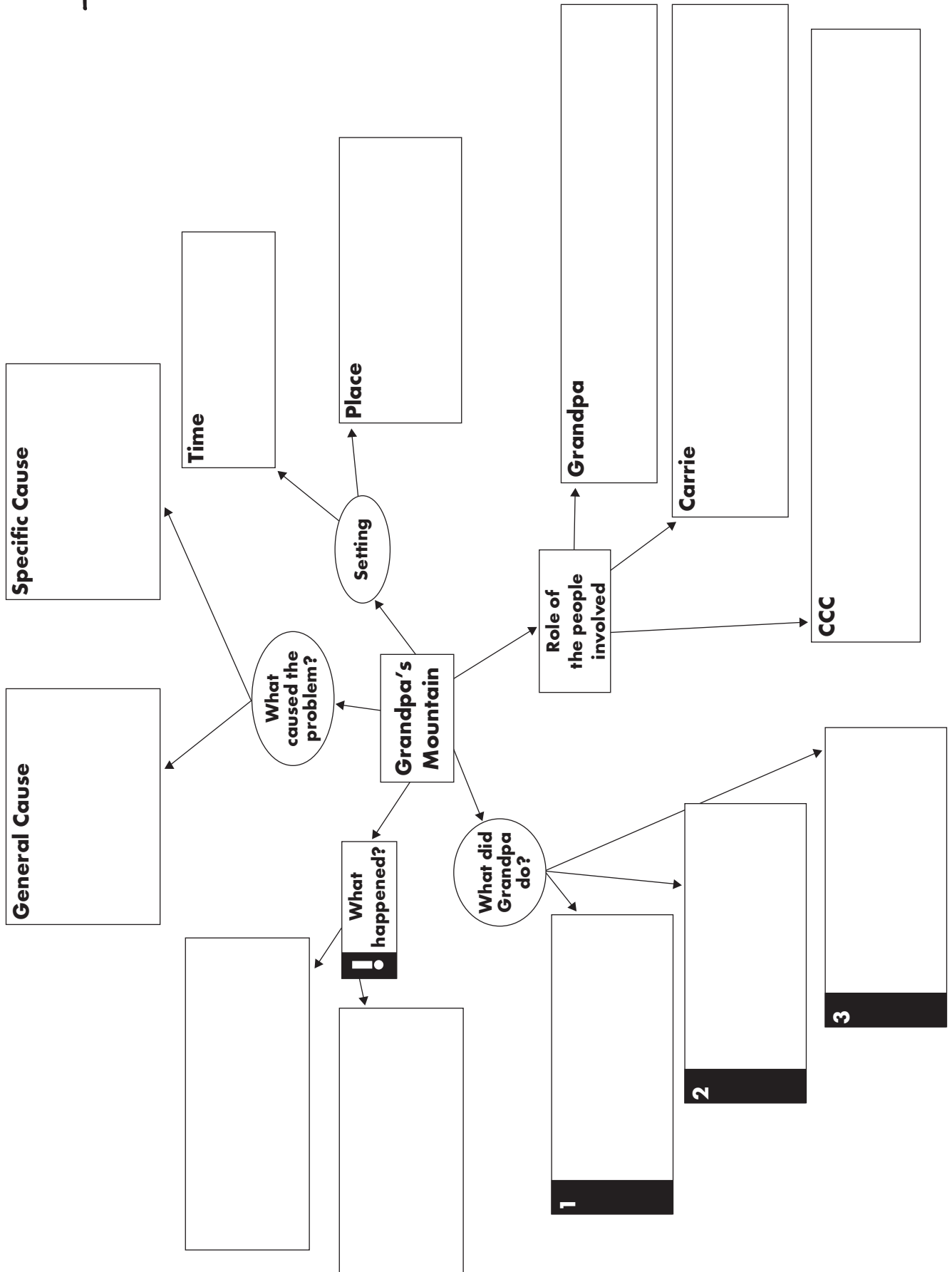
After the graphic organizer has been completed, have a discussion about each of the major topics. Students can use this organizer to help them write their essay.

## Rubric for Writing

| Category                           | 4   | 3  | 2   | 1   |
|------------------------------------|---|--|---|---|
| <b>Accuracy of Facts (Content)</b> | All supportive facts are reported accurately.   | Almost all supportive facts are reported accurately.   | Most supportive facts are reported accurately.  | No facts are reported or most are inaccurately reported.  |
| <b>Focus on Topic (Content)</b>    | There is one clear, well-focused topic. The main idea stands out and is supported by detailed information.                  | The main idea is clear, but the supporting information is general.   | The main idea is somewhat clear, but there is a need for more supporting information.   | The main idea is not clear. There is a seemingly random collection of information.  |
| <b>Conventions</b>                 | The writer makes no errors in capitalization, punctuation, grammar or spelling, so the paper is exceptionally easy to read. | The writer makes one or two errors in capitalization, punctuation, grammar or spelling, but the paper is still easy to read. | The writer makes a few errors in capitalization, punctuation, grammar or spelling that catch the reader's attention and interrupt the flow. | The writer makes several errors in capitalization, punctuation, grammar or spelling that catch the reader's attention and greatly interrupt the flow. |

# Grandpa's Mountain — Student Handout

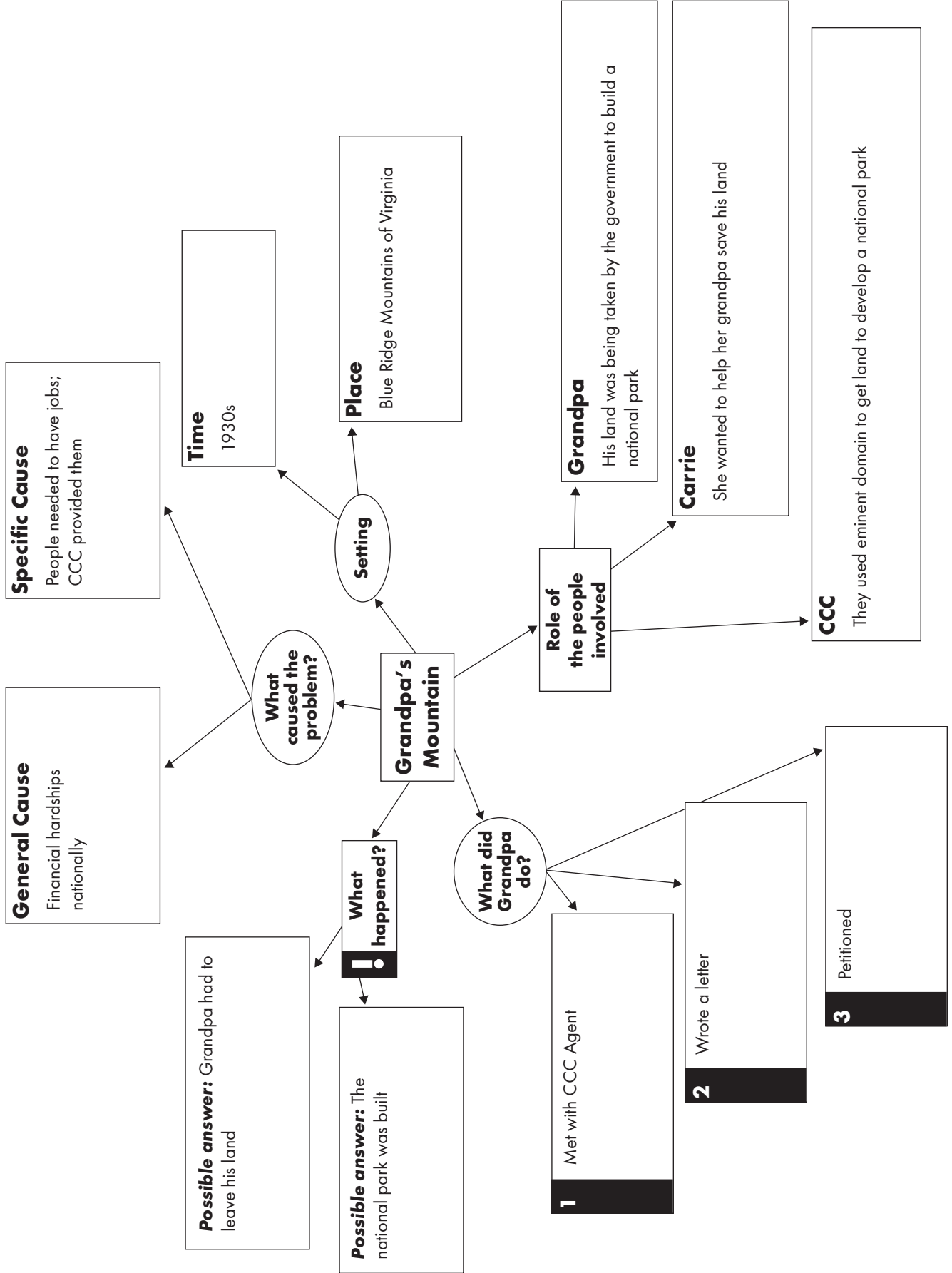
Names \_\_\_\_\_

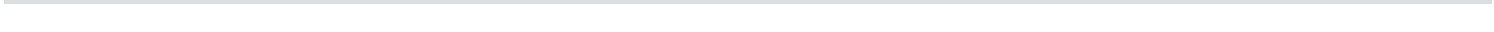
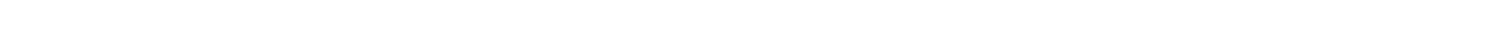




# Grandpa's Mountain — Answer Key

Names \_\_\_\_\_





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**E**conomics  
**A**cademy

101

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## **video 1**

**competition, supply and demand  
and interdependence**

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# What's the Cost?

## **V**erview In economics, **opportunity**

**cost** is the value of the second-best choice that is given up or lost when a decision is made. Opportunity cost can apply to all decisions, not just economic ones. Decisions, made because of scarcity, are the basis of this lesson.

**O**utcome  
The students  
will comprehend  
the concept of  
opportunity cost.

## Standards Addressed

### Grade 5

#### **Social Studies — Economics, Benchmark A**

01. Compare different allocation methods for scarce goods and services such as prices, command, first-come-first-served, sharing equally, rationing and lottery.

### Grade 6

#### **Social Studies — Economics, Benchmark A**

02. Explain that most decisions involve trade-offs and give examples.

## Materials

- Choice chart
- Problem cards
- What Is the Opportunity Cost? student handout

## Procedure

1. Discuss wants, and how people want different things. Due to the limited productive resources, people can't have everything that they want. This is a problem of scarcity. People make choices based on scarce resources.
2. Divide students into groups.
3. Give each student a copy of the choice chart.
4. Give each group a problem card. As each group discusses its problem, each student should fill in the choice chart by looking at the positive and negative points of what they choose and the next-best choice – the opportunity cost.
5. After groups have completed their chart by agreeing and deciding on their best choice, have a member of each group read the group's problem card and explain how they arrived at their decision.
6. Each student will write a paragraph explaining how the group's decision was made and what the importance is of knowing your opportunity cost.

## Evaluation

A two-part evaluation could be used. For Part 1, a participation score may be assessed as groups work together on the problem card activity. For Part 2, the opportunity cost paragraph may be assessed using the following rubric.

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## Rubric for Scoring Opportunity Cost Paragraph

- 4 The written response indicates an excellent understanding of opportunity cost. An accurate description of how to arrive at an opportunity cost when given more than two choices, and the importance of knowing your opportunity cost, are both explained using details.
- 3 The response is adequately developed and indicates a fairly good understanding of the importance of knowing your opportunity cost and how to find the opportunity cost given two choices.
- 2 The response is only partially developed and indicates some understanding of the importance of knowing your opportunity cost and how to find the opportunity cost given two choices.
- 1 The response is only minimally developed and indicates little understanding of the importance of knowing your opportunity cost and how to find the opportunity cost given two choices.

# What's the Cost? — Problem Cards

## **Problem #1**

You are a student member of a committee to choose equipment that will be used in the cafeteria during lunch. Your choices are a jukebox, a new sound system or a piano for the students to use.

## **Problem #2**

As a gift, your grandparents are going to pay for you to take lessons in one of your favorite sports. Your choices are swimming, basketball or karate.

## **Problem #3**

You have 45 minutes before dinner. Your choices are to play your favorite computer game, watch TV or get your homework done.

## **Problem #4**

Your parents are treating you and your friends to a special activity to celebrate your birthday. Your choices are to invite six friends for pizza and a movie, invite two friends to a Cavaliers basketball game or have a sleepover.

## **Problem #5**

You are a student member of a committee that will decide what to add to your city park. Your choices are a skateboarding park, a basketball court or a hike and bike trail.



# What's the Cost? – Choice Chart

Name \_\_\_\_\_

**Problem**

**Choice**

**Opportunity Cost**  
(next-best choice)

**Positive Points**

**Positive Points**

**Negative Points**

**Negative Points**

**Why did you make this decision?**

# What Is the Opportunity Cost?

Name \_\_\_\_\_

Based on the results of your group's decision using your choice chart, what is your **opportunity cost**? Remember, opportunity cost is your next-best alternative. Explain **how** your decision was made. What is the importance of knowing your **opportunity cost**?

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# Supply and Demand — The Super Bakery

## **O**verview

This lesson is designed to help students examine the effects of supply and demand in a real industry. It is a culminating activity that asks them to apply what they know about supply and demand, acting like consultants who are examining a business to detect its reasons for success and predict its future. It may be used in conjunction with the Mountain Dew lesson, having two groups work in one classroom at the same time. It is not an introductory lesson and will work better with sixth grade students who have already learned and reviewed basic economics vocabulary.

## **O**utcome

Students will understand the concepts of supply and demand.

## Standards Addressed

### Grade 5

#### **Social Studies — Economics, Benchmark A**

02. Explain that individuals in all economies must answer the fundamental economic questions of what to produce, how to produce and for whom to produce.

#### **Social Studies — Economics, Benchmark B**

03. Explain how education, specialization, capital goods and the division of labor affect productive capacity.

#### **Social Studies — Economics, Benchmark C**

05. Explain the general relationship between supply, demand and price in a competitive market.
06. Explain why competition among producers/sellers results in lower costs and prices, higher product quality and better customer service.
07. Explain why competition among consumers/buyers results in higher product prices.

### Grade 6

#### **Social Studies — Economics, Benchmark A**

01. Explain how the availability of productive resources and entrepreneurship affects the production of goods and services in different world regions.

#### **Social Studies — Economics, Benchmark B**

05. Describe how supply and demand help to set the market clearing price for goods and services and how prices reflect the relative scarcity of goods and services.

## Materials

- Economics Glossary or Vocabulary Review Sheet from this guide
- Super Bakery information sheet
- Questions to Consider student handout

## Procedure

1. Decide whether the lesson will be used in conjunction with the Mountain Dew lesson.
2. Decide whether the lesson will be approached with the whole class or in working teams.
3. Review the following concepts with the entire class:
  - Goods and services
  - Producers and consumers
  - Specialization and interdependence
  - Economic competition and entrepreneurship
  - What to produce, how to produce and for whom to produce
  - Supply and demand

4. Hand out the information sheet on the Super Bakery product. Additional research may be done by students, but it shouldn't be necessary.
5. Hand out the Super Bakery – Questions to Consider sheet.
6. Students should be allowed time to digest the material on the information sheet and formulate answers to the questions.
7. Hold a presentation or discussion of student decisions, reporting as individuals or teams.

## Evaluation

This can be handled with a formal test of review terminology, but the discussion and presentations can also be used to determine whether comprehension has taken place.

## Rubric for Presentation

| Category                        | 20-16  | 15-11  | 10-6  | 5-0   |
|---------------------------------|--|--|---|---|
| <b>Content</b>                  | Shows a full understanding of the topic.   | Shows a good understanding of the topic.   | Shows a good understanding of parts of the topic.   | Does not seem to understand the topic very well.  |
| <b>Comprehension</b>            | Student is able to answer accurately almost all questions posed by classmates about the topic.                                     | Student is able to answer accurately most questions posed by classmates about the topic.                               | Student is able to answer accurately a few questions posed by classmates about the topic.                               | Student is unable to answer accurately questions posed by classmates about the topic.                           |
| <b>Collaboration With Peers</b> | Almost always listens to, shares with and supports the efforts of others in the group. Tries to keep people working well together. | Usually listens to, shares with and supports the efforts of others in the group. Does not cause conflict in the group. | Often listens to, shares with and supports the efforts of others in the group, but sometimes is not a good team member. | Rarely listens to, shares with or supports the efforts of others in the group. Often is not a good team member. |
| <b>Preparedness</b>             | Student is completely prepared and has obviously rehearsed.  | Student seems somewhat prepared but might have needed a couple more rehearsals.  | Student is somewhat prepared, but it is clear that rehearsal was lacking.   | Student does not seem at all prepared to present.   |
| <b>Stays on Topic</b>           | Stays on topic all (100 percent) of the time.  | Stays on topic most (99 percent to 90 percent) of the time.  | Stays on topic some (89 percent to 75 percent) of the time.   | It was hard to tell what the topic was.   |

# The Super Bakery Story

On December 23, 1972, rookie running back Franco Harris of the Pittsburgh Steelers was running an offensive pattern in a playoff game against the dominate Oakland Raiders. The score was Oakland 7-6, and there was just over a minute left in the game. The Pittsburgh quarterback, Terry Bradshaw, threw a pass. Just as the intended receiver was going to catch the ball, he was flattened by the Oakland defender. The ball bounced off the collision of those two players and landed in the hands of Franco Harris, who ran it into the end zone to win the game. The play was nicknamed "The Immaculate Reception," and Franco Harris became a Pittsburgh legend and an eventual member of the Football Hall of Fame.

After Mr. Harris retired from the NFL, he decided to put his Penn State University degree in business administration and food services to use. His hope was to produce and market a healthy "junk" food for schools and hospitals. He developed a pastry dough that was fortified with minerals, vitamins and protein. He called the dough his "M-V-P" ingredient. It was used to make doughnuts, cinnamon buns and other pastries that would be accepted by students and patients. He especially cared that elementary students be fed nutritional snacks for their school-sponsored breakfasts and lunches.

For 16 years, the football player's business, Super Bakery, Inc., sold these good-tasting, nutritional "junk foods" to institutions that cared about their clients' health. The products were not sold to the general public. Super Bakery, Inc. has recorded \$10 million in sales. To give you a comparative idea, you should know that last year alone, Krispy Kreme doughnuts had \$540 million in sales.

It is important to note that the U.S. Congress, in the last few years, has been spending a lot of time and energy making sure that schools sell nutritional food. There is also a lot of information in the news lately about obesity of Americans, especially children.

In 2006, Mr. Harris renamed his business RSuper Foods and began to sell to the public consumer. His products are now on shelves in the Pennsylvania Giant Eagle supermarkets. They are in plain red boxes and don't include his name, face or any reference to his celebrity. He hopes to expand the product line to include muffins, wraps and other bread and pastry products.

# Super Bakery — Questions to Consider

1. What is being produced? Did it change? Why?
2. For whom was it being produced? Did it change? Why?
3. Is there any specialization or interdependence that you can successfully guess about regarding this industry? What other industries will affect this one?
4. Did the demand change at all since the beginning of the industry? What things caused it to change?
5. Did or will entrepreneurship cause any changes in supply or demand?
6. Did or will natural resources (land) cause any changes in supply or demand?
7. Did or will changes in labor cause any changes in supply or demand?
8. Did or will changes in capital or available resources such as machinery cause any changes in supply or demand?
9. Did or will the supply have to change? Why? What is causing that change?
10. What factors listed so far will cause a change in price? Look at questions 1-9 as you answer this.
11. What predictions or recommendations can you make regarding this industry?

# Supply and Demand — Mountain Dew

## **V**erview

This lesson is designed to help students examine the effects of supply and demand in a real industry. It is a culminating activity that asks them to apply what they know about supply and demand, acting like consultants who are examining a business to detect its reasons for success and predict its future. It may be used in conjunction with the Super Bakery lesson, having two groups work in one classroom at the same time. It is not an introductory lesson and will work better with sixth grade students who have already learned and reviewed basic economics vocabulary.

## **U**tcome

Students will understand the concepts of supply and demand.

## Standards Addressed

### Grade 5

#### **Social Studies — Economics, Benchmark A**

02. Explain that individuals in all economies must answer the fundamental economic questions of what to produce, how to produce and for whom to produce.

#### **Social Studies — Economics, Benchmark B**

03. Explain how education, specialization, capital goods and the division of labor affect productive capacity.

#### **Social Studies — Economics, Benchmark C**

05. Explain the general relationship between supply, demand and price in a competitive market.
06. Explain why competition among producers/sellers results in lower costs and prices, higher product quality and better customer service.
07. Explain why competition among consumers/buyers results in higher product prices.

### Grade 6

#### **Social Studies — Economics, Benchmark A**

01. Explain how the availability of productive resources and entrepreneurship affects the production of goods and services in different world regions.

#### **Social Studies — Economics, Benchmark B**

05. Describe how supply and demand help to set the market clearing price for goods and services and how prices reflect the relative scarcity of goods and services.

## Materials

- Economics Glossary or Vocabulary Review Sheet
- Mountain Dew information sheet
- Questions to Consider student handout

## Procedure

1. Decide whether or not this lesson will be used in conjunction with the Super Bakery lesson.
2. Decide if the lesson will be approached with the whole class or with working teams.
3. Review the following concepts with the entire class:
  - Goods and services
  - Producers and consumers
  - Specialization and interdependence
  - Economic competition and entrepreneurship
  - What to produce, how to produce and for whom to produce
  - Supply and demand
4. Hand out the sheet about Mountain Dew. Additional research may be done by students, but it shouldn't be necessary.
5. Hand out the Mountain Dew – Questions to Consider sheet.
6. Students should be allowed time to digest the material on the information sheet and formulate answers to the questions.
7. Hold a presentation or discussion of student decisions, reporting as individuals or teams.

## Evaluation

This can be handled with a formal test of review terminology, but the discussion and presentations can also be used to determine whether or not comprehension has taken place.

## Rubric for Presentation

| Category                        | 20-16  | 15-11  | 10-6  | 5-0   |
|---------------------------------|--|--|---|---|
| <b>Content</b>                  | Student shows a full understanding of the topic.   | Student shows a good understanding of the topic.   | Student shows a good understanding of parts of the topic.   | Student does not seem to understand the topic very well.  |
| <b>Comprehension</b>            | Student is able to answer accurately almost all questions posed by classmates about the topic.   | Student is able to answer accurately most questions posed by classmates about the topic.                                     | Student is able to answer accurately a few questions posed by classmates about the topic.                                       | Student is unable to answer accurately questions posed by classmates about the topic.   |
| <b>Collaboration With Peers</b> | Student almost always listens to, shares with and supports the efforts of others in the group. He or she tries to keep people working well together. | Student usually listens to, shares with and supports the efforts of others in the group. He or she does not create conflict. | Student often listens to, shares with and supports the efforts of others in the group, but sometimes is not a good team member. | Student rarely listens to, shares with or supports the efforts of others in the group. He or she often is not a good team member. |
| <b>Preparedness</b>             | Student is completely prepared and has obviously rehearsed.  | Student seems prepared, but might have needed a few more rehearsals.   | Student is somewhat prepared, but it is clear that rehearsal was lacking.   | Student does not seem at all prepared to present.   |
| <b>Stays on Topic</b>           | Student stays on topic all (100 percent) of the time.  | Student stays on topic most (99 percent to 90 percent) of the time.  | Student stays on topic some (89 percent to 75 percent) of the time.   | It was hard to tell what the student's topic was.   |



# The Mountain Dew Story

Mountain Dew was first created in Virginia in 1948. It was bottled and sold by the Minges family. It is known as a soft drink, but Mountain Dew differs slightly from many of the other carbonated drinks because it contains real orange juice.

Before Mountain Dew was a product, the phrase "mountain dew" was originally a nickname for homemade alcohol or "moonshine." When the citrus drink was first marketed in Tennessee, the bottles and advertisements had pictures of unsophisticated hill people using shotguns to chase government tax collectors off their lands. The advertising campaigns included drawings of barefooted and pipe-smoking country people, lazy hunting dogs and fly-infested outhouses. The slogan was "Yaaaa-hoo! Mountain Dew!" and bottles sold for 15 cents apiece. In 1964, it became available throughout the United States, but it wasn't very popular. Its image didn't appeal to many people, so there wasn't much demand.

In 1973, the Pepsi-Cola Company, which now owned Mountain Dew, decided on a change. They dropped the "hillbilly" image and targeted a younger audience. By 1993, the new slogan was "Do the Dew." The word "mountain" was almost completely forgotten. Then in 1995, Mountain Dew sponsored the first X Games, celebrating extreme sports. Commercials at that time showed young people skateboarding through traffic and grabbing unprotected bottles of Mountain Dew, or athletes running down a cheetah to retrieve a stolen can of the drink from the animal's throat. It is now one of the most popular soft drinks made and has expanded to include Code Red, Diet Mountain Dew, Diet Code Red, Live Wire, Pitch Black, Pitch Black 2, Baja Blast, DMX and AMP. Mountain Dew also continues to sponsor the annual Dew Action Extreme Sports Tour and the summer and winter X Games.

# Mountain Dew — Questions to Consider

1. What is being produced? Did it change? Why?
2. For whom was it being produced? Did it change? Why?
3. Is there any specialization or interdependence that you can successfully guess about regarding this industry? What other industries will affect this one?
4. Did the demand change at all since the beginning of the industry? What things caused it to change?
5. Did or will entrepreneurship cause any changes in supply or demand?
6. Did or will natural resources (land) cause any changes in supply or demand?
7. Did or will changes in labor cause any changes in supply or demand?
8. Did or will changes in capital or available resources such as machinery cause any changes in supply or demand?
9. Did or will the supply have to change? Why? What's causing that change?
10. What factors listed so far will cause a change in price? Look at each question 1-9 as you answer this.
11. What predictions or recommendations can you make regarding this industry?

# The Chains of Interdependence

## **O**verview

This lesson is designed to make students aware of interdependence in any economy. It may be used as an introduction, review or illustration of the concept learned, and is easily adapted to Grade 5 and Grade 6. New-home construction is the basis for this lesson, but any industry – especially a local one to your community – may be used. The point is to have students think of all the additional industries necessary for the one to succeed, and to illustrate that concept visually for better comprehension.

## **O**utcome

Students will understand that most production of goods requires others goods, and that this requirement leads to specialization and interdependence.

## Standards Addressed

### Grade 5

#### **Social Studies – Economics, Benchmark A**

02. Explain that individuals in all economies must answer the fundamental economic questions of what to produce, how to produce and for whom to produce.

#### **Social Studies – Economics, Benchmark B**

03. Explain how education, specialization, capital goods and the division of labor affect productive capacity.

#### **Social Studies – Economics, Benchmark C**

04. Explain how regions in North America become interdependent when they specialize in what they produce best and then trade with other regions inside and outside North America to increase the amount and variety of goods and services available.
05. Explain the general relationship between supply, demand and price in a competitive market.
06. Explain why competition among producers/sellers results in lower costs and prices, higher product quality and better customer service.

### Grade 6

#### **Social Studies – Economics, Benchmark A**

01. Explain how the availability of productive resources and entrepreneurship affects the production of goods and services in different world regions.

#### **Social Studies – Economics, Benchmark B**

03. Explain why trade occurs when individuals, regions and countries specialize in what they can produce at the lowest opportunity cost and how this causes both production and consumption to increase.
04. Identify goods and services that are imported and exported and explain how this trade makes countries interdependent.

## Materials

- Paper clips – large, small and possibly colored ones
- Sticky labels

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## Procedure

1. It is suggested that this lesson be accomplished by starting with the whole class and then breaking into teams as specialization occurs.
2. Teach and/or review the concept of interdependence.
3. Decide on the industry to be examined.
4. Have students brainstorm all the industries necessary to produce the good offered by that industry. If necessary, allow time for research.
5. Make a foundation chain of paper clips to represent the chosen industry. About 100 large paper clips should be appropriate.
6. Hang that chain in a place that is accessible to the students. For example, the chain may be hung on the blackboard using magnetic clips or pinned to a bulletin board. Label the foundation chain with the name of the industry.
7. Pass out additional paper clips. If desired, make colored paper clips available to the class or teams. Colors can represent various countries, continents or geographical regions. That should be decided by the students and/or teacher as necessary.
8. Have students construct and clearly label new chains of about 10 clips each of every industry that they see as necessary for the foundation industry to flourish. For example, if the foundation industry is new-home construction, there will be chains made and labeled for industries such as lumber, brick, concrete, plumbing, electricity, phone/cable, heating, architecture, landscaping, decorating, siding, surveying, insulation ... the list is almost endless. Colored clips can be incorporated here to represent geographical regions if the emphasis is important to the teacher. For example, green clips may be used to represent the lumber industry in the Northwest.
9. Attach the supporting industry chains to the foundation industry chain and discuss the results.
10. Have students brainstorm, construct and clearly label a second set of chains for any supporting industries of the already attached support industries. For example, the lumber industry will need tool makers, forest specialists, transportation/truck drivers and so on.
11. A third layer of chains can be constructed, labeled and attached as deemed necessary by the teacher and as time allows. For example, there could be a chain representing the tire industry attached to the chain representing the trucking industry attached to the chain representing the lumber industry attached to the original foundation chain of house building. All chains should be clearly labeled.
12. When the teacher decides to go no further, pick one lower chain and think up a problem or shortage with that chain. Pull on it to illustrate how the entire structure of chains will move. Discuss the implications and have the students develop clearly stated opinions on the concept of interdependence.

## Evaluation

Whether or not comprehension was achieved can be evaluated by observation of the discussion as students build and assemble their chains of interdependence. An essay can also be assigned, asking students to evaluate the effect of one industry's health on another.

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## Rubric

| Category                                  | 4  | 3   | 2  | 1   |
|---|--|---|--|---|
| <b>Accuracy of Facts (Content)</b>        | All supportive facts are reported accurately.  | Almost all supportive facts are reported accurately.  | Most supportive facts are reported accurately.   | No facts are reported, or most are inaccurately reported.   |
| <b>Grammar and Spelling (Conventions)</b> | Writer makes no grammatical or spelling errors that distract the reader from the content.                  | Writer makes one or two spelling or grammatical errors that distract the reader from the content. | Writer makes three or four spelling or grammatical errors that distract the reader from the content. | Writer makes more than four spelling or grammatical errors that distract the reader from the content. |
| <b>Focus on Topic (Content)</b>           | There is one clear, well-focused topic. The main idea stands out and is supported by detailed information. | The main idea is clear, but the supporting information is general.                                | The main idea is somewhat clear, but there is a need for more supporting information.                | The main idea is not clear. There is a seemingly random collection of information.                    |



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**E**conomics  
**A**cademy

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**video 2**

**scarcity and productive resources**

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# Productive Resources and Interdependence

## How Many Industries Does It Take to Change a Light Bulb?

**O**verview This lesson is designed to make students aware of interdependence in any economy. It may be used as an introduction, review or illustration of the concept learned, and is easily adapted to Grade 5 and Grade 6. The point is to have students think of all the additional industries necessary for the named one to succeed, and to discuss that concept in a fun way that aids comprehension.

**O**utcome Students will understand that most production of goods requires other goods, and that this requirement leads to specialization and interdependence.

### Standards Addressed

#### Grade 5

##### **Social Studies – Economics, Benchmark A**

02. Explain that individuals in all economies must answer the fundamental economic questions of what to produce, how to produce and for whom to produce.

##### **Social Studies – Economics, Benchmark B**

03. Explain how education, specialization, capital goods and the division of labor affect productive capacity.

##### **Social Studies – Economics, Benchmark C**

04. Explain how regions in North America become interdependent when they specialize in what they produce best and then trade with other regions inside and outside North America to increase the amount and variety of goods and services available.
05. Explain the general relationship between supply, demand and price in a competitive market.
06. Explain why competition among producers/sellers results in lower costs and prices, higher product quality and better customer service.

#### Grade 6

##### **Social Studies – Economics, Benchmark A**

01. Explain how the availability of productive resources and entrepreneurship affects the production of goods and services in different world regions.

##### **Social Studies – Economics, Benchmark B**

03. Explain why trade occurs when individuals, regions and countries specialize in what they can produce at the lowest opportunity cost and how this causes both production and consumption to increase.
04. Identify goods and services that are imported and exported and explain how this trade makes countries interdependent.

### Materials

- Lamp Diagram student handout
- Optional poster paper and art supplies to construct displays and possible model

## Procedure

1. Decide whether this lesson will be accomplished as a whole class or in teams.
2. Teach and/or review the concept of interdependence.
3. Hand out the Lamp Diagram student handout.
4. Have students brainstorm all the industries necessary to produce the lamp. If necessary, allow time for research. If desired, allow time for constructing a display of findings.
5. Have students or teams report findings.
6. Discuss what was learned.

## Evaluation

Whether or not comprehension was achieved can be evaluated by observation of the discussion as students share and display their findings.

## Rubric for Evaluation of Discussion

This rubric could be used by students to evaluate their own discussion or the discussion of peers.

| Category                            | 4   | 3   | 2   | 1   |
|-------------------------------------|---|---|---|---|
| <b>Use of Facts/<br/>Statistics</b> | Every major point was well-supported with several relevant facts, statistics and/or examples.             | Every major point was adequately supported with relevant facts, statistics and/or examples. | Every major point was supported with facts, statistics and/or examples, but the relevance of some was questionable. | None of the major points was supported.                       |
| <b>Understanding of<br/>Topic</b>   | The team clearly understood the topic in depth and presented its information forcefully and convincingly. | The team clearly understood the topic in depth and presented its information with ease.     | The team seemed to understand the main points of the topic and presented those with ease.                           | The team did not show an adequate understanding of the topic. |

# Just for Fun: How Many?

How many actors does it take to change a light bulb?

Only one. They don't like to share the spotlight.

How many amoeba does it take to change a light bulb?

One. Uh, two. No, four. Wait, I mean eight. Sixteen?  
No, 32 ...

How many babysitters does it take to change a light bulb?

None. They don't make diapers that small.

How many congressmen does it take to change a light bulb?

We need to look into that further. At this moment, I am calling for a committee to study the question.

How many college math students does it take to change a light bulb?

Are we allowed to use our calculators?

How many lawyers does it take to change a light bulb?

How many can you afford?

How many optimists does it take to change a light bulb?

None. They just know it will come back on by itself.

How many pessimists does it take to change a light bulb?

Why bother? It will just burn out again anyway.

How many procrastinators does it take to change a light bulb?

Only one, but he has to wait until the light is better in here.

How many paranoids does it take to change a light bulb?

Who wants to know?

How many magicians does it take to change a light bulb?

It depends on what you want it changed into.

How many dogs does it take to change a light bulb?

The border collie's answer: I can handle that for you. I'll also replace any wiring that isn't up to code and label the interior of your fuse box for you.

The rottweiler's answer: I'd like to see you make me.

The Labrador retriever's answer: Ooo, me! Pick me! Pick me! Can I do it? Huh? Huh?

The dachshund's answer: You know I can't reach that dumb lamp.

The Jack Russell terrier's answer: I'll do it. I'll just pop it in while I'm bouncing off the walls.

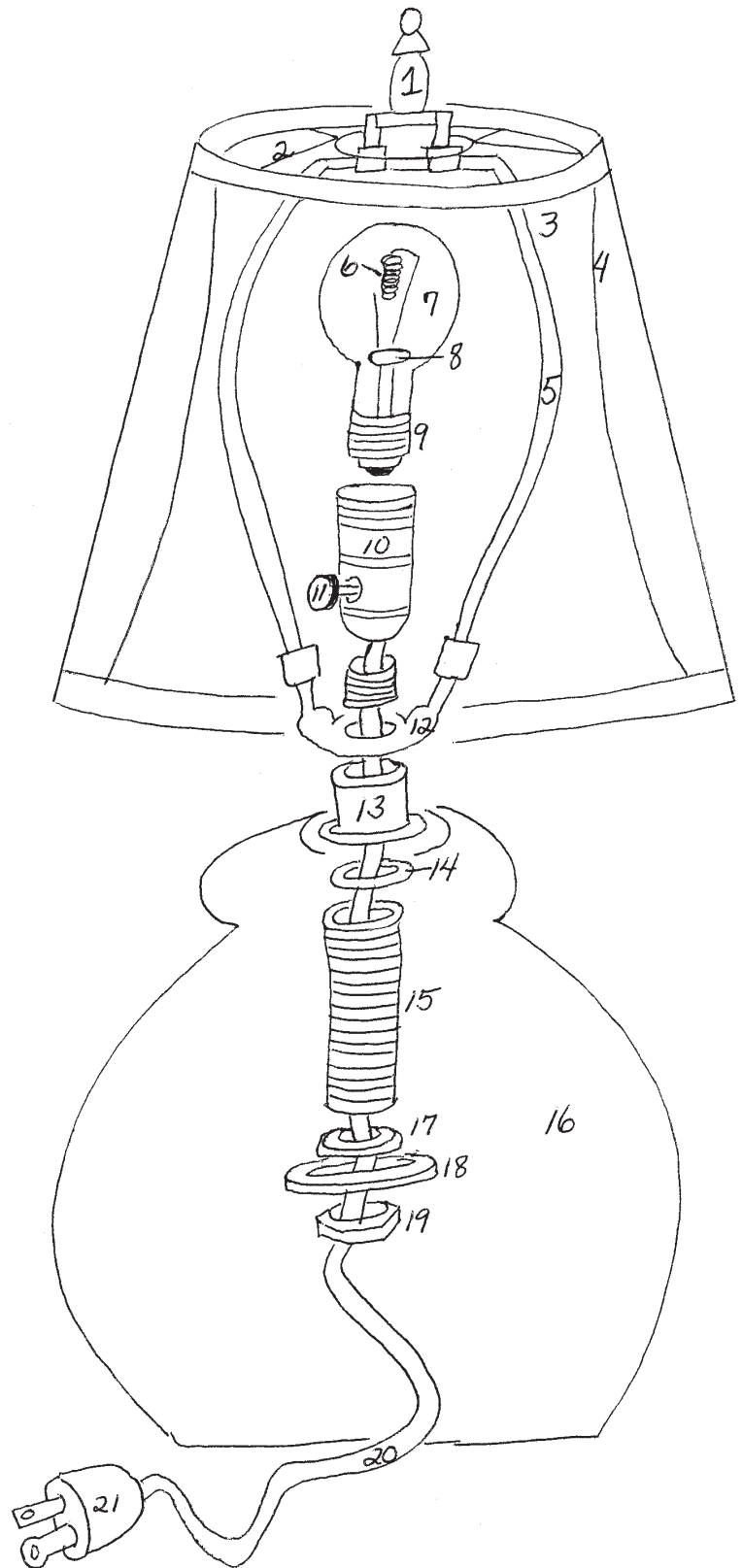
The greyhound's answer: It's not moving. Who cares about it?

The poodle's answer: I just had my nails done. Get the boxer to do it.

The Doberman pinscher's answer: You're afraid of the dark, aren't you?

# Lamp Diagram

1. metal, wood or ceramic finial
2. stainless steel spider
3. cloth or paper shade
4. stainless steel ribs
5. brass harp
6. tungsten filament
7. glass bulb
8. mica disc
9. brass and aluminum base
10. brass and aluminum socket
11. plastic switch
12. brass harp wing nut
13. ceramic neck piece
14. brass lock nut
15. aluminum lamp pipe
16. wood, plastic, metal or ceramic base
17. stainless steel lock washer
18. rubber washer
19. stainless steel hex nut
20. rubber, plastic and copper wire cord
21. brass and plastic plug



# Lamp Diagram — Student Handout

List the industries necessary to acquire parts to produce this lamp.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_
11. \_\_\_\_\_
12. \_\_\_\_\_
13. \_\_\_\_\_
14. \_\_\_\_\_
15. \_\_\_\_\_
16. \_\_\_\_\_
17. \_\_\_\_\_
18. \_\_\_\_\_
19. \_\_\_\_\_
20. \_\_\_\_\_
21. \_\_\_\_\_

# SchoolMark Greeting Card Company

**O**verview  
Students create greeting cards for senior citizens first individually and then using an assembly line. They compare the results and determine what productive resources were in play in this activity.

**O**utcome  
The students will gain an understanding about factors of productivity.

## Standards Addressed

### Grade 5

#### *Social Studies – Economics, Benchmark B*

03. Explain how education, specialization, capital goods and the division of labor affect productive capacity.

## Materials

- SchoolMark Greeting Card student handout
- Two colors of paper – white paper for the card and colored paper for the buttons and the pocket
- Glue
- Scissors
- Rulers
- Pennies

## Procedure

1. Divide the students into groups. Give the following scenario:

Your school has been asked by an agency that works with elderly people to make holiday cards for the people living in nursing homes. They need 1,000 cards to have enough for all of the people. If the cards are made accurately – to their specifications – you will earn \$1 per card. (This will really help you pay for the school dance.)

2. Pass out the worksheet and show a sample of the card that the students are being asked to make.
3. Have one person in the group be a timer to determine how long it takes each person to make a card. Add the times together. (If there are five in the group, add all five times together.)
4. When times have been recorded, discuss other possible ways of making the cards. Typically, the students will come up with using an assembly line. Talk about how some students are better suited for different jobs. Have the students assign tasks in their group.
5. Have the timer record the time that it took for the assembly line to complete the same number of cards as there are people in the group.
6. Compare the times of the two methods of assembling the cards. Students should find that the assembly line method proved to be much quicker than assembling the card individually.

7. Have students write a few sentences telling what they discovered when they used two methods of producing the cards.
8. Discuss the concept of specialization – how the group gave specific jobs to people who would be good in that area.
9. Review the productive resources. Have the students fill in the worksheet about what factors were present in this task.

## Answers to Page 81

1. Answers will vary.
2. Answers will vary.
3. Answers will vary.
4. Probably the assembly line was able to create cards much quicker than each person working individually. It would be good to check and see how each group organized their labor.

5.

| Human Resources | Natural Resources                                     | Capital Resources                    |
|-----------------|---|--------------------------------------|
| Workers         | Wood<br>Animal tissues or polymers<br>Copper<br>Metal | Paper<br>Glue<br>Pennies<br>Scissors |

6. Each person did what they did best. This made the group quicker in making cards.

## Participation Rubric

| Category                            | 4  | 3   | 2   | 1  |
|-------------------------------------|--|---|---|--|
| <b>Level of Engagement in Class</b> | Student proactively contributes to class by offering ideas and asking questions more than once per class.              | Student proactively contributes to class by offering ideas and asking questions once per class. | Student rarely contributes to class by offering ideas and asking questions.         | Student never contributes to class by offering ideas or asking questions.  |
| <b>Listening Skills</b>             | Student listens when others talk, both in groups and in class. Student incorporates or builds off the ideas of others. | Student listens when others talk, both in groups and in class.                                  | Student does not listen when others talk, both in groups and in class.              | Student does not listen when others talk, both in groups and in class. Student often interrupts when others speak. |
| <b>Behavior</b>                     | Student almost never displays disruptive behavior during class.  | Student rarely displays disruptive behavior during class.                                       | Student occasionally displays disruptive behavior during class.                     | Student almost always displays disruptive behavior during class.   |
| <b>Preparation</b>                  | Student is almost always prepared for class with assignments and required class materials.                             | Student is usually prepared for class with assignments and required class materials.            | Student is rarely prepared for class with assignments and required class materials. | Student is almost never prepared for class with assignments and required class materials.                          |

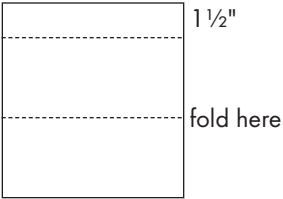
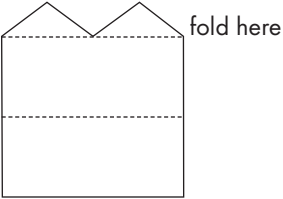
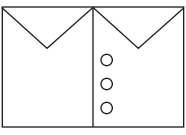
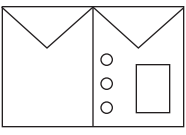
Adapted from <http://teachers.teach-nology.com/cgi-bin/classpar.cgi>

# SchoolMark Greeting Card Company — Student Handout

Your school has been asked by an agency that works with elderly people to make holiday cards for the people living in nursing homes. They need 1,000 cards to have enough for all of the people. If the cards are made accurately — to their specifications — you will earn \$1 per card. (This will really help pay for the school dance.)

Name of your group \_\_\_\_\_

One member of your group should time construction for each member of the team. Start timing after all of the materials are collected and production begins.

|  |   |
|--|---|
| <p>1. Gather your materials.</p>   | <ul style="list-style-type: none"> <li>• 8½" x 11" paper</li> <li>• Colored paper</li> <li>• Scissors</li> <li>• Pennies</li> <li>• Markers</li> <li>• Ruler</li> <li>• Glue stick</li> </ul> |
| <p>2. Fold your paper so 1½" is left at the top.</p>   |   |
| <p>3. Cut tabs at the top. Be sure to find the center.</p>   |    |
| <p>4. Draw a line down the center of the card and add buttons you make by tracing around the penny. (Use a different color for the buttons.)</p> |    |
| <p>5. Add a pocket. (Use a different color.)</p>   |    |
| <p>6. Open the card and write "Happy Holidays!"</p>  | <p style="text-align: center;">Inside:<br/><b>Happy Holidays!</b></p>   |



1. Add the time that it took each person in your group to complete a card. \_\_\_\_\_

2. Is there a better way to accomplish this task? \_\_\_\_\_

\_\_\_\_\_

Let's try an assembly line. You need to complete as many cards as there are people in your group. Someone should be a timer. Try to organize your group so that people are doing what they are good at.

3. Write the time it took to complete the same number of cards as there are people in your group. \_\_\_\_\_

4. Compare the two times. Write a few sentences about the result. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Let's analyze our SchoolMark Greeting Card Company in terms of the economics we have learned.

5. In each block, list the factor of production.

| <b>Human Resources</b> | <b>Natural Resources</b> | <b>Capital Resources</b> |
|------------------------|--------------------------|--------------------------|
|                        |                          |                          |

6. What part did specialization play in this activity? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# The Public vs. the Private Sector

## **O**verview

Students write a definition of the public and the private sectors in their own words. They then place goods and services in a Venn diagram in the categories of public, private or both.

## **O**utcome

Students will understand the differences between a nation's public and private sectors.

## Standard Addressed

### Grade 6

#### **Social Studies – Economics, Benchmark C**

06. Distinguish between goods and services typically produced by the private sector and the public sector.

## Teacher Information – Some Generalities

### Public Sector

- Is composed of federal, state and local government entities
- Goal is to provide goods and services and expand knowledge base
- Best suited to long-term needs of the community
- Perceived as less efficient, but empirical data has not found this to be so

### Private Sector

- “Heartbeat” of the capitalistic society
- Goal is to produce and market products that return a profit
- Best suited to short-term projects with immediate results
- Perceived as more efficient

## Materials

- Chart paper or board
- Student handouts

## Procedure

1. Ask one student to tell about his or her activities from the morning until after school. Make a list on the board of these activities. For example, took a shower, got dressed, ate breakfast, rode to school on the bus.
2. Go through the list and talk about things that are goods and services from the public sector – for example, the water in the shower, the road that got them to school, the bus they rode in, the school, etc.
3. Do the same for the private sector – for example, the clothes they're wearing, the food they ate for breakfast, etc.
4. Talk about the characteristics of the public and private sectors, but don't write them down.
5. Distribute the student handouts. Ask the students to write a definition of the public and private sector at the top of each paper.
6. On Student Handout #1, have the students put the terms at the bottom of the sheet on the Venn diagram in the correct place.

7. On Student Handout #2, have students take an event like the school dance or a community festival and place the “pieces” of the event in the correct place on the Venn diagram. You may want the students to work in groups on this part of the activity.

### Answers for Student Handout #1

#### Public Sector

Police

City park

NASA

Court system

#### Private Sector

The Gap

Cap’n Crunch cereal

Getting a haircut

Network television

Vitamins

#### Both

Elementary schools

College

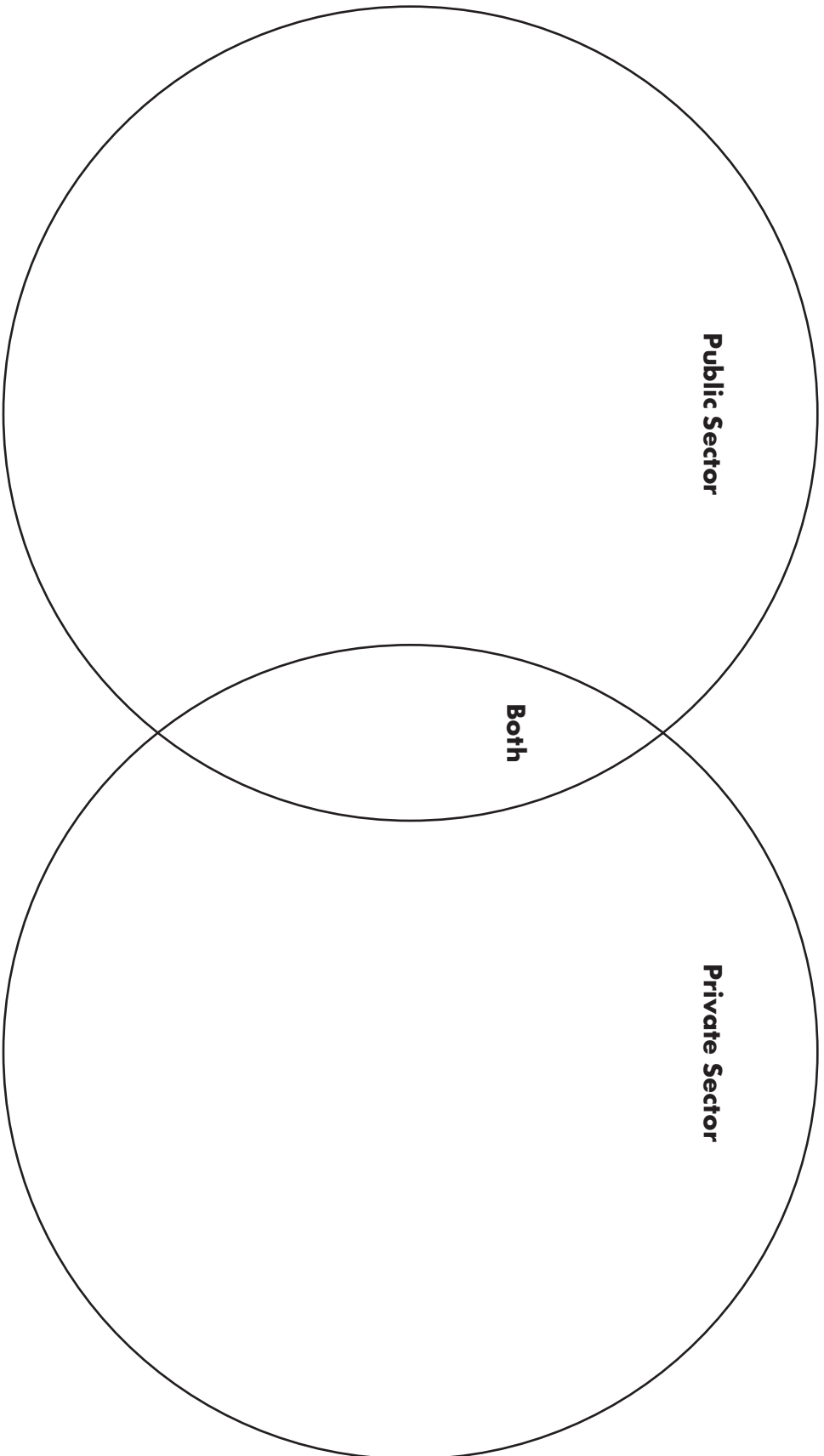
### Evaluation

Rubric for evaluating Venn diagram of student-selected topic.

| <b>Excellent (20-16)</b>  | <b>Good (15-11)</b>  | <b>Adequate (10-6)</b>   | <b>Needs Work (5-0)</b>  |
|---|--|--|--|
| Exhibits mastery of material by having topics in correct part of diagram. All topics are correctly located. | Has an understanding of where things belong on diagram, but makes one or two errors. | Shows a limited understanding of the concept by having three or four topics misplaced. | Does not appear to understand the concept. Five or more topics misplaced on diagram. |

# The Public vs. the Private Sector — Student Handout #1

Name \_\_\_\_\_



Place these goods or services in the correct spot on the Venn diagram.

- Police
- City Park
- NASA

- The Gap
- Elementary Schools
- Cap 'n Crunch Cereal

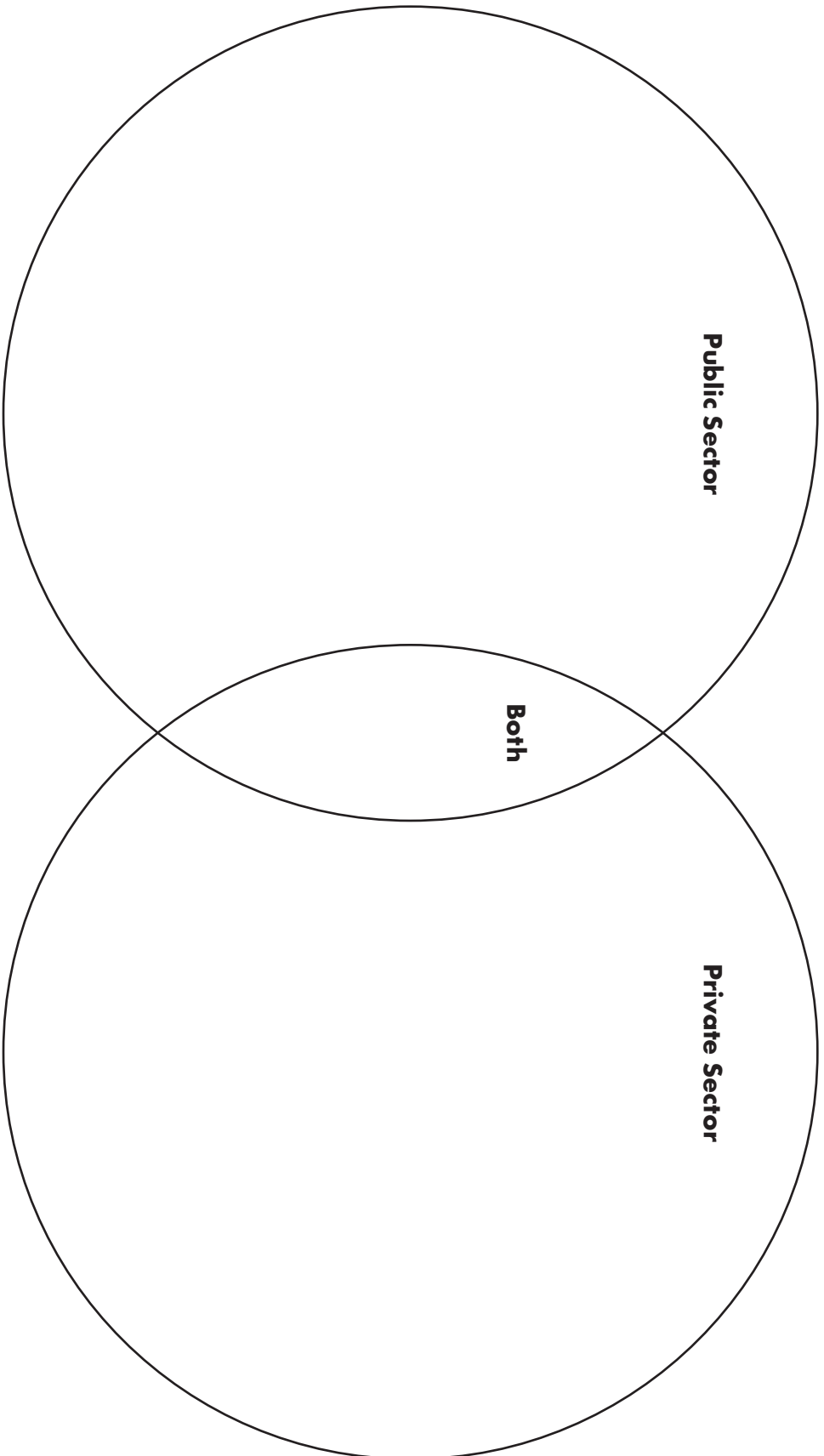
- Public Television
- Getting a Haircut
- College

- Network Television
- Court System
- Vitamins

# The Public vs. the Private Sector — Student Handout #2

Name \_\_\_\_\_

Event selected \_\_\_\_\_



Place the goods and services from the event you selected on this Venn diagram.



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## **video 3**

**import, export, trade and  
the circular motion of the economy**

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# Availability of Resources

**O**verview  
Students look at the industries in each of the U.S. colonies and determine common regional patterns. They then determine what they could trade with other colonies and what other colonies could trade with them.

**O**utcome  
Students will learn how America's colonies specialized in producing resources for trade.

## Standards Addressed

### Grade 5

#### **Social Studies — Economics, Benchmark C**

04. Explain how regions in North America become interdependent when they specialize in what they produce best and then trade with other regions inside and outside North America to increase the amount and variety of goods and services available.

### Grade 6

#### **Social Studies — Economics, Benchmark B**

03. Explain why trade occurs when individuals, regions and countries specialize in what they can produce at the lowest opportunity cost and how this causes both production and consumption to increase.
04. Identify goods and services that are imported and exported and explain how this trade makes countries interdependent.

## Procedure

1. Distribute the Availability of Resources worksheet to the class.
2. Divide the students into pairs or small groups.
3. Have students use their textbooks or the Social Studies for Kids: The 13 American Colonies Web site, [www.socialstudiesforkids.com/articles/ushistory/13colonies2.htm](http://www.socialstudiesforkids.com/articles/ushistory/13colonies2.htm), to find what the industries are in each colony.

**Caution:** If the students use multiple resources, they will get diversity in their answers. They will be very similar, but not exactly the same. This might be a good time to talk about why that happens. They should still be able to complete the assignment even though the responses from their research might not be exactly the same.

4. Ask the students to write the common elements of each of the areas in the table.
5. Have them answer the two questions: What would the colonies produce in their area? For whom would they produce it?
6. When all papers are completed, have a class discussion covering the topics on the worksheet.

## Evaluation

Checklist for evaluating answers:

| Category | Responsibilities  |
|----------|---|
| Ideas    | <input type="checkbox"/> Ideas are written in my own words.               |
|          | <input type="checkbox"/> I understand my topic.                           |
|          | <input type="checkbox"/> Answers are clear and focused and stay on topic. |
|          | <input type="checkbox"/> Details give the reader important information.   |

# Availability of Resources — Student Handout

Name \_\_\_\_\_

Use your textbook and/or the Web site Social Studies for Kids: The 13 American Colonies, [www.socialstudiesforkids.com/articles/ushistory/13colonies2.htm](http://www.socialstudiesforkids.com/articles/ushistory/13colonies2.htm) to find what the industries are in each colony. Then determine the common elements of each region.

| New England Colonies |            |                 |
|----------------------|------------|-----------------|
| Name                 | Industries | Common Elements |
| Rhode Island         |            |                 |
| Connecticut          |            |                 |
| Massachusetts        |            |                 |
| New Hampshire        |            |                 |

What would the New England colonies produce?

For whom would they produce it?

| Middle Colonies |            |                 |
|-----------------|------------|-----------------|
| Name            | Industries | Common Elements |
| Delaware        |            |                 |
| Pennsylvania    |            |                 |
| New York        |            |                 |
| New Jersey      |            |                 |

What would the middle colonies produce?

For whom would they produce it?

| <b>Southern Colonies</b> |                   |                        |
|--------------------------|-------------------|------------------------|
| <b>Name</b>              | <b>Industries</b> | <b>Common Elements</b> |
| Maryland                 |                   |                        |
| Virginia                 |                   |                        |
| North Carolina           |                   |                        |
| South Carolina           |                   |                        |
| Georgia                  |                   |                        |

What would the southern colonies produce?

For whom would they produce it?

# Availability of Resources — Answer Key

Name \_\_\_\_\_

Use your textbook and/or the Web site Social Studies for Kids: The 13 American Colonies, [www.socialstudiesforkids.com/articles/ushistory/13colonies2.htm](http://www.socialstudiesforkids.com/articles/ushistory/13colonies2.htm) to find what the industries are in each colony. Then determine what the common elements are of each region.

| New England Colonies |  |  |
|----------------------|--|--|
| Name                 | Industries   | Common Elements  |
| Rhode Island         | Agriculture (livestock, dairy, fishing),<br>manufacturing (lumbering)              | <ul style="list-style-type: none"> <li>• Lumbering</li> <li>• Fishing</li> <li>• Livestock</li> <li>• Produce</li> </ul> |
| Connecticut          | Agriculture (wheat, corn, fishing)   |  |
| Massachusetts        | Agriculture (fishing, corn, livestock),<br>manufacturing (lumbering, shipbuilding) |  |
| New Hampshire        | Agriculture (potatoes, fishing),<br>manufacturing (textiles, shipbuilding)         |  |

What would the New England colonies produce?

- Crops for food
- Furniture
- Ships

For whom would they produce it?

- Southern colonies
- England

| Middle Colonies |   |  |
|-----------------|---|--|
| Name            | Industries  | Common Elements  |
| Delaware        | Agriculture (potatoes, fishing),<br>manufacturing (textiles, shipbuilding)                          | <ul style="list-style-type: none"> <li>• Manufactured goods</li> <li>• Textiles</li> <li>• Shipbuilding</li> </ul> |
| Pennsylvania    | Agriculture (wheat, corn, cattle, dairy),<br>manufacturing (textiles, papermaking,<br>shipbuilding) |  |
| New York        | Manufacturing (shipbuilding, iron works),<br>agriculture (cattle, grain, rice, indigo,<br>wheat)    |  |
| New Jersey      | Manufacturing (ironworking, lumbering)  |  |

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What would the middle colonies produce?

- Ships
- Manufactured goods from iron
- Textiles – with the raw material from the southern colonies

For whom would they produce it?

- People in their own colonies
- Southern colonies
- England

| <b>Southern Colonies</b> |  |  |
|--------------------------|--|--|
| <b>Name</b>              | <b>Industries</b>  | <b>Common Elements</b>   |
| Maryland                 | Manufacturing (shipbuilding, iron works),<br>Agriculture (corn, wheat, rice, indigo) | <ul style="list-style-type: none"><li>• Rice</li><li>• Indigo (bean-like plant)</li><li>• Sugar</li><li>• Cotton</li><li>• Tobacco</li></ul> |
| Virginia                 | Manufacturing (shipbuilding, iron works),<br>Agriculture (corn, wheat, rice, indigo) |  |
| North Carolina           | Plantation agriculture (indigo, rice,<br>tobacco)                                    |  |
| South Carolina           | Plantation agriculture (indigo, rice,<br>tobacco, cotton, cattle)                    |  |
| Georgia                  | Agriculture (indigo, rice, sugar)  |  |

What would the southern colonies produce?

- Raw materials like cotton, sugar, tobacco, rice

For whom would they produce it?

- People in the colonies
- England

# Imports and Exports

## **O**verview

Students use Internet resources to research the economic connections that the United States has with other countries.

## **O**utcome

Students will develop an understanding of where the items that they use in their daily lives come from.

## Standards Addressed

### Grade 6

#### **Social Studies — Economics, Benchmark A**

01. Explain how the availability of productive resources and entrepreneurship affects the production of goods and services in different world regions.

### Grade 8

#### **Social Studies — Economics, Benchmark A**

01. Explain how the uneven distribution of productive resources influenced historic events such as the Civil War.

#### **Social Studies — Economics, Benchmark B**

02. Discuss how mercantilism and the establishment of colonies led to increased global trading during the 17th and 18th centuries.

## Materials

- Imports and Exports student handout
- Computer or reference materials

## Procedure

1. Divide students into pairs.
2. Give each group the name of a country with which the United States has trade agreements.
3. Students then use the Internet to research the specific country and find the products that the country exports, and also which products they import from the United States.

Students can use the **Economics Academy 101** hotlist at **www.WesternReservePublicMedia.org/economics/hotlist.htm** and scroll to "Colonies" or "Imports/Exports" as a resource.

4. From the information, create a chart showing the imports and exports.
5. It is possible that there is an imbalance between the goods exported and imported (for example, China). The students will write a paragraph to give an explanation for the imbalance. Students should cite their sources.

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## Evaluation

Checklist for evaluating answers.

| <b>Category</b> | <b>Responsibilities</b>   |
|-----------------|---|
| Ideas           | <ul style="list-style-type: none"><li><input type="checkbox"/> Ideas are written in my own words.</li><li><input type="checkbox"/> I understand my topic.</li><li><input type="checkbox"/> My report is clear and focused. I stay on topic.</li><li><input type="checkbox"/> Details give the reader important information.</li></ul>   |
| Organization    | <ul style="list-style-type: none"><li><input type="checkbox"/> My report is sequenced in a logical order.</li><li><input type="checkbox"/> Ideas flow well and are clearly connected to one another.</li></ul>  |
| Conventions     | <ul style="list-style-type: none"><li><input type="checkbox"/> Paragraphs are sound.</li><li><input type="checkbox"/> Each paragraph has one main idea.</li><li><input type="checkbox"/> Correct grammar is used.</li><li><input type="checkbox"/> Commas, periods, question marks and exclamation points are used correctly.</li><li><input type="checkbox"/> My handwriting is legible.</li><li><input type="checkbox"/> My printout contains no typos.</li></ul> |

# Imports and Exports — Student Handout

Names \_\_\_\_\_

Using Internet resources or print material, list items that the United States exports and imports from your assigned country.

| U.S. exports to _____ | U.S. imports from _____ |
|-----------------------|-------------------------|
|                       |                         |

It is possible that there is an imbalance between the goods exported and imported to and from a specific country. Write a paragraph to explain why you think this imbalance exists.

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**E**conomics  
**A**cademy

101

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**video 4**

**government regulations and tariffs**

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# Tariffs — Expert Groups

“It’s a condition that confronts us — not a theory” Grover Cleveland

**O**verview  
Students look at the Missouri Compromise, the Tariff of 1828 and other historical tariffs to see the role these taxes played in causing the Civil War. They then work in groups to present “expert” information to the rest of the class on their topic.

**O**utcome  
Students will gain an understanding of the history of tariffs in the United States.

## Standards Addressed

### Grade 8

#### **Social Studies — Economics, Benchmark A**

01. Explain how the uneven distribution of productive resources influenced historic events such as the Civil War.

#### **Social Studies — Economics, Benchmark B**

03. Explain the purpose and effects of trade barriers such as tariffs enacted before the Civil War.

## Materials

- Access to information through textbooks or using the Internet
- Expert Groups handout

## Procedure

1. Divide students into groups of three. Students then select one of the subtopic questions found in the Expert Groups handout.
2. Students will do research on the topic using their text books and the resources at [www.WesternReservePublicMedia.org/economics/hotlist.htm](http://www.WesternReservePublicMedia.org/economics/hotlist.htm). They will find five facts about their topic and then write a question for the class about each fact that they find.
3. The group will then make a presentation to the class about its topic, teaching the five facts that they think are important.
4. A test could be given using the questions the students made.

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## Subtopic Answers

1. How did the Missouri Compromise solve the problem of keeping the balance of power in the Senate between the free and the slave states?

- In 1821, Missouri was admitted as a slave state after Maine was admitted as a free state in 1820.
- The Missouri Compromise was the result of a battle in Congress to have an equal number of slave states and free states. It was a power struggle to get control of Congress.
- The Southern states lost control of the House of Representatives because the population growth of these states was slower than the growth of the Northern states. New territories in the North also gave an advantage to free states in the Senate.
- Missouri asked to enter the Union as a slave state in 1819. A bitter debate arose that was not resolved until the following year when Maine requested entry as a free state. Senator Jesse B. Thomas offered an amendment that produced the Missouri Compromise.

2. Where was the line that separated the slave states and free states?

- For the balance of the Louisiana Territory north of the 36° 30' parallel (which ran along Missouri's southern border), slavery would be "forever prohibited."
- The 1820 Compromise actually laid out the Mason-Dixon Line separating free and slave states.

3. What territories were added to the slave side? To the free side?

- See map at <http://teachingamericanhistory.org/neh/interactives/sectionalism/lesson1>

4. What is the Tariff of 1828?

- From the beginning of the Union, individual states had conflicts with the federal government. Generally these were economic or philosophical in nature, where either the North or the South thought that the federal government was giving preference to the other side. The Tariff of 1828 was an example of this.
- The Northern states wanted Andrew Jackson to win the presidency in 1828 over the current president, John Quincy Adams. Democrats, including Southern Democrats, devised a scheme to discredit the Adams

administration by raising the tariff rates very high. The plan backfired and Congress passed the bill. The Tariff of 1828 was also called the "Tariff of Abomination" and it was widely protested in the South.

5. What were the Kentucky and Virginia Resolutions of 1798?

- The resolutions attacked the Federalists' interpretation of the Constitution, which extended the powers of the federal government over the states. The resolutions declared that the United States Constitution only established an agreement between the central government and the states, and that the federal government had no right to exercise powers not specifically delegated to it. Should the federal government assume such powers, its acts under them would be void. It was the right of the states to decide as to the constitutionality of such acts.

6. What happened at the Hartford Convention (called in response to the War of 1812)?

- Concern for states' rights and thoughts of secession were not exclusive to the South. As early as December 1814, a gathering of New England Federalists met at Hartford, Conn., to call for states' rights. The Constitutional amendments proposed there reflected the delegates' hostility toward the South and West. The War of 1812 was very unpopular in commercial New England.

7. What were the Alien and Sedition Acts?

- In 1798, the Federalist-controlled Congress passed a series of laws which, on the surface, were designed to control the activities of foreigners in the United States during a time of impending war. Beneath the surface, however, the real intent of these laws was to destroy Jeffersonian Republicans who placed their faith in an agrarian or farming society. The laws were known collectively as the Alien and Sedition Acts.

8. Why did the South protest the Tariff of 1828?

- The South saw tariffs imposed by the national government on foreign imports not for general revenue purposes but to help domestic manufacturing industries located mainly in the North. At the same time, there were depressed cotton prices and a reduced demand for raw goods from the South.

## Evaluation

Students should be evaluated on both the completion of the information on the worksheet and the quality of their presentation of the material.

### Worksheet Rubric

| Category                      | Excellent   | Good   | Satisfactory  | Needs Improvement  |
|-------------------------------|---|--|---|--|
| <b>Quality of Information</b> | Information clearly relates to the group's topic. It includes several supporting details and/or examples. | Information clearly relates to the group's topic. It provides one or two supporting details and/or examples. | Information clearly relates to the group's topic. No details and/or examples are given. | Information has little or nothing to do with the group's topic.  |
| <b>Organization</b>           | Information is very organized, with well-constructed paragraphs and subheadings.                          | Information is organized with well-constructed sentences.  | Information is organized, but sentences are not well-constructed.                       | The information appears to be disorganized.                      |
| <b>Amount of Information</b>  | Five facts are given and five questions are asked about the topic.  | Four facts are given and four questions are asked about the topic.   | Three facts are given and three questions are asked about the topic.                    | Two facts are given and two questions are asked about the topic. |

### Presentation Rubric

| Category              | Excellent   | Good   | Satisfactory  | Needs Improvement  |
|-----------------------|---|--|---|--|
| <b>Content</b>        | Student shows a full understanding of the topic.            | Student shows a good understanding of the topic.                           | Student shows a good understanding of parts of the topic.                 | Student does not seem to understand the topic very well. |
| <b>Preparedness</b>   | Student is completely prepared and has obviously rehearsed. | Student seems somewhat prepared but could have used a few more rehearsals. | Student is somewhat prepared, but it is clear that rehearsal was lacking. | Student does not seem at all prepared to present.        |
| <b>Stays on Topic</b> | Student stays on topic 100 percent of the time.             | Student stays on topic 99 percent to 90 percent of the time.               | Student stays on topic 89 percent to 75 percent of the time.              | It was hard to tell what the topic was.                  |

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## Extension

Students can also become an “expert” on the concept of free trade by answering the following questions using the Expert Groups handout.

**Dictionary.com** defines a tariff as “a system of duties imposed by a government on imported or exported goods.” When our country was new, there were few personal taxes like the income tax that we currently have. The revenue or money that the Union received was mainly from tariffs. Some groups supported and some vehemently opposed the implementation of tariffs.

Your group is to take a position for or against free trade. You need to answer the following questions:

1. What is free trade?

- Barriers and taxes on trade have all been removed by the government

2. What are some reasons people support free trade?

- Competition keeps costs low
- Capitalism or individual endeavor necessary for a successful economy

3. What are some reasons people are against free trade?

- Workers benefit from high wages and job stability

4. What is protectionism?

- Policies or doctrines that “protect” businesses and living wages by restricting or regulating trade between foreign nations

5. What is the World Trade Organization and what is its role?

- The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations

# Expert Groups — Student Handout

## Large Topic: Tariffs

### Circle Your Subtopic:

1. How did the Missouri Compromise solve the problem of keeping the balance of power in the Senate between the free states and slave states?
2. Which states were slave states and which were free states? What were the differences between the two groups?
3. What were the conflicts that divided the northern and southern states?
4. What is the Tariff of 1828?
5. What were the Kentucky and Virginia Resolutions of 1798?
6. What happened at the Hartford Convention (called in response to the War of 1812)?
7. What were the Alien and Sedition Acts?
8. Why did the South protest the Tariff of 1828?

### Directions

1. Narrow your topic to a reasonable amount of material to teach in a five-minute lesson.
2. Do research on your topic and find five important facts.
3. Brainstorm the facts and/or concepts that you plan to include in your lesson.

Facts: List them below!

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

4. Write one test question for each of your facts. Create at least two short essay-type questions. The other three can be in the format of true/false, multiple choice, matching or fill-in-the-blank. Write the questions in blue and the answers in red.

1. \_\_\_\_\_  
\_\_\_\_\_

2. \_\_\_\_\_

\_\_\_\_\_

3. \_\_\_\_\_

\_\_\_\_\_

4. \_\_\_\_\_

\_\_\_\_\_

5. \_\_\_\_\_

\_\_\_\_\_

5. Plan how you will teach the information. Remember that you are being graded on how well the class does in answering your questions. You must plan a strategy to ensure that they will remember what you want them to know. Think about how you learn best! Describe your strategy below. Remember, "cute" may not be the same as "effective."

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_



# But Those Are the Shoes That I Want! — Free Trade, Tariffs and Globalization

**O**verview  
Students look at the production of Nike shoes. They then write a paper about Nike Inc. from the position of the consumer, the company and the worker.

**O**utcome  
The students will understand the concepts of free trade and globalization.

## Standards Addressed

### Grade 6

#### **Social Studies: Economics, Benchmark A**

01. Explain how the availability of productive resources and entrepreneurship affects the production of goods and services in different world regions.

#### **Social Studies: Economics, Benchmark B**

03. Explain why trade occurs when individuals, regions and countries specialize in what they can produce at the lowest opportunity cost and how this causes both production and consumption to increase.

### Grade 7

#### **Social Studies: Economics, Benchmark A**

01. Compare the endowment of productive resources in world regions and explain how this endowment contributed to specialization, trade and interdependence in ancient times.

### Grade 5

#### **English Language Arts: Writing, Benchmark A**

01. Generate a topic, assigned or personal interest, and open-ended questions for research and develop a plan for gathering information.

#### **English Language Arts: Writing, Benchmark B**

02. Locate sources and gather relevant information from multiple sources (e.g., school library catalogs, online databases, electronic resources and Internet-based resources).

### Grade 6

#### **English Language Arts: Writing, Benchmark A**

01. Generate a topic, assigned or personal interest, and open-ended questions for research and develop a plan for gathering information.

#### **English Language Arts: Writing, Benchmark B**

02. Identify appropriate sources, and gather relevant information from multiple sources (e.g., school library catalogs, online databases, electronic resources and Internet-based resources).
03. Identify elements of validity in sources including publication date, coverage, language and points of view, and discuss primary and secondary sources.

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### **English Language Arts: Writing, Benchmark C**

05. Compare and contrast important findings and select sources to support central ideas, concepts and themes.

### **Grade 7**

#### **English Language Arts: Writing, Benchmark A**

01. Generate a topic, assigned or personal interest, and open-ended questions for research and develop a plan for gathering information.

#### **English Language Arts: Writing, Benchmark B**

02. Identify appropriate sources and gather relevant information from multiple sources (e.g., school library catalogs, online databases, electronic resources and Internet-based resources).

#### **English Language Arts: Writing, Benchmark C**

05. Analyze and organize important information, and select appropriate sources to support central ideas, concepts and themes.

### **Grade 8**

#### **English Language Arts: Writing, Benchmark B**

02. Identify appropriate sources and gather relevant information from multiple sources (e.g., school library catalogs, online databases, electronic resources and Internet-based resources).
03. Explain the usefulness and accuracy of sources by determining their validity (e.g., authority, accuracy, objectivity, publication date and coverage) and define primary and secondary sources.

#### **English Language Arts: Writing, Benchmark E**

08. Use a variety of communication techniques, including oral, visual, written or multimedia reports, to present information that supports a clear position about the topic or research question and to maintain an appropriate balance between researched information and original ideas.

### **Materials – Activity 1**

- Resource materials – computers, textbooks, Economics 101 hotlist, etc.
- Large-size chart paper
- Markers

### **Materials – Activity 2**

- Resource materials – computer, textbooks, Economics 101 hotlist, etc.
- Nike student handout

### **Procedure**

#### **Activity 1**

1. Introduce the lesson by holding up a pair – or a picture – of Nike shoes. Ask the students how many of them own Nike shoes. Explain that they are going to do a lesson about Nike, but there are some vocabulary words that they need to know first.
2. Divide the class into three parts. Assign one of these topics to each group: free trade, tariffs and globalization.
3. Give the students 15 minutes to research their topics and make a list of important information about them.

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4. Have the groups make a chart with at least four important ideas about their topic. (If a computer and projector are available, they could also use them to list the ideas.) Some sample ideas are listed below.

### Free Trade

- a. **Definition:** trade or commerce carried on without restrictions such as import duties, export bounties, domestic production subsidies, trade quotas or import licenses.
- b. Based on the economic theory of comparative advantage (market economy).
- c. Each region concentrates on what it can produce most cheaply and efficiently, and exchanges its products for those it is less able to produce economically.
- d. Critics of free-trade zones argue that such measures hurt the domestic economies. Jobs are lost to countries that have lower wages.

### Tariffs

- a. **Definition:** Taxes generally on goods imported or exported.
- b. Most often calculated as a percent of the price charged for the item by the foreign supplier.
- c. Money collected is called *duty*.
- d. May be imposed as a source of revenue for the government.
- e. A common purpose of tariffs is protection against foreign competition. By raising prices of imported goods relative to the prices of domestic goods, tariffs encourage consumers to buy domestic rather than foreign products.

### Globalization

- a. **Definition:** The trend of money and businesses to move beyond their own markets to other markets around the globe.
- b. Markedly increases international trade and cultural exchange.

- c. Helps developing nations “catch up” to industrialized nations much faster through increased employment and technological advances.
- d. Weakens national sovereignty and allows rich nations to ship domestic jobs overseas where labor is much cheaper.

### Activity 2

1. Now that students have a general understanding of the three concepts, they are ready to look at Nike Inc. Divide the students into groups of three.
2. The scenario for the lesson is that the Senate has called for a fact-finding investigation of Nike Inc. They have asked you to make a presentation about your viewpoint on Nike. Each member of the group will have a different viewpoint. One will present information as a consumer here in the United States. One will be an official from Nike Inc. and one will be a factory worker in one of the overseas Nike manufacturing plants.
3. Students will use the Internet sites provided, textbooks, interviews or other means to find factual information to report in their presentation to the Senate.
4. Students will write a report that they will read to the Senate. Each report must contain facts and the sources of those facts.
5. Allow one day for finding the facts and one day for the writing assignment. (The writing assignment could be done for homework.)
6. After reports have been written, students should have a class discussion, with each group presenting the information that they found.

## Evaluation

### Rubric for Writing

| Category                      | 4  | 3   | 2   | 1   |
|-------------------------------|--|---|---|---|
| <b>Quality of Information</b> | Information clearly relates to the main topic. It includes at least four supporting details and/or examples. | Information clearly relates to the main topic. It provides two or three supporting details and/or examples. | Information clearly relates to the main topic. No details and/or examples are given.                      | Information has little or nothing to do with the main topic.          |
| <b>Sources</b>                | All sources (information and graphics) are accurately documented in the desired format.                      | All sources (information and graphics) are accurately documented, but a few are not in the desired format.  | All sources (information and graphics) are accurately documented, but many are not in the desired format. | Some sources are not accurately documented.                           |
| <b>Mechanics</b>              | There are no grammatical, spelling or punctuation errors.  | There are one to two grammatical, spelling or punctuation errors  | There are three to four grammatical, spelling or punctuation errors.                                      | There are more than four grammatical, spelling or punctuation errors. |

# Nike – Student Handout

The following articles have been made public. Senators have seen the articles and are very concerned about what is best for the citizens of the United States. The Senate has called for a fact-finding investigation of Nike Inc. They have asked you to make a presentation about your viewpoint on Nike. They would like information from the viewpoint of the following:

- An official from Nike Inc.
- A factory worker in one of the overseas Nike manufacturing plants
- The typical consumer in the United States

**Each person in your group should circle the person he or she will represent when speaking to the Senate.**

“In China, workers at Wellco Factory making shoes for Nike are paid 16 cents per hour (living wage for a small family is about 87 cents), 11 to 12 hour shifts, seven days a week, 77 to 84 hours per week; workers are fined if they refuse overtime, and they’re not paid an extra rate for overtime hours.” Source: *Labor – Sweatshops and Globalization*, **[www.aeworldconnected.org/article.php/525.html](http://www.aeworldconnected.org/article.php/525.html)**

“Nike is one of the largest, most popular and most profitable shoe and clothing companies in the world. But the reality for many workers overseas making Nike shoes and clothing is far less rosy. Workers are paid wages insufficient to meet their basic needs, are not allowed to organize independent unions and often face health and safety hazards.” Nike Campaign, **[www.globalexchange.org/campaigns/sweatshops/nike](http://www.globalexchange.org/campaigns/sweatshops/nike)**

“Revenue FY’05: For the full fiscal year, United States revenues were up 7 percent to \$5.1 billion. Footwear revenues increased 9 percent to \$3.4 billion; apparel revenues grew 2 percent to \$1.5 billion; and equipment revenues grew 13 percent to \$313.4 million. U.S. pre-tax income improved 12 percent to \$1.1 billion. Thirty-seven percent of Nike brand revenue was generated by sales in the United States.” NikeBiz.com, **[www.nike.com/nikebiz/nikebiz.jhtml;bssid=UF0CMJU4HTHOACQFTAPCF4YKAWMCGIZB?page=3&item=facts](http://www.nike.com/nikebiz/nikebiz.jhtml;bssid=UF0CMJU4HTHOACQFTAPCF4YKAWMCGIZB?page=3&item=facts)**

## Your Task

1. Select which role you will be taking.
2. Do research on the topic. You can use the resources listed.

### Nike Lesson Sites

- Behind the Label, [www.behindthelabel.org](http://www.behindthelabel.org)
- Labor – Sweatshops and Globalization, [www.aworldconnected.org/debates/id.2894/debates\\_detail.asp](http://www.aworldconnected.org/debates/id.2894/debates_detail.asp)
- Nike Inc. – An overview of policy, profit, etc from Nike, [www.nike.com](http://www.nike.com)
- Nike Store, [www.nike.com/index.jhtml?cp=USNT\\_KW\\_Summer06\\_Google&l=nikestore#l=nikestore](http://www.nike.com/index.jhtml?cp=USNT_KW_Summer06_Google&l=nikestore#l=nikestore)
- Sweatshops, [www.coopamerica.org/programs/sweatshops/whattoknow.cfm](http://www.coopamerica.org/programs/sweatshops/whattoknow.cfm)
- Sweatshops: Poverty Is Awesome (a parody), [www.toolness.com/nike](http://www.toolness.com/nike)

3. Write a report with at least four important facts that express your viewpoint. (Before you write, you may want to get your group together and go over the information that each member found.)

### Your report will be evaluated using this rubric.

| Category                      | 4  | 3   | 2   | 1   |
|-------------------------------|--|---|---|---|
| <b>Quality of Information</b> | Information clearly relates to the main topic. It includes at least four supporting details and/or examples. | Information clearly relates to the main topic. It provides two or three supporting details and/or examples. | Information clearly relates to the main topic. No details and/or examples are given.                      | Information has little or nothing to do with the main topic.          |
| <b>Sources</b>                | All sources (information and graphics) are accurately documented in the desired format.                      | All sources (information and graphics) are accurately documented, but a few are not in the desired format.  | All sources (information and graphics) are accurately documented, but many are not in the desired format. | Some sources are not accurately documented.                           |
| <b>Mechanics</b>              | There are no grammatical, spelling or punctuation errors.  | There are one or two grammatical, spelling or punctuation errors  | There are three or four grammatical, spelling or punctuation errors.                                      | There are more than four grammatical, spelling or punctuation errors. |

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**E**conomics  
**A**cademy

101

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**video 5**  
**mercantilism and**  
**early economic history**

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# Interdependence/Mercantilism

**O**verview  
In this lesson, students conduct research to determine the ways that different U.S. colonies had to obtain goods from other countries and colonies. They then create a poster to share information about their colony with the class.

**O**utcome  
Students will understand that colonies could only survive and grow through trade.

## Standard Addressed

### Grade 8

#### *Social Studies – Economics, Benchmark B*

02. Discuss how mercantilism and the establishment of colonies led to increased global trading during the 17th and 18th centuries.

## Materials

- Interdependence/Mercantilism student handout
- Poster board
- Markers
- Old magazines for pictures
- Tape or glue

## Procedure

1. Divide the class into pairs or groups of three. It would be ideal to have enough groups so that there was one group for each colony.
2. Assign a colony to each group: New England (Rhode Island, Connecticut, Massachusetts and New Hampshire), Middle (Delaware, Pennsylvania, New York and New Jersey) or Southern (Maryland, Virginia, North Carolina, South Carolina and Georgia – later to include Vermont and Maine).
3. Using poster board, the students create a poster for their colony as described on the Interdependence/Mercantilism student handout.
4. Students cut out pictures, draw pictures or write words that describe the different aspects of the colony.
5. Following are the areas to be described for each colony:
  - a. Description of the colony (land, people, jobs, location, etc.).
  - b. Resources (farmland/crops, rivers, ocean/fishing, etc).
  - c. Needs (ships, household supplies, different crops, etc.).
  - d. Trading partners (West Indies, Britain, other colonies, etc.).
6. Students will display their posters and make a presentation to the rest of the class.

## Evaluation

| Category                              | 10 - Above Standard   | 9 - Meets Standard  | 8 - Approaching Standard  | 7 - Below Standard  | 6 - Unacceptable   |
|---------------------------------------|---|---|---|---|--|
| <b>Content – Accuracy (score x 2)</b> | All facts displayed on the poster are accurate.   | All facts but one or two displayed on the poster are accurate.  | All facts but three or four displayed on the poster are accurate.   | Most of the facts displayed on the poster are accurate.   | Information is incorrect and distracts from the finished product.    |
| <b>Graphics – Relevance</b>           | All graphics are related to the topic and make it easier to understand.   | All graphics are related to the topic and most make it easier to understand.  | All graphics relate to the topic, but do not help in the understanding.   | Few graphics relate to the topic.   | The graphics do not relate to the topic.                             |
| <b>Knowledge Gained</b>               | Student can answer all questions related to facts in the poster and can describe process used to create the poster. | Student can accurately answer most questions related to facts in the poster and can describe processes used to create the poster. | Student can only accurately answer about 75 percent of questions related to facts in the poster and can describe processes used to create the poster. | Student appears to have insufficient knowledge about the facts or processes used in the poster. | Student cannot demonstrate any knowledge learned.                    |
| <b>Required Elements</b>              | The poster includes more than just the required elements.   | All required elements are included on the poster.   | All but one of the required elements are included on the poster.  | Several required elements are missing.  | Most required elements are missing.                                  |
| <b>Attractiveness</b>                 | The poster is exceptionally attractive in terms of design, layout and neatness.                                     | The poster is attractive in terms of design, layout and neatness.   | The poster is acceptably attractive, though it may be a bit messy.  | The poster is distractingly messy or very poorly designed.                                      | The poster appears to have been thrown together with little thought. |

# Interdependence/Mercantilism — Student Handout

Name \_\_\_\_\_

1. Select the colony that you will be studying and place the name in the center of your poster. Do research using your textbook or the following sites:

## Resources

Thirteen Originals, [www.timepage.org/spl/13colony.html#mass](http://www.timepage.org/spl/13colony.html#mass)

About: U.S. History, <http://americanhistory.about.com/library/charts/blcolonial13.htm>

The 13 Colonies, [http://en.wikipedia.org/wiki/Thirteen\\_Colonies](http://en.wikipedia.org/wiki/Thirteen_Colonies)

Social Studies for Kids: The 13 American Colonies, [www.socialstudiesforkids.com/articles/ushistory/13colonies2.htm](http://www.socialstudiesforkids.com/articles/ushistory/13colonies2.htm)

2. The items to be displayed for each colony are as follows:

- **Description of the colony** (land, people, jobs, location, etc.)
- **Resources** (farmland/crops, rivers, ocean/fishing, etc.)
- **Needs** (ships, household supplies, different crops, etc.)
- **Trading partners** (West Indies, Britain, other colonies, etc.)

3. You can use pictures from magazines, draw pictures or use words to make your poster.

4. Remember to label the items on your poster. Make sure that spelling and grammar are correct and your information is accurate.

5. You will get bonus points for citing your sources on the back of your poster.

# Mercantilism Through the Triangular Trade

**O**verview  
In this lesson, students look at mercantilism through the triangular trade of the 18th century. The concept of mercantilism is then brought to the present day with the use of McDonald's as an analogy.

**O**utcome  
The students will understand the concept of mercantilism and learn key vocabulary words.

## Standards Addressed

### Grade 8

#### **Social Studies – Economics, Benchmark B**

02. Discuss how mercantilism and the establishment of colonies led to increased global trading during the 17th and 18th centuries.

#### **Social Studies – History, Benchmark D**

02. Describe the political, religious and economic aspects of North American colonization including:
  - Reasons for colonization, including religion, desire for land and economic opportunity.

## Materials

- Mercantilism Through the Triangular Trade student handout

## Procedure

1. Distribute the handout Mercantilism Through the Triangular Trade to the class.
2. As a class, discuss and define the four words at the top of the handout: import, export, goods and market.
3. Divide the students into pairs or groups of three. Have one person in the group read the story from the handout aloud.
4. As a group, students can fill in the chart showing triangular trade and answer the questions.
5. Gather students back together and go over the answers.
6. Ask if anyone knows what a franchise is. Discuss the concept of franchising.
7. Have the students go back into their group and do the second part of the worksheet, which looks at colonial mercantilism by comparing it to McDonald's.
8. Have students write the answers to questions 4-7.

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## Evaluation

Use this rubric to evaluate answers to questions 4-7.

| <b>Category</b>                                   | <b>20-16</b>   | <b>15-10</b>   | <b>9-5</b>  | <b>4-0</b>   |
|---|--|--|---|--|
| <b>Accuracy of Facts<br/>(Content)</b>            | All supportive facts are reported accurately.  | Almost all supportive facts are reported accurately.   | Most supportive facts are reported accurately.  | No facts are reported, or most are inaccurately reported.  |
| <b>Conclusion<br/>(Organization)</b>              | The answers are strong and leave the reader with a feeling that they understand what the writer is "getting at." | The conclusion is recognizable and ties up almost all the loose ends.                                | The answers are recognizable, but do not tie up several loose ends.                                     | There is no clear conclusion; the paper just ends.   |
| <b>Grammar<br/>and Spelling<br/>(Conventions)</b> | The writer makes no errors in grammar or spelling that distract the reader from the content.                     | The writer makes one or two errors in grammar or spelling that distract the reader from the content. | The writer makes three or four errors in grammar or spelling that distract the reader from the content. | The writer makes more than four errors in grammar or spelling that distract the reader from the content. |

# Mercantilism Through the Triangular Trade

## — Student Handout

Name: \_\_\_\_\_

1. Discuss and define the following economic terms:

**a. Import**

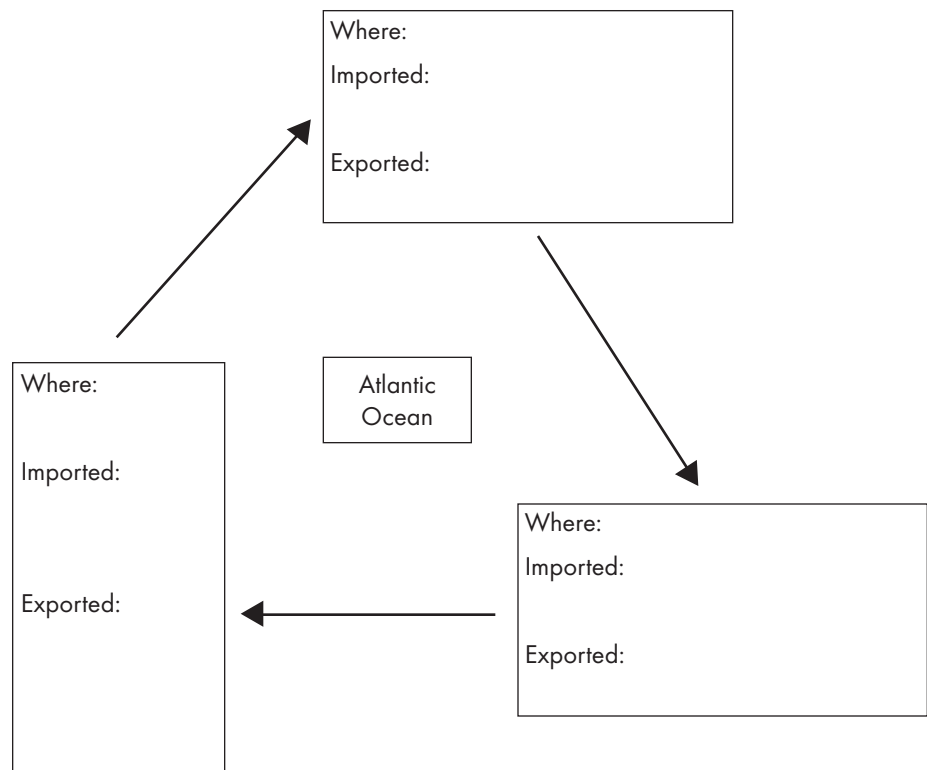
**b. Export**

**c. Goods**

**d. Markets**

2. From the paragraph below, complete the chart in the space provided that shows the triangular trade of the 18th century.

The first leg of the voyage often started in an English port. Ships were loaded with goods to take to Africa to trade for slaves. The second leg – often called the “dreaded Middle Passage” – carried the slaves who had been purchased or captured from Africa to the slave markets of the New World. For the third leg, ships full of sugar, tobacco and other products from the Americas (and from the Caribbean Islands) traveled to the English ports. Of course, there were problems, especially on the Middle Passage leg of the journey. Other ships might attack them and take the load of captive slaves to sell for themselves. Sometimes slaves rebelled or illness erupted and decimated the slaves and the crew.



The triangular trade is an example of **mercantilism**, or the idea that the mother country gains wealth and power by controlling the trade of its colonies. By taking products from America and then either creating manufactured goods or selling the original products to other countries (foreign markets), England was able to profit from the wealth of goods found in America. American merchants would not be able to deal with another country directly, but would have to operate within the rules that the English government established for them.

3. From the chart, determine the following:

- a. What is the mother country in the chart?
- b. What is the mother country's colony?
- c. What is the foreign market?

Another way to understand mercantilism is to compare it with a modern example. Rather than focus on a country, let's look at a company. Today, mercantilism is called franchising, and instead of referring to a country and its colonies, a franchise refers to the corporation (parent company) and the individual franchises (owner).

McDonald's Corporation is one of the world's biggest companies. However, independent individuals own many of the McDonald's restaurants that you visit. Anyone wishing to own an individual McDonald's restaurant pays McDonald's Corporation a fee to open up the restaurant. In running one's own McDonald's restaurant, the person has to agree to operate it in the manner that McDonald's tells him or her to. The owner must agree to set prices and include menu items as instructed by McDonald's Corporation. They must also use McDonald's logos, merchandise and suppliers for food, paper products, drinks, etc.

Therefore, the McDonald's restaurant is nearly completely controlled by the parent company, McDonald's Corporation. The profits made at the restaurant are the owner's to keep, but he or she has to pay the corporation a monthly fee and pay to use the items provided by McDonald's. By making franchises follow their rules, the parent company gains wealth and power – especially as more restaurants open up. Owners also make a profit, but have little control over the product. Although each McDonald's restaurant is independently owned, every owner must follow the same rules in conducting business.

4. How does one's ownership of a McDonald's franchise help the corporation gain wealth and power?

5. How does the main McDonald's corporation help individual restaurants succeed?

6. Compare this with the examples of mercantilism from #2.

- a. The parent company would be the equivalent of what?
- b. The individual McDonald's owner would be the equivalent of what?

7. Can you think of another example in today's world that is similar to the idea of mercantilism?

# Mercantilism Through the Triangular Trade – Answer Key

1. Discuss and define the following economic terms:

**a. Import** – Goods or resources that come into the country from other countries.

**b. Export** – Goods or resources that leave the country and are sold to other countries.

**c. Goods** – Items that are made (manufactured) for sale.

**d. Markets** – Places where items are bought and sold (can be physical, such as a store, or virtual, such as eBay).

2. From the paragraph below, complete the chart in the space provided that shows the triangular trade of the 18th century.

*The first leg of the voyage often started in an English port. Ships were loaded with goods to take to Africa to trade for slaves. The second leg – often called the “dreaded Middle Passage” – carried the slaves who had been purchased or captured from Africa to the slave markets of the New World. For the third leg, ships full of sugar, tobacco and other products from the Americas (and from the Caribbean Islands) traveled to the English ports. Of course, there were problems, especially on the Middle Passage leg of the journey. Other ships might attack them and take the load of captive slaves to sell for themselves. Sometimes slaves rebelled or illness erupted and decimated the slaves and the crew.*

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graph TD
    Eng["Where: England  
Imported: Sugar, tobacco, other agricultural products  
Exported: Goods"]
    Am["Where: Americas  
Imported: Slaves  
Exported: Sugar, tobacco, other agricultural products"]
    Afr["Where: Africa  
Imported: Goods  
Exported: Slaves"]
    Eng --> Afr
    Afr --> Am
    Am --> Eng
    
```

Atlantic Ocean

The triangular trade is an example of **mercantilism**, or the idea that the mother country gains wealth and power by controlling the trade of its colonies. By taking products from America and then either creating manufactured goods or selling the original products to other countries (foreign markets), England was able to profit from the wealth of goods found in America. An American merchant would not be able to deal with another country directly, but would have to operate within the rules the English government established for them.



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3. From the chart, determine the following:

**a. What is the mother country in the chart?** England

**b. Who is the mother country's colony?** America

**c. Who is the foreign market?** Africa

Another way to understand mercantilism is to compare it with a modern example. Rather than focus on a country, let's look at a company. Today, mercantilism is called franchising, and instead of referring to a country and its colonies, a franchise refers to the corporation (parent company) and the individual franchises (owner).

McDonald's Corporation is one of the world's biggest companies. However, independent individuals own many of the McDonald's restaurants that you visit. Anyone wishing to own an individual McDonald's restaurant pays McDonald's Corporation a fee to open up the restaurant. In running one's own McDonald's restaurant, the person has to agree to operate it in the manner that McDonald's tells him or her to. The owner must agree to set prices and include menu items as instructed by McDonald's Corporation. They must also use McDonald's logos, merchandise and suppliers for food, paper products, drinks, etc.

Therefore, the McDonald's restaurant is nearly completely controlled by the parent company, McDonald's Corporation. The profits made at the restaurant are the owner's to keep, but he or she has to pay the corporation a monthly fee and pay to use the items provided by McDonald's. By making franchises follow their rules, the parent company gains wealth and power – especially as more restaurants open up. Owners also make a profit, but have little control over the product. Although each McDonald's restaurant is independently owned, every owner must follow the same rules in conducting business.

**4. How does one's ownership of a McDonald's franchise help the corporation gain wealth and power?** You are paying a fee to McDonald's to run a restaurant and buying from their suppliers. Also, the more McDonald's there are, the more the parent company gains nationally.

**5. How does the main McDonald's corporation help individual restaurants succeed?** You are getting a proven and quality product from corporate McDonald's (the food, logos, marketing, etc.) and buying from suppliers that are trusted by the parent company.

**6. Compare this with the examples of mercantilism from #2.**

**a. The parent company would be the equivalent of what (from #2 above)?** England

**b. The individual McDonald's owner would be the equivalent of what (from #2 above)?** The American colonies

**7. Is there another example you can think of today that is similar to the idea of mercantilism?** Answers will vary.

# Triangular Trade

**O**verview  
Students utilize a familiar tune or poem to learn the role each colony had in the triangular trade.

**O**utcome  
Students will become knowledgeable about the resources and goods that U.S. colonies had to trade and the items they needed from other colonies or countries.

## Standards Addressed

### Grade 8

#### **Social Studies – Economics, Benchmark B**

02. Discuss how mercantilism and the establishment of colonies led to increased global trading during the 17th and 18th centuries.

#### **Social Studies – History, Benchmark D**

02. Describe the political, religious and economic aspects of North American colonization including:
  - Reasons for colonization, including religion, desire for land and economic opportunity.

## Materials

- Sample Song student handout

## Procedure

1. Students need to discuss triangular trade (maybe the route with Africa and the West Indies or the one with Britain and the West Indies).
2. Students may work individually or in groups.
3. Each student or group chooses to create a song or a poem. It needs to have at least 12 lines (this can vary depending on the age and/or ability of students). An example follows on p. 124.

## Evaluation

Use the rubric provided and, if desired, give extra points to those students who perform their creation.

| Category                            | 10 - Above Standard   | 9 - Meets Standard  | 8 - Approaching Standard   | 7 - Below Standard  | 6 - Unacceptable  |
|-------------------------------------|---|---|--|---|---|
| <b>Content Accuracy (score x 2)</b> | At least eight accurate facts are included in the composition.          | Seven accurate facts are included in the composition.         | Five to six accurate facts are included in the composition.                        | Only three or four accurate facts are included in the composition.  | Two or fewer facts are included in the composition.   |
| <b>Knowledge Gained</b>             | Student can accurately answer all questions related to the composition. | Student can answer most questions related to the composition. | Student can answer less than 75 percent of the questions related to the song/poem. | Student appears to have insufficient information to answer at least 50 percent of questions related to the composition. | Student is incapable of answering most questions about the composition.   |
| <b>Mechanical/ Grammar</b>          | There are no grammatical or mechanical errors.                          | There are one or two grammatical or mechanical errors.        | There are three or four grammatical or mechanical errors.                          | There are at least five grammatical or mechanical errors.   | The finished work contains numerous grammatical and mechanical errors, and the errors distract from the finished product. |
| <b>Required Elements</b>            | The student exceeds the requirements.                                   | The student meets the given requirements.                     | The student meets all but one of the requirements.                                 | The student meets all but two or three of the requirements.   | Several required elements are missing.  |

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# Triangular Trade — Sample Song

(To the tune of Mary Had a Little Lamb)

The colonies had lots of goods

Lots of goods

Lots of goods

The colonies had lots of goods

That they needed to trade.

They sent rum to Africa

Africa

Africa

They sent rum to Africa

As their part of the trade.

From Africa went slaves and gold

Slaves and gold

Slaves and gold

From Africa went slaves and gold

To the West Indies.

The islands had molasses and sugar

Molasses and sugar

Molasses and sugar

The islands had molasses and sugar

To America it went.

America needed lots of slaves

Lots of slaves

Lots of slaves

America needed lots of slaves

To work in its fields.

They got their slaves from the islands

From the islands

From the islands

They got their slaves from the islands

As part of the trade.

They sent back goods to the West Indies

The West Indies

The West Indies

They send back goods to the West Indies

Like fish, grain, beef and horses.

America turned the sugar to rum

Sugar to rum

Sugar to rum

America turned the sugar to rum

To send to Africa.

This is the story of Triangular Trade

Triangular Trade

Triangular Trade

This is the story of Triangular Trade

That is part of our history.

# Economics and the Articles of Confederation: Political Cartoons

## **O**verview

Given information about the effect of economics on the Articles of Confederation, students will create a political cartoon and then write an explanation of it.

## **O**utcome

By studying political cartoons, students will understand how the Articles of Confederation affected economics.

## Standards Addressed

### Grade 8

#### Social Studies — Economics, Benchmark C

03. Explain how lack of power to regulate the economy contributed to the demise of the Articles of Confederation and the creation of U.S. Constitution.

## Materials

Political Cartoons student handout

## Procedure

1. Introduce the class to political cartoons, using the example provided in this chapter. Explain how pictures sometimes can tell a story better than words can. Discuss the definition of satire: a literary work holding up human vices and follies to ridicule or scorn; trenchant wit, irony or sarcasm used to expose and discredit vice or folly (source: Merriam-Webster, [m-w.com](http://m-w.com)).
2. Pass out the Political Cartoons student handout that gives information about how economics was a part of the Articles of Confederation. Encourage them to use satire in their work.
3. Divide the students into pairs and ask them to draw a political cartoon using one of the facts given in the worksheet.
4. Ask them to explain their cartoon in writing.
5. Post the cartoons around the room.

## Evaluation

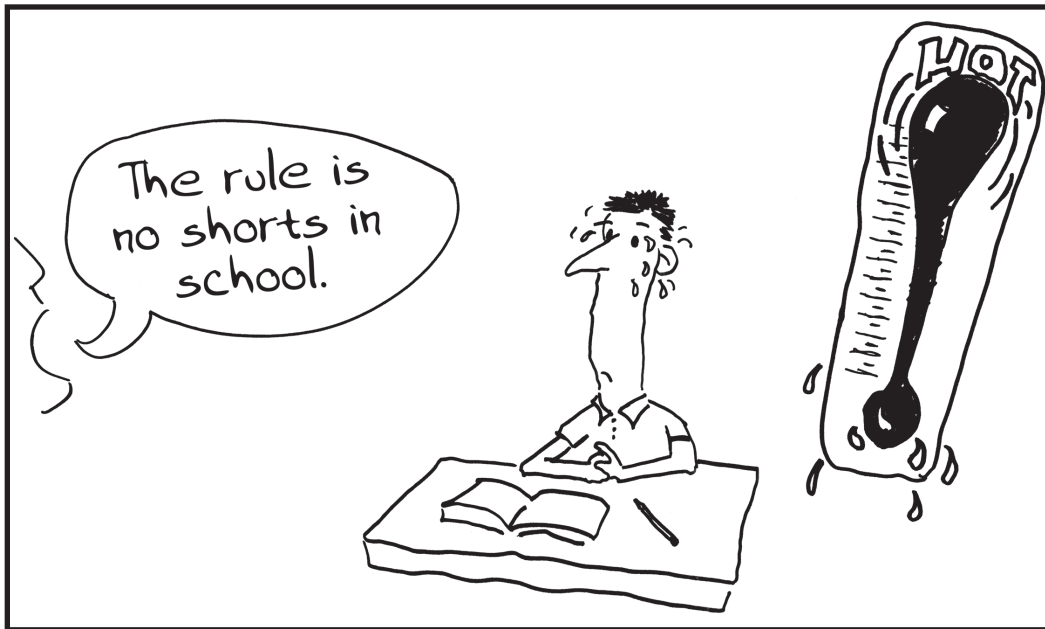
### Criteria

### Possible Points

|  |                  |
|--|------------------|
| The cartoon addresses issues of economics and the Articles of Confederation. | 10 points        |
| The cartoon can be understood by the viewer.                                 | 10 points        |
| Written explanation clearly describes the cartoon.                           | 10 points        |
| The cartoon is neatly drawn.   | 10 points        |
| Grammar and spelling are generally correct.                                  | 10 points        |
| <b>Total</b>   | <b>50 points</b> |

# Economics and the Articles of Confederation: Political Cartoons – Student Handout

A **political cartoon** is an illustration or comic strip containing a political or social message. It's a way to make your point without having the viewer do a lot of reading. The message should be obvious. The cartoon below is an example of a cartoon about the "politics" of a school building. What is this cartoon telling you?



Here are some facts about the role of economics in the Articles of Confederation.

- The United States borrowed money to pay for the Revolutionary War. The Articles of Confederation gave no power to tax; therefore, there was no revenue to pay the debt.
- By the 1780s, individual states started imposing tariffs, where previously the federal government was the only agency permitted to do so. This caused confusion regarding trading between states and between nations.
- There was no direction in the Articles about what to do with land acquired in the West.
- The continental currency had to compete with money that was being printed by the states. This led to depreciation (loss) of the value of the continental currency.
- If Congress passed a law, the states might choose to ignore it and Congress had no power to enforce the law.

## Your Job!

1. Use one of the topics on the left and create a political cartoon that might have been used in a colonial newspaper. Remember to try and use satire in your cartoon. You might want to show your cartoon to your classmates to make sure that they understand it. Put your name on the back!
2. Write at least one paragraph that explains your cartoon and attach it to the back of the cartoon.
3. The cartoons will be hung up around the room.

To see examples of political cartoons, visit these sites:

- A Catalog of Political Cartoons by Dr. Seuss, <http://orpheus.ucsd.edu/speccoll/dspolitic>
- Historic Political Cartoons, [www.loc.gov/rr/print/swann/herblock/presidents.html](http://www.loc.gov/rr/print/swann/herblock/presidents.html)

# The Right to Private Property

## **O**verview

A key concept of our democratic society is the right to own private property. In this lesson, students are given scenarios and asked to brainstorm and list possible courses of action. They then write a statement that tells what the group considers the best course of action.

## **O**utcome

Students will learn of the government's involvement in ownership of property.

## Standards Addressed

### Grade 8

#### **Social Studies – Economics, Benchmark C**

05. Explain how governmental protection of property rights and regulation of economic activity impacted the development of the U.S. economy.

## Materials

- Scenarios page, copied and cut into cards
- Napster Case student handout

## Procedure

1. Divide the students into groups of three or four.
2. Give each group one of the scenario cards. Ask one person to read the scenario out loud to his/her group.
3. The job of the team is to brainstorm all possible courses of action that could be taken to solve the problem of the scenario. No value judgments should be made.
4. The team members should then decide what solution they, as a group, would take and why.
5. Each group presents its scenario to the class.
6. After all groups have presented, ask what these scenarios have in common. In each case, something that belongs to someone else – their property – can be taken or used by another person.

**The first part of this exercise does not need to be used if the students have a good understanding of the concept of private property. You can start the lesson at this point.**

7. Discuss this statement with the class: "The right to private property is the social-political principle that adult human beings may not be prohibited or prevented by anyone from acquiring, holding and trading (with willing parties) valued items not already owned by others." *Source: The Internet Encyclopedia of Philosophy*
8. This discussion should then lead into the concept of the different kinds of property (intellectual, artistic and material), and what part the government plays in the ownership of property.
9. Distribute the Napster Case handout. As a class, discuss the case and answer the questions on the sheet.
10. Students will write a paper answering the following question: This case involved intellectual or artistic property. How does it compare to government intervention in real-property cases? Give an example.

For more information about the Napster case, visit [http://law.freeadvice.com/intellectual\\_property/copyright\\_law/napster.htm](http://law.freeadvice.com/intellectual_property/copyright_law/napster.htm).

### Scenario 1

Your family owns a piece of land next to a public park. The city wants that land for a parking lot, so they take it by eminent domain. This is the power of the state to take private property for public use with payment of compensation to the owner. What could you do?

### Scenario 2

A new kid at school has left his locker open a little. You saw that he had left his MP3 player in the locker. What could you do?

### Scenario 3

Last semester you wrote a paper on the effect of exercise. You're taking a class this year that requires a paper on almost the same topic. What could you do?

### Scenario 4

"Santa" brought you a new DVD for Christmas. Your friend says he would like a copy of it. You have a DVD burner on your computer. What could you do?

### Scenario 5

You really want the brand of sneakers that just came out on the market. You're visiting your aunt in another city and you see someone who has a pair that looks as though they would fit you. What could you do?

### Scenario 6

You're supposed to write a poem for the school newspaper. Your friend from another city e-mailed you one that he wrote. What could you do?

## Evaluation

Rubric for Writing

| Category                      | 4  | 3   | 2   | 1  |
|-------------------------------|--|---|---|--|
| <b>Quality of Information</b> | Information clearly relates to the main topic. It includes at least four supporting details and/or examples. | Information clearly relates to the main topic. It provides two or three supporting details and/or examples. | Information clearly relates to the main topic. No details and/or examples are given.                      | Information has little or nothing to do with the main topic. |
| <b>Sources</b>                | All sources (information and graphics) are accurately documented in the desired format.                      | All sources (information and graphics) are accurately documented, but a few are not in the desired format.  | All sources (information and graphics) are accurately documented, but many are not in the desired format. | Some sources are not accurately documented.                  |
| <b>Mechanics</b>              | There are no grammatical, spelling or punctuation errors.  | There are almost no grammatical, spelling or punctuation errors.  | There are just a few grammatical, spelling or punctuation errors.   | There are many grammatical, spelling or punctuation errors.  |



# Scenario Cards — Student Handout

## **Scenario #1**

Your family owns a piece of land next to a public park. The city wants that land for a parking lot, so they take it by eminent domain. This is the power of the state to take private property for public use with payment of compensation to the owner. What could you do?

## **Scenario #2**

A new kid at school has left his locker open a little. You saw that he had left his MP3 player in the locker. What could you do?

## **Scenario #3**

Last semester you wrote a paper on the effect of exercise. You're taking a class this year that requires a paper on almost the same topic. What could you do?

## **Scenario #4**

"Santa" brought you a new DVD for Christmas. Your friend says he would like a copy of it. You have a DVD burner on your computer. What could you do?

## **Scenario #5**

You really want the brand of sneakers that just came out on the market. You're visiting your aunt in another city and you see someone who has a pair that looks as though they would fit you. What could you do?

## **Scenario #6**

You're supposed to write a poem for the school newspaper. Your friend from another city e-mailed you one that he wrote. What could you do?

# Napster Case — Student Handout

Name \_\_\_\_\_

“The right to private property is the social-political principle that adult human beings may not be prohibited or prevented by anyone from acquiring, holding and trading (with willing parties) valued items not already owned by others.” Source: *The Internet Encyclopedia of Philosophy*

**Napster** was a Web site that offered downloads of copyrighted music at no cost. In February 2001, the court ruled that Napster must cease operation. More court cases followed, but the decision was upheld. Some facts about Napster that came up in the court case included the following:

- In six months, 3,600,000,000 (3.6 billion) pieces of music were downloaded
- 90 percent of that music was copyrighted
- There were 100 users per second at Napster
- There was a six-month growth from 200,000 pieces downloaded to 20 million pieces downloaded
- No royalties were paid to the artists

The artists appealed to the government that their property was being stolen. Artists were not being paid for the creation, production and publication of their work. The following statement was made by Hilary Rosen, president and CEO of the Recording Industry Association of America.

“Given the overwhelming nature of this court’s and the Ninth Circuit’s earlier conclusions that Napster violates copyright laws, we’re confident that ultimately this will pave the way for a legitimate online music market to take hold and flourish.”

For more information about the Napster case, go to Napster Case, [http://law.freeadvice.com/intellectual\\_property/copyright\\_law/napster.htm](http://law.freeadvice.com/intellectual_property/copyright_law/napster.htm).

As a class, answer the following questions:

1. What is the basic issue of the Napster case?
2. Who benefited from the use of Napster and what was that benefit?
3. Who had a loss from the use of Napster and what was that loss?
4. How did the government become involved?
5. What was the role of the government in the case?

Your job is to write a paper on the following topic:

**This case involved intellectual or artistic property. How does it compare to government intervention in real-property cases? Give an example.**



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**E**conomics  
**A**cademy

101

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**content standards  
addressed**

**lessons listed under each standard**

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# Social Studies — Economics Standards Addressed

## Grade 4

3-5 Benchmark A. Explain the opportunity costs involved in the allocation of scarce productive resources.

Scarcity and Resource Allocation / Y2003.CSS.S04.G03-05.BA.L04.I01

01. Identify the productive resources needed to produce a good or service and suggest opportunity costs for the resources involved.

- Vocabulary Review: Economic Concentration and Tic-Tac-Toe, p. 27
- Vocabulary Review: Economic Fortune Tellers, p. 35

3-5 Benchmark B. Explain why entrepreneurship, capital goods, technology, specialization and division of labor are important in the production of goods and services.

Production, Distribution and Consumption / Y2003.CSS.S04.G03-05.BB.L04.I03

03. Explain how entrepreneurs organize productive resources to produce goods and services and that they seek to make profits by taking risks.

- Vocabulary Review: Economic Concentration and Tic-Tac-Toe, p. 27
- Vocabulary Review: Economic Fortune Tellers, p. 35

## Grade 5

3-5 Benchmark A. Explain the opportunity costs involved in the allocation of scarce productive resources.

Scarcity and Resource Allocation / Y2003.CSS.S04.G03-05.BA.L05.I01

01. Compare different allocation methods for scarce goods and services such as prices, command, first-come-first-served, sharing equally, rationing and lottery.

- What's the Cost? p. 53

Scarcity and Resource Allocation / Y2003.CSS.S04.G03-05.BA.L05.I02

02. Explain that individuals in all economies must answer the fundamental economic questions of what to produce, how to produce and for whom to produce.

- The Chains of Interdependence, p. 67
- Productive Resources and Interdependence, p. 73
- Supply and Demand — Mountain Dew, p. 63
- Supply and Demand — The Super Bakery, p. 59

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3-5 Benchmark B. *Explain why entrepreneurship, capital goods, technology, specialization and division of labor are important in the production of goods and services.*

Production, Distribution and Consumption / Y2003.CSS.S04.G03-05.BB.L05.I03

03. Explain how education, specialization, capital goods and the division of labor affect productive capacity.

- The Chains of Interdependence, p. 67
- Productive Resources and Interdependence, p. 73
- SchoolMark Greeting Card Company, p. 78
- Supply and Demand – Mountain Dew, p. 63
- Supply and Demand – The Super Bakery, p. 59

3-5 Benchmark C. *Explain how competition affects producers and consumers in a market economy and why specialization facilitates trade.*

Markets / Y2003.CSS.S04.G03-05.BC.L05.I04

04. Explain how regions in North America become interdependent when they specialize in what they produce best and then trade with other regions inside and outside North America to increase the amount and variety of goods and services available.

- Availability of Resources, p. 89
- The Chains of Interdependence, p. 67
- Productive Resources and Interdependence, p. 73

Markets / Y2003.CSS.S04.G03-05.BC.L05.I05

05. Explain the general relationship between supply, demand and price in a competitive market.

- Case Study: The International Trade Game, p. 38
- The Chains of Interdependence, p. 67
- Productive Resources and Interdependence, p. 73
- Supply and Demand – Mountain Dew, p. 63
- Supply and Demand – The Super Bakery, p. 59

Markets / Y2003.CSS.S04.G03-05.BC.L05.I06

06. Explain why competition among producers/sellers results in lower costs and prices, higher product quality and better customer service.

- Case Study: The International Trade Game, p. 38
- Productive Resources and Interdependence, p. 73
- Supply and Demand – Mountain Dew, p. 63
- Supply and Demand – The Super Bakery, p. 59



07. Explain why competition among consumers/buyers results in higher product prices.

- Supply and Demand – Mountain Dew, p. 63
- Supply and Demand – The Super Bakery, p. 59

## Grade 6

6-8 Benchmark A. Explain how the endowment and development of productive resources affect economic decisions and global interactions.

Scarcity and Resource Allocation / Y2003.CSS.S04.G06-08.BA.L06.I01

01. Explain how the availability of productive resources and entrepreneurship affects the production of goods and services in different world regions.

- But Those Are the Shoes That I Want! – Free Trade, Tariffs and Globalization, p. 105
- Case Study: The International Trade Game, p. 38
- The Chains of Interdependence, p. 67
- Imports and Exports, p. 94
- Productive Resources and Interdependence, p. 73
- Supply and Demand – Mountain Dew, p. 63
- Supply and Demand – The Super Bakery, p. 59

Scarcity and Resource Allocation / Y2003.CSS.S04.G06-08.BA.L06.I02

02. Explain that most decisions involve trade-offs and give examples.

- Case Study: The International Trade Game, p. 38
- What's the Cost, p. 53

6-8 Benchmark B. Explain why trade occurs and how historical patterns of trade have contributed to global interdependence.

Markets / Y2003.CSS.S04.G06-08.BB.L06.I03

03. Explain why trade occurs when individuals, regions and countries specialize in what they can produce at the lowest opportunity cost and how this causes both production and consumption to increase.

- Availability of Resources, p. 89
- But Those Are the Shoes That I Want! – Free Trade, Tariffs and Globalization, p. 105
- The Chains of Interdependence, p. 67
- Productive Resources and Interdependence, p. 73

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Markets / Y2003.CSS.S04.G06-08.BB.L06.I04

04. Identify goods and services that are imported and exported and explain how this trade makes countries interdependent.

- Availability of Resources, p. 89
- Case Study, The International Trade Game, p. 38
- The Chains of Interdependence, p. 67
- Productive Resources and Interdependence, p. 73

Markets / Y2003.CSS.S04.G06-08.BB.L06.I05

05. Describe how supply and demand help to set the market clearing price for goods and services and how prices reflect the relative scarcity of goods and services.

- Case Study, The International Trade Game, p. 38
- Supply and Demand – Mountain Dew, p. 63
- Supply and Demand – The Super Bakery, p. 59

6-8 Benchmark C. *Identify connections between government policies and the economy.*

Government and the Economy / Y2003.CSS.S04.G06-08.BC.L06.I06

06. Distinguish between goods and services typically produced by the private sector and the public sector.

- The Public vs. the Private Sector, p. 82

## Grade 7

6-8 Benchmark A. *Explain how the endowment and development of productive resources affect economic decisions and global interactions.*

Scarcity and Resource Allocation / Y2003.CSS.S04.G06-08.BA.L07.I01

01. Compare the endowment of productive resources in world regions and explain how this endowment contributed to specialization, trade and interdependence in ancient times.

- But Those Are the Shoes That I Want! – Free Trade, Tariffs and Globalization, p. 105
- Case Study: The International Trade Game, p. 38

6-8 Benchmark B. *Explain why trade occurs and how historical patterns of trade have contributed to global interdependence.*

Markets / Y2003.CSS.S04.G06-08.BB.L07.I02

02. Describe the growth of cities and the establishment of trade routes in Asia, Africa and Europe; the products and inventions that traveled along these routes (e.g., spices, textiles, paper, precious metals and new crops); and the role of merchants.

- Case Study: The International Trade Game, p. 38

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6-8 Benchmark C. *Identify connections between government policies and the economy.*

Government and the Economy / Y2003.CSS.S04.G06-08.BC.L08.I05

01. Explain how governmental protection of property rights and regulation of economic activity impacted the development of the U.S. economy.

- Literature Connection – Sample Lesson, p. 46

## Grade 8

6-8 Benchmark A. *Explain how the endowment and development of productive resources affect economic decisions and global interactions.*

Scarcity and Resource Allocation / Y2003.CSS.S04.G06-08.BA.L08.I01

01. Explain how the uneven distribution of productive resources influenced historic events such as the Civil War.

- Imports and Exports, p. 94
- Tariffs – Expert Groups, p. 99

6-8 Benchmark B. *Explain why trade occurs and how historical patterns of trade have contributed to global interdependence.*

Markets / Y2003.CSS.S04.G06-08.BB.L08.I02

02. Discuss how mercantilism and the establishment of colonies led to increased global trading during the 17th and 18th centuries.

- But Those Are the Shoes That I Want! – Free Trade, Tariffs and Globalization, p. 105
- Imports and Exports, p. 94
- Interdependence/Mercantilism, p. 113
- Mercantilism Through the Triangular Trade, p. 116
- Triangular Trade, p. 122

Markets / Y2003.CSS.S04.G06-08.BB.L08.I03

03. Explain the purpose and effects of trade barriers such as tariffs enacted before the Civil War.

- Tariffs – Expert Groups, p. 99

6-8 Benchmark C. *Identify connections between government policies and the economy.*

Government and the Economy / Y2003.CSS.S04.G06-08.BC.L08.I04

03. Explain how lack of power to regulate the economy contributed to the demise of the Articles of Confederation and the creation of U.S. Constitution.

- Economics and the Articles of Confederation: Political Cartoons, p. 125

Government and the Economy / Y2003.CSS.S04.G06-08.BC.L08.I05

04. Explain how governmental protection of property rights and regulation of economic activity impacted the development of the U.S. economy.

- The Right to Private Property, p. 127

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# Other Standards in the Lessons

## Social Studies — History

### Grade 8

6-8 Benchmark D. Describe the effects of interactions among civilizations during the 14th through the 18th centuries.

The First Global Age / Y2003.CSS.S01.G06-08.BD.L08.I02

02. Describe the political, religious and economic aspects of North American colonization including:

- Reasons for colonization, including religion, desire for land and economic opportunity.
  - Mercantilism Through the Triangular Trade, p. 116
  - Triangular Trade, p. 122

## English Language Arts — Writing — Research

### Grade 5

05-07 Benchmark A. Formulate open-ended research questions suitable for inquiry and investigation and develop a plan for gathering information.

Y2003.CEW.S04.G05-07.BA.L05.I01

01. Generate a topic, assigned or personal interest, and open-ended questions for research and develop a plan for gathering information.

- But Those Are the Shoes That I Want! – Free Trade, Tariffs and Globalization, p. 105

05-07 Benchmark B. Locate and summarize important information from multiple sources.

Y2003.CEW.S04.G05-07.BB.L05.I02

02. Locate sources and gather relevant information from multiple sources (e.g., school library catalogs, online databases, electronic resources and Internet-based resources).

- But Those Are the Shoes That I Want! – Free Trade, Tariffs and Globalization, p. 105

### Grade 6

05-07 Benchmark A. Formulate open-ended research questions suitable for inquiry and investigation and develop a plan for gathering information.

Y2003.CEW.S04.G05-07.BA.L06.I01

01. Generate a topic, assigned or personal interest, and open-ended questions for research and develop a plan for gathering information.

- But Those Are the Shoes That I Want! – Free Trade, Tariffs and Globalization, p. 105

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05-07 Benchmark B. *Locate and summarize important information from multiple sources.*

Y2003.CEW.S04.G05-07.BB.L06.I02

02. Identify appropriate sources, and gather relevant information from multiple sources (e.g., school library catalogs, online databases, electronic resources and Internet-based resources).

- *But Those Are the Shoes That I Want!* – Free Trade, Tariffs and Globalization, p. 105

Y2003.CEW.S04.G05-07.BB.L06.I03

03. Identify elements of validity in sources including publication date, coverage, language and points of view, and discuss primary and secondary sources.

- *But Those Are the Shoes That I Want!* – Free Trade, Tariffs and Globalization, p. 105

05-07 Benchmark C. *Organize information in a systemic way.*

Y2003.CEW.S04.G05-07.BC.L06.I05

05. Compare and contrast important findings and select sources to support central ideas, concepts and themes.

- *But Those Are the Shoes That I Want!* – Free Trade, Tariffs and Globalization, p. 105

## **Grade 7**

05-07 Benchmark A. *Formulate open-ended research questions suitable for inquiry and investigation and develop a plan for gathering information.*

Y2003.CEW.S04.G05-07.BA.L07.I01

01. Generate a topic, assigned or personal interest, and open-ended questions for research and develop a plan for gathering information.

- *But Those Are the Shoes That I Want!* – Free Trade, Tariffs and Globalization, p. 105

05-07 Benchmark B. *Locate and summarize important information from multiple sources.*

Y2003.CEW.S04.G05-07.BB.L07.I02

02. Identify appropriate sources and gather relevant information from multiple sources (e.g., school library catalogs, online databases, electronic resources and Internet-based resources).

- *But Those Are the Shoes That I Want!* – Free Trade, Tariffs and Globalization, p. 105

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05-07 Benchmark C. *Organize information in a systemic way.*

Y2003.CEW.S04.G05-07.BC.L07.I05

05. Analyze and organize important information, and select appropriate sources to support central ideas, concepts and themes.

- *But Those Are the Shoes That I Want! – Free Trade, Tariffs and Globalization*, p. 105

## **Grade 8**

08-10 Benchmark B. *Evaluate the usefulness and credibility of data and sources.*

Y2003.CEW.S04.G08-10.BB.L08.I02

02. Identify appropriate sources and gather relevant information from multiple sources (e.g., school library catalogs, online databases, electronic resources and Internet-based resources).

- *But Those Are the Shoes That I Want! – Free Trade, Tariffs and Globalization*, p. 105

Y2003.CEW.S04.G08-10.BB.L08.I03

03. Explain the usefulness and accuracy of sources by determining their validity (e.g., authority, accuracy, objectivity, publication date and coverage) and define primary and secondary sources.

- *But Those Are the Shoes That I Want! – Free Trade, Tariffs and Globalization*, p. 105

08-10 Benchmark E. *Communicate findings, reporting on the substance and processes orally, visually and in writing, or through multimedia.*

Y2003.CEW.S04.G08-10.BE.L08.I08

08. Use a variety of communication techniques, including oral, visual, written or multimedia reports, to present information that supports a clear position about the topic or research question and to maintain an appropriate balance between researched information and original ideas.

- *But Those Are the Shoes That I Want! – Free Trade, Tariffs and Globalization*, p. 105

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**E**conomics  
**A**cademy

101

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**advance organizers**

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# Video 1

Name \_\_\_\_\_

1. Kyle wants to buy a game but doesn't have enough money. The price went up on the game because \_\_\_\_\_

\_\_\_\_\_

2. A lot of other kids wanted the same game as K.C. This is called \_\_\_\_\_

3. Games got better because more and more people were making them. This is called \_\_\_\_\_

4. K.C.'s soccer team worked together to score a goal. People worked together to create the game he wanted. This is called \_\_\_\_\_

\_\_\_\_\_

5. What are the three basic questions that economics tries to answer?

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

6. A person who buys the goods that are made is called a \_\_\_\_\_

7. A person who makes products is called a \_\_\_\_\_

8. The item that is made is called the \_\_\_\_\_

# Video 2

Name \_\_\_\_\_

1. A person who takes risks to create a product is called an \_\_\_\_\_ .

2. Henry Ford figured out a way to build cars with interchangeable parts. Each person did one part of the job. He created an \_\_\_\_\_ .

3. Each person doing one specific job is called \_\_\_\_\_ .

4. You have a choice among items. Your second-best choice – the one you didn't get – is called the \_\_\_\_\_ .

5. What are the three basic questions that economics tries to answer?

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

6. Why did K.C. decide to join this club? \_\_\_\_\_

7. What product did K.C.'s club decide to make? \_\_\_\_\_

8. What purpose does this product have? \_\_\_\_\_

9. What material does his company need to make their product? \_\_\_\_\_

# Video 3

Name \_\_\_\_\_

1. What are the types of productive resources (productive resources)?

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

d. \_\_\_\_\_

2. Wood, land, water, trees and oil are considered \_\_\_\_\_ resources.

3. The people who do the work to create the product are called \_\_\_\_\_

resources or \_\_\_\_\_.

4. Capital resources include \_\_\_\_\_.

5. Different people doing different jobs is called \_\_\_\_\_.

6. Not all things are made in this country. When we bring in things made by other countries, they are called \_\_\_\_\_

\_\_\_\_\_.

7. When we sell products made in this country to other countries, that is called \_\_\_\_\_.

8. What does the "circular flow of the economy" mean?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# Video 4

Name \_\_\_\_\_

1. The United States is a \_\_\_\_\_ type of economy.

2. The "granddaddy of economics" is \_\_\_\_\_.

3. Name three other names for the price system in the United States:

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

4. What happens when there is economic activity? \_\_\_\_\_

\_\_\_\_\_

5. When you have too many of a product, that is called a \_\_\_\_\_.

6. When you have too few of a product, that is called a \_\_\_\_\_.

7. A tax on imported goods is called a \_\_\_\_\_.

8. Name three roles of the government in the economy.

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

# Video 5

Name \_\_\_\_\_

1. What are two reasons why colonists came to this country?

a. \_\_\_\_\_

b. \_\_\_\_\_

2. A parent country starts colonies so it can bring resources back to it. This is called \_\_\_\_\_.

3. What were two products that America sent back to the European countries?

a. \_\_\_\_\_

b. \_\_\_\_\_

4. Besides being a moral issue, slavery was also an \_\_\_\_\_ issue.

5. While the South was developing an agricultural economy, the North was developing

an \_\_\_\_\_ economy.

6. The tariff that caused much anger in the South was called \_\_\_\_\_.

# Advance Organizer Answers

## Video 1

1. There was a shortage of games so the price went up. (Or the supply was low so the price went up.)
2. Demand
3. Competition
4. Interdependence
5. a. What's going to be made?  
b. Who's going to make it?  
c. Who's going to buy it?
6. Consumer
7. Producer
8. Product

## Video 2

1. Entrepreneur
2. Assembly line
3. Division of labor
4. Opportunity cost
5. a. What are you going to produce?  
b. Who's going to produce it?  
c. Who are you going to produce it for?
6. To make some money to buy his game
7. Shoe porcupines
8. Scrape mud off your shoes before you go into the house
9. Wood, buffer pads and nails

## Video 3

1. a. Land or natural resources  
b. Labor or human resources  
c. Capital resources  
d. Entrepreneurship
2. Natural resources or land
3. Human resources or labor
4. Money and products available to produce goods
5. Division of labor
6. Imports
7. Exports
8. Businesses produce goods using the productive resources. Consumers or households buy the items. They want more products, so businesses produce more goods, etc.

## Video 4

1. Market or price economy
2. Adam Smith
3. Capitalism, free enterprise, laissez-faire or price economy
4. People make money and spend money
5. Surplus
6. Shortage
7. Tariff
8. Provides a legal framework, ensures competition, provides public goods, controls outside factors, redistributes income and stabilizes the economy

## Video 5

1. a. Practice religious freedom  
b. Economic gains
2. Mercantilism
3. Tobacco, wood, cotton, etc.
4. Economic
5. Industrial
6. Tariff of Abomination





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