

Unit Title. Market Economy in the United States for Fourth Grade Students

Introduction. This unit was created to allow students the opportunity to learn about the economy of the United States. The grade level content expectations allow learners to do so through asking questions an economist would ask and describing characteristics of a market economy. Students get a chance to look at cause and effect when they learn the effects global competition has on the government and the effects of specialization and the division of labor in production. Each activity within the unit corresponds with the state standards and allows students to express their knowledge in a creative yet meaningful way.

Rationale. As young citizens of the United States it is important for students to know that their daily decisions as producers and consumers affect our economy. It is necessary for students to know that we influence the market every single day. By learning the ways in which their purchases affect our market both positively and negatively we can help students to make more informed decisions about where they shop and what they purchase now and for the rest of their lives. Additionally, specialization and division of labor are effective strategies that the students can integrate into the classroom and other areas of their lives.

Time. Depending on the amount of time devoted to social studies in the daily routine, this unit can take anywhere from two weeks to one month of classroom instruction.

Michigan's Grade Level Content Expectations for this Unit.

- 4 – E1.0.1 Identify questions economists ask in examining the United States (e.g., What is produced? How is it produced? How much is produced? Who gets what is produced? What role does the government play in the economy?)
- 4 – E1.0.2 Describe some characteristics of a market economy (e.g., private property rights, voluntary exchange, competition, consumer sovereignty, incentives, specialization).
- 4 – E1.0.5 Explain how specialization and division of labor increase productivity (e.g., assembly line).
- 4-E1.0.7 Demonstrate the circular flow model by engaging in a market simulation, which includes households and businesses and depicts the interactions among them.
- 4-E1.0.8 Explain why public goods (e.g. libraries, roads, parks, the Mackinac Bridge) are not privately owned.

GLCE	Verbs	Know – What will students know upon learning this?	Understand that – What will students understand?	Do – What will students do to show they understand?	Vocabulary	I Can
4 – E1.0.1 Identify questions economists ask in examining the United States (e.g., What is produced? How is it produced? How much is produced? Who gets what is produced? What role does the government play in the economy?)	Identify questions	Students will know that economists study the economy by asking things like what do we produce locally, how is it produced, what is the cost of production, and who purchases the produce. They will also know the role of the government in the economy.	Students will understand that economists study the economy. They will understand that economists ask certain questions that help them learn about the economy. They will understand that the government has rules to regulate the economy.	In learning groups, students will be given a trade book to examine. As a group, students will display the summary and a picture of the story on char paper. They will answer the questions asked by an economist about their story.	<ul style="list-style-type: none"> • Economist • Examining • Economy • Government 	I can list questions an economist would ask when looking at the United States and identify the role of government.
4 – E1.0.2 Describe some characteristics of a market economy (e.g., private property rights, voluntary exchange, competition,	Describe characteristics	Students will know about voluntary exchange, competition, consumer sovereignty, and private property rights, the factors that characterize a market economy.	Students will understand that many factors make up a market economy.	Students will create a foldable listing and describing the characteristics of the market economy.	<ul style="list-style-type: none"> • Market economy • Voluntary exchange • Competition • Consumer sovereignty • Incentives • Specialization 	I can list and describe the characteristics of a market economy.

consumer sovereignty, incentives, specialization).					<ul style="list-style-type: none"> • Supply • Demand • Private property 	
4 – E1.0.5 Explain how specialization and division of labor increase productivity (e.g., assembly line).	Explain how	Students will know that specialization of tasks and division of labor are strategies for producing greater amounts of product. They will know that this is a cost effective way to manage a factory. They will know that assembly lines are the most common method of dividing labor.	Students will understand that assembly lines have high production rates and are often used in factories.	Students will complete an exit card after creating a patchwork quilt through specialization and assembly lines. They will reflect on how these methods allowed them to complete the quilt in a timely manner.	<ul style="list-style-type: none"> • specialization • division of labor • assembly line • productivity 	I can explain how systems such as assembly lines and other divisions of labor are used to increase productivity.
4-E1.0.7 Demonstrate the circular flow model by engaging in a market simulation, which includes households and businesses and depicts the interactions among them.	demonstrate	Students will know that productive resources, goods and services and money flow from households to businesses and from businesses to households through voluntary exchanges in a nation's product and resource markets.		Students will participate in a circular flow simulation. Their participation will be evaluated by the teacher. They will also reflect on the simulation through an exit card before leaving.	<ul style="list-style-type: none"> • Circular flow model • Market • Simulation • Households • Businesses • interactions 	I can demonstrate the circular flow model by showing resources, goods, services, and money and how they flow from households to businesses and business to household through voluntary exchange.
4-E1.0.8 Explain why	explain	Students will know that citizen tax dollars help	Students will understand that	Given 4 pictures, students will	<ul style="list-style-type: none"> • Public goods • Privately owned 	I can explain why public goods are not

public goods (e.g. libraries, roads, parks, the Mackinac Bridge) are not privately owned.		to pay for public goods such as libraries, parks, roads, and the Mackinac bridge. For this reason they are not privately owned by one person or company.	parks, libraries, roads, and the Mackinac bridge are public goods and should be utilized by all citizens freely.	identify if the goods are publicly or privately owned. They will then explain why public goods are not privately owned in 1-3 sentences.		privately owned.
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Assessment Ideas.

Students will answer questions about the content throughout the daily lessons which will allow the teacher to do a formative assessment of understanding. Additional worksheets and projects throughout the lesson will all be assessed as the students develop an understanding on the Market Economy unit.

Expanded Lesson Overviews

Lesson 1: Vocabulary Introduction

Objective. The objective of this lesson is to introduce the vocabulary terms which will need to be understood in order to successfully master the learning goals of this economics unit. The vocabulary will be introduced in four smaller sets throughout the unit. This lesson will be used continually throughout the unit at the beginning of successive lessons and the vocabulary terms will be integrated throughout each lesson as well.

Anticipatory Set. Before introducing any of the vocabulary for the unit students will read *Uncle Jed's Barbershop* by Margaree King Mitchell. As we read the story as a whole class students will brainstorm about the theme of this book. Teacher will use the following questions to prompt the student's thoughts:

- What is the primary reason the little girl can't receive care at the hospital?
- What does employed mean? Is Uncle Jed employed?
- Was Uncle Jed able to purchase anything?
- What service did Uncle Jed provide?

Teacher will then explain that the next unit is about economics. Many of the vocabulary terms we will be studying are present in this book.

Modeling. Teacher will provide students with a complete list of the 24 vocabulary terms for the unit. She will then model for the students the appropriate way to make vocabulary flashcards. Students will use oversized index cards to create flashcards with the vocabulary term and a picture representing this term on the front and the definition and an example on the back of the card. Students will create these flashcards throughout the unit with the vocabulary words broken into 4 groups.

Group 1 of Terms: goods – economy

Group 2 of Terms: market economy – specialization

Group 3 of Terms: division of labor – market

Group 4 of Terms: circular flow model- privately owned

Checking for Understanding: Throughout the unit the students will use these flashcards as reference tools and study aids. All of the vocabulary words will be integrated and highlighted in each subsequent lesson. Periodically the students will pair up and quiz one another on the vocabulary terms using their flashcards.

Closure/ Assessment: At the end of the unit students will play a BINGO game to help review for the final assessment. The teacher will read the definition and students will find the corresponding vocabulary term on their BINGO card (Attachment A).

Unit Vocabulary List.

1. **Goods:** objects people can hold or touch that can satisfy their economic wants.
2. **Services:** actions or work that a person does for someone else that can satisfy their economic wants.
3. **Economist:** an expert in economics.
4. **Produce:** to make or manufacture from components or raw materials.
5. **Economy:** the wealth and resources of a country or region, esp. in terms of the production and consumption of goods and services.
6. **Market Economy:** an economic system based on the interaction of supply and demand in markets to determine prices.
7. **Private Property rights:** the legal ownership of something.
8. **Voluntary Exchange:** the act of buyers and sellers freely and willingly exchanging in market transactions.
9. **Competition:** the effort of two or more individuals acting independently to secure the business of a third party by offering the most favorable items.
10. **Consumer Sovereignty:** the ability of consumers to influence what is produced in the economy through what they are willing and able to buy.
11. **Incentives:** benefits or costs that influence the choices people make.
12. **Specialization:** when people produce only some of the goods and services they consume, then trade with others to get more of the things they want.
13. **Division of Labor:** is the specialization of cooperative labor in specific, directed tasks and like roles.

14. **Productivity**: the measure of how many goods or services that are produced by each worker.
15. **Assembly line**: A series of workers and machines in a factory by which a succession of identical items are progressively assembled.
16. **Market**: what exists whenever people buy and sell goods and services and where prices are determined.
17. **Circular flow model**: the circular flow of resources, goods and services in a nation with a closed economy and no government sector.
18. **Market**: A regular gathering of people for the purchase and sale of provisions, livestock, and other commodities.
19. **Simulation**: the act of imitating the behavior of some situation or some process.
20. **Households**: a home and the people who live there, sometimes referred to as a family.
21. **Businesses**: an organization involved in the trade of goods or services, sometimes both.
22. **Interactions**: a kind of action that occurs as two or more objects have an effect upon one another.
23. **Public goods**: A commodity or service provided to all members of a society.
24. **Privately owned**: A privately held company or close corporation is a business company owned by a personal organization who has purchased the rights to the good.

Attachment A

B	I	N	G	O
		Free Space		

Attachment B

Unit Vocabulary List.

25. **Goods:** objects people can hold or touch that can satisfy their economic wants.
26. **Services:** actions or work that a person does for someone else that can satisfy their economic wants.
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42. **Market:** A regular gathering of people for the purchase and sale of provisions, livestock, and other commodities.

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47. **Public goods.** A commodity or service provided to all members of a society.
48. **Privately owned.** A privately held company or close corporation is a business company owned by a personal organization who has purchased the rights to the good.

Lesson 2: The Role of Economists and the Government

Grade Level Content Expectations.

4 – E1.0.1 Identify questions economists ask in examining the United States (e.g., What is produced? How is it produced? How much is produced? Who gets what is produced? What role does the government play in the economy?)

Objective.

Students will know that economists study the economy by asking things like what we produce locally, how is it produced, what the cost of production is, and who purchases the produce. They will also know the role the government plays in the economy.

Learning Targets.

- ✓ I can list questions an economist would ask when looking at the United States and identify the role of the government.

Anticipatory Set.

Students will respond in their daily journal to the following writing prompt. This prompt will be written on the whiteboard for students to ponder.

PROMPT: Think about the local businesses in our city. Do we produce anything locally? Who determines what is produced? Who purchases the local produce? Is it expensive to produce these goods? Do you see any trends in the types of businesses in our community? Please write your response to these questions in your daily journal.

Body of the Lesson.

Students will be given a list of questions an expert economist asks when looking at different economies (attachment m). As a class we will practice asking the questions throughout the entire unit. To get the students used to using this list of questions we will read *The Tortilla Factory* by Gary Paulsen. As we read the story students will use their economist questions to examine the market.

Students will then read *The Goat in the Rug*, *Charlie Needs a Cloak*, and *How to Make an Apple Pie and See the World* in small groups. Each group will be assigned one of these books to read together and examine using their worksheets.

Closure/ Checking for Understanding.

The teacher will ask the students to put their worksheets away. As a class, small groups will present their books to the class. They will use chart paper to write a small summary of the story and draw a picture of their book. They will then answer the expert economist questions as they pertain to their story. Student response and involvement in this presentation will be evaluated formatively.

Materials Required for this Lesson.

- The Goat in the Rug
- Charlie Needs a Cloak
- How to Make an Apple Pie and See the World
- The Tortilla Factory
- Chart Paper
- Markers
- Attachment m

Questions and Expert Economists Asks...

1. What is produced?
2. How is it produced?
3. How much is produced?
4. Who gets what is produced?
5. What role does the government play in the economy?

Lesson 3: Characteristics of a Market Economy

•• Although this is one lesson, there are 5 parts to it. Therefore, this lesson would actually be spread out over several days. **

Grade Level Content Expectation.

4 – E1.0.2 Describe some characteristics of a market economy (e.g., private property rights, voluntary exchange, competition, consumer sovereignty, incentives, specialization).

Objective.

Students will know about voluntary exchange, competition, consumer sovereignty, and private property rights, the factors that characterize a market economy.

Learning Target.

- ✓ I can list and describe the characteristics of a market economy.

Anticipatory Set.

Students will sing the Market Song. After singing this song several times as a class the teacher will use chart paper to have students brainstorm about markets they have seen in their town or other places they have traveled. Are there any commonalities among markets? If so, what are they?
(Attachment C)

Body of the Lesson.

1. Private Property Rights.

Teacher will read *Mrs. Morgan's Lawn* by Barney Saltzberg aloud to the students. As she is reading she will ask the students to think about Mrs. Morgan.

- Why does she take all of the balls that land on her lawn?
- What makes the lawn hers?
- Does she have the right to take the balls that land there?
- What if we kick a ball on our neighbor's lawn?

Teacher will explain to the students that it is Mrs. Morgan's right to keep the balls if they land in her yard. This is a private property right because she has purchased the land. Students will then write Mrs. Morgan a kind letter creating a solution for the conflict when the children kick a ball onto her lawn.

The students will use the term private property in the solution. (attachment f)

2. Voluntary Exchange.

Students will watch the YouTube clip of Susie's Lemonade stand. (<http://www.youtube.com/watch?v=KQnDK9tvb-Y>)

Teacher will ask students to think about the following questions while watching:

- What is Susie selling?
- Why do people buy it?
- How do we decide what we buy?

Teacher will explain that buyers and sellers voluntarily exchange in market transactions. Students will complete a short writing assignment explaining a time when the voluntarily exchanged an item. (attachment e)

3. Competition.

Students will come into the classroom with attachment k on the board. Teacher will explain that students will be investigating different brands of popcorn today. As the students taste test the popcorn they will fill out attachment l. After the investigation is complete students will respond to the following questions:

- Which brand of popcorn tasted the best?
- Which brand of popcorn was most expensive? Least expensive?
- Given your choice, which brand of popcorn would you buy regularly for family movie night?

Teacher would then explain that all of the popcorn brands are competing for business. They adjust their taste and prices so that customers will want to purchase their popcorn.

4. Consumer Sovereignty.

Students will respond to the following writing prompt at the beginning of class. *PROMPT:* Do you think we as consumers have the ability to influence what is sold in stores? You will choose one side, yes or no. Please explain your position and give support for your side.

Teacher will introduce consumer sovereignty and explain to the students that consumers do in fact have the ability to influence what is sold in the market economy based upon what they demand. They teacher will ask the students to think about different seasons in Michigan. Do we demand that stores sell coats all year round? What about sunscreen and bathing suits?

Students will break into 4 small groups and create a poster for their assigned season. For each season, Fall, Winter, Spring, and Summer students will cut pictures out of magazines or draw different products which customers influence the market to produce.

5. **Incentives.**

When students enter the room they will see different Meijer advertisements pasted to the board. Students will write in their journal responding to the following *PROMPT*: What do all of these pictures represent? Have you ever seen them before in your household? How do they help your mom or dad do the grocery shopping?

Students will then have the opportunity to review advertisements and talk about how they are incentives to purchase different items. Students will decide what they want to purchase from the advertisements listed and explain why they chose to purchase the goods they did or the incentive behind purchasing the item. (Attachment d).

6. **Specialization.**

Teacher will read students *How a House is Built* by Gail Gibbons. While reading the students will answer the following questions:

- What types of workers were needed to build the house?
- What skills do these workers need to have?
- Did any workers do more than one job? Who?
- Do you think one worker could have built the entire house? Why or why not?

On chart paper the class will work together to list all of the workers associated with the book and the skills the workers needed.

Closure/ Checking for Understanding.

Students will create a foldable including the 6 characteristics of a market economy. The foldable will be a top tab booklet and on each tab students will include the definition, an example from the lesson, and a picture to help them remember. This will be assessed formatively by the teacher.

Materials Required for This Lesson.

- Market Song (attachment c)
- Mrs. Morgan's Lawn Book
- Letter to Mrs. Morgan (attachment f)
- Computer with YouTube . (<http://www.youtube.com/watch?v=KQnDK9tvb-Y>)
- Voluntary Exchange Story (attachment e)
- Crayons/Colored Pencils

- Chart Paper
- Grocery advertisements
- Grocery List worksheet (attachment d)
- How a House is Built Book
- Popcorn prompt sheet (attachment k)
- Popcorn Brand Chart (attachment l)
- 5 different brands of popcorn
- 5 labels for the popcorn including prices
- Small Dixie cups
- napkins

Attachment C

Market

(Tune: Twinkle, Twinkle, Little Star)

Market, market on Main Street
Where we buy our food to eat
Carrots, corn, tomatoes red
Candy, meat, and loaves of bread,
Market, market on Main Street
Where we buy our food to eat

Markets, markets at the mall
Buyers, sellers shopping all
Jeans and shirts and shoes and rings
Many kinds of goods and things
Market, markets at the mall
Buyers, sellers shopping all

Markets, markets, on the 'net
Many kinds of goods to get
Stocks and bonds and books and bows
Prices high and prices low
Markets, markets on the net
Many kinds of goods to get

Markets are on every side
Buyers, sellers, shop with pride
Selling high and buying low
Checking prices as they go

Markets are on every side
Buyers, sellers, shop with pride

Attachment d

My Grocery List:

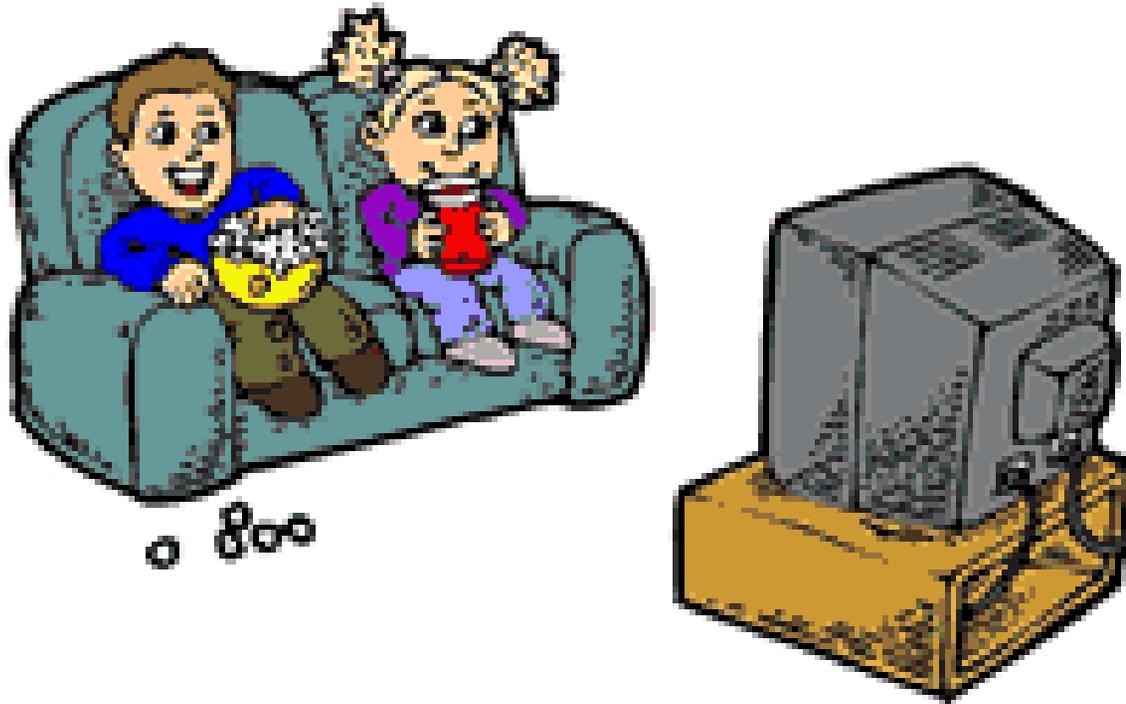
Items I am purchasing...	My incentive for purchasing them...

Voluntary Exchange

In the YouTube clip, Susie's Lemonade stand, consumers voluntarily purchase Susie's lemonade in a market transaction. These consumers were not required to purchase the lemonade, but did so because they wanted the lemonade. Can you think of a time you voluntarily purchased something from a producer? Please tell me about it in the space below! When you are done with your writing, draw a picture of your story!

I voluntarily purchased a good when I...

It is family movie night and you are in charge of purchasing the popcorn! What are some of the factors you consider when purchasing the popcorn at the local grocery store? Today we will investigate 5 different brands of popcorn to determine which brand had one the competition for your business!



Popcorn Taste Test Data

Please fill in the chart below as you travel to each station and taste test the popcorn. Please only take one small Dixie cup of each brand so that every consumer has a chance to sample it. You will want to wait until you have sampled all of the popcorn to rank them. A 1 will be given to your favorite and a 5 to your least liked brand.

Popcorn Brand	Describe the Taste	Price	Ranking (1-5)

Lesson 4: Assembly Lines and Specialization

Grade Level Content Expectations.

4-El.0.5 Explain how specialization and division of labor increase productivity (e.g. assembly line).

Objective.

Students will know that specialization of tasks and division of labor are strategies for producing greater amounts of product. They will know that this is a cost effective way to manage a factory. They will know that assembly lines are the most common method of dividing labor.

Learning Target.

- ✓ I can explain how systems such as assembly lines and other divisions of labor are used to increase productivity.

Anticipatory Set.

Teacher will read the students *The Patchwork Quilt* by Valarie Flournoy. While teacher is reading she will ask students to keep in mind what they learned about specialization the day before. Students will respond to the following questions as they read the story:

- Was Tanya able to make the quilt by herself? How did she make the quilt?
- Did the people who helped have special skills? What were these skills?
- How could specialization help in making this quilt?
- Could an assembly line be used to create this quilt?

Body of the Lesson.

Students will reread the book with the teacher. As the teacher is reading, students will use chart paper to list all of the skills needed to create a patchwork quilt. Students will determine individually which skills they best possess and write their name and ideal job on a piece of scrap paper and pass it to the teacher. The teacher will then determine the position each student will specialize in. Students will create an assembly line to make a patchwork quilt. Students will collect pieces of fabric from other classmates, wash the fabric, cut the squares, and assemble the patterns. A seamstress (my grandmother) will come into the classroom and help the students sew the quilt. Another group of students will tie the quilt. After the quilt is complete the students will vote on a charity to donate it to.

Closure/ Checking for Understanding.

On an exit card students will write a few sentences explaining how specialization and the assembly line allowed them to complete the quilt in timely manner. They will also explain why they wouldn't have been able to complete the quilt alone.

Materials Required for This Lesson.

- The Patchwork Quilt book
- Chart Paper
- Fabric
- Scissors
- Washtubs
- Drying Racks
- Sewing Machine
- Seamstress
- Yarn
- Charity information
- Notecards–exit cards

Lesson 5: The Circular Flow Model

Grade Level Content Expectation.

4-E1.0.7 Demonstrate the circular flow model by engaging in a market simulation, which includes households and businesses and depicts the interactions among them.

Objective.

Students will know that productive resources, goods and services and money flow from households to businesses and from businesses to households through voluntary exchanges in a nation's product and resource markets.

Learning Target.

- ✓ I can demonstrate the circular flow model by showing resources, goods, services, and money and how they flow from households to businesses and business to household through voluntary exchange.

Anticipatory Set.

Teacher will read the students Richard Scarry's, *What do People do All day?* While the teacher is reading the students will respond to the following questions.

- What are some of the jobs the producers and workers had?
- What are some of the goods the consumers bought?
- What do the consumers use to receive the goods they purchase?
- Can producers be consumers? How does this happen?
- How can we describe the interactions between consumers and producers? Continuous? Ongoing?

Body of the Lesson.

Teacher will introduce students to the Circular Flow Model (attachment g). She will explain that businesses give households goods and services in exchange for payments. Additionally households give businesses labor and capital by working for them in exchange for payments. These interactions create a continuous circular flow in the market. Students will then participate in a circular flow simulation.

SIMULATION SETUP:

1. Teacher will create money, resource, and product certificates (attachment i) for each student. The teacher will copy 200 money certificates, 50 of each resource, and 200 product certificates.

2. Half of the students will be assigned as households, and the other half of the student will be assigned businesses. The students will wear name tags with either an H for household or B for business on it.
3. Next ask students to identify what it is that firm's demand from households, and what it is that households demand from firms. Once they've identified "Resources" and "Products", have a volunteer tape the signs for "Resource Market" and "Product Market" opposite each other in your area. You now have four signs taped to the wall. "Households" and "Firms" are across from one another, and "Resource Market" and "Product Market" are across from one another.
4. Ask the Households what they want, and where they will get it. They'll say "Products" and they'll get them in the "Product Market". Ask firms what they want and where they'll get them. They should say "resources" and they'll get them in the "Resource Market".
5. Next discuss the motives of firms and households. The entrepreneurs and their firms are seeking to maximize profits in the Product Market, which they will do by minimizing their costs in the Resource Market. Therefore firms must try to acquire the land, labor and capital at the lowest cost possible and then sell their goods and services for the highest price possible. Households are seeking to maximize their incomes in the resource market in order to maximize their consumption of goods and services in the product market. Therefore households should try to sell their resources for the highest price possible and buy their products at the lowest price possible.
6. Ask the students: "Now we're ready to begin our circular flow, but something is missing. What is it?". They will know right away that "MONEY" is missing. At this time, distribute the different sized bundles of money to the entrepreneurs. Make each entrepreneur count his or her money so it knows how much it started with. This way each firm will know whether it earns a profit or a loss during the simulation.

RESOURCE MARKET:

In order to produce one product, business owners must acquire three resources: one land, one capital and one labor. Make sure they know that they must have one of each to produce one good or service, so that firms do not go out and buy nothing but labor or nothing but capital.

1. The firms and the households must now meet in the resource market.
2. Give the firms five minutes to bargain for and acquire as many resources as they can from household with their limited financial capital.
3. Encourage firms to "shop around" until they find a household willing to sell its resources for the lowest cost, or until households find a firm offering the highest income.
4. Once a firm runs out of money, have the entrepreneur come to the "FACTORY" (this is you, the teacher) where the firm will exchange the resources it acquired in the resource market for "Goods and Services" certificates. Remember, one product (G&S certificate) costs three resource certificates, one of each of Land, Labor and Capital.

5. After 5 minutes the resource market is closed and firms must report to the teacher's "factory" to turn their newly acquired resources into Goods and Services. Give each entrepreneur one "G&S certificate" for each bundle of land, labor and capital the entrepreneur acquired in the resource market. Households should return to their sign and count their money incomes and drool in anticipation as the firms produce their goods and services. Any resources unsold by households or unused by firms must be put aside; these may not be exchanged in the product market.

PRODUCT MARKET:

1. Remind the households what their motive is in the product market: to acquire the MOST goods and services possible, therefore spend all their money but try to get the lowest price possible.
2. Remind firms what their motive is. EARN A PROFIT! To do this they must now sell their products at the highest price possible.
3. Give the students five minutes to buy and sell goods and services. Encourage the households to "shop around" for bargains. Observe what prices products are selling for between different buyers and sellers.
4. At the end of five minutes, the product market is closed. Send firms back to their sign and households back to their sign.

ANALYZE:

Teacher will begin an open forum discussion with students to debrief the simulation.

1. First ask the firms to count their earnings. Determine which firms earned profits and which firms earned losses.
2. Determine how many resources went unsold in the resource market or were bought by firms and then were unable to be used to produce goods and services.
3. Determine how many goods and services went unsold in the product market. If all goods and services were sold, then determine how much money households had left over and were unable to spend.
4. What, exactly, "flows" in the circular flow?
5. How is money spent by firms in one market end up being earned by firms in the other market?
6. What are the objectives of firms and households in a market economy?
7. Why did some households end up with more goods and services than others? Why did some firms end up with higher revenues or profits than others?
8. What role does self-interest play in a market economy?
9. What role does money play in the market economy?
10. What would happen to the prices of resources and products if in the next round the amount of money firms started with doubled? What would happen if the amount of money were reduced by half?

Closure/ Checking for Understanding.

Student participation in the circular flow model will be assessed during the simulation.

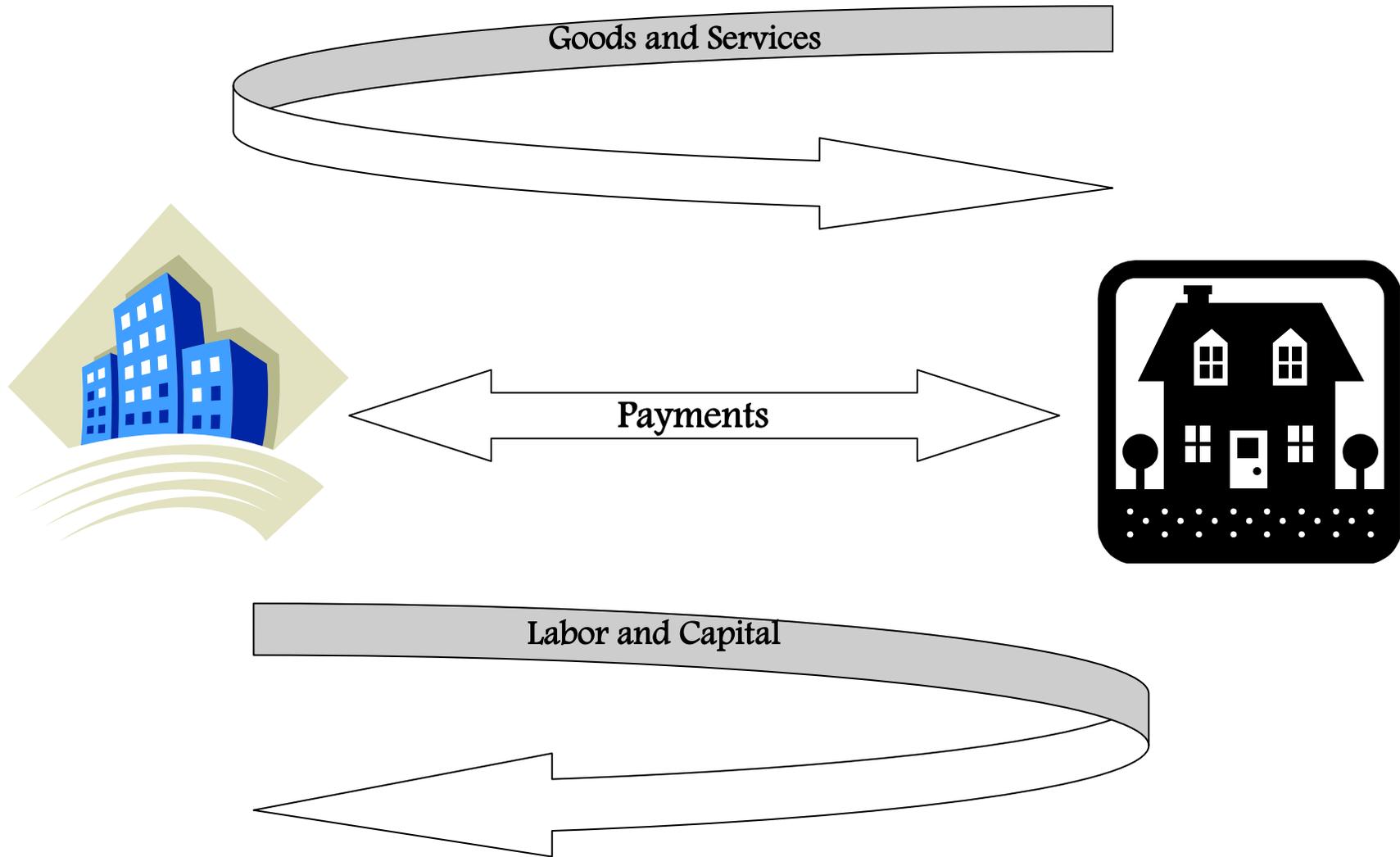
Students will draw a circular flow model and describe the interactions that take place in a few sentences below their drawing. The students may work in pairs to complete this worksheet (attachment h).

Students will complete an exit card before leaving class telling about something they learned from the circular flow simulation.

Materials Required for This Lesson.

- What do People Do all Day Book
- Attachment g
- Attachment h
- Attachment i
- Open space in the classroom
- Resource Market sign
- Product Market sign

Circular Flow Model



Circular Flow Model Worksheet

In the space below draw the circular flow model labeling all of the parts of the model. In 1-3 sentences below the model, describe the interactions which take place in the model.

Money Certificates:

This certificate is a money payment for a good or service or a productive resource. In the resource market it represents the wages, interest, rent and profits households receive as income for their resources. In the product market it represents the expenditures households make for goods and services.

Resource Certificates:

Land

Labor

Capital

Product Certificates:

Goods and Services

Lesson 6: Public Goods

Grade Level Content Expectations.

4-E1.0.8 Explain why public goods (e.g. libraries, roads, parks, the Mackinac Bridge) are not privately owned.

Objective.

Students will know that citizen tax dollars help to pay for public goods such as libraries, parks, roads, and the Mackinac bridge. For this reason they are not privately owned by one person or company.

Learning Target.

- ✓ I can explain why public goods are not privately owned.

Anticipatory Set.

Students will respond in their daily journals to the following writing PROMPT: Have you ever been to the local library or park? Who owns these buildings? Were you invading private property? Who owns the roads we drive on? What about Mackinac Bridge?

Body of the Lesson.

Teacher will explain that tax dollars are used to pay for the public goods we have access too such as roads, libraries, parks, and bridges. Because each citizen in the community pays taxes, they can utilize these goods. Students will then design a public good they would like to see implemented into the community (attachment n). Students have the ability to be as creative as they would like with this. After the students have completed the design and rationale for their public good, the class will vote for their favorite public good through their tax dollars. Each proposal will have a cup next to it. Each student will be given 6 M&Ms to vote with. They can vote for 6 different proposals or put multiple candies in only a few proposal cups. After everyone has paid their taxes we will determine which public good the student would like to be created and have access to.

After the activity students will respond to attachment o. After students have had a chance to respond individually we will talk as a class.

Closure/ Checking for Understanding.

Students will observe the photographs on attachment j and identify them as public or private goods. Students will then write a sentence or two explaining why they identified them as they did.

Materials Required for This Lesson.

- Attachment j

- Attachment n
- Attachment o
- Markers/colored pencils
- Small Dixie cups
- M&ms

Public Good Creation:

My rationale for creating this item is...

Public Good Creation Wrap-Up

1. When you created your public good whom did you have in mind? Would many people in the community be able to use it?
2. How many tax dollars did you receive? Do you think this would have been enough to make your creation?
3. Did you enjoy spending your tax dollars on other student's creations? What would you have liked to see created in your community?
4. Do you think that our activity in class today is similar to the community we live in? How is it similar?
5. Tell me about one of the public goods in the community that you like to use. Remind me, who pays for this? Who owns it?

Attachment j



Works Cited.

- Uncle Jed's Barbershop by Margaree King Mitchell
- The Goad in the Rug by Charles Blood
- Charlie Needs a Cloak by Tomie de Paola
- The Tortilla Factory by Gary Paulsen
- Mrs. Morgan's Lawn by Barney Saltzberg
- The Patchwork Quilt by Valarie Flournay
- Susie's Lemonade Commercial
 - o <http://www.youtube.com/watch?v=KQnDK9tvb-Y>
- The Circular Flow Simulation.
 - o <http://welkerswikinomics.com/blog/2010/09/08/circular-flow/>
- The Market Song.
 - o <http://www.econedlink.org/lessons/index.php?lid=453&type=educator>