Economists in the Schools  
Lesson Plan #2

Objective: At the end of the lesson, students will understand the economic principles of specialization, comparative advantage, trade and the global economy. Our activities throughout the lesson will illustrate these principles so that the students get involved in understanding the process of the terms and make them applicable to their everyday lives. Students will understand the importance of trade in a global economy occurring as a result of specialization and comparative advantage.

Materials:
- Vocabulary Sheet
- Powerpoint
- Granola Bars
- Glue
- Popsicle Sticks
- Crayons
- Scissors We ended up having to cut the scissors out of the activity
- Paper plates

Definitions:
Specialization- Dividing labor into specific tasks to reduce the number of jobs done by each person.

Comparative advantage- A country or person’s ability to produce a product more effectively than another country or person.

Trade- The exchange of goods or services.

Global Economy- Trade and relations between countries

Warm-up:
- We will give them back their folders and ask them to take out last lesson’s vocabulary sheet, where we will go over the definitions. Then we will ask them to take out the homework they were supposed to do about opportunity costs, and ask them for examples from real life situations. In order to make the students more competitive and engaged, we will have a small number (probably 5) packages of fruit snacks to give to those who answer the most questions correctly! We didn’t tell the class that they were getting fruit snacks as a reward, and until they realized it they were a little hesitant to answer the questions.
- 5 Minutes
Activity:
• After doing the warm-up, we will pass out the vocabulary sheet for lesson two. We will ask the students to look at the definitions and keep them handy as we go through the exercise.

6.) SPECIALIZATION ACTIVITY
We should have made one before hand to show the group what it was supposed to look like, but since it was simple they understood well enough.
• We will divide them into 6 groups (about 4 per group)
• We will ask them to make facemasks, giving them a limited supply of materials. Each table will have one bottle of glue, a few popsicle sticks, a couple crayons, and a pair of scissors (all of which we will bring). The popsicle sticks didn’t really want to stick to the paper plate.
• The first time they do the activity we will tell them simply to make a facemask, by cutting out eyes and a mouth, coloring the paper plate, and gluing the popsicle stick to the plate. Students will at this point make a mask for themselves.
• After 7 minutes we will count the number of masks that each group produced and write them on the board in a column.
• The second time we will number them off, with each number corresponding to a specific job. We will tell them to do the same activity again, but now it is a competition to see who can get the most done in the shortest amount of time.
• The jobs will be numbered such that 1 person cuts out eyes and mouths, one person will glue, and two people color. They will have 8 minutes the second time (However, we will not tell them there is a time difference and it is small enough that they will not notice. This should make sure that the second time, with specialization in place, the students produce more efficiently.
• Once they are finished we will again ask each group how many masks they produced. Since they were told the second time was a competition, the numbers will most likely be higher. We will write those numbers on the board next to the original numbers. Then we will ask the class why they think they produced more the second time. (Each person did a separate job).
• Then we will have a student read the definition of specialization and we will explain it. The reason that we were more efficient, i.e. we made more masks, was because each person did a different job and didn’t try to do it all on their own (and they weren’t all using the same resources at the same time!).
• This concept seemed to go over really well. They produced 4 to five times the amount the second time than they did the first time. We should have emphasized that quality went down as quantity went up.
• We will then ask the class for more examples of this in the world today. A good example we will give them is the automobiles. Does one person make the entire car from start to finish? Why not? (It would take too long, etc.)
• Total: 25 minutes

7.) COMPARATIVE ADVANTAGE
• We will remind them that they were assigned a number for a specific job. We will ask them if they could have done any of the jobs, which ones would they have chosen. Why would you choose that job? Do you like it more? Are you better at it? Do you think you could have done it better than your neighbor?
• Then we will talk about what they want to be when they grow up. We could ask someone what they want to be, and then ask why they wouldn’t be a basketball player instead of a doctor, or a lawyer instead of a teacher. They will come to realize they have special interests and skills that are different from everyone else, giving them a comparative advantage. If they are better at doing something, they are more likely to do that job. For example, I could learn economics or physics in college, but I am really bad at physics. What would I study? Why? Which job would I do better? An economist or a physicist?
• Then we will have a student read the definition of comparative advantage and we will explain it to the class.
• Then we will explain the idea: What if I am better at two things than other people? This is called absolute advantage.
• Should I do them both? Why not? Do I have enough time to properly do both? Which one do I choose?
• To finish off this part of the lesson, we will introduce a popular icon they can identify with: Michael Jordan. Michael Jordan is of course famous for his basketball skills, but he also played professional baseball. We will ask the students what sport they think he is better at, and emphasize this means he has a comparative advantage in basketball. This really drilled home the principles and was a good icon, since all the fifth graders knew who he is.
• We will also use the Toyota example here. Toyota has jobs available for many people-everything from the CEO to the factory line assembler. Who gets what job? If I am good at putting parts together, should I be in charge of all the people? What if I am really scared of machinery? Should I be working on the assembly line? Each person has a special talent-or something they do better than other people, called their comparative advantage.
• 10 Minutes

8.) TRADE

• We will ask the students if they have a cookie and their friend has a candy bar, and they want what the other has, how do they get it (without force)?
• Simple activity and concept, they understood great
• We will ask them for other examples of trade in their lives (baseball cards, food, etc.)
• We will give a simple scenario: You go into a store and buy a coke. Is this an example of trade? What are you trading? (Money for the Coke.)
• We will end explaining that people and countries trade because it is mutually beneficial: Either a country or company has a comparative advantage and they
can make what you need more effectively, or you trade goods to get something better.

- At the end of class, we will tell the students that we will trade them a granola bar for their folders with the COMPLETED vocabulary sheet in it. We want the folders and they want the granola bars. How are we going to agree?
- 7 Minutes

9.) GLOBAL ECONOMY (assuming trade)

- We will assemble 3-4 items that are made in different places and put them in a box. One at a time we will pull the items out and ask the students where they think it was made. Most of them will be from foreign countries but one will be a product made in the US (i.e. a Dr. Pepper).
- At this point, we will have a global map on the screen, to illustrate where the different items are from. They also knew that Madagascar was in Africa (which I would attribute to the movie)
- Once we tell them where it was made, we will ask them how they think it got here. Why would a country other than the US make a product for sale in the US? Do they have a comparative advantage? They have a really big comparative advantage, because it costs a lot of money to get the goods and services here. Therefore, it has to be cheaper, shipping costs included, to get the goods and services here.
- This trade between countries creates a global economy. Other countries trade for the goods and resources that they need. We could incorporate resources from the last lesson and ask them if they think every company can get everything they need from one place. They will answer no, and realize that countries must trade for what they need.
- We will tell them to look at their clothes tags and see where they are from? Someplace not in the US for most of it, from the global economy.
- 8 Minutes

10.) VOCABULARY EXERCISE and POWERPOINT!

- Students should be filling out the vocabulary sheet as we go along, with the definitions being displayed on the Powerpoint. We will stress that it is important for them to fill out the sheet as we go along, because they might be able to trade it for a “prize” at the end. Every single student in both classes completed the vocabulary sheet to get the granola bars, which was a good achievement both for the students and for us.
- Trade the granola bars for the folders

11.) SUMMARY

- For the summary we will make sure that all the students understood the definitions and go over a couple extra examples of each, asking for examples from the students in their daily lives or the classroom.
We will use this time to emphasize comparative advantage, such as giving examples from our lives. We are all better at economics than we are at history. Which one should we major in? Why? (Future jobs, etc.)

We will continue to come up with more examples of comparative advantage here.

5 Minutes

**Power Point:** We will have a PowerPoint and show different slides, with definitions and illustrations (i.e. maps) to illustrate the different terms. They will have to pay attention to fill in the words on their vocabulary sheet.

**Accordion Fold:** We will use this time to review in further detail the last lesson and go over more examples from their homework.
VOCABULARY!!!

__________________________ Dividing labor into specific tasks to reduce the number of jobs done by each person.

__________________________ A country or person’s ability to produce a product more effectively than another country or person.

__________________________ Trade- The exchange of goods or services.

__________________________ Trade and relations between countries

Specialization  
Trade  
Global Economy  
Comparative Advantage