Middle School Lessons

First Lesson:

Objectives:
Students will know what economics is and why it is important. Students will gain a better understanding of the principles of scarcity, opportunity costs, resources, and the factors of production. Students will apply these terms to situations they deal with on a daily basis.

Materials Needed:
1. Regular milk
2. Soy milk
3. Chocolate syrup
4. Spoon
5. 2 Cups
6. Paper towels for clean up
7. Vocabulary Sheets (One per student)

Vocabulary:
1. Economics: the study of how people or groups of people choose to use their scarce resources to satisfy wants.

2. Resources: Materials of nature or previously made products that are used to make final products or services to fulfill human wants.

3. Factors of production: the four categories of resources we talk about in economics. These are:
   a. Land: natural resources
   b. Labor: human work effort
   c. Capital: machines, equipment, factories
   d. Materials: already made items like plastics, glue, hammers, etc.

4. Scarcity: A limited amount of resources that cannot satisfy the wants of people

5. Opportunity Cost: The most desirable thing we give up when we choose one thing over another (Opportunity cost is opportunity lost)

Introduction to Economics:
What is it and why are we studying it? If the students have writing journals, ask them to pull them out or just have them write on a piece of paper. Give the students 3 minutes to write an answer to this question. Then, pass out the vocabulary sheets and ask for one student volunteer to read the definition of economics aloud as everyone else follows along. Economics studies how people make choices to satisfy their wants and needs. As you will see from our lesson today, you use economics every day without even realizing it. We want to show you why economics is important for you to learn.
Resources:

Begin the class by doing a demonstration. In the front of the room have a carton of milk, chocolate syrup, a cup, and spoon. Ask the kids to watch as you pour milk into the cup, add chocolate syrup, and then stir with the spoon. Ask the students to think of all the things that were used to make the chocolate milk. Write their answers on the board. If they only think of the obvious answers (like the milk, chocolate syrup, and the spoon) ask them some probing questions to dig a little deeper. For example: Where did the milk come from? Where are cows raised? Where did the chocolate syrup come from and what is it made from? How did the milk get into the carton and to the grocery store where we bought it? Try to get a really good list of all the resources used to make the chocolate milk.

Once the demonstration is over, ask for a student volunteer to read the definition of resources aloud as everyone else follows along on their vocabulary sheets. In economics, we talk about four different categories of resources: land, labor, capital, and materials. Instead of reading each one of these definitions aloud, ask the students to look at their vocabulary sheet for 1 minute to read those four definitions. Then, ask for several student volunteers to come up to the board and label next to our list of resources used for making chocolate milk whether they think each one goes under the heading of land, labor, capital, or materials and why.

Once the students have a good grasp of this concrete example, ask them to think more abstractly to see if they understand what resources are. Ask a probing question like: What resources are used to produce your education? (Answer: textbooks, teacher, school supplies, your brain, etc.)

Scarcity:

Ask the students what they think happens when one of those factors of production is in short supply. Ask the students who would like a glass of chocolate milk? After they raise their hands tell them that we have a problem. We only have one glass but many students in the class. There simply is not enough to go around. Ask the students: What do you think we could do to solve this problem? After they give some answers, ask one student to read aloud the definition of scarcity while everyone else follows along. There are a lot of things in the world that are scarce. Can anybody think of some more examples? Talk about the country the students are currently studying. What resources are scarce in that country? Do you know of any ways the country has worked to solve the problem of scarce resources? Lead these questions into opportunity cost by saying that scarcity forces us to make decisions.

Opportunity Cost:

Sometimes in life we are faced with decisions about what we want. Not only do I have a glass of chocolate milk up here, but I also have some soy milk. Soy milk is a healthier alternative to regular milk because it is fortified with vitamins and is lower in fat than regular milk. Ask if anybody has actually ever tasted soy milk. Have one student volunteer come up to the front of the classroom to taste some soy milk (preferably one that’s never had it before). Which would you rather drink, the chocolate milk or the soy milk? Have the students raise their hands. Ask them why they chose one over the other? What did they base their decision off of? Make a t-chart on the board. On one side write the positives of choosing soy milk and on the other write
the positives of choosing chocolate milk. Now ask the class what happens when they choose chocolate milk over soy milk? They miss out on the lower fat and enriched vitamins that they could get if they chose soy milk. What about if they chose soy milk over chocolate milk? They miss out on the good taste of the chocolate.

Have one student read aloud the definition of opportunity cost while everyone else follows along. Explain that when the students choose chocolate milk, their opportunity cost is the low fat and enriched vitamins. When they choose soy milk their opportunity cost is the good taste. Sometimes, when making a decision, it is beneficial to not only think of what you want to gain, but what you might have to give up. Let’s think of another example of where you might use opportunity cost. When you make the decision to come to school, what are you missing out on? What is your opportunity cost? What about if you have a test tomorrow and you have the choice to either study or play video games. If you choose to study what is your opportunity cost? What is your opportunity cost if you choose to play video games? Continue with these questions until you are sure the students have a good grasp on this concept.

Accordion Fold:
If extra time, ask the students to come up with more examples of the concepts we discussed. Name all the resources that are used to produce the clothes you are wearing. Name each one as land, labor, capital, or materials. What is an example of a scarce resource in your life? What is your opportunity cost when you choose to go to the movies over going to the mall? If there’s not enough time for this, it can be used as a quick review for next time.

Wrap-up:
As a final question for the class to answer, have the students look back at what they wrote in their journals or on a piece of paper at the beginning of the class. How would your answer now change based on what we learned today? What is economics and why is it important for you to study?

Test Questions:
1. Name 4 resources that are used to produce your happiness.
2. Ask a question pertaining to the country they are studying for scarcity. For example, if they are studying India at the time, ask why water is scarce in India. Or if they were studying America, ask why jobs are scarce in America.
3. When your teacher gives you homework, you might make a choice to do your homework or to watch TV. If you chose to do your homework over watching TV, what is your opportunity cost?
First Lesson Vocabulary Sheet

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