



# The Economics of Economics

EPISODE #505

ACTIVITIES & LESSONS

## LESSON LEVEL

Grades 9-12

## KEY TOPICS

- Economics
- Decision making

## LEARNING OBJECTIVES

1. Identify different economic concepts.
2. Become aware of the laws of supply and demand.
3. Take responsibility for personal financial decisions.
4. Learn financial terms.

## EPISODE SYNOPSIS

How do economic principles influence your daily life? Learn about everything from macro to micro economics, supply and demand, and other economic indicators. Discover how individuals, business leaders, and even the leaders of countries use economic principles to make decisions. It's all economics!

## NATIONAL STANDARDS CORRELATIONS

Aligned to *National Financial Literacy Standards* from the **JumpStart Coalition for Personal Financial Literacy**.

Financial Responsibility and Decision Making

*Standard 1:* Take responsibility for personal financial decisions.

*Standard 4:* Make financial decisions by systematically considering alternatives and consequences.

Aligned to *Voluntary National Content Standards in Economics* from the **Council for Economic Education**.

*Standard 2:* Decision Making

*Standard 14:* Entrepreneurship

Aligned to **Common Core State Standards Initiative's** standards for *Literacy in History/Social Studies, Science and Technical Subjects*.

*Standard 1:* Read closely to determine what the text says explicitly and to make logical inferences from it; cite specific textual evidence when writing or speaking to support conclusions drawn from the text.

*Standard 4:* Interpret words and phrases as they are used in a text, including determining technical, connotative, and figurative meanings, and analyze how specific word choices shape meaning or tone.

*Standard 7:* Integrate and evaluate content presented in diverse formats and media, including visually and quantitatively, as well as in words.

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# LESSON PREP & SCREENING

## Getting Started

Familiarize yourself with the episode ahead of time. It will serve as a springboard for student learning, discussions, vocabulary exploration, and hands-on activities. Determine what equipment is required to show the episode in your classroom and request it if needed. Choose an activity (each one takes between 45-60 minutes), and gather supplies. Students will need a pen or pencil and copies of the activity worksheets. Have fun!

## Screening

Introduce the series and the episode. Explain that Biz Kid\$ is a public television series that teaches kids about money and business. Mention that the bizkids.com website has lots of video clips, games, a blog, and other resources to help kids start businesses and learn about money. Prior to playing the episode, lead your students in a discussion with the preview questions on this page.

## About the Episode

How do economic principles influence your daily life? Learn about everything from macro to micro economics, supply and demand, and other economic indicators. Discover how individuals, business leaders, and even the leaders of countries use economic principles to make decisions. It's all economics!

## Episode Preview Questions

Before you show this Biz Kid\$ episode, lead your students in a brief discussion of the following questions:

- Think of a product that your family uses. Can you list all of the businesses that contributed to making that final product available to you? (grow or manufacture, transport, package, etc.)
- How does peer pressure affect your financial decisions?
- What happens to the price of an item if the supply is limited and demand is high?

## Next Steps

Show this episode. After the episode, read the Summary and Conclusion to the class.

## Summary and Conclusion

Economics is not just money. It is about businesses and how they work. It's about making choices, sometimes very difficult ones. Supply and demand is a powerful thing; it can force you to go without, pay more than you want to, or force you to look elsewhere for the things you want. If something isn't available that you want, remember the economic forces of supply and demand, as well as the other forces, and the consequences of your decision making. Financial choices that people make have benefits, costs, and future consequences. What choices will you make?

## Family Connection

Distribute a copy of the Family Activity Sheet to each student to share what they've learned with their families.



# FAMILY ACTIVITY SHEET

## Episode Synopsis

How do economic principles influence your daily life? Learn about everything from macro to micro economics, supply and demand, and other economic indicators.

Discover how individuals, business leaders, and even the leaders of countries use economic principles to make decisions.

It's all economics!

## Activity Suggestions

Financial choices that people make have benefits, costs, and future consequences.

- What are some choices you have made as a family because you could not have everything that you wanted?
- If the family has a day off to spend together, how do you decide how to divide your time? For example, would you choose to go to a movie or to volunteer your time at a local non-profit? How does that affect the economy in your community?
- Interview family members about prices that they paid for things when they were the age that you are today. For example, when I was your age postage stamps were \$.10 each! Make a poster with pictures or drawings of these products and the 'earlier' and 'current' prices.
- In economics textbooks, there is a graph that shows both the demand curve and the supply curve, and how they are related. With your student, at a library or on the internet, find an example of this graph and discuss what it means when there is low supply and high demand, when there is high supply and low demand, and when supply is just enough to meet demand.



Activity #1:

# BIZ TERM\$

## WORKSHEET FOR STUDENTS

### Biz Term\$

- Consumer Price Index
- Cost/benefit analysis
- Depression
- Economics
- Economic indicator
- Incentive
- Inflation
- Laws of Supply and Demand
- Recession
- Scarcity

### Directions

With students, read aloud the Biz Term\$ and each question. Call on volunteers for answers, and have them explain why they chose the term they believe to be correct.

### Biz Term\$ Episode Review

1. The lack of a product or service that is in demand is called a \_\_\_\_\_.
2. The “Big Mac Index” is one example of an \_\_\_\_\_.
3. The relationship between consumers and producers, tracked by the price of goods, is termed the \_\_\_\_\_.
4. A reward or benefit that motivates people to do something, whether positive or negative, is an \_\_\_\_\_.
5. The branch of social science that deals with the production, distribution, and consumption of goods and services is called \_\_\_\_\_.
6. \_\_\_\_\_ occurs when there is an increase in the price of goods and services over time.
7. A \_\_\_\_\_ happens when the real Gross Domestic Product (GDP) declines by more than 10 percent, while a \_\_\_\_\_ is less severe.



# CURRICULUM CONNECTIONS

## Language Arts

- Have students construct sentences, write a paragraph, or create a story, skit, or dialog using Biz Term\$.
- Have students create a class Dictionary of Financial Terms using Biz Term\$.
- Have students start their own Journal of Personal Financial Education and continue to add to it.

## History/Social Studies

- Research changes in the Gross Domestic Product (GDP) during The ‘Great Depression’ in the United States. How do those changes compare to GDP fluctuations from 2003 to 2013?

## Mathematics

- Have students graph the price of a gallon of milk from the years 1950, 1960, 1970, up to the present decade. Ask students to determine whether the price changes over time were due to supply and demand alone, or if other factors such as inflation and interest rates are also involved.

## Economics

- The Consumer Price Index tracks the price of specific basic household items over time. If students were going to create their own index, the Student Price Index, what products would be listed for that index and why? Have the class track their own Student Price Index for the month. Discuss changes in their index and whether or not those changes were the result of supply and demand alone, or if inflation and interest rates were also involved.

## Optional Vocabulary Extensions

### Make Art!

Ask students to create personal illustrated glossaries using sketches or cartoons to visually represent the meaning of each Biz Term.

### Make It Personal!

Provide students with dictionaries and ask students to re-write formal definitions for each Biz Term in their own words to demonstrate comprehension.



Activity #2:

# SUPPLY AND DEMAND

## WORKSHEET FOR STUDENTS

**Lesson Level:**

Grades 9-12

**Learning Objective:**

Become aware of the laws of supply and demand.

**Directions**

There are four basic laws of supply and demand:

1. If demand increases and supply remains unchanged, a shortage occurs, leading to a higher price.
2. If demand decreases and supply remains unchanged, a surplus occurs, leading to a lower price.
3. If demand remains unchanged and supply increases, a surplus occurs, leading to a lower price.
4. If demand remains unchanged and supply decreases, a shortage occurs, leading to a higher price.

Based upon these laws of supply and demand, what should happen in each of the following scenarios?

1. The car that you want to buy has a ‘manager’s special price’ this weekend, but there is only one vehicle available at this price. Which law applies here? Why?

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2. A popular new boutique clothing company gets a contract to sell their product in a big box retail store. Which law applies here? Why?

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3. Last year, Smartphone4 was the popular holiday gift. This year, there is a new competitor. Which law applies here? Why?

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4. A bad winter has damaged crops of oranges. Orange juice companies have been affected. Which law applies here? Why?

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Have students discuss these ideas and share their answers with the class.



Activity #3:

# MICRO VS. MACRO

## WORKSHEET FOR STUDENTS

**Lesson Level:**

Grades 9-12

**Learning Objective:**

Identify different economic concepts.

**Directions**

The study of economics can be divided into two major categories.

1. Microeconomics: The economic behavior of individuals, firms, and markets.
2. Macroeconomics: The economics of a single country, or even the world, in terms of the total amount of goods and services produced, total income earned, and the level of employment.

Based upon these definitions of micro and macro economics, which category is the better choice for each of the following, and why?

1. National economic policy fits best in which category, and why?

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2. The laws of supply and demand fit best in which category, and why?

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3. Concerns about the global marketplace fit best in which category, and why?

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4. Changes in the price of one ounce of gold fit best in which category, and why?

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5. The concept of financial incentives fits best in which category, and why?

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Have students discuss these ideas and share their answers with the class.



# BIZ TERMS DEFINITIONS

- *Consumer Price Index:* A government-issued inflationary indicator that measures change in the cost of basic consumer goods and services.
- *Cost/benefit analysis:* A technique used to determine whether the cost of a decision will be worth the benefit that it gives you.
- *Depression:* A severe, sustained, downturn in economic activity that lasts for several years when the real Gross Domestic Product (GDP) declines by more than 10 percent.
- *Economics:* The branch of social science that deals with the production, distribution, and consumption of goods and services, and their management.
- *Economic indicator:* A measure of the economy for the purpose of showing whether or not the economy is growing.
- *Incentive:* A reward or benefit that motivates people to do something.
- *Inflation:* An increase in the overall price level for consumer goods and services that reduces the value of money.
- *Laws of Supply and Demand:* Rules that describe how changes in supply or demand affect the price of goods and services. For example, when supply goes up price goes down.
- *Recession:* An economic cycle slow-down in activity for two consecutive quarters (six months) that is not as severe as a depression.
- *Scarcity:* A lack of goods or services that people demand or want because human wants exceed the capacity of available resources.



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