



POWELL CENTER FOR
ECONOMIC LITERACY

Lesson Plan

WRITTEN BY Jim Flaherty
Harambee School
Columbus, Ohio
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Chinese Decisions

Time Required

The economics lesson will take only 15 minutes. It is, however, tied to ongoing lessons in a foreign language.

Grade and Subject

All grade levels; Foreign Language

Keystone Principles

Principle #2 – There Ain't No Such Thing As A Free Lunch

Principle #5 – Incentives Produce “Predictable” Responses

Principle #7 – Economic Thinking Is Marginal Thinking

Economic Concepts

Choice - *Not being able to have all of the goods, services, time or space that you want. Scarcity forces people to make choices.*

Consequence - *A result or effect of an action or decision; may be positive or negative.*

Cost - *The value of everything a consumer must give up to obtain a good or service. The effort, loss or sacrifice necessary to achieve or obtain something.*

Incentive – *Any reward or benefit, such as money, advantage or good feeling, that motivates people to do something.*

Price – *An amount that must be paid to obtain something.*

Marginal Thinking - *The ability to evaluate whether the benefit of one more unit of something is greater than its cost.*

Opportunity Cost - *The NEXT BEST alternative that must be sacrificed as a result of choosing one thing over another. All choices bear an opportunity cost.*

Overview

Do your students think learning to speak a foreign language is fun? This lesson was developed in a third-grade classroom by an enterprising teacher who found he could use economic principles to help motivate his students to learn Chinese. Coupling his school's token economy with an explanation of cost/benefit analysis, he used the fun of learning a new language to give his students a hands-on understanding of the difference between cost and price, the way incentives produce certain results, and the benefits of marginal thinking.

Objectives

- Students will utilize the economic concepts of choice, cost, and consequence to develop a decision grid.
- Students will demonstrate an understanding of opportunity cost.
- Students will demonstrate an understanding of what is meant by an economic incentive and will recognize that incentives can change behavior.

Materials and Handouts

1. Decision grid
2. Red pencil or pen

Teaching Activity

Our school uses a token economy to encourage students to experience economics in a very hands-on way. They earn “bling” (our name for the token money) by demonstrating appropriate student conduct - being on time for class, paying attention in class, having the required materials in class, and completing homework assignments. Students are able to keep the bling they earn in a virtual bank and use the classroom computer to keep track. There are many ways for them to spend their bling, depending on how much they have earned. This lesson helps students to evaluate the process.

1. During the first few weeks of school, teach a few Chinese phrases (or any other language you are know well) during the course of a normal school day. For example, teach how to say “please” and “thank you,” and have those words become a part of the class routine.
2. After the school year is underway and the students have had an opportunity to earn some of the token money, tell them how much fun you have had sharing these Chinese phrases. Let them know they are a special class and you can see they have an affinity for learning a new language. Let them practice learning a funny phrase, and praise them for how quickly they have caught on. Tell your students that you would be willing to teach them more Chinese if they would like to arrive at school ten or fifteen minutes early on any day of your choosing. They will, however, need to pay tuition in the form of 1 bling each time they come. Ask the students how many of them might be interested in this.
3. Draw a decision grid on the board. It could look like the following example. You can use the terms cost and benefits, pros and cons, or for very young students you can use smiley faces and frowny faces – whatever seems appropriate for your class.

Question: Shall I spend 1 bling and come to school early to learn Chinese?		
	Benefits	Costs
A. List other things they could do with their bling (save it for the class trip, or purchase something at the school store)	What do the students consider advantageous about each option?	What do the students consider disadvantageous about each option?
B. List other things they could do with their morning time	List the specific advantages	List the specific disadvantages
My Decision:		

4. Ask the students to describe what decision they are trying to make (*whether to accept the teacher's offer to learn Chinese for 1 bling per lesson*).
5. Ask the students to list some of the costs of attending a Chinese class. If they confuse "cost" with "price", they will likely list only the charge of 1 bling. Write this on the board chart.
6. To help the students understand cost, ask them what else they would be doing with the bling. (*Their answers will vary depending on what you have set up as rewards for the students to spend their bling on – perhaps saving for a school trip, or buying something at the school store, or purchasing a particular privilege in their classroom.*) Tell you students these are the monetary costs. Write the responses on the board chart.
7. Explain that there is also a time cost. What else would they do with the ten minutes if they were not in Chinese class? (Answers will vary – sleep, watch television, play with their toys, read a book, talk with a friend.)
8. Explain that, while there may be many costs they think of, there is **only one** opportunity cost. It is the next best choice they would have made if the Chinese class were not available. Have the students prioritize all the choices they could have made. Ask them to identify the one they most likely would have chosen had they not come to the Chinese class. Can they remember the economic word for that one choice? Be sure they understand how important this concept is. In the moment of choosing, we are only choosing between two things. We are not choosing between one thing and five things.
9. Ask the students to enumerate the benefits of attending the Chinese class.
10. Erase the board and pass out a decision grid to each student.
11. Repeat steps 4 – 7, having the students write on the chart the costs and benefits that are applicable to them.
12. Ask the students to decide whether the costs are greater or the benefits are greater and record their decision in the space provided.

13. Have the students circle their opportunity cost in red.

Lesson Extension

This lesson can easily be extended to teach your students about Keystone Principle #7, Marginal Thinking. It can also be completed in 15 minutes.

1. After holding the first Chinese lesson, have the students who attended demonstrate to the rest of the class what they have learned.
2. Ask how many of the students who attended the first class plan to come to the second class. Whether they choose to come or not come, ask them their reasons.
3. Ask the same question of the students who did not come to the first lesson. Do they want to come to the second lesson? Ask them their reasons, either way.
4. Explain to the students that this kind of decision (*Shall I come to **one more** class?*) is called marginal thinking. Marginal thinking forces us to ask ourselves, “Is doing one more thing of greater or lesser benefit to me?”
5. Remind them to think about the costs and benefits, just as they did the first time. You may want to pass out another decision grid and repeat the process. Tell the students that they may have a clearer idea of what the costs and benefits are now that they have experienced one of the lessons.

Question: Shall I spend 1 bling and come to school early to learn Chinese?

Benefits

Costs

Monetary Costs:		
1.		
2.		
3.		
4.		
Time Costs:		
1.		
2.		
3.		
4.		

Decision: _____