



POWELL CENTER FOR
ECONOMIC LITERACY

Lesson Plan

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Time Required

15 Minutes

Grade Level and Subject

Primary Grades; Children's Literature

Keystone Principles

Principle #1 – We All Make Choices

Principle #3 – All Choices Have Consequences

Principle #6- Do What you Do Best and Trade for the Rest.

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.*

Consequences – *The positive or negative outcomes of decisions, events or processes.*

Coupon – *A certificate or advertisement that entitles the bearer to certain benefits such as food, a cash discount on a product, or a refund upon purchase of a product.*

Overview

The Purse showcases the choices and consequences of a young girl named Katie. This story of problem solving is a wonderful springboard to demonstrate the economic principle that choices have consequences.

Objectives

Students will be able to identify situations involving choices and describe the consequences of making those choices. Students will also understand that consequences can be both positive and negative.

Materials and Handouts

The Purse by Kathy Caple, Houghton Mifflin Company, Boston, MA

Choices and Consequences Chart (a teacher's guide)

A magazine or newspaper with coupons in it.

Teaching Activity

1. Review/teach the above concepts and definitions.
2. As you read the story ask the students to mentally note the different choices that Katie makes and identify the consequences of those choices. Show the students a chart paper labeled in two columns with the words **choice** and **consequences** on the top.
3. Solicit answers from your class as to what Katie's first choice was. Write that on a chart paper under the word "choice".
4. Divide your class into pairs.
 - Have them **think** – take a quiet minute to think about the consequences of this choice.
 - Have them **pair** – look at their partner in the eye and each share the consequences they come up with.
 - Have them **share** – raise their hands to share their ideas with the class.
5. Record the class ideas for consequences in the other column marked "consequences".
6. Continue this sequence for each of Katie's choices. For older students, two of the choices can be elaborated to demonstrate additional economic principles.
 - Ask students why it is worth sixty cents to Katie's father for her to cut out coupons for him. Explain to students what a coupon is and how it can be redeemed. Show them coupons in a newspaper or magazine. Explain how a coupon can save us money if we use it to buy something we bought anyway, but that it can cost us money if we buy something we otherwise would not. This is an example of Marginal Thinking (Principle #7)
 - When Katie bought the new Band-Aid box just to hear her money jingle, she was placing a value on her satisfaction. Ask your students whether the value of the box was greater for Katie than for other people, reminding them that Katie did not want the band-aids in it. How did her father's suggestion increase the total value of her purchase? (*Assuming both would be willing to spend \$2.30 for a box of Band-Aids – she for the box and he for the band-aids - both benefited from this mutually agreeable trade. For the price of one box, Katie and her father each received the good they wanted. In mathematical terms, the price was \$2.30, but the value became something greater than \$2.30 but less than \$4.60.*) This is an example of Principle #6
7. Note the symmetry of Katie's situation. She started out, and ended up, with \$2.30 jingling in a Band-Aid box. Ask the students whether everything is really just the same? Have students make a list of the other things Katie has acquired (*a purse, a room cleaning skill-set, familiarity with coupons, gardening experience and the*

- realization that even at her age she has the ability to earn money).*
8. Remind the students that just like Katie, we each make choices every day and there are consequences for those choices. You may want to give a few examples of choices that were made in class recently and discuss the consequences of those choices.

Follow-Up/Extension Activities

Write a class book together about a character who makes choices and identify the consequences of those choices in your story.

Keep a running list on a chart paper of all of the choices that your classroom makes in a day. Put it in two columns like the lesson and list some of the consequences for those choices.

Do a special show and tell where the assignment for the week is for each student to identify a significant choice they made that week. They can tell about their choice of consequence or bring an item that helps demonstrate the choice that they made. I would type up an explanation sheet for the parents so they can assist if they are willing.

The Purse

CHOICE	CONSEQUENCE
Katie keeps all of her money (\$2.30) in a Band-Aid box.	Katie is proud of the jingling sound of the money. Her sister is annoyed by the sound.
Katie buys a purse that costs \$2.30.	Although she likes the purse, she has no more money to put in it.
Katie throws away her empty Band-Aid box.	Later, when she realizes she misses the reassuring sound of the jingling coins, the box is not available to her.
Katie chooses other things to put in her new purse.	Katie is not pleased with the sounds the new objects make in her purse.
Katie cleans her sister's room.	Katie earns twenty-five cents.
Katie clips coupons for her father.	Katie earns sixty cents. Her father also gives her an additional twenty-five cents for doing such a good job. She now has a total of \$1.10 in her purse.
Katie offers to help her mother in the yard for sixty cents an hour.	Katie earns \$1.20. She now has \$2.30 in her purse.
Katie buys a new box of Band-Aids at the grocery store of \$2.30.	Now Katie has a box in which to keep her money so she can hear the reassuring sound of the money rattling in it. She also realizes that she has no more money to put in it.
Katie accepts her father's offer to buy the contents of the box.	Katie gives up the Band-Aids which she was not interested in anyway, and she receives \$2.30 so now she can hear the money rattle again. Her father gives up having a box in which to keep his Band-Aids, but he gains the satisfaction of helping his daughter.