Computers In Business
SECTION 2

Personal Economics Activities

PERSONAL ECONOMICS
Standard 0000-02
Objective 0202

OVERVIEW: Students will understand the big five of personal economics by listing their personal resources and demonstrating the concept of limited resources.

ACTIVITIES:

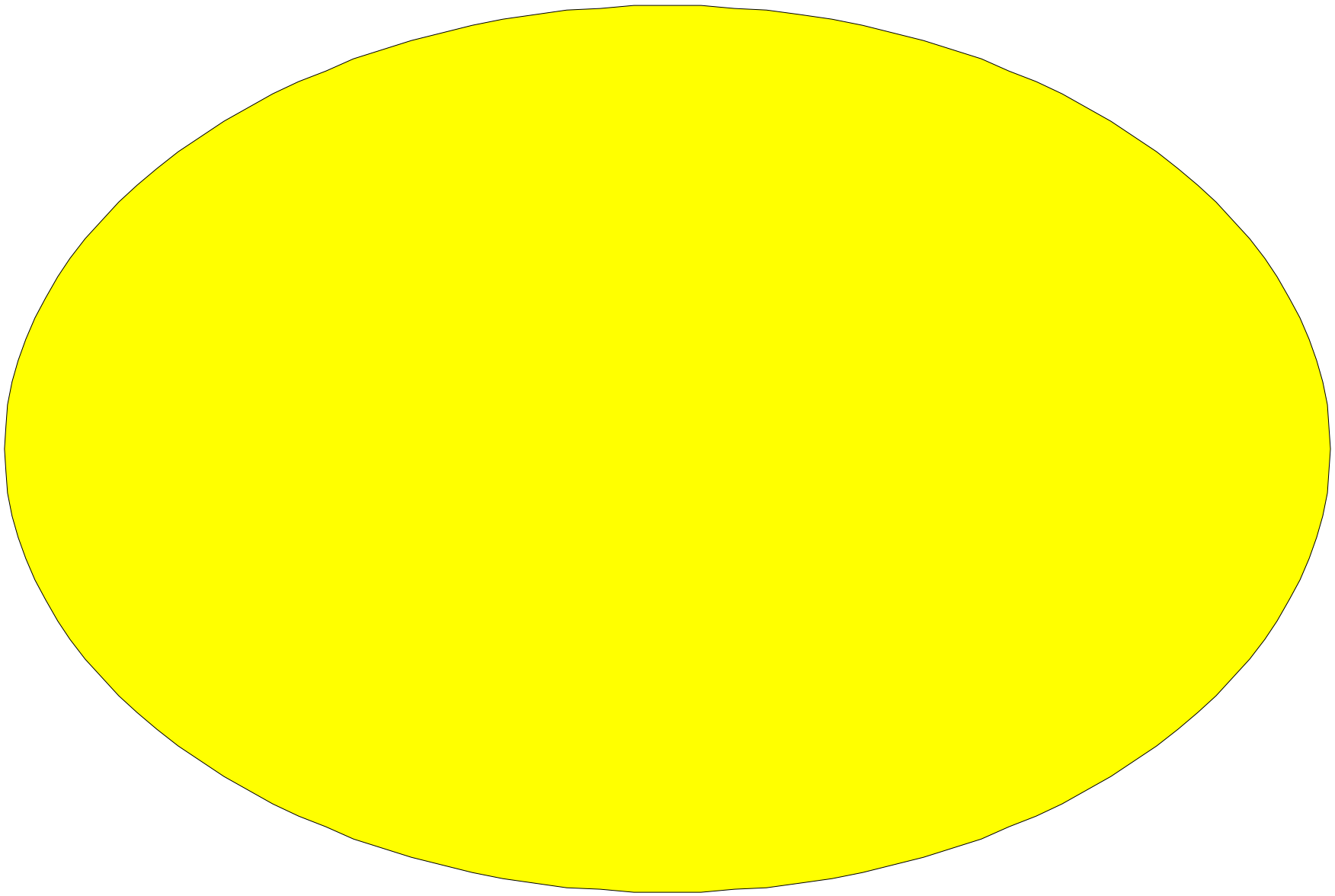
- The teacher with students will brainstorm on the whiteboard about their personal resources. Talents, time, money, energy, knowledge, etc.

- Teacher will review the definition of a want and need. Students will be shown as consumers they have both wants and needs. The teacher will show students pictures of wants and needs and have them identify which category they belong in.

- Teacher will explain the concept of limited resources. How do we decide if we have both wants and needs how we are going to use our limited resources. Time is a good example of a limited resource that all people have. For example, students may want to go to the mall with a friend but need to study for a test. How do they choose?

- WWW.ECONOMICSAMERICA.ORG is an excellent resource on the web for information on personal economics.

Consumer



Wants

Water

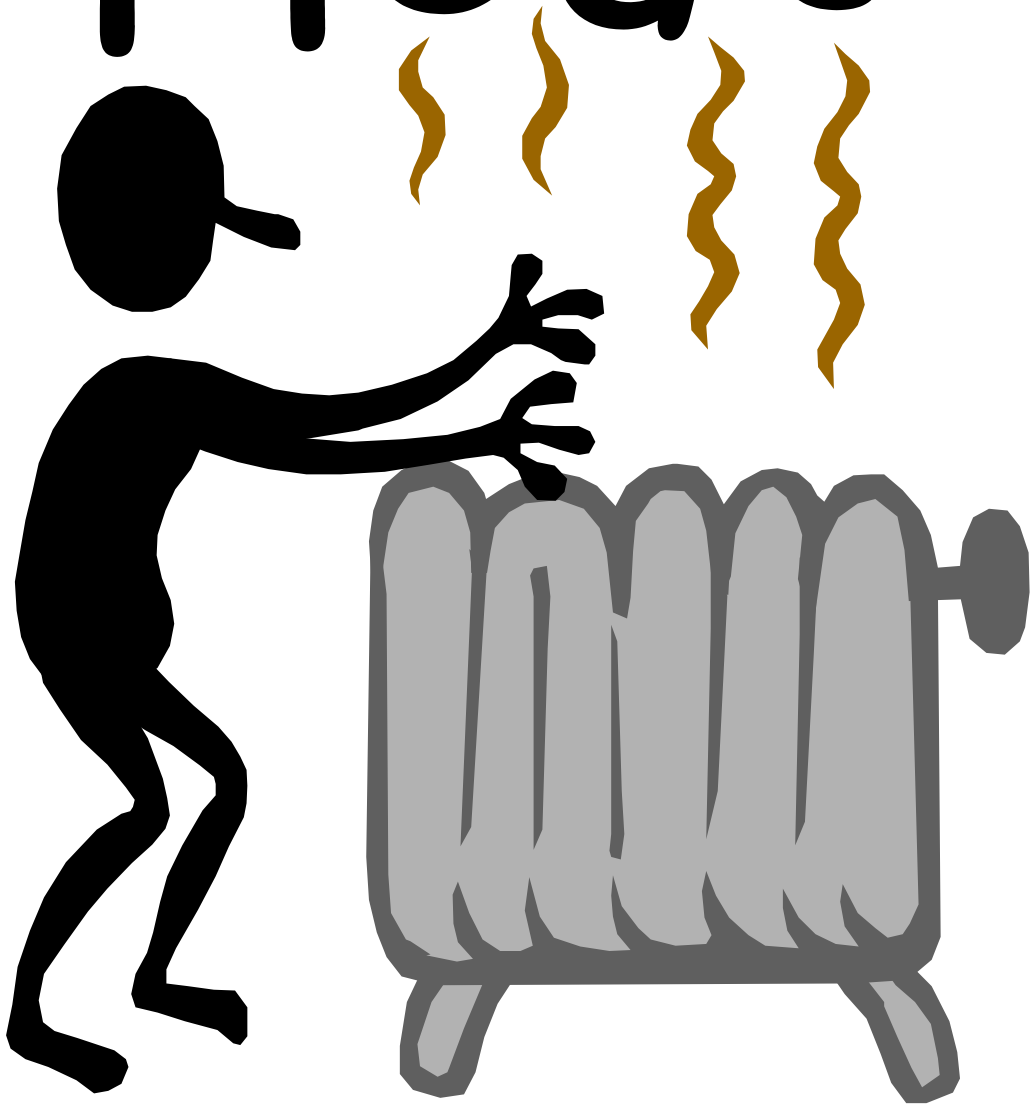
Clothing

Shelter

Snacks

Food

Heat



Corvette

Satellite Dish

Transportation

Stereo

Jewelry

Nikes

Evian

PERSONAL ECONOMICS
Standard 0000-02
Objective 0201

OVERVIEW: Students will learn and define basic economic terms.

ACTIVITIES:

- Matching economic terms:
  The teacher will divide the class into groups with 4 people. Give the group the handout with the terms on it and ask them to write a definition for each term. This should be done on their own without help from the teacher or a book.

- As a class have each group read their answers. The teacher will write down any part of the definition that is correct. When the groups are finished make sure that the entire correct answer is on the board. Have students write down the correct answer.

- While the students are still in their groups give each group a sheet of blank paper (12x18). Have the students draw an example of each term using the correct definition. Share the examples with the class.

Basic Economic Terms

Needs: Things that are necessary for survival, such as food, clothing, and shelter.

Wants: Things that are not necessary for survival, but that add comfort and pleasure to our lives.

Goods: Objects that satisfy people's wants.

Services: Things that satisfy our wants through the efforts of other people or equipment.

Decision: A conclusion reached after considering alternatives and their results.

Choice: The decision made from alternatives.

Budget: A saving and spending plan.

Economic Resources: The means through which goods and services are produced.

Natural Resources: "Gifts of nature" that are used to produce goods and services including land, trees, fish, petroleum and mineral deposits, the fertility of soil, and climatic conditions for growing crops.

Human Resources: People who work for a business.

Capital Resources: Tools, equipment, and buildings used in producing goods and services.

Consume: To use a good or service

Consumer: A person who buys and/or uses goods or services to satisfy wants.

Scarcity: The condition that occurs because people cannot have all the goods and services they want, resulting from the imbalance between relatively unlimited wants and limited resources.

Opportunity Cost: The value of any alternative that you give up when you buy something else or make another choice.

PERSONAL ECONOMICS
Standard 0000-02
Objective 0204

OVERVIEW: Students will learn how to make choices in using their personal resources. Students will identify consequences that occur (now or in the future) to themselves and to others because of individual choices they make.

ACTIVITIES:

- How do I decide what to buy?
- Question? If you were going to make a large purchase such as a car how would you go about it? (The car is just an example you can use this same process for anything you think the students would be interested in).

- There are six steps in the decision making process.

1. **Define the problem**: I need a car so I can drive home on the weekends. I need a car with good gas mileage, roomy so I can make long trips without being cramped, and reliable so I feel safe in driving long distances frequently.

2. **List possible solutions**: don't leave anything out. Explore all possibilities. What could be some possibilities for the car? Imports are more reliable but what about a domestic car with an extended warranty?

3. **Do consumer research**: where could you get information about what you want to know about all types of cars. *Students could access the Internet here to find out relevant information.*

4. **Identify relevant values and goals**: what is important to you? Would your

goals make a difference in what kind of car you were leaning toward? Maybe you feel that people should support the American workers and only buy domestic.

5. **Evaluate the alternatives**: after research has been done and you've decided what your values and goals are, you need to evaluate all possible alternatives according to those goals. Put together a chart ans see which car most closely matches all your needs. *As an additional activity you could have the students create a spreadsheet to evaluate the alternatives.*

6. **Make a decision**: after evaluating the alternatives you base your decision on what is most important to you and meets all your standards and requirements.

- How else might we use this decision making process? Have students brainstorm about possible ways they could use the process. Lead them to the conclusion that we can use this process to make any decision about how we use our resources.

- Have students relate the consequences for their choices in decisions they make. Such as if they go to the mall instead of studying for an exam.

- What are some possible consequences?

    1. Short term: have fun at mall ~ do badly on exam
    2. Longer term: develop a bad habit of putting off items that need to be done.
    3. Far reaching: college entrance related to GPA

- Have students create a table listing the pros and cons of a choice such as the mall and school.

- Brainstorm how the trip to the mall as opposed to studying for the exam might have possible consequences for others.

PERSONAL ECONOMICS
Standard 0000-02
Objective 0207

OVERVIEW: The students will participate in an activity that presents the concept of supply, demand, and utility. Students will see a visual demonstration of how the law of supply and demand works.

ACTIVITY:

- Review the definition of Supply and Demand. Don't forget they must be willing and able.
- Big Demand-Low Supply / Low Demand-Big Supply. How is price affected?

  * Tickle me Elmo: Several years ago what was the price?
  * What is the price now?
  * Nelly tickets?
  * Furbys a few years ago ~ Today?
  * Finding Nemo: What were the movie lines like? What happened when it was released on video?
  * Jazz Tickets the last few years ~ This season?

- Teacher will show a Snickers bar and ask students how many would be willing to pay $5.00 for it (you are drawing a demand curve without calling it that). Lower the price and ask how many would want one at that price. Continue doing so until you have quite a few that would be willing and able to buy at that price.

- As an additional activity you could have the students chart the supply and demand line in a spread sheet.

- Utility: The satisfaction we receive from the good or service.

*Using the same Snickers bar ask how much someone is willing and able to pay for it.
* Again demonstrating that if supply is low demand is high.
* Teacher will then choose one student to demonstrate utility.
* The student will pay however much money was decided for the first Snickers bar.
* The teacher will then show the student another Snickers bar and ask them how much they are willing to pay for that one.
* They will have 2 minutes to eat the Snickers bar.
* This will continue until the student no longer wants a Snickers bar at any price.
* The teacher will point out that there is no longer any satisfaction and in fact there is dissatisfaction.
* Satisfaction went down with each candy bar consumed.

PERSONAL ECONOMICS
Standard 0000-02
Objective 0201, 0205, 0206

OVERVIEW: Students will be able to determine opportunity cost.

ACTIVITIES:

- See attached sheet on Opportunity Cost Activity for instructions.

OPPORTUNITY COST ACTIVITY

1. Tape two pictures of items students would like on the chalkboard. One item should be something that is immediately available for purchase, such as a candy bar. The other item should be something that has a higher price – requires saving such as a movie ticket. Hide a third item which would be an example of unplanned spending or unexpected spending in a manila pocket taped to the chalkboard.

2. Explain that students must decide which of the three items they prefer to have and why. (They may prefer the first item because they can have it now). It would not be necessary to save. They may prefer the second item because it's worth the want. The third item represents something that's unknown, something that might come up in the future. Students may prefer this item if the first two are not appealing.

3. Allow time for students to make a choice, choosing among items one, two or three.

4. Have students explain their choices by comparing how much they like to spend now for something available and known with spending for something that is unplanned or unexpected.

5. Ask students to identify their opportunity costs after they have made their decisions. Have them consider whether they have made the best possible decision in light of their opportunity costs.

6. Talk with the students about why it is so hard to make saving and spending decisions with money – having to decide whether to spend or save.

7.Take the third item out of the paper pocket and show it to the students.

8.Ask students to decide if they would stick with their original choices or change their minds now that they have explicitly considered how much they like each of the options. Have them explain their reasoning.

9.Have students write about their choices, their opportunity costs and their reactions to their choices.

10.Provide time for students to read what they have written to the class.

PERSONAL ECONOMICS
Standard 0000-02
Objective 0201, 0205, 0206

OVERVIEW: Students will evaluate products to identify different resources used to make the product.

ACTIVITIES:

- Students will complete the following worksheet using the Internet to gather information.

Name_____
Period_____

PRODUCT RESOURCES

Directions:
Using the Internet, Search for resources used in making the following products:

Product	Capital Resources	Natural Resources	Human Resources
Levis			
Corvette			
Computer Monitor			
Skateboard			
CD			