

SOCIAL STUDIES
Economics
Grade 4
The Price is Right

Lesson Components:

Benchmarks

- E-1B-E1 describing how prices are determined by the interactions of buyers and sellers
- E-1B-E2 explaining how the changes in prices affect incentives to produce, consume, and save
- E-1B-E3 identifying and explaining economic concepts, such as profit, as an incentive for people to take economic risk

Key Concepts

Risk (in an economic context); investment; competition; profit, personal incentives

Lesson Duration

Two days

Purpose/Introduction

See individual lesson attached.

Objectives

1. Describe how competition can affect prices of goods. (E-1B-E1)
2. Explain why a decrease in price is an incentive for people to buy more and producers to produce less. (E-1B-E2)
3. Explain why an increase in price gives people an incentive to buy less and producers to produce more. (E-1B-E2)
4. Explain the term “risk” in describing the chance of losing something or gaining nothing from an investment. (E-1B-E3)
5. Analyze a given scenario to explain the concept of “profit” (or other personal reward) as an incentive for people to invest (and risk) money or labor. (E-1B-E3)

Prior Knowledge/Pre-requisites

Basic knowledge of economic principles concerning scarcity, wants and needs, goods and services, and decision-making in economics

Materials/Resources

Student textbooks, student notebooks, brand name and generic products (or pictures of them), poster boards, “Price is Right” cards with pictures of products, student LEAP folders

Teacher Preparation

The teacher should be knowledgeable in economic principles involved in scarcity, competition, the pitfalls in starting a business, and market forces that affect price levels. The teacher should also have all materials available for the discussion on brand name and generic products, and for the “Price is Right” game activity.

Body of the Lesson

See lesson attached.

Assessment

See “Evaluation” section in individual lesson.

Lesson:

Benchmarks: E-1B-E1, E-1B-E2, E-1B-E3

Lesson Outline:

The determination of market prices (E-1B-E1)
The impact of price changes on production and consumption (E-1B-E2)
The profit incentive and taking economic risks (E-1B-E3)
How competition affects the prices of goods (E-1B-E1)

Objectives:

1. Students will be able to explain the basic principles that operate in the determination of market prices for goods and services. (E-1B-E1)
2. Students will be able to explain the relationship between profit and risk when investing in a business. (E-1B-E3)
3. Students will be able to describe the impact of competition on the prices of goods. (E-1B-E1)
4. Students will analyze economic principles that operate in given scenarios to explain the concepts of profit and risk in investments of money and labor in a business. (E-1B-E3)

Procedures:

Whole class discussion of the determination of market prices, the impact of price changes on production and consumption, the profit incentive, taking economic risks, and the impact of competition on the prices of goods

Show the class several products, each of which has a corresponding brand name product and a generic product. Ask students to explain why one is more expensive than the other (e.g., Kellogg's Corn Flakes v. Shurfine Corn Flakes). Also ask them to explain why some products have a higher value than others (e.g., brand names v. generic products, or cars v. toothpaste).

Students will divide into groups of four. They will role play the process of operating a lemonade stand, including the planning, purchasing of supplies, determining of a selling price, and forecasting profits. They will also discuss what risks they will be taking and possible obstacles that they may encounter that might result in losses. Each group will design a poster advertising their product, and then report its findings to the class.

Divide the class into four equal teams to play “Price is Right.” Hold up a card with the name and picture of a product and ask each team to place a bid. The team that is the closest to the actual price then has to explain at least two factors that resulted in the product’s cost. At the end of the game, the team with the highest total of products according to their prices, receives an award.

Materials:

Student textbooks, student notebooks, brand name and generic products (or pictures of them), poster boards, “Price is Right” cards with pictures of products, student LEAP folders

Evaluation:

Whole class review of setting market prices, the impact of price changes on production and consumption, competition, and the profit incentive and taking of economic risks in setting up a business

Collect and grade student project on the setting up of a lemonade stand.

Grade student performance in the “Price is Right” activity.

Students will place the following handout in their LEAP folders and answer the questions for homework. The answers will be checked on the following day for accuracy.

1. What will probably happen if several companies decide to start making a very popular toy?
 - A. Less of the toys will be made.
 - B. The price of the toys will probably drop.
 - C. The price of the toys will probably go up.
 - D. The toy companies will probably go out of business.

2. What will probably happen if the price of a toy drops?
 - A. More people will buy the toy.
 - B. Less people will buy the toy.
 - C. More companies will begin making the toy.
 - D. More profits will be made by the companies.

3. What is the main reason why most people start a business:
 - A. Because they like people
 - B. To make profits
 - C. Because they like to take risks
 - D. To help the government

4. Patrick and Nikki decide that they want to make some money during the summer in order to buy a basset hound puppy, which will cost \$200. If they can raise that amount of money, their parents will allow them to buy it. So, they decide to hold a garage or yard sale. In order to do this, they will need to do some planning. They will have to raise the money they need, but take as few risks as possible.
 - A. List three things that Patrick and Nikki need to do before the day of the garage sale.
 - B. List three things that might cause a loss instead of a profit during the garage sale.
 - C. Do you think that Patrick and Nikki will be able to raise the \$200? Why or why not?