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## ABSTRACT

Teachers who wish to enrich the present social studies curriculum with economic education will find this a useful guide. Learning activities and multi-media resources are suggested which help to elucidate major and supporting concepts in economics for the third grade level. Fundamental concepts for this grade are: 1) a land-use map shows where people live and work and what they do; 2) the things that families buy and use are called consumer goods and services; 3) someone has to make our goods and services; 4) there are business firms in our economic area; 5) there are governmental agencies in our economic area; 6) our producers, consumers, business firms, and governmental agencies, are all linked together; and, 7) economic areas grow and change. Methods for evaluating students' understanding of these concepts are detailed. An appendix outlines the major and sub-ideas of the economic discipline and provides a guide to the things teachers should cover or emphasize. See SO 000 132 for full information and related documents. (JLP)

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Grade 3

Teachers Guide To

# ECONOMICS

SD 000 633

ISSUED BY THE STATE DEPARTMENT OF EDUCATION  
INSTRUCTION SALES NO. EC-33

JESSE V. CASOLD, SUPERINTENDENT OF PUBLIC  
INSTRUCTION 1968

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Teachers Guide To

# ECONOMICS

IN GRADE 3

Edited by Hugh Lovell  
and Albert Ouchi

APPROVED MAY 15, 1968, BY THE STATE BOARD OF EDUCATION: RAY C. SWANSON, CHAIRMAN; MRS. GEORGE BEARD, VICE CHAIRMAN; ROBERT W. CHANDLER; RICHARD F. DEICH; EUGENE H. FISHER; THOMAS L. SCANLON; AND FRANCIS I. SMITH . . . . . JESSE V. FASOLD, SECRETARY

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# Foreword

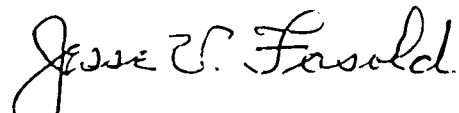
Many of the daily problems and issues that confront us as producers of goods and services, as consumers, and as citizens are economic in nature. A familiarity with economic facts and principles is prerequisite to an understanding of both our private affairs and local, state, and national affairs. The great issues of our time such as inflation, balance of payments, credit control, foreign aid, financing of schools and other public services, and rate of economic growth require a knowledge of economics if participants in our society are to interpret current events and make intelligent decisions.

Elements of economics have long been included in certain areas of the Oregon curriculum, but for the most part economic learnings have been left to chance. A carefully designed plan to teach a progression of economic concepts in the various elementary and secondary grades has not existed. The intention of the writers of this Guide, one in a series which will soon include a similar guide for each elementary grade, has been to present such a plan.

The increasing complexity of both personal and public economic affairs requires that schools no longer leave to chance student acquisition of economic knowledge and understanding. The series of TEACHERS GUIDES TO ECONOMICS identifies economic concepts that have been found within the grasp of pupils at each grade level. It also suggests many classroom materials and activities that can be employed within our existing social studies curriculum framework. The Guides should therefore be regarded as supplements to the Oregon social studies program. They are recommended for use by schools and teachers who are interested in improving their efforts toward better economic education.

Since successful use of the Guides will require an understanding of basic economics by teachers, it is expected that school districts will find it necessary to provide in-service, through local workshops or other means, for teachers who lack exposure to the subject.

It is hoped that curriculum officials of all Oregon schools will study the program presented in this series of guides and determine ways by which they may be used to strengthen this important but often neglected subject.



Superintendent of Public Instruction

# Acknowledgments

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# About This Guide

This Guide is one of a series prepared for the Oregon Department of Education by the Oregon Developmental Economic Education Program (DEEP). The Program is a three-year effort involving teachers, economists, curriculum specialists, and various educational agencies.\* It has had three main objectives: (a) to find out what economic concepts could usefully be taught at various grade levels, (b) to find out how best to present them in the classroom, and (c) to make the results easy for classroom teachers to use. It is part of a nationwide program of the Joint Council on Economic Education.

The Guides themselves vary somewhat because the teachers who helped to write them felt that variations were needed to meet the special requirements of particular grade levels. All of them, however, follow the same general pattern. A table of contents lists a number of simply written "big ideas," or basic concepts, appropriate to a particular grade. These big ideas are expanded in the body of the Guide, which also includes teaching activities (more of them than any individual teacher is likely to use), lists of books and other resources, and suggestions for evaluating student understanding of the material. All of the Guides include a brief section on "Major Ideas and Sub-Ideas of Modern Economics." Some of them include appendixes with statistical or other information.

The idea of introducing economic materials into the primary grades, or even into higher grades, is a relatively new one. It frightened a number of teachers in the Program, and particularly those who had not had much previous academic work in economics. It frightened some of the rest of us as well. We are not frightened now because we know that ordinary teachers can teach economics to ordinary children, and with excellent results. However, some general observations may be helpful.

- Children like economics. They like it because it is important and because it is real. Money, going to the grocery store, and the fact that daddy goes away from home to work are very real things for the first grader. He likes economics because it helps him to understand what these things are all about. He likes it, too, because it helps him see that he plays a part in the real world, that he is a "producer," and, like daddy and the mailman, has valuable services to perform such as cleaning the blackboard or picking up his room.
- One does not have to stop teaching everything else in order to get economic ideas across. The best way to teach many economic concepts is to weave them into everyday classroom work. The proper question at the proper time may do more to bring home an economic concept than an elaborate week-long activity. Because of this, it is not necessary for teachers who want to introduce economics to abandon other subjects or to give up their favorite classroom activities. But new economic activities should be used when they fit the

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\*See Acknowledgments and Appendix for listings of participants.



curriculum. These Guides are filled with such activities. However, the idea is to enrich the established curriculum, not to replace it root and branch.

- Economics is more concerned with relationships to be understood than with facts to be memorized. This simplifies the teachers' task, but it does pose certain problems. The main one arises because economic concepts are interrelated -- it doesn't make much sense to teach one without sooner or later teaching others. In fact it is sometimes impossible to understand one economic concept unless one also understands another. One cannot understand why an American family needs money without also understanding why most Americans specialize in the production of things that their families cannot eat. For this reason, it is very important for a teacher to try to understand all the major economic concepts that relate to his grade level and for him to try to touch on all of them with his students, even though he may not have time to explore many of them in depth.
- Simple economic concepts won't tell the whole story. An economic system is characterized by all kinds of complex interrelationships between people and institutions. Even professional economists don't try to explain all these interrelationships at once. They try to ignore less important variables so they can concentrate on more important ones. The "big ideas" in these Guides focus on important economic variables, but they omit others that may apply to certain real-life situations. When students bring up a real-life situation which seems to contradict a "big idea," the teacher's best approach is to ask the class to help her reason out additional factors which are probably involved. This ability to reason out, or analyze, the factors which explain economic phenomena is, in the last analysis, the main stock in trade of the economist. Helping teachers and students to acquire this knack is one of the main objectives of the Oregon Developmental Economic Education Program.

The Oregon Developmental Economic Education Program is an activity of the Oregon Council on Economic Education. The Council, a non-profit, non-partisan corporation, supported by business, farm, and labor organizations from all parts of the state, exists to encourage improved economic education in Oregon schools. The Council takes no position on economic issues. The views expressed in this teachers' Guide are those of its authors and consultants. They may or may not coincide with those of the Oregon Council.



HUGH LOVELL, Director  
Oregon Developmental Economic Education Program

# ***Community Producers and Consumers***

## **BIG IDEA 1: A Land-Use Map Shows Where People Live and Work and What They Do**

Land-use maps show how people use their land. They show areas where people live (residential areas). They show areas where people grow things (agricultural areas). They show areas where people make things (industrial areas). They show areas where people buy and sell things (business areas).

Children and families usually live in residential areas. But nearly all children have friends or relatives who leave the residential area in order to work in an agricultural area, an industrial area, or a business area. These friends may produce goods or they may produce services. By making a land-use map the children will learn more about the relationships between those who produce goods and services and those who buy them.

### **SUPPORTING CONCEPTS**

1. A land-use map is a useful tool; but it should be big enough to show where almost everyone who lives in a town or city works and where almost everyone who works in a town or city lives. It shouldn't stop at the city limits. It may show several towns or cities or parts of several states.
2. We can use the land-use map to show where people live and where our friends and relatives work. We can color the areas where people live, where they grow things, where they produce things, and where they buy and sell things.

(continued on page 2)

**BIG IDEA 1: A LAND-USE MAP SHOWS WHERE PEOPLE LIVE AND WORK AND WHAT THEY DO**  
(continued)

**SUPPORTING CONCEPT**

**RELATED ACTIVITIES**

1. A land-use map is a useful tool; but it should be big enough to show where almost everyone who lives in a town or city works and where almost everyone who works in a town or city lives. It shouldn't stop at the city limits. It may show several towns or cities or parts of several states.

VOCABULARY

North  
South  
East  
West  
street  
avenue  
businesses  
economics  
area  
goods  
services

Make a land-use map of your area. Use an opaque projector to enlarge an oil company map of your town and the surrounding area. Or see if your city or county planning commission has a land-use map. Don't use a map that stops at the city limits.

Have the children mark the roads and streets they know.

Have them flag the places where they live.

Have the children show the places where their friends or parents work and indicate whether they produce goods or services. Trace the routes that their friends or parents travel on their way to work.

Businesses where their friends or parents buy things should be shown. Have them trace the routes between these businesses and their homes.

2. We can use the land-use map to show residential areas, industrial areas, agricultural areas, and business areas.

VOCABULARY

business  
residential  
industrial  
location

Have the children color the land-use map to show—  
residential areas  
agricultural areas (where there are mostly farms)  
industrial areas (where there are mostly factories)  
business areas (where there are mostly offices and stores)

Perhaps some of their friends or parents will take them for a ride through some of these areas which they may not know about, so that they will know what kind of areas they are and how to color them.

Perhaps the children will want to use additional colors to show places where there are schools and parks or to show railways and airports.

## EVALUATION AND NOTES

Can the pupils draw a map that shows residential, industrial, and business areas in their community?

Has the class discussed land uses such as garbage dump, fertilizer factory, or rifle range that should not be located in certain areas regardless of the paying ability of a potential consumer?

Have pictures or stories from local newspapers been used to illustrate changes in the land use of the metropolitan area? Can the pupils give examples of city areas that have grown UP and of city areas that have grown OUT?

Can the pupils write or report the reasons that their families find for living in the area that they do? Can they give reasons for not living in certain other areas?

Can the pupils name and label the main streets, landmarks, and areas on the map?

Can each pupil identify his house on the map according to street and even or odd number of address?

---

Can each pupil locate the street and locality of his parent's work place? Does he know what good or service his parent produces?

Can each pupil describe the type of work done by businesses or firms in buildings located close to his parent's place of business?

Can the pupils name the kinds of buildings, equipment, or other physical appearances that separate one type of land-use area from another?

## RESOURCES

### State-Adopted Text

Samford, Clarence and Others: You and the Community, Benefic Press, Chicago, 1965, pp. 52-55

### Films

"Faces of Harlow," Contemporary Films, 1965, 30 min., 16mm., sound, color

"Introduction to Maps," Stanbow Productions, Inc., 1958, 30 fr., b/w

"Life in the Central Valley of California," Coronet Films, 11 min., color, b/w

"Neighborhoods Are Different," Encyclopaedia Britannica Films, 16mm., 11 min., color, b/w

"Reading Maps," Encyclopaedia Britannica Films, 11 min., color, b/w

"The City," Encyclopaedia Britannica Films, 11 min., color, b/w

## **BIG IDEA 2: The Things that Families Buy and Use Are Called Consumer Goods and Services**

Consumer goods are things like food, clothing, automobiles, and houses. Consumer services are things like haircuts, visits to the doctor, and repairs to the family car. Some consumer goods and services—food and milk—are consumed quickly. Some of them—houses, automobiles, and washing machines—are consumed rather slowly.

Families use money to buy most of the goods and services they consume. But money that is spent for one thing cannot be spent for another. For this reason, families must decide which things they will buy with their money and which things they will do without. Families are very much interested in how much various consumer goods and services cost because the prices that they must pay help them decide what and how much they should buy.

Some families have more money than other families and can buy more things. Some families like things that other families don't like. Therefore all families do not spend their money in the same way.

### **SUPPORTING CONCEPTS**

1. The things that families buy and use are called consumer goods and services.
2. Prices help families decide which consumer goods and services to buy and which to do without.
3. Not all families decide to spend their money in the same way.

### **SUPPORTING CONCEPT**

1. The things that families buy and use are called consumer goods and services.

### **VOCABULARY**

producers  
consumers  
food  
shelter  
clothing  
circle graph

### **RELATED ACTIVITIES**

Is there a new baby in someone's house? Make a list or draw pictures of what he consumes.

Does someone have a puppy or a cat? What goods and services do dogs or cats consume?

Ask the children to draw a picture or make a list of the goods and services they consume.

Ask the class to make a pie chart showing examples of the kinds of food, clothing, and shelter that their families consume. Then ask the children to ask their parents for examples of other things the family buys—things other than food, clothing, and shelter. (Examples: gasoline, insurance, magazines, and books.)

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**EVALUATION AND NOTES**

**RESOURCES**

Can the pupils make and identify lists of goods and services consumed by the young, by pets, and by family groups?

Can pupils classify what they consume under the headings of food, clothing, shelter, and other?

Can the pupils use the land-use map to locate stores that sell or factories that make some of the goods and services they consume?

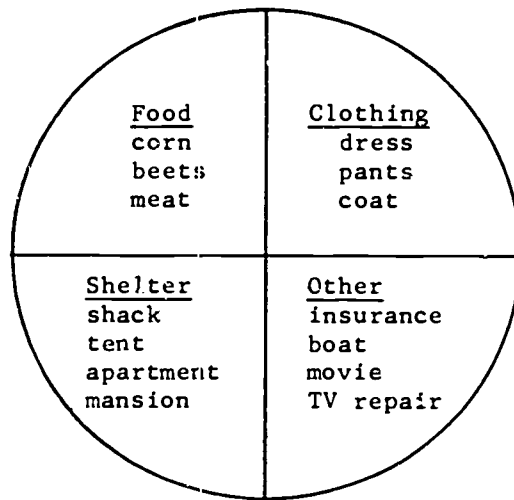
Can the pupils name some goods or services that must be consumed away from home (the circus, haircuts).

(continued on page 7)

**BIG IDEA 2: THE THINGS THAT FAMILIES BUY AND USE ARE CALLED CONSUMER GOODS AND SERVICES (continued)**

**SUPPORTING CONCEPT**

**RELATED ACTIVITIES**



Make scrapbooks with pictures of people consuming goods and people consuming services.

Find out where the children and their families go to buy some of their goods and services. Locate these places on the land-use map.

Make a list of goods and/or services that are consumed in the home and those that are consumed outside the home; e.g.:

- haircut - to barber (outside home)
- electricity - to home (in home)
- fuel oil - to home (in home)
- boat ride - to ocean (outside home)

Select three-member "families" (composed of pupils) and have them decide how they would spend the "family" income of \$400 per month.\*

Select "families" of various sizes (composed of pupils) and have them decide how they would spend a family income of \$800 a month.\*

\*The National Consumer Finance Association suggests these budgets for a four-person family (1964):

<u>Take home pay per month</u>	<u>\$400</u>	<u>\$800</u>
Food. . . . .	\$113.60	\$188.00
Clothing. . . . .	38.80	79.20
Housing, utilities, etc. . . . .	121.20	205.00
Transportation. . . . .	56.00	112.80
Health, recreation, education, etc.	50.00	106.20
Savings, insurance, contributions .	20.40	108.80

#### EVALUATION AND NOTES

Do the children really understand differences between goods and services?

Have the children had an opportunity to make decisions about spending income?

#### RESOURCES

##### Films

"We Want Goods and We Want Services,"  
Arthur Barr, 1968, 12 min., color

"Economics--Its Elementary," Cahill,  
1965, 11 min., color



**BIG IDEA 2: THE THINGS THAT FAMILIES BUY AND USE ARE CALLED CONSUMER GOODS AND SERVICES (continued)**

**SUPPORTING CONCEPT**

**RELATED ACTIVITIES**

2. Prices help families decide which goods and services to buy and which to do without.

Let each child keep a record (with parent's help) of money spent by himself and his parents for his own goods and services during one week.

Discuss: Good Choices and Poor Choices.

VOCABULARY

record  
income  
price  
bargains

Give each child a specified amount of play money and have him draw pictures of all the various things he would like to buy with the money.

Discuss how the food dollar can be stretched. Divide class into committees and, using newspaper advertisements, assign three food items to each committee. Have children cut out the ads and prepare a large sheet of paper for each item, arranging prices from highest to lowest with store's name beside each price.

Put charts on the bulletin board under the heading: "Know the Price Before You Buy."

Ask the children if they think of anything they decided not to buy because it cost too much?

Let the children imagine that they have invited a friend to lunch. They have only 50 cents or 75 cents to spend. Have them arrange a well-balanced lunch menu, drawing food items (or cutting them from ads) and prices on paper and totaling the price.

3. Not all families decide to spend their money in the same way.

Ask the children to find pictures of different kinds of houses (apartments, mansions, new houses, old houses) and have them write essays about the kind of families that would live in each house, (large, small, rich, poor, etc.) and the kinds of things each family would buy.

Locate apartment houses, old houses, and new houses on the land-use map. Why do the children think they are where they are?

## EVALUATION AND NOTES

Did the pupil (with help) prepare a written record of his expenditures for items that could be classified under food, clothing, shelter, and miscellaneous?

Can the pupil make a priority list of his wants—in list form or by drawing pictures of what he would like? Can he cross off or limit his list at a given maximum amount?

Can the pupils prepare a shopping list from various stores based on price alone? Did the pupils give other cost factors, such as transportation and time, as important considerations when shopping for bargains?

Did the pupils consider the price per pound, etc., as well as the total cost of a good or service?

Does their discussion of "Good choices and Bad choices" include quantity, quality, substitutes, and personal tastes?

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Have the pupils told of observing people buying "market baskets" of different goods at supermarkets or department stores and have they speculated as to why different people choose to buy different things?

Can the pupils give reasons, that can be classified under tastes, interests, age and sex of children, and previous experiences, why families of the same size and with the same income buy different things?

## RESOURCES

### Text

Lepthien, Emilie and Erna F. Heinz: "Transportation Has Schedules," Transportation and You, Rand McNally & Company, Chicago, 1965, p. 38

### Books

Bannon, Laura: The Gift of Hawaii, Albert Whitman and Company, Chicago, 1961

Hall, Marie: Nine Days to Christmas, The Viking Press, Inc., New York, 1959, p. 148

### Nursery Rhymes

Johnson, Edna (ed.) and Others: "The Fisherman and His Wife," Anthology of Children's Literature, Houghton, Mifflin Co., Boston, 1960

Dobbs, Rose: "The Three Wishes," Once Upon a Time, Twenty Cheerful Tales to Read and Tell, Rand McNally, Inc., New York, 1961

### Other

Newspaper: grocery and advertisements

### Films

"Bone for Spotty," American Bankers Assn., 10 min., b/w

### Filmstrips

"It Pays to Save," Popular Science Publishing Co., 1952, 29 fr., b/w

"It Pays to Save," McGraw-Hill Book Company, 27 fr., color

**BIG IDEA 2: THE THINGS THAT FAMILIES BUY AND USE ARE CALLED CONSUMER GOODS AND SERVICES (continued)**

**SUPPORTING CONCEPT**

**RELATED ACTIVITIES**

Look at the land-use map and ask the children to think about the money their families spend for transportation. (About 12 cents\* a mile) Would some families live or shop elsewhere if cars and gasoline were free? Where would they live and shop if cars and gasoline were very, very expensive?

Discuss whether a city family would spend its money differently than a country family?

Would a family with young children spend its money differently than a family with older children?

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**BIG IDEA 3: Someone Has To Make our Goods and Services**

People who make goods and services are called producers. Everyone is a consumer, but not everyone is a producer. Producers need tools and materials with which to work. Some producers work inside the home, but many of them work outside the home to earn money for the family.

Most of our producers are specialists. They concentrate on the production of a particular good or a particular service, and they use specialized tools and machinery to make the work go faster and easier.

People have to decide what kind of work they are going to do, and sometimes people who have been doing one kind of work have to start doing another kind instead. People are very interested in their wages or salaries (the amount of money they earn by working) because these determine how much money their families will have and help them decide what kind of work they should do.

(continued on page 11)

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\*Includes depreciation, insurance, license, gas, oil, tires and maintenance for a car driven 10,000 miles a year. Source: Oregonian, July 26, 1961, p. 5

#### EVALUATION AND NOTES

Have the pupils compared a list of goods and services that a family with a high income might purchase with a list that a family with a low income might purchase?

#### RESOURCES

##### Pamphlets

"Many Pennies," Golden Press, New York, p. 24

"Vinny and Billy," American Bankers Assn., 1963, 18 pp.

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#### SUPPORTING CONCEPTS

1. People who make goods and services are called producers. Producers need tools and materials with which to work.
2. Most of our producers are specialists. They concentrate on the production of particular goods and services, and they use special tools to make the work go faster and easier.
3. Some of our producers work inside the home, but many of them work outside the home to earn money for the family. People have to decide what kind of work they are going to do, and sometimes people who have been doing one kind of work have to start doing another kind instead. People are very interested in their wages or salaries because these determine how much money their families will have and help them decide what kind of work they should do.

BIG IDEA 3: SOMEONE HAS TO MAKE OUR GOODS AND SERVICES (continued)

**SUPPORTING CONCEPT**

1. People who make goods and services are called producers. Producers need tools and materials with which to work.

VOCABULARY

goods  
services  
materials  
tools  
labor  
invent  
machinery  
producer

**RELATED ACTIVITIES**

Discuss: Are dogs producers? Cats? Mothers? Teachers? What goods or services do they produce?

Ask children to interview friends or parents to determine their occupation and the tools and machinery they use. Have the pupils classify each person as a producer of goods or a producer of services. Make a large chart of the conclusions for future discussion.

Prepare scrapbooks of producers in the local economic area. (Use the land-use map.) Indicate what goods and services are produced and what tools and materials are used. Discuss what the area can produce better than other regions.

Divide the children into committees for food, clothing, shelter, transportation, and miscellaneous goods and services consumed by families. Ask the children to use the yellow pages of the telephone directory, Chamber of Commerce publications, newspapers, and other sources to find and list people or firms in the area which produce these goods and services. For each subject have them draw or cut out pictures of the good or service.

Have the children bring a simple tool to class and explain how it operates.

Have the children invent machinery to make life easier. Ask them to write a story about how the machine operates and why it is useful. At Christmas time have them invent a new mode of travel for Santa.

Have the children pantomime a particular machine or tool while the class guesses what the tool is. Or have them pantomime the production of a good or service.

Prepare slips of paper with goods or services written on them. Have the children draw the slips from a hat and make lists showing the tools and materials that are needed to produce the good or service.

## EVALUATION AND NOTES

The pupils are able to use the term "producer" with greater discrimination. They are able to identify the good or service that is produced and, can identify some goods or services which are produced for sale and others which are not sold.

Have the pupils discussed or carried out an activity showing what producers need: labor, materials, and tools?

Can the pupils identify a tool used in production and show or tell how it helps in the productive process?

The pupils have demonstrated the use of tools as means of increasing production.

## RESOURCES

### State-Adopted Text

Senesh, Lawrence: "Cities at Work," Our Working World, SRA Resource Unit, Grade 3, Science Research Associates, Inc., Chicago, 1964, p. 72

### Books

Barr, Jene: Policeman Paul, Albert Whitman and Company, Chicago, 1952

Beskow, Elsa: Pelle's New Suit, Harper & Row Publishers, New York, 1962

Flöethe, L.L.: The Farmer and His Cows, Charles Scribner's Sons, Inc., New York, 1957

Goudey, Alice E.: Here Comes the Bees, Charles Scribner's Sons, New York, 1960

Ipcar, Dahlov: Ten Big Farms, Alfred A. Knopf, Inc., New York, 1958

**BIG IDEA 3: SOMEONE HAS TO MAKE OUR GOODS AND SERVICES (continued)**

**SUPPORTING CONCEPT**

2. Most of our producers are specialists. They concentrate on the production of particular goods and services, and they use special tools to make the work go faster and easier.

VOCABULARY

specialists  
specialization  
assembly line  
division of labor  
technology

**RELATED ACTIVITIES**

Look at the list of classroom helpers. Why are some of the jobs done by one specialist? Why are some jobs (picking up the floor) done by everyone?

Bring a telephone directory to class. Have the children look in the yellow pages for specialists in different occupations.

Select books from the school library showing the production of different goods and services.

Divide the children into pairs and let each pair read about the production of a different good or service. Have them draw the steps involved in the production of the product on a large paper, writing a sentence or two about each step. On the back of the paper have them list all the specialists involved. Have them report to the class, showing the poster and explaining the steps in production.

Set up an assembly line. Select two groups of five or more children. Have one group form an assembly line while the other group builds an item individually. For example, have the groups build glue and paper cars. In one group one person specializes on wheels, another on the body, another on coloring, another on pasting. In the other group, each child makes a complete car. Then have the children discuss how fast the work went and how much fun it was.

3. Some of our producers work inside the home, but many of them work outside the home to earn money for the family.

People have to decide what kind of work they are going to do, and sometimes people who have been doing one kind of work have to start doing another kind instead.

(continued on page 16)

Suggest that children ask friends or relatives where they work and why they chose their jobs. Put flags on the land-use map to show where they work. Have charts made showing reasons given for choosing jobs.

Ask each child to read about an occupation that interests him. Use questions such as the following to guide the reading:

What good or service is produced?

What work is performed?

What tools are used?

What skills or talents are needed?

What interests are needed?

How much training and education are required?

What are the advantages and disadvantages of this occupation?

## EVALUATION AND NOTES

Students are able to explain pictures of people at work. They can tell — what specialized task is being performed  
what good or service is produced for whom it is produced, and who pays for it.

Can the students associate specific types of tools and machines with specific jobs? Can they explain whether these tools and machines make the job easier, faster, more accurate?

Have the students compared the assembly-line technique with that of the individual doing an entire job? Did they find that each system has advantages and that each system has disadvantages? Do they seek how many distinct "jobs" an assembly line requires?

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Each pupil has learned more about a particular job.

The pupil can mention various reasons for liking or not liking a particular job.

The pupils can tell how their families' consumption might change if the workers in their families were busy because "business was good" or they were not working because "business was bad."

In a role-playing situation involving job choice by price (wage), did the students state their choices in terms of—  
highest rate of pay

## RESOURCES

### State-Adopted Texts

Senesh, Lawrence: "Cities at Work," Our Working World, SRA Resource Unit, Grade 3, Science Research Associates, Inc., Chicago, 1967

Buckley, Peter, and Jones, Hortense: Living As Neighbors, Holt, Rinehart, and Winston, Inc., New York, 1966

### Films

"City Bus Driver," Encyclopaedia Britannica Films, 1962, 11 min., color, b/w

"How Clothing Is Made; the Story of Mass Production," Film Associates, 14 min., color, b/w

"Our Family Works Together," Coronet Films, 1961, 11 min., color, b/w

"Stores in Our Community," Coronet Films, 1961, 11 min., color, b/w

"The Factory: How A Product Is Made," Film Associates, 14 min., color, b/w

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### Books

Beim, Jerrold: Time and the Tool Chest, William Morrow and Company, Inc., New York, 1951

Darby, Gene: What Is a Simple Machine?, Benefic Press, Chicago, 1961, p. 48

Francoise: What Do You Want to Be?, Charles Scribner's Sons, Inc., New York, 1957

Schwartz, Julius: I Know a Magic House, McGraw-Hill Book Co., New York, 1956

Zion, Gene: The Plant Sitter, Harper and Row Publishers, New York, 1959



BIG IDEA 3: SOMEONE HAS TO MAKE OUR GOODS AND SERVICES (continued)

**SUPPORTING CONCEPT**

People are very interested in their wages or salaries because these determine how much money their families will have and help them decide what kind of work they should do.

VOCABULARY

occupation  
talents  
interests  
training  
education  
advantages  
disadvantages  
job  
useful  
business  
opportunity  
need

**RELATED ACTIVITIES**

Will there be a need for this kind of work when I grow up?

Are the wages or salaries high or low?

Have the children cut out or draw pictures of—  
Old jobs—those that people used to do in the old days (stage coach driver, cowboy, pony express rider, blacksmith)

New jobs—those that people didn't do in the old days (typist, airplane pilot, electrician, television repairman)

Discuss what happened to the people who used to work at the old jobs. Would it be good for people to make goods or services we don't need any more?

Role play a situation involving job choice. Have the children apply to any of three "employers" for work. One employer will pay 50¢ to each of five employees for distributing handbills on Saturday. Another will pay 10¢ an hour to each of five employees for as much lawnmowing as they want to do. A third will pay 1 cent per bottle to each of six bottle collectors, and so on.

The "employers" must hire everyone who comes to them for work, but after all have settled in their places, discuss what has happened. Do any of the employers have more people than they need? Do any of them have fewer people than they need? Why did the children choose the jobs they did?

Repeat the activity the following day, but this time let the "employers" set new wage rates in an attempt to secure the number of people they need. After all have settled in their places, discuss which employers offered higher wages, which employers offered lower wages, what else happened?

Do the children know anyone who has changed jobs recently? Perhaps the children can explain what happened to the old job and why the new one was chosen.

## EVALUATION AND NOTES

highest total pay  
least competition  
easiest work

Did the students change their choices after someone else explained what was involved in terms of wage rates? Did any student choose not to work?

The children can give real or imaginary examples of people who have had to change from one job to another?

## RESOURCES

### Films

"What Do Fathers Do?" Churchill Films, 11 min., color, b/w

### Filmstrips

"The Leak in the Dike," filmstrip and story, Science Research Associates, Inc., Chicago

### Pamphlet

Greene, Carla: "I Want to Be a Storekeeper," Children's Press, Chicago

"What I Want to Be From A to Z," Oregon Dairy Council

### Stories

Stoner, Jeanne: "The Little Red Wagon," Families At Work, SRA Resource Unit, Grade 1, Science Research Associates, Inc., Chicago, 1964, p. 50

### Songs

Lenski, Lois: When I Grow Up, (music), H. Z. Walck, Inc., New York, 1960

### Poems

Brown, Abbie Farwell: "The Fisherman," Favorite Poems Old and New, Doubleday and Co., New York, 1957

Frost, Francis: "My Father," Little Whistler, McGraw-Hill Book Company, Inc., New York, 1949

Nash, Ogden: "Bankers Are Just Like Anybody Else, Except Richer"

### Other

Yellow pages in telephone directory  
Chamber of Commerce publications  
Local newspapers  
Magazines and catalogs

## **BIG IDEA 4: There Are Business Firms In Our Economic Area**

Some of our goods and services are produced by one-man businesses. The man who owns the business produces his good or service, sells it for money, and uses the money to buy the tools and machinery he needs. Any money left over is "profit," and the man can use it to buy consumer goods and services for his family. However, one-man businesses aren't big enough to produce many of the goods and services we need. It takes many people to build a house or to operate a supermarket. Because of this most of our goods and services are produced by business firms. A business firm is a group of people who have banded together to produce a good or service. The firm hires workers, buys the tools and materials they need, and tells them what to do. It sells the goods and services for money, and it uses the money to pay wages to the workers and to pay for the tools and materials they use. If there is money left over, it is "profit" for the people who own the business to spend as they like.

### **SUPPORTING CONCEPTS**

1. There are many business firms in our economic area.
2. Business firms must decide what to make, who to hire, and what tools and machinery to buy. They sell their goods or services for money, and they use the money to pay the people who work for them and to buy the tools and machinery they need. If there is money left over, it is "profit" and belongs to the people who own the business.
3. Some of our business firms produce goods and services for people in our economic area. Some of them produce goods and services for people in other places. A good transportation and communications system makes it easier for people in one area to buy things from and sell things to people in other areas.

### **SUPPORTING CONCEPT**

1. There are many business firms in our economic area.

### **RELATED ACTIVITIES**

Let the children make accordion-pleated booklets showing "Businesses Where We Shop" or "Businesses Where People I Know Work."

Do a business census. Have the children make lists of firms they know about (places where their families buy things, places where people they know work).

Locate the business firms on the land-use map.

Make charts or posters listing firms which produce goods and those which produce services (stores, hospitals).

Have the children look for signs showing different kinds of business firms: Joe Brown, Prop. (a one-man "proprietorship"), Jones & Smith (a two-man "partnership"), Rainwear, Incorporated (a "corporation" with many owners).

## EVALUATION AND NOTES

## RESOURCES

Have the pupils named and listed a variety of business firms in the city and described the goods or services that each offers? Have they checked those that they have actually bought from?

Can pupils give the location of many businesses in their city? Can they locate them on a map of the area?

Can the pupil identify business titles such as "Co.," "Incorporated," "Prop.," and signs that suggest partnerships?

### State-Adopted Texts

Senesh, Lawrence: Our Working World, SRA Resource Unit, Grade 3, Science Research Associates, Inc., Chicago, 1967

### Books

Barr, Jene: Policeman Paul, Albert Whitman and Company, Chicago, 1952

Beskow, Elsa: Pelle's New Suit, Harper & Row Publishers, New York, 1962

Floethe, Louise L.: The Farmer and His Cows, Charles Scribner's Sons, Inc., New York, 1957

\_\_\_\_\_ : The Story of Lumber, Charles Scribner's Sons, Inc., New York, 1962

BIG IDEA 4: THERE ARE BUSINESS FIRMS IN OUR ECONOMIC AREA (continued)

**SUPPORTING CONCEPT**

**RELATED ACTIVITIES**

Let the children draw signs for imaginary businesses of their own. Let individual pupils display their signs and explain "Why I decided to produce this good or service," "Why I decided to have a 'proprietorship,' a 'partnership,' or a 'corporation.'"

2. Business firms must decide what to make, who to hire, and what tools and machinery to buy. They sell their goods or services for money, and they use the money to pay the people who work for them and to buy the tools and machinery they need. If there is money left over, it is "profit" and belongs to the people who own the business.

VOCABULARY

profit  
decisions  
product  
advertise  
equipment  
loss

Prepare a bulletin board: Select a business firm and make pictures of the goods or services it produces, its customer, and the people it must pay, and the tools and materials it must purchase. (A dairy, a telephone company, a sanitation company, or a local factory are good firms to select.)

Visit a neighborhood store. Assign committees to prepare questions about different aspects of the business. Have them write essays or draw posters explaining the answers for the rest of the class. Suggested points to cover—

Who owns the store? Is it a proprietorship, a partnership, or a corporation?

How does the store get and keep its customers? What goods does it sell? Does it provide special services? Does it advertise?

What does the store do with the money it receives? What must it buy? Who must it hire? What bills must it pay? Does it have to pay taxes or interest on borrowed money? Does it earn a profit?

Visit or organize a bank. Cover these activities: people with extra money put it in the bank, and the bank then lends it to other families and businesses who need it. The borrowers pay interest for the money; the bank uses its interest income to hire people and buy tools and machinery, to pay interest to its depositors, and keeps some of it as a profit. If a bank is organized, use play money and mimeograph own checks, deposit slips, promises to repay borrowed money. (See Teachers Guide to Economics, Grade 2, Big Idea VII, for more banking activities.)

(continued on page 22)

## EVALUATION AND NOTES

Can the children identify and give specific statements or demonstrations that were used in advertisements of one or more products?

Can the children provide examples from local newspapers that illustrate how (lower) prices are used to sell more goods or services?

Have children visited or organized actual businesses so that they can ask questions that deal with specific factors of production? For example, labor, materials, machinery, etc.

Do the pupils actually use words, such as division of labor, specialization, advertise, cheaper, profit, and loss in their discussions of food sale projects?

Were the decisions of what to make, how to make it, for whom to make it based primarily on what the costs or the sale prices would be?

## RESOURCES

Goudey, Alice E.: Here Comes the Bees, Charles Scribner's Sons, Inc., New York, 1960

Ipcar, Dahlov: Ten Big Farms, Alfred A. Knopf, Inc., New York, 1958

Lindman, Major: Flicka, Ricka, and Dicka and the Strawberries, Albert Whitman and Company, Chicago, 1944

### State Adopted Texts

Senesh, Lawrence: Our Working World, SRA Resource Unit, Grade 3, Science Research Associates, Inc., Chicago, 1967, pp. 157-167

Sorenson, Clarence W. and Others: Ways of Our Land (Mankind in Time and Place Series), Silver Burdett Company, New Jersey, 1965, pp. 32, 142, 150

Wann, Kenneth D. and Others: "Learning About Our Country," Living in Our Times Series, Allyn & Bacon, Inc., Boston, 1963

### Books

Bendick, J.: The First Book of Supermarkets, F. Franklin Watts, Inc., New York, 1954

Cooke, D.C.: How Automobiles Are Made, Dodd, Mead and Co., New York, 1957, p. 54

Floethe, Louise L.: The Story of Lumler, Charles Scribner's Sons, New York, 1962

Parker, Bertha: Machines, Harper & Row Publishers, New York, 1959, p. 35

(continued on page 23)

BIG IDEA 4: THERE ARE BUSINESS FIRMS IN OUR ECONOMIC AREA (continued)

**SUPPORTING CONCEPT**

**RELATED ACTIVITIES**

Visit or organize an insurance company. People who are worried about their houses burning down pay a "fire insurance premium" to the company. If someone's house burns down (draw lots or spin the bottle to choose a victim), the Company gives him everybody's premium money (less a profit) so that he can build a new house.

What would happen if everybody's house caught on fire at once? How could the Company guard against this? (By not insuring too many houses in one part of town.)

Plan a food sale (cupcakes, cookies). Ask the class to plan the sale as a business firm would plan it.

What should we sell (or produce)?

Who will buy it?

How much will it cost to make?

How much should we charge?

How should we make it? Are there cheaper ways?

Should we divide our labor (i.e., specialize)?

Should we deliver, advertise, or provide other services for our customers?

Discuss the success or failure of the sale.

Was there a profit?

If there was a profit, should we use the money for more materials or tools?

Was there a loss?

What could we do to prevent a loss next time?

Can we cut the price, advertise more, make a better product?

Ask the children to draw pictures of new products (goods or services that people didn't have in the old days) and of old products (goods or services that people used to have but don't have now). Discuss: When should a business firm decide to make a new product? What happens to firms which make products that people don't want to buy any more?

Read about inventors and about the businesses that were established to produce their products:

Edison and the light bulb

Henry Ford and the automobile

Did these inventions help everybody? What about the candlemakers or the buggy makers?

**EVALUATION AND NOTES**

**RESOURCES**

Films

"George's New Suit," Coronet Films,  
11 min., color, b/w

"Stores in Our Community," Coronet Films,  
1961, 11 min., color, b/w

"The Story of the Wholesale Market,"  
Churchill Films, 11 min., color b/w

Books

Waller, Leslie: Book to Begin on  
American Inventions, Holt, Rinehart and  
Winston, Inc., New York, 1963



**BIG IDEA 4: THERE ARE BUSINESS FIRMS IN OUR ECONOMIC AREA (continued)**

**SUPPORTING CONCEPT**

3. Some of our business firms produce goods and services for people in our economic area. Some of them produce goods and services for people in other places. A good transportation and communications system makes it easier for people in one area to buy things from and sell things to people in other areas.

VOCABULARY

transportation  
transport  
communications  
product

**RELATED ACTIVITIES**

Make a list or chart of businesses that produce goods and services for local people to buy. Make another list or chart of businesses that produce goods and services for people in other places to buy. What goods or services are made and consumed in the local community? What goods or services are made here but consumed somewhere else?

Think about the goods or services friends and parents produce. Which friends or parents produce things for people in the local community to buy? Which of them produce goods or services for people in other places to buy?

When the children go grocery shopping, have them look at boxes and cartons to see where the things they buy are made. Do many of them seem to come from other cities or other countries?

Make a map of the United States or the world and show where some of the things we buy come from and where some of the things our town makes are sent.

Ask the children to imagine that they were back in the days of the horse and the sailboat. Have them draw pictures of "Things that we couldn't have, because it would be too expensive to bring them here..." and "Things that our area wouldn't produce, because it would be too expensive to ship them to other places."

Make a mural on the history of transportation.

Read Communication and You and Transportation and You. (See RESOURCES page 25.)

## EVALUATION AND NOTES

The children can name products that are made in their town and are sold in other parts of the country or of the world.

They can name products that are made elsewhere and sold in their town.

They have used a map to show where some of the "exports" go and where some of the "imports" come from. They know how some of them are shipped from place to place.

The children have talked about what life would be like if we still had to transport things by sailboat or horse.

## RESOURCES

### State-Adopted Texts

Lepthien, Emilie and Heintz, Erna: Communication and You, (Basic Curriculum Series), Rand McNally and Company, Chicago, 1965

Lepthien, Emilie and Heintz, Erna: Transportation and You (Basic Curriculum Series), Rand McNally and Company, Chicago, 1965

### Books

Buehr, Walter: Harbors and Cargo, G.P. Putnam's Sons, New York, 1955, p. 72

### Films

"Communications in the Modern World," Coronet Films, 1959. 11 min., color, b/w

"Transportation in the Modern World," Coronet Films, 11 min., color, b/w

"Why Communities Trade Goods," Churchill Films, 10 min., color, b/w

### Poems

Baruck, Dorothy W.: "Automobile Mechanics," Favorite Poems Old and New,\* Doubleday and Co., New York, 1957

\_\_\_\_\_ : "On a Steamer," Favorite Poems Old and New,\* Doubleday and Company, New York, 1957

Bennett, Rowena Bostin: "The Airplane," Favorite Poems Old and New,\* Doubleday and Company, New York, 1957

Coatsworth, Elizabeth: "The Ways of Trains," Time for Poetry, revised, W.R. Scott, New York, 1961

Field, Rachel: "Roads," Favorite Poems Old and New,\* Doubleday and Company, Inc., New York, 1957

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\*Ferris, Helen (ed.)

## **BIG IDEA 5: There Are Government Agencies In Our Economic Area**

Not all of the goods and services we need are produced by private businesses. Some of them are produced by government agencies. Government agencies need money with which to hire workers and buy tools and materials for them to use. But, while private businesses get money by selling goods and services to people who want to buy them, government agencies don't usually sell the goods and services they produce. They usually get the money that they need by collecting taxes from the people, and instead of selling their goods and services they usually give them away free of charge. The people have to decide how high they want their taxes to be, what kind of taxes they want to pay, and which goods and services they want government agencies to produce.

### **SUPPORTING CONCEPTS**

1. Some of our goods and services are produced by governmental agencies.
2. Governmental agencies hire workers and buy tools and materials for them to use.
3. Governmental agencies don't usually sell the goods and services they produce. They get the money that they need by collecting taxes from the people. The people have to decide how high they want their taxes to be, what kind of taxes they want to pay, and which goods and services they want government agencies to provide.

### **SUPPORTING CONCEPT**

1. Some of our goods and services are produced by governmental agencies.

### VOCABULARY

agencies  
government  
taxes  
local  
state  
federal

### **RELATED ACTIVITIES**

Have the children cut out pictures of people in uniform (policemen, firemen, soldiers, doctors, etc.). Discuss the goods or services these people produce. Do they work for businesses or for government agencies?

Let the children draw pictures of prominent buildings in the area. Discuss the goods or services produced in these buildings. Which of them are owned by government agencies? Which are owned by private business? Locate the buildings on the land-use map.

Do a government census. The children can make lists of government agencies they know about (places where they have been, places where friends or relatives work).

Locate the agencies on the land-use map.

In class, develop posters listing agencies which produce goods and those which produce services.

Take the children for a walk. Have them look for goods and services produced by private businesses and by government agencies.

As the teacher lists various public and private services, the pupil is able to identify services that are usually furnished by public agencies.

Pupils can identify many governmental services by the uniforms employees wear (police, fireman, forest ranger, military) or by the buildings that house that agency (library, schools, courthouse, parks, capitols). They are then able to give examples of the services rendered.

Pupils are able to list and identify the goods or services provided by government agencies according to the groups which receive them—businesses, families, young people, old people, or combinations of such groups.

#### State-Adopted Text

Samford, Clarence and Others: You and the Community, Benefic Press, Chicago, 1963, "Working for a Good Community," "Protecting Us From Danger," "Places for Fun," "Many Ways of Learning"

#### Books

Elkin, Benjamin: The True Book of Schools, Children's Press, Chicago, 1960

Green, Carla: I Want to Be a Fireman, Children's Press, Inc., Chicago, 1959

Sauer, Julia L.: Mike's House, The Viking Press, Inc., New York, 1954, p. 31

Sootin, Laura: Let's Go to a Police Station, G.P. Putnam's Sons, New York, 1957

BIG IDEA 5: THERE ARE GOVERNMENT AGENCIES IN ECONOMIC AREA (continued)

**SUPPORTING CONCEPT**

**RELATED ACTIVITIES**

Discuss: Do policemen or dog catchers or building inspectors produce goods or services? What goods or services do they produce?

Prepare a bulletin board listing various goods and services and showing whether they are produced mainly by business, by government, or by both. For example:

Coods and Services	Business	Government
Fire protection	X	X
Auto repair	X	
Roads		X
Schools	X	X
Trash collection	X	
Airports		X

2. Governmental agencies hire workers and buy tools and materials for them to use.

VOCABULARY

public service  
private service

Have the pupils write essays about people who work for governmental agencies. The essays should identify the occupation, the employer, the tools and materials used, the good or service produced. For example: "I am a fireman. I work for the Southeast Fire District. My tools are axes, ladders, hoses, and a big fire engine."

Develop a display of pictures of people, tools, buildings and machinery used by major governmental agencies. For example: School building, teachers and custodians, desks and chairs.

Take the children to a government agency (police station, courthouse, school district office). Assign committees to explore aspects of the operation and to write essays or make posters explaining their findings to the class. Points to be covered are:

- Services rendered
- People, tools, and materials needed
- Who is in charge (mayor, county commissioners, etc.)
- Where the agency operating money comes from

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Pupils are able to list the various services carried out by governments.

Pupils can name tools, materials, or skills necessary for government workers to do their work most efficiently.

Pupils have written essays or made reports that tell what agencies are primarily responsible for various governmental services.

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State-Adopted Text

Wann, Kenneth D. and Others: Learning About Our Country, Allyn and Bacon, Inc., Boston, 1963, "Washington, D.C., Capital of Our Country," pp. 236-259

Books

Portland Public Schools: Our Portland Water System, Portland, Oregon, 1953

Schneider, Nina: While Suzy Sleeps, W.R. Scott, Inc., New York, 1959

Zolotow, Charlotte: The Park Book, Harper and Row Publishers, New York, 1944, p. 32

Pamphlets

From city hall or state offices

Filmstrips

"Workers for the Public Welfare," Eye Gate House, 9 filmstrips

**SUPPORTING CONCEPT**

3. Governmental agencies don't usually sell the goods and services they produce. They get the money that they need by collecting taxes from people and businesses. The people have to decide how high they want their taxes to be, what kind of taxes they want to pay, and which goods and services they want government agencies to provide.

VOCABULARY

goods  
services  
local  
county  
state  
property tax  
income tax  
sales tax

**RELATED ACTIVITIES**

Play a game such as the following:

- What if every family had to buy its own highway?  
What if every family had to buy its own fire-truck?  
What if every family had to buy its own baseball field?

Have the children draw imaginative pictures about what would happen if government agencies charged for goods and services they now give away free. (What if the criminal had to pay the policemen? What if the pupils had to pay the teacher? What if people with fires had to pay the firemen?)

Have the children ask parents about the taxes they pay. List the taxes on the bulletin board.

Ask the principal to explain to the class where the school gets its money and what it is used for. Discuss whether the school could use more money. Do the taxpayers want to pay higher taxes so that the school can have more money?

Divide the class into federal, state, and local committees. Each committee reports on the taxes it receives and on the goods and services it produces. (Generally, property taxes go to local governments and schools; sales, income, and auto taxes to state governments; income and social security taxes to the federal government.)

Discuss why people pay taxes to hire people to tell them things such as—

- "You cannot drive your car without a license!"  
"You cannot build a house unless you get a building permit."  
"You must send your child to school unless he is sick."  
"You cannot have an unlicensed dog."  
"You must obey the traffic light."

## EVALUATION AND NOTES

Pupils who have accepted the value of specialization in home, school, and businesses and who consider government as a producer of services, need only be told that specialization is of value in government too.

Pupils are able to illustrate or give examples of fees (license for bicycle, auto, fishing, dog, parking meter, permits for building, water, bridges and highways) as direct payments to governmental agencies.

Pupils can name two or three kinds of taxes (gasoline, property, income).

Pupils who own government bonds are able to name some of the things that their money could have been used for. They can also compute, from the date of issue, when they can expect to get their money plus interest back.

Pupils use terms such as local, state, and federal to designate the level of government that provides specific goods or services.

## RESOURCES

### State-Adopted Text

"Cities At Work," Our Working World, SRA Resource Unit, Grade 3, Science Research Associates, Inc., Chicago, 1967, pp. 113, item 10

### Books

Eichner, James A.: The First Book of Local Government, Franklin Watts, New York, 1964



## BIG IDEA 6: Our Producers, Consumers, Business Firms, and Governmental Agencies Are All Linked Together

Most families earn money by selling labor (or other resources) to business firms or governmental agencies. Families spend their money on taxes and on the goods and services they buy from business firms. Money thus flows from families to business firms and governmental agencies and from business firms and governmental agencies back to families.

A "circular flow diagram" can be used to illustrate this flow of money and to show how it links the various parts of our economy together. The diagram can also be used to show how family decisions to spend less on one thing and more on another lead business firms to make new decisions about what to produce and what resources to buy. These business decisions, in turn, affect the incomes received by various families.

### SUPPORTING CONCEPTS

1. A "circular flow diagram" can be used to illustrate the flow of money from business firms and governments to families and from families back to business firms and governments.
2. When families decide to spend less on one thing and more on another, business firms must make new decisions about what to produce and what resources to buy. These decisions, in turn, affect the incomes of different families.

#### SUPPORTING CONCEPT

1. A "circular flow diagram" can be used to illustrate the flow of money from business firms and governments to families and from families back to business firms and governments.

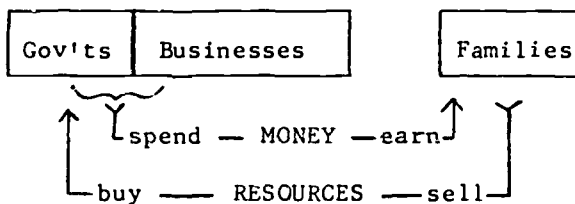
#### RELATED ACTIVITIES

Make a circular flow diagram for the bulletin board or for one wall of the classroom. Note: The circular flow diagram can be as simple or elaborate as you and the class want to make it, but BE SURE to build it up step by step as shown below.

Step One. Governments and businesses buy resources (labor, materials, etc.) from families. They pay for them with money.

#### VOCABULARY

resources  
households  
industry  
government



(continued on page 34)

## EVALUATION AND NOTES

## RESOURCES

The pupils can trace any of the lines on the flow diagrams from household to business or government and back again.

Circular flow diagrams.

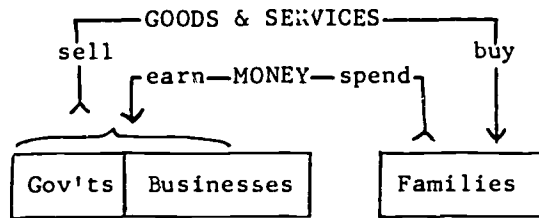
The pupils can take any situation or example discussed in a previous activity and trace the goods and services and its related money payments on the flow chart. (The teacher may have to guide the pupil to the proper starting spot.)

**BIG IDEA 6: OUR PRODUCERS, CONSUMERS, BUSINESS FIRMS, AND GOVERNMENTAL AGENCIES ARE ALL LINKED TOGETHER (continued)**

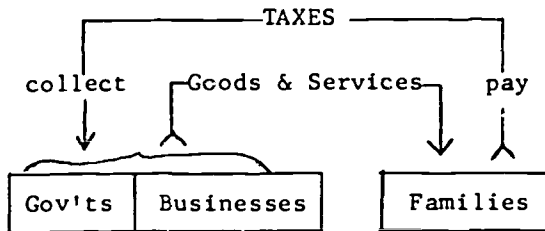
**SUPPORTING CONCEPT**

**RELATED ACTIVITIES**

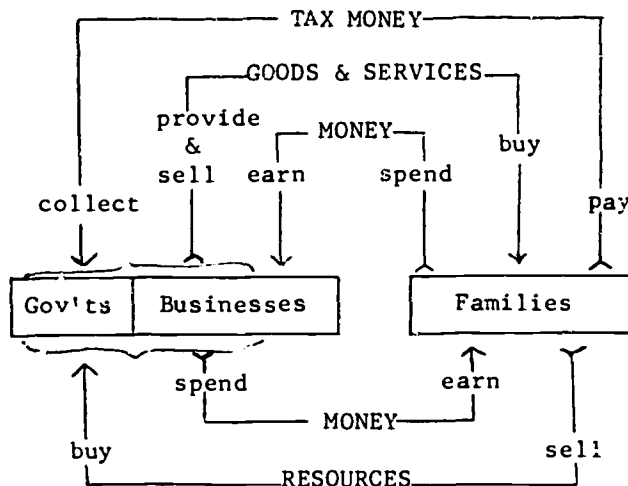
Step Two. Families use the money to buy goods and services from the businesses.



Step Three. Governments collect tax money from families and businesses. Governments provide goods and services to families and businesses.



Step Four. The complete diagram. (It doesn't show taxes on business, government purchases from business, borrowing and lending.)



(See page 36 "Related Activities")

## EVALUATION AND NOTES

## RESOURCES

NOTE: Primary classes that have made circular-flow diagrams don't usually make them as neat and tidy as the one we have outlined here. Some of them occupy the whole wall of a room and include all kinds of families, business firms, and government agencies. The main thing is to make sure that the children understand the economic relationships between families, businesses and government agencies. Children often have fun making a circular-flow diagram.

**BIG IDEA 6: OUR PRODUCERS, CONSUMERS, BUSINESS FIRMS, AND GOVERNMENTAL AGENCIES  
ARE ALL LINKED TOGETHER (continued)**

**SUPPORTING CONCEPT**

**RELATED ACTIVITIES**

Relate the circular flow of money to the land-use map. Use pins and colored yarn to show how money flows from families to particular businesses and from particular businesses to families. Point out that the circular flow of money shown on the map is not complete—some of the businesses sell their goods and services to customers in places not shown on the map; some of the families (and businesses) buy goods and services from businesses in other places.

Play a circular flow game. Take several days. Have some children be housewives, some workers, some businessmen. The housewives have play money, they buy goods and services made by the businessmen and workers. The businessmen use the money received from the housewives to pay the workers (perhaps they pay bills—taxes, rent, electricity—as well). The workers take their earnings home to their wives. The wives spend the money on goods and services.

2. When families decide to spend less on one thing and more on another, business firms must make new decisions about what to produce and what resources to buy. These decisions, in turn, affect the incomes of different families.

VOCABULARY

decisions  
area

Have children write stories or draw a series of pictures on accordion-folded paper: "Everybody wanted to buy marmalade so...." (Storekeeper ordered more marmalade from the factory, the factory hired more men and bought more oranges, the orange farmer planted more trees; the factory owner, the farmer, and their workers were happy because they had more work to do and could earn more money).

Discuss how the people who make peanut butter would feel if everybody switched to marmalade. What would they do (go out of business, switch to marmalade, make something new)? Illustrate with accordion-fold pictures.

Ask for essays on the following: What would happen to our area if people wanted to buy a lot more (a lot less) of the things we produce? (Use some of the major goods and services from the land-use map.)

Continue with the circular flow game. (The housewives suddenly decide not to buy one of the products; they spend their money on something else instead. The workers and producers must switch to a new product.)

By games, written stories, or by tracing the circular flow diagram, pupils are able to show—

Businesses receive more or less money as families buy more or less of their product

Businesses need more or less workers when families buy more or less of their products

Families receive more or less income when the businesses they work for increase or decrease their sales

Families find more or less work as business firms they work for sell more or less of their products

Families buy more and different products as their incomes increase.

## **BIG IDEA 7: Economic Areas Grow and Change**

Most of our economic areas specialize in goods or services of a particular kind. They sell these products to people in other areas, and they use the money they receive to buy things that people in other areas make. (Of course, not everyone who lives in an area makes goods and services that are sold in distant places. It is sometimes easier and cheaper to buy things from specialists who work close by. Every economic area has its own doctors, lawyers, teachers, hotel keepers, and policemen.)

An economic area will tend to grow in population and in wealth if something happens (a new invention, perhaps) that leads more and more people to want to buy its products. On the other hand, it will tend to shrink and grow poor if fewer people want to buy its products or if something happens to the resources that it needs to make them.

### **SUPPORTING CONCEPT**

Economic areas tend to grow if more and more people want to buy the goods and services they produce.

### **SUPPORTING CONCEPT**

Economic areas tend to grow if more and more people want to buy the goods and services they produce.

### VOCABULARY

innovations  
ghost town  
Planning Commission  
Chamber of Commerce  
industry  
factor

### **RELATED ACTIVITIES**

In class, list or chart the goods and services the local area produces for sale to people in other places. Who buys these things? What resources are needed to make them? Is the area a particularly good place for producing them?

Have members of the class draw pictures of innovations that would take advantage of the resources of their area and help it grow. (For example, the Ashland Shakespearian Festival)

Have the children write a creative story on the theme, "I am a ghost town." How did you begin? Why did you become a ghost town? What happened to your people?

Is the local area growing as fast as the rest of Oregon? Find out and have a class discussion: "Why our area may be growing faster (or slower) than other places in Oregon."

Ask the pupils to find pictures or write stories about what the area was like when their mothers or grandmothers were girls. Were people happier then? What are some of the big changes?

Ask a resource person from the Chamber of Commerce or the Planning Commission to tell the class what their area is likely to be like when they graduate from high school.

## EVALUATION AND NOTES

## RESOURCES

The pupils can name the important industries of their own area or of other areas nearby.

The pupils have discussed the fact that large cities tend to attract specialists.

They can list three or four factors that help explain the growth or decline of one of the towns they have studied.

They are aware that the growth of an area may cause problems such as traffic, air pollution, destruction of recreational areas.

### State-Adopted Texts

Senesh, Lawrence: "Cities at Work," Our Working World, Science Research Associates, Inc., Chicago, 1964, Lesson 2, "Why a City Is Where It Is;" Lesson 5, "Why a City Grows"; "The Changing Steel City, Pittsburgh," pp. 48-55; "The Space City: Houston," pp. 102-109

Samford, Clarence and Others: You and the Community, Benefic Press, Chicago, 1963, "Cities Around the World," pp. 50-51; "Our First Communities," pp. 26-35; "People and Cities," pp. 44-51; "Transportation and Growing Cities," pp. 36-43

Sorenson, Clarence W. and Others: "Ways of Our Land," Mankind in Time and Place Series, Silver Burdett Company, New Jersey, 1965, pp. 1-18

Wann, K.D. and Others: "Learning About Our Country," Living in Our Times Series, Allyn and Bacon, Inc., Mass., 1963, "Rivers Help Pittsburgh Grow," pp. 113-117; "Steel Helps Pittsburgh Grow," pp. 120-121



BIG IDEA 7: ECONOMIC AREAS GROW AND CHANGE (continued)

**SUPPORTING CONCEPT**

**RELATED ACTIVITIES**

Choose committees to study American cities. Have them find out—

Why the city is located where it is  
Its resources, raw materials, climate, education of the people

Goods and services that it once specialized in, and those it specializes in today.

Discuss the reports to determine factors important to the early growth of the city and to its growth today.

To help the children understand how and why big economic areas tend to get bigger, read, "The City That Swallowed Villages: London,"\* and follow the discussion guide in the accompanying resource unit.\*\*

Have the children or any of their friends had to go to a larger city to buy a good or service they couldn't get at home? Why was that business located in that city instead of in their area? (Because it is easier for some specialized businesses to find customers in big cities than in small ones.)

\*"Cities at Work" (text), Our Working World Series, Science Research Associates, Inc., Chicago, 1967, p. 232

\*\*"Cities at Work" (Resource Unit, Grade 3), Our Working World, Science Research Associates, Inc., Chicago, 1967, pp. 198-201

## EVALUATION AND NOTES

## RESOURCES

### Books

Evans, Eva K.: Why We Live Where We Live, Little, Brown and Company, Boston, 1953, p. 157

Lenski, Lois: Boom Town Boy, J. B. Lippincott Company, Boston, 1948, p. 177

Lewis, Alfred: Clean the Air, McGraw-Hill Book Company, Inc., New York, 1965, p. 196

Markun, Patricia Maloney: The First Book of Mining, Franklin Watts, Inc., New York, 1959, p. 69

Peet, Creighton: The First Book of Skyscrapers, F. Franklin Watts, Inc., New York, 1964, p. 63

Rogers, Matilda: The First Book of Cotton, Franklin Watts, Inc., New York, 1954, p. 68

Schlein, Miriam: City Boy, Country Boy, Children's Press, Inc., New York, 1955

Taylor, Sydney: All-of-a-Kind Family, Follett Publishing Co., Chicago, 1966, p. 188

Tensen, Ruth M.: Come to the City, The Reilly and Lee Company, Chicago, 1951, p. 37

Watson, Jane Werner: The Golden History of the World, Simon & Schuster, Inc., New York, 1955, p. 153

### Films

"Everyone Helps in a Community," Churchill Films, 1963, 14 min.

### Filmstrips

"Building Our City," Visual Education Consultants, color, b/w

# Appendix

## MAJOR IDEAS AND SUB-IDEAS OF MODERN ECONOMICS

The following ideas and sub-ideas define the boundaries of the economic discipline and are guides to the things teachers should cover or emphasize.

The ideas are abridged and paraphrased from James D. Calderwood, Teachers Guide to Developmental Economic Education Program, Part One, Economic Ideas and Concepts (New York: Joint Council on Economic Education, 1964).

### SEVEN BASIC ECONOMIC AREAS

- I. WHAT ECONOMICS IS ALL ABOUT
- II. PERSISTENT ECONOMIC PROBLEMS FACED BY ALL SOCIETIES
- III. THE MARKET ECONOMY OF THE UNITED STATES AND HOW IT OPERATES
- IV. ECONOMIC GROWTH AND STABILITY
- V. DISTRIBUTION OF INCOME
- VI. THE UNITED STATES AND THE WORLD ECONOMY
- VII. OTHER ECONOMIC SYSTEMS

#### I. WHAT ECONOMICS IS ALL ABOUT

##### A. Economics....

- 1) Is primarily concerned with the allocation of scarce resources, with the ways in which a society decides

WHAT to produce  
HOW to produce it  
FOR WHOM to produce it.

- 2) Deals with a whole economy — how it works, grows, and adjusts to change.
- 3) Is also concerned with important parts of the society: consumers, businesses, labor unions, farms. However, a study of these parts is only part of the study of economics.
- 4) Does not decide personal or social goals. The study of economics helps us to identify goals — growth, stability, efficiency, justice, freedom, and so on — and to make intelligent choices between alternatives.

##### B. The study of economics is important because

- 1) Individuals have many economic problems of their own.

- 2) Citizens influence decisions on economic problems that affect the community, the nation, and the world.
  - 3) People who can deal with economic problems in an organized and systematic way are better able to deal with other kinds of problems.
- C. The real test of economic understanding is whether or not one has the ability to deal with future economic problems in an organized and systematic way.
- 1) This does not mean having memorized facts.
  - 2) It does mean the ability to
    - a) Define the problem and find the facts
    - b) Identify the goals that we are trying to achieve, in order of priority
    - c) Decide what action is best, all things considered.

## II. PERSISTENT ECONOMIC PROBLEMS FACED BY ALL SOCIETIES

- A. All societies want economic goods and services.
- 1) Some of these wants are individual, some are collective; but a society's economic wants are never satisfied.
  - 2) There are wants for consumption goods, that satisfy our needs directly, and wants for capital goods, that help us produce the things we want.
- B. The process of making economic goods (and services) is called production. Those who engage in this process are called producers.
- 1) We cannot produce goods and provide services unless we have resources — the main ones are land, labor, and capital.
  - 2) The amount of output that we get from our resources depends on the level of technology, the degree of specialization, the productivity of labor, and the amount of capital available.
- C. Resources are scarce. We must decide how we want to use them because if we use our resources in one way we cannot use them in another.
- D. An economic system is an organized way of making decisions about how to use scarce resources. (Economists speak of "the allocation of resources.") To do this society must decide what to produce, how to produce it, how much to produce, and for whom to produce it. Various economic systems make these decisions in different ways.

### III. THE MARKET ECONOMY OF THE UNITED STATES AND HOW IT OPERATES

- A. Ours is a modified private enterprise economy. Our citizens are free to buy what they can afford. They are free to go into business, hire labor and acquire resources, and produce what they think consumers will buy.
- 1) Producers make a profit if they are right about consumers' demands and suffer a loss if they are wrong. The profit motive thus encourages producers to produce and to shift from one line of production to another when consumers' wants change.
  - 2) Our decisions on what goods to produce and how to produce them are thus influenced by consumer decisions as to how to spend their incomes.
- B. There is a circular flow of income from businesses to those who provide resources; from the public to the government; and from those who save to those who invest. A simple model of this flow helps to explain the workings of the whole economy.
- C. The market is a basic institution of the American economy.
- 1) The market adds up the economic decisions of individual buyers and sellers.
  - 2) The ideas of demand and supply are useful in explaining how markets work and how price changes affect the incomes of producers and the amounts that consumers have left over to spend on other things.
  - 3) Market prices are the main regulators of economic activity in the United States.
  - 4) Competition is an essential part of the market mechanism. But, because monopoly or semi-monopoly exists in certain markets, we have passed anti-trust laws and decided to regulate the prices charged by certain industries.
  - 5) Our governments regulate the economic activities of businessmen and consumers. They also affect the allocation of resources when they levy taxes, spend money on goods and services, or make money available to individuals.

### IV. ECONOMIC GROWTH AND STABILITY

- A. Economic growth may refer to either increases in total output or to increases in output per person.
- 1) We need growth so that we can raise our living standards and so we can provide enough jobs for our growing labor force.
  - 2) We can grow if we increase our productive capacity by (a) increasing the number of workers, (b) making them better workers, (c) providing them with more capital (tools and machines), or (d) improving our technology and our managerial efficiency.

- 3) In a private enterprise, economy growth will take place only if effective demand increases — only if the economy is willing and able to buy an increasing output of goods and services.
- B. Economic stability means keeping the economy on an even keel between inflation and depression. We want to keep the economy growing and we want to keep it stable.
  - C. The main tools for measuring the performance of the economy are called Gross National Product and National Income.
  - D. The level of output is mainly influenced by the level of effective demand — consumption demand plus government demand plus business demand plus foreign demand.
    - 1) When business or government demand moves up or down, the economy tends to expand or contract. This in turn causes changes in consumer demand, which adds to the original expansion or contraction.
    - 2) The government uses fiscal policy — changes the level of government spending and taxation — to influence the level of effective demand. This may have an impact on the national debt.
    - 3) The monetary system also influences the level of effective demand. To know how this works one must understand (a) what money is and what its function is, (b) where money comes from, and (c) how and why the government tries to control the money supply.

#### V. DISTRIBUTION OF INCOME

- A. A person's income determines how much he can buy. The distribution of income within the economy helps determine what goods the economy produces and for whom it produces them.
  - 1) Most people receive incomes by selling productive services on a factor market.
  - 2) Some people receive transfer payments not related to productive services.
- B. Our markets may not distribute incomes in a just or proper way.
  - 1) The government uses taxes and transfer payments to change the distribution of income. It also uses taxes to provide certain services that mostly benefit people with lower incomes.
  - 2) Private groups, like unions, also alter the distribution of income.
  - 3) Incomes are more equally distributed than before, but some people have very low or no incomes.

- 4) Profits are incomes to businessmen. But profits also reward business for taking a chance on a new product or with a new business. This is their main economic function.
- C. Economic groups are concerned with the incomes of their members, but in the final analysis, what people earn depends on what they produce. Economic groups may advocate policies which tend to increase incomes of their own members even though they waste economic resources.
- 1) Labor unions attempt to influence labor incomes through collective bargaining and through the political process.
  - 2) Many small farmers would not earn satisfactory incomes if farm prices were left to supply and demand. Farm prices tend to fall because farm output grows faster than the demand for farm products. Because of this, farmers advocate government price supports and other devices to keep farm incomes and prices at a higher level than they would otherwise be. Such devices also influence the allocation of resources.
  3. Our people are concerned with security in their incomes. Activities in the economic security area may affect economic justice, economic stability, the efficiency with which the economy allocates resources, and the willingness of individuals to take risks necessary for economic growth.

## VI. THE UNITED STATES AND WORLD ECONOMY

- A. The American economy is tied to world economy.
- 1) In many fields, American jobs, incomes, and profits depend on sales to foreign countries.
  - 2) Some of our industries require resources that we don't have or cannot produce in adequate quantities.
  - 3) American businessmen often invest in businesses overseas. This helps other countries to produce things we need and helps them to increase their rates of economic growth.
- B. World Trade takes place for the same reason that trade takes place within the United States....

BECAUSE IT PAYS TO SPECIALIZE IN WHAT YOU CAN DO BEST AND TO BUY FROM OTHERS WHAT THEY CAN PRODUCE MORE CHEAPLY THAN YOU CAN.\*

\*This is simply stated, but not quite accurate. Imagine a Little League Ball Club in which each player can pitch better than he can do anything else. One of the nine will pitch, but he will be the only one to do the job at which he is best. The catcher will catch even though he is a better pitcher than a catcher. A better statement: "It pays to specialize in things at which you have a comparative advantage...."

- C. World Trade is more complicated than domestic trade.
- 1) Different countries use different kinds of money. This requires various devices for exchanging one kind of money for another. These involve foreign exchange rates.
  - 2) Balance of payments problems arise when a country tries to spend more foreign money than it has in order to buy foreign goods.
  - 3) Countries impose tariffs and other barriers to trade in order to protect new industries, to insure self sufficiency in time of war, or to protect the incomes of those in certain industries.

#### VII. OTHER ECONOMIC SYSTEMS

- A. All societies face the same central economic problem — deciding how to use scarce resources (what to produce, how much to produce, and for whom to produce).
- B. Throughout history different societies have approached this problem in different ways.
- 1) Some economies rely primarily on the market mechanism, with a restricted role for government.
  - 2) Others rely heavily on centralized decision making.
    - a) This may be comprehensive and autocratic, as in the Soviet Union, or
    - b) Limited and democratic, as in Britain and India.
  - 3) Most countries today are "mixed economies" in that some decisions are made in the market and others are made by central authority, either democratically or autocratically. The important thing is the nature of the "mix."
  - 4) It is particularly important to avoid classifying economic systems into three rigid and unchanging classifications called capitalism, communism, and socialism. For example, there are significant differences between the economies of the United States and France, or Switzerland and New Zealand.
  - 5) All economic systems change over the years.
- C. The study of economic systems should emphasize different approaches to the central economic problem and changes in these approaches over the years. It should also emphasize the performance of different economic systems in the light of such criteria as growth, stability, efficiency, security, justice, and freedom.



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Seal, Margaret  
Spencer, Darwin D.  
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Vecchio, Carol  
Waits, Susan M.  
Ward, Lu Elle  
Wheeler, John F.  
Ziegler, Carl

## ADDRESSES OF FILM AND FILMSTRIP PRODUCERS

American Bankers Association, 12 E.  
36th St., New York

Churchill Wexler Film Productions,  
801 N. Seward St., Los Angeles,  
California

Coronet Films, Sales Dept., Coronet  
Building, Chicago, Ill. 60601

Encyclopaedia Britannica Films, Inc.,  
38 W. 32nd St., New York 10001

Eye Gate House, Inc., 146-01 Archer  
Avenue, Jamaica, New York

Film Associates of California, 10521  
Santa Monica Blvd., Los Angeles,  
California

McGraw-Hill Book Co., Text-Film Dept.,  
330 W. 42nd St., New York 10036

Popular Science Publishing Company,  
Audio-Visual Division, 355 Lexington  
Avenue, New York

Visual Education Consultants, Inc.,  
2066 Helena St., Madison, Wisconsin