

Smart Money Decisions

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Introduction

This teaching unit is a focused overview of basic consumer economics and decision making geared to eighth grade "C" level Special Education students in New Mexico. The unit will examine *money, budgets, consumer decision making, saving, spending*, and other key areas that impact the present and future lives of students. The unit will present clear specifics to students regarding economic realities in a beneficial and stimulating format. The specifics discussed within this curriculum unit can be used to develop lessons that could be utilized as a nine-week component of a middle school math or social studies curriculum. 'C'- level Special Education students tend to read two grade levels below their current grade placement and have comparable math deficits. Study and organizational skills among 'C'- level Special Education students tend to be unfocused and inconsistent.

The goals of the unit are

- Foster clear understanding of basic consumer economics.
- Clarify and develop how individuals, businesses, and governments decide to spend income.

The objectives of the unit are

- Develop an understanding of the meaning and role of money in the lives of individuals, businesses, and governments.
- Integrate related academic fields such as math and social studies into the study of economics.
- Build understanding of personal, business, and government budgets in the lives of students.
- Enlighten students as to the role of human emotions in consumer decision making regarding such purchases as clothes, food, transportation, entertainment, and housing.
- Motivate potentially at-risk students by integrating relevant and accessible material and resources that connect to their daily lives.

Background

Subject background necessary for teacher understanding of covered content materials includes such essential economic concepts as *demand and supply* in the marketplace, *competition and market structure*, the *labor force* in the United States, *minimum wage, substitute goods, the gains from trade*, and *money*.

Keys to Understanding Demand

The law of demand states that there is an inverse relationship between the price of a good or service and the quantity that a consumer will purchase. The quantity-demanded schedule and the demand curve are two different ways of showing the concept of demand.

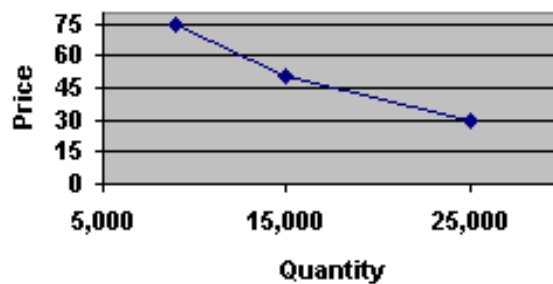
Prices charged for products affect a person's purchasing power. When prices increase, people can not afford to purchase as many units as before, consequently the quantity demanded decreases. Retail and wholesale businesses lower their prices when their goal is to increase sales volume. For example, Nature's Herbs might lower the price of a bottle of its capsuled herbs to try to gain a higher percentage of the retail market for capsuled herbs. The retailers, in turn, might lower their price to consumers by 10% in hopes that a larger sales volume will offset the decreased profit margin per sale.

A demand schedule lists the quantity of goods that consumers are willing and able to buy at a series of possible prices, while a demand curve shows the same information on a graph. Students

can see that the demand curve is downward sloping. The instructor will explain the correlation between lower prices and higher amounts demanded thus showing the inter-relatedness between the two factors of price and quantity.

Demand Schedule For Silk Ties	
Price	Quantity
\$30	25,000
\$50	15,000
\$75	9,000

Demand Curve



Decisions, Decisions, Decisions

From the world of literature and movies, we find classic examples of decision-making gone right and wrong -- of decisions based on emotion, and of decisions guided by reason.

In Mark Twain's, *The Adventures of Tom Sawyer*, which will be read concurrently with this curriculum unit, Twain captivatingly chronicles the adventures and misadventures of young Tom Sawyer. Tom lives in a small town on the Mississippi River in Missouri during the mid-19th century, at a place and time that Frederic Jackson Turner would consider frontier territory. Brawling riverboat men killed each other in knife-fights, banks were robbed, and "dentists" yanked teeth with pliers.

Early in *Tom Sawyer*, Tom makes one light-hearted, yet brilliant decision when he decides that *other* boys should paint Aunt Polly's fence – not him. By "painting" a positive image of fence painting in the minds of several of his friends, Tom induces those friends into deciding that they would rather be painting that fence. Tom's argument that fence-painting requires skill *and* provides pleasure for the painter is so cleverly marketed that several friends eventually paint most of the fence. There is a connection to economics with Tom and the fence. Tom emphasized the benefits of fence painting while downplaying the costs of fence painting.

Shortly after the painting scenario, Tom witnesses a graveyard murder. Should Tom remain silent? Tom's friend, Huck, makes Tom take a vow of silence about the knife murder. But Tom's conscience ultimately weighs on the side of Tom testifying in favor of the innocent town drunkard despite the clear risk to Tom's life at the hands – or knife – of Injun Joe. Loyalty to justice and the strong desire to save an innocent life induce Tom Sawyer to put his own life at risk -- a weighty decision if ever there was one.

Casablanca is often regarded as one of the greatest American movies ever produced and filmed. Certainly, it is laced with memorable lines. The movie has two major heroes, the American Rick Blaine, and the Czechoslovak Victor Lazlo. In the film's famous closing airport scene, Rick is asked by the beautiful Ilsa to think and decide for both of them. Rick decides to put the woman who loves him on the outgoing plane with her gallant husband, Victor Lazlo. Rick will stay in Casablanca and take his chances with the French Police Inspector Renault. Rick's rationale is that Ilsa is part of Victor's vital work against the Nazis...and that Rick has secret things to do of which Ilsa cannot be a part.

Most of us seldom have such heroic decisions to make as did Rick in *Casablanca*. We do, however, make many more mundane *threshold* and *incremental* decisions everyday.

We will study decision-making and the three types of decisions: *heroic*, *threshold*, *incremental*, within our curriculum unit on *Smart Money Decisions*. We will discuss and analyze students' decisions along with those of famous fictional and historical figures. Within student capacity to play/act, we will incorporate role-playing within the context of our study and analysis of decision-making. Rational decision making implies that decisions are in the best interests of the decision-maker. In the "best interest" of a decision-maker suggests that it is consistent with some goal or objective such as saving \$1,000 or buying a new car.

Classroom Activity on Personal Budgets

The primary objective for the class on *personal budgets* is to develop awareness of the power and efficacy of personal budgets in helping students assume better control over their spending concurrent with keener awareness of the value of money. The curriculum writer takes a "consumer poll" in class from every student on what she purchased from any retail store this month. The primary purchase favorites – food, cosmetics, candy, clothing, movie tickets, and CD's – are written on the blackboard in class along with the total number of students who "voted" for that purchase item. We then discuss how often items are purchased and how much money is spent on each within one month period.

The class will have a brief discussion on the difference between *necessity items* such as water, housing, and core clothing, and *discretionary items* such as baseball caps and candy. Students are asked whether or not they absolutely *need* candy or if they simply *want* candy.

Some eighth graders have part-time jobs from which they might earn \$20 each week. Others are given allowances from \$10 to \$20 weekly. In constructing our *monthly personal budget*, we start from the amount of *disposable income* available to each student given that *each* student starts with the same, teacher determined, amount of money on the first of the month. Let's say that each eighth grader begins with \$100.00 on September 1. How will he/she spend that money? When? How often?

Each student is asked to remember his/her favorite purchase items, to list them according to how much and how frequently he/she purchases them each month. We often construct a personal budget as follows:

Beginning
Income:
\$100.00
– Minus
Monthly
Expenses:
Mc
Donald's
+

Wendy's
 -\$20
 Cosmetics

 -\$15
 Movies

 -\$20
 Candy

 -\$10
 Soft
 Drinks

 -\$15
 Music

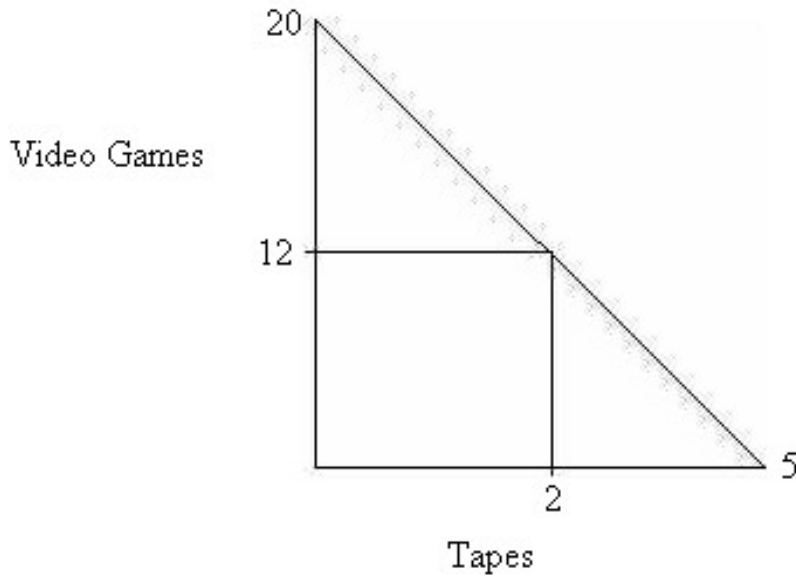
-\$10
 Total
 Purchases
\$90.
 Amount
 Left
 Over
 For
 Savings
\$10.00

From this budget exercise, student learn several valuable economic lessons:

1. It's usually wise to spend *within* one's budget; we should *not* spend more than what we have.
2. It's often wise to save some of your monthly income; why not open a savings account at a bank.
3. Use of a monthly budget helps give students a picture of what they have and what they spend and puts spending into clearer focus.
4. Use of a monthly budget encourages students to think about money.
5. The concept of diminishing marginal utility: If a student loves an organic nectarine, he will probably love eating two nectarines. However, the third and fourth nectarines might start to fill him up and perhaps start to irritate his stomach. The nectarine-loving student would probably enjoy the first and second nectarines more than the third and fourth nectarines. Paul Samuelson defines diminishing marginal utility as the law that states that as more and more of any one commodity is consumed, its marginal utility declines.

The curriculum unit should, as part of this personal budget lesson, introduce *budget lines* such as demonstrated in Stockman's Microeconomics. Thus, students can have a *choice* between tapes and video games, and can visually see the trade-off entailed in choosing all of one item or parts of both items. Since *visualization* is very important to student's grasping the concept of *choice* and *trade-off*, the following example could be used:

Budget Line Between Tapes and Video Games



Starting with \$5, a student could play 20 video games at \$0.25 per game, and *no* tapes; *or* buy 5 tapes at \$1.00 per Video Games tape, and play *no* video games; *or* various combinations of *both* games and tapes. For example, one could play 12 video games for \$3.00 and also buy 2 tapes. Students will visualize and understand that in our Tapes and Video budget line, a tape "costs" four video games. A video game costs \$.25, while a tape costs one dollar, or four times the cost of one video game. A student with \$5 will have to sacrifice some video games if he desires to buy several tapes.

Supply in the Marketplace

While producers supply goods and services for many reasons, their primary motive is *profit*. The law of supply, as shown by the supply schedule below shows that a direct relationship exists between an item's price and the quantity of that item supplied. A tie-maker will produce more ties when buyers will pay more for his ties. If Smith's Grocery is running out of highly popular chocolate bars, it's unlikely that Smith's will put chocolate bars on sale or in their clearance bins.

Key Points:

1. Supply is directly related to the price that producers can charge for their products. Producers supply more products when their products command a higher price on the market.
2. A supply Schedule lists each quantity of a product that producers are willing to supply at various market prices.
3. When one producer earns a *profit*, it indicates to other producers that moving into the same or similar business might be a profitable economic decision. For example, if Brian is making tee shirts and is making \$5 profit on each tee shirt he sells and is selling 100 tee shirts every week, there might be incentive for Davon to also move into the tee shirt business in hopes of cutting into some of Brian's profit. So, this "mechanism" indirectly encourages producers to make more of what consumers want most.

Supply Schedule for Silk Ties	
Price	Quantity

\$30.00	10,000
\$50.00	16,667
\$75.00	25,000

Classroom Activity - showing the interaction between Supply and Demand.

The instructor will bring into class a somewhat rare set of early 20th century Lincoln head cents, an old stamp, a silver dollar, a 6-pack of cola, and a bag of bubble-gum and conduct an auction of these somewhat rare and/or popular items. Through this auction, the instructor will be able to show the interaction of supply and demand. If we have but one can of cola remaining, and six students covet the cola, the auctioneer can perhaps auction the can of cola at more than its normal, retail price. A student might offer one dollar for the can of cola at that moment when he could buy two cans of cola for a dollar at his local Smith's.

Background on Money

Money is an alternative to barter and a measure of relative values. Many forms of money have been developed throughout history, including *commodity*, *specie*, *fiat*, and *near money*. To serve as an acceptable medium of exchange, standard of value, and store of value, money must have certain characteristics.

Keys to Understanding

1. Money serves as a medium of exchange, a standard of value, and a store of value in the American economy.
2. The five characteristics of money – durability, portability, divisibility, stability in value, and acceptability – makes it the most efficient and viable means of exchange in our economy. Additionally, one has greater "TIME" flexibility with money than with trade or barter. One can sell one's bull for cash today, and buy goats at some later date.
3. Barter involves trading one commodity for another (say, furs for fish), or one service for another (say, roofing for tutoring). Barter obviates the need for money, but creates obstacles to efficient exchange of goods and services. Trading one bull for three goats might be difficult if you lived ten miles from me or if I did not like your goats.
4. Money is more than just a medium of exchange. We should also recognize the more emotional aspects of money. Acquiring money is often viewed as an outward sign of material success. It can be a signal of status, success, etc. Some students are guilty of "Conspicuous Consumption" wherein students buy and wear one hundred-dollar running shoes despite not being able to afford the shoes. Their Conspicuous Consumption can become unaffordable consumption.

Background on Occupations and the American Labor Force

Instructors should be cognizant of the following salient facts of economic history

1. In the 18th century (1700's), the United States was primarily an agricultural nation comprised mainly of small, largely self-sufficient farmers.
2. In the 19th century, especially in the North/North-east sections of the United States, the economic base shifted to manufacturing.

Large textile mills developed in New England; steel mills were built in Pittsburgh; and precursors of automobile plants were built in late 19th century in Detroit.

3. The 20th century has witnessed several major shifts in the U.S. labor force:
 - a. A more dramatic switch to a *capital-intensive* economy where technological knowledge of computers, finances, communication, and information services has increasingly replaced a labor-intensive economy of farmers, factory workers, miners, and fisherman.
 - b. American women joined the work force in substantial numbers during the two 20th century world wars resulting in a change of society's attitudes toward the role of women the labor force. The numbers of female doctors, lawyers, business owners, and politicians is far greater in the year 2000 than it was in 1950.
4. A direct relationship exists between income and education levels.
5. Immigration, consumer tastes, and technological change affect the labor supply.
6. Americans are living longer and tend to have longer productive life expectancies.
7. The American economy, through our imports and exports, is increasingly connected to the rest of the world. American made airplanes, computers, and food are sold around the world. Foreign made clothing and cars are imported by America.

Student Activities re: The Labor Force

A primary focus of the unit section on the labor force is to clearly emphasize the correlation between lifetime earnings and school/skills training. Students should see the connections between their staying in school and their attaining higher wages and salaries. This curriculum unit writer could hand out recent income figures comparing the mean lifetime earnings of high school dropouts, high school graduates, and college graduates. Combined with the education-income handout will be a discussion of what class members can do to stay in school. Such helpful specifics such as improving reading and study skills, taking summer academic classes, utilizing homework clubs, employing tutors, organizing student study groups, and visiting local schools such as Albuquerque TVI will be highlighted.

This curriculum unit will reinforce and review part of what students studied in seventh grade New Mexico history. We will construct a 20th century New Mexico economic time-line which will show how the percentage of New Mexico's labor force has changed from primarily agricultural, ranching, and mining to a labor force primarily in government positions; service providers such as medical personnel, lawyers, accountants, and roofers; and retailers such as Wal-Mart employees.

Additionally, a class lecture and picture display of Long Island's Gold Coast will relate the story of J.P. Morgan and his son. One hundred years ago, J.P. Morgan was one of America's wealthiest people. Morgan was able to hire dozens of unskilled, semi-skilled and skilled laborers to garden his estate, build roads on the estate grounds, and build extensions on to his mansion. Morgan paid, early in the 20th century, small wages to his laborers because there was an ample –indeed, surplus-

supply of recent European immigrants who were stone masons, carpenters, gardeners, and home builders. This unit instructor lived adjacent to the island owned by Junius P. Morgan on Long Island's North Shore. During The Great Depression, Morgan used immigrant labor to build a bridge and a stone guardhouse before the entrance to his estate. Morgan paid many of his laborers two dollars a day for their labor during the 1920's and 1930's.

It's important that students understand several important aspects concerning the economy of New Mexico:

1. It has, and will continue to, undergo change.
2. All students are and will become *part of* the economy of their state.
3. Students can affect the outcomes of their economic future by becoming aware of what opportunities exist for them and of how best to take advantage of present and future economic opportunities.
4. Mental attitude, focus, self-confidence, and determination all factor into a student's economic success.
5. Individually, students should learn the frequent value of delaying their immediate gratification for a chance of higher future rewards. A student would/could benefit by saving part of his current earnings so that he would have money for future college.

The following economic decision-making tools will be studied discussed, and used to guide student-consumer decisions:

1. Brainstorming
2. Decision theory and decision trees
3. Critical path analysis
4. "SWOT" analysis: Strengths, Weaknesses, Opportunities, and Threats

Brainstorming

Brainstorming is a device for crafting innovative and imaginative answers to a problem. The group or individual that is brainstorming tries to devise various solutions to the problem or situation. The teacher and the group are receptive to all ideas put forth during the brainstorming session with one goal of expanding the number of alternatives considered. Another goal is for students to expand their thinking while breaking down their inhibitions along the way. Breaking down inhibitions, particularly involving academic contributions in class, is important for Special Education students. To link brainstorming to consumer decision making and to government budgets, the class will have brainstorming sessions right after sessions on consumer decision making.

This instructor's class will brainstorm "how Albuquerque will earn and then spend its money." The class will devote the entire two preceding classes before the speaker from the Albuquerque Mayor's Budget Office visits our class to discuss the Albuquerque City Budget. We will examine many of the components of the Albuquerque City Budget items, such as police and sanitation, which are always parts of city budgets. Some years, those "fixed" budget items such as police and sanitation are raised by, say, 5% to reflect salary increases or services expansion (police officers hired). Some budget items, such as 4th of July City celebrations, are more discretionary and could conceivably be postponed one year or expanded the next contingent upon funds availability. Ms. Betty Snapka, of the Mayor's budget Office will bring actual numbers and dollar amounts for the latest Albuquerque City Budget to enhance the realism of the classes on government budgets.

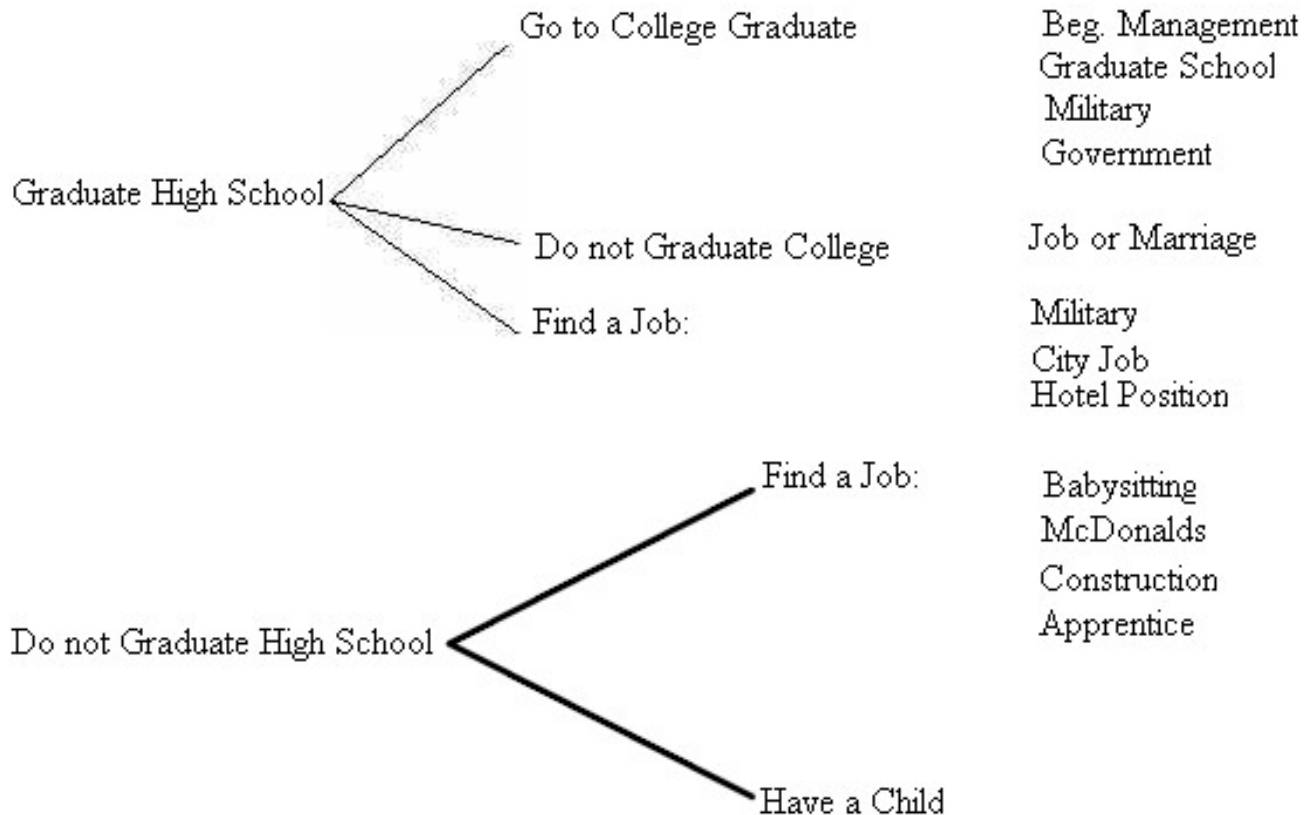
During the brainstorming session, the instructor's adult educational assistant will keep a record, as

notes, of proceedings. The brainstorming session is broken into two main components. First, a group session is used to cultivate effective and varied ideas. The group can add depth to an idea of one individual, and can serve as a catalyst for a thrust in a new, productive direction. Second, the class is broken down into productive, compatible pairs who will examine one aspect of the budget and recommend whether to increase or decrease funding — and why.

Decision Trees

A decision tree is a managerial tool that allows a person to see and evaluate alternative decisions, and to hopefully better grasp the positives and negatives of each choice on the "decision tree."

A beneficial student use of a decision tree involves the following examination of whether or not to remain in school:



A decision tree shows students that they have options. The instructor can lead the class in a discussion of the consequences of various decisions. Should a sixteen year-old opt to have a child, how would she and the father pay for the child? The class will highlight the consequences of each choice/on our decision tree.

When we can assign a dollar value to each possible outcome on the decision tree, we can calculate the decision having the highest value to us. For example, some research shows that a high school graduate earns over \$200,000 more than a high school dropout does over the course of his working career. A college graduate earns approximately \$300,000 more than a high school during the entire course of his working career. Thus, from a dollar standpoint, it clearly seems economically advantageous to continue on in school to learn a marketable skill for which the job market pays reasonably well.

Critical Path Analysis

Many middle school students have problems beginning, developing, and completing a multi-step task such as a book report or term paper. Prioritizing time and attention on the key aspects of an academic task allows the student and teacher to schedule and monitor the student's progress.

Using critical path analysis helps a student budget his time and energy to enhance his chances of a quality, on-time report, paper, or project.

As part of this instructor's unit on *smart money decisions*, students will read and write a report on Mark Twain's *Tom Sawyer*. There exists a sequential aspect to the student report on *Tom Sawyer*. First, the students must have read the book. Second, the student must develop the *body* of this report. Finally, the student must summarize and conclude his report. The above steps need to be completed in sequence. Each step is completed before the next step can begin.

To utilize critical path analysis, we need to list the various components of our academic plan. We show our starting dates and our due dates for the academic project. For example, we might set September 7th as our start date for reading *Tom Sawyer*. Then, we'd list intermediate dates by which certain chapters should be read such as September 14th and 21st. The final chapter should be completed by the 24th of September. By the 26th, an introduction will be turned in to the teacher. With specific dates as guidelines, students will be able to complete their book report, say, by October 7th. Small, intermediate goals may overcome the innate human tendency to procrastinate by reducing the perceived "steep cost" of the task by making it several "low cost" steps.

"SWOT" Analysis

The instructor likes to use "SWOT" analysis – Strengths, Weaknesses, Opportunities, and Threats – to help guide students in possible job and career choices. Each student fills out a survey/questionnaire that addresses the following:

Strengths: What four things do you do well? These strengths might include a sense of humor, willingness to show initiative, diligence, punctuality, and ability to get along with others. What strengths would a potential employer desire to see in you?

Weaknesses: What three things about you could be improved? What actions or thoughts might you avoid? Weaknesses might include a lack of punctuality, and tendency to be involved in altercations, and a willingness to follow friends into poor decisions.

Opportunities: What job/career opportunities might be available to you now and five years from now? Do you like caring for children? Would you consider a position in hotel/motel management? America is getting older; this might mean opportunities in physical therapy, nursing home care, cruise lines, and health spas.

Threats: What possible roadblocks or obstacles might prevent you from attaining your goals? This question is very important for students to ponder. Such pitfalls as poor health caused by cigarette smoking, alcohol abuse, and drug addiction must be avoided by students. Likewise, a propensity to fight and argue must be curbed by many students prior to their starting employment positions.

Students and teacher discuss both *external* and *internal* threats to success. External threats, or obstacles, can come from other people, as well as outside events such as business recessions or downturns when large hotels cut back on their hiring. Under external obstacles, we list bad friends, lack of friends (for networking) and "difficult" family members. It is an unhealthy situation for a young person to live under the same roof with a cigarette smoker, drug addict, or alcoholic. Internal obstacles include excess anger, temper tantrums, depression, low self-esteem, lack of motivation and lack of confidence. By being aware of both external and internal obstacles, students can put themselves in a better position to succeed in their careers.

This nine-week curriculum unit will focus on basic economics, budgets, money, and consumer decision-making with several over-arching goals in mind. First, middle school special education

students need greater exposure to pertinent consumer education. Lectures on such vital topics as personal and family budgets will positively reinforce some of what is partially covered in home economics classes.

Under the New Mexico Scope and Sequence for the Math Curriculum, our special education students will focus on *Data Analysis, Statistics, and Probability*; and will "analyze data and present conclusions" regarding such pertinent economic decisions as whether or not it pays to stay in school, or when to buy a used car. Teachers and students will discuss and analyze research findings that show the lifetime earnings disparities between high school dropouts, high school graduates, and college graduates.

Appendix I

Economic Vocabulary

The following is a brief list of important economic terms with which all teachers should be familiar. Knowledge of these terms will help the instructor to better clarify various components of the curriculum unit to students. Instructors may want to introduce and discuss some, many, or all of the vocabulary terms with their students at the outset of the unit as well as throughout the nine-week unit.

ECONOMIC VOCABULARY

1. Asset	A physical property or intangible right that has economic value. Key examples of assets are land, equipment, plant, patents, money, and bonds.
2. Barter	The direct exchange of one good for another without using anything as money or as a medium of exchange. Two farmers might barter, between them, corn for carrots.
3. Budget	A financial forecast that shows, for a year, quarter, or month the planned expenditures of a business, private individual, or government body, and the expected revenue or income that will pay for the expenditures.
4. Budget Lines	A line indicating the combination of commodities that a consumer can buy with a given income at a given set of prices.
5. Capital	Capital consists of durable produced goods that are in turn used in production. The key components of capital are equipment, structures such as factory buildings, and inventory such as rubber used in tire manufacturing.
6. Collusion	Agreement between different firms to cooperate by raising prices, dividing markets, or otherwise restraining competition. OPEC, a cartel of oil-producing countries, is a classic example of a group of producers who have practiced collusion.

7. Consumption	The total spending by individuals or a nation, on consumer goods (cars, houses, food, entertainment) during a given period.
8. Correlation	The degree to which two variables are systematically associated with each other. We could say that there is a correlation between a rise in disposable income and a rise in consumer spending.
9. Demography	The study of the behavior or a population. (See, Demographics)
10. Division of Labor	A method of organizing production whereby each worker specializes in part of the productive process. Labor specialization yields higher total output because labor can become more skilled at a particular task, and because specialized machinery can be introduced to perform more carefully defined subtasks. (See Adam Smith's <u>The Wealth of Nations</u>)
11. Economics	The study of how a society allocates its scarce resources. Economics asks what good are produced, how these goods are produced, and FOR WHOM they are produced. Economics is the study of consumer and producer choice, as well as the study of money, banking, capital, and wealth.
12. Income	The flow of wages, interest payments, dividends and other receipts accruing to an individual or a nation during a given time period (usually a year).
13. Labor Force	In official United States statistics, that group of people 16 years of age or older who are either employed or unemployed and seeking work.
14. Marginal Principle	The fundamental notion that people will maximize their total income or profits when the marginal costs and marginal benefits of their actions are equal.
15. Market	An arrangement whereby buyers and sellers interact to determine the prices and quantities of a commodity. Some markets occur in physical locations such as stock markets: other markets are conducted over the telephone or are organized by computers.
16. Money	The means of payment or the medium of exchange. Money, called M., consists of coins, paper currency, and demand or checking deposits.
17. Opportunity Cost	The value of the next best use or opportunity for an economic good, or the value of the sacrificed alternative. Thus, say the best alternative use of the inputs employed to grow 20 bushels of wheat was to grow 15 bushels of soybeans. The opportunity cost of 20 bushels of wheat is the 15 bushels of soybeans that could have been produced but were not.

18. Price elasticity of demand	<p>A measure of the extent to which quantity demanded responds to a price change.</p> <p>"Elastic demand" occurs when quantity demanded responds greatly to price changes.</p> <p>"Inelastic demand" occurs when quantity demanded responds little to price changes.</p>
19. Real Wages	The purchasing power of a worker's wages in terms of goods and services. It's measured by the ratio of the money wage rate to the consumer price index.
20. Saving	That part of income which is not consumed. Savings is the difference between disposable income and consumption.
21. Slope	In a graph, the change in the variable on the vertical axis per unit of change in the variable on the horizontal axis. Downward sloping curves (like Demand Curves) have negative slopes.
22. Utility	The total satisfaction derived from the consumption of goods or services.

Appendix II
Six means of Assessment for
The Curriculum Unit,
SMART MONEY DECISIONS

Matching Quiz on Economic Terms

1. ASSET	A. The flow of wages, interest, payment, and dividends accruing to an individual during a given time period.
2. UTILITY	B. The study of how a society allocates its scarce resources.
3. SAVING	C. The value of the next best use or opportunity for an economic good, or the value of the sacrificed alternative.
4. MARKET	D. Direct exchange of one good for another without using anything as money.
5. OPPORTUNITY COST	E. Method of organizing production where in each worker specializes in only part of the productive process.
6. MONEY	F. The total SATISFACTION gained from the consumption of goods or services.
7. DIVISION OF LABOR	G. That part of income which is not consumed. The difference between disposable income and consumption.
8. INCOME	H. An arrangement whereby buyers and sellers interact to determine prices and quantities of a commodity.

9. ECONOMICS	I. Means of payment, or the medium of exchange.
10. BARTER	J. A physical property or intangible right that has economic value.

The economic quiz encourages students to focus on ten key economic terms. The definitions are found on the same pages as the economic terms, so that if a student is close to knowing what a term means he can probably hone in on the correct definition. Thus, his prior knowledge can be reinforced.

In Class Budget Writing Exercise.

Each student will individually compose a monthly personal budget comprised of at least five separate expenditures, and will accurately sum up their total monthly expenses. This is an exercise in arithmetic skills, recall of expense categories, and realization that AVAILABLE INCOME is the starting point in a personal budget.

An example of a possible Student's Personal Budget:

Income available to me on September 1st 2000 = \$60

Expected Expenses during September:

Movies	<u>\$15</u>
Food	<u>\$15</u>
Candy	<u>\$10</u>
Music	<u>\$10</u>
Soft Drinks	<u>\$10</u>
Total Monthly Expenses	<u>\$60</u>
AMOUNT LEFT OVER	<u>\$00</u>

This budget exercise highlights for the student how individual expenses add up to comprise a relatively substantial total monthly expense figure. It might stimulate a student to ask several key questions: Can I save any money each month? Can I get a part-time job to give me more Disposable Income? Should I spend my limited resources as I am currently doing?

Essay Test On "How a Personal Budget Would Help Me"

This one page student-written essay gives students the chance to demonstrate understanding of the key role a budget can play in one's RESOURCE allocation. Additionally, the essay allows students to link how a personal budget could be successfully utilized in their lives.

Student Role Playing

As part of this curriculum unit, students will engage in role-playing in at least two scenarios. First, the class will have an auction, and auction off such items as gum, candy, cola, pens, pencils, and notebooks. The auction can help demonstrate the link between supply and demand. If, for example, there are but two cans of cola, and ten students covet the cola, the ultimate bid and sale price for each cola might be over one dollar. If, on the other hand, no student feels a need for a notebook, that one-dollar notebook might be acquired for only a quarter of a dollar.

Secondly, students will engage in barter with each other. A student will imagine that she likes and wants the purse, pen, tee shirt, or comb of another student. Can she acquire the object of her desire

without money? Can she offer a similar object-pen, purse, comb, and etc.- as payment? Must she offer a different object such as candy or gum in exchange for the object she seeks? Might she offer a service such as pencil sharpening or desk cleaning in return for the object she wants?

Auctions and bartering will be used to demonstrate the connection between supply and demand to students in class.

Money Math Quiz

The following problems will be presented to the class as part of Smart Money Decisions.

1. If Brian earns \$12 on Monday, \$14 on Tuesday, \$16 on Wednesday, and \$18 on Thursday, how much does he earn for all four days? **Addition**

2. If Davon earned \$80 and spent exactly one-half of that \$80, how much did he spend? How much has he left? **Division and Subtraction**

3. If Andrew earns \$50 every week he works, how much has Andrew earned after working 20 weeks? **Multiplication**

4. \$200,000 House
- 20,000 Down payment

\$180,000 Balance Owed **Subtraction**

5. \$24,000 Car
- 3,250 Down payment

\$20,750 Balance Owed **Subtraction**

6. \$592.00 Savings Balance
+ 40.00 Deposit

\$632.00 New Balance **Addition**

7. \$882.00 Checking Deposit Balance
+ 116.00 Deposit

\$998.00 New Balance **Addition**

8. \$475.00 Weekly Gross Income
x 50 Weeks of Work

\$23,750 Total Income **Multiplication**

9. \$500.00 Monthly Rent
x 12 Months in a Year

\$6,000 Total Rent for a Year **Multiplication**

10. \$48,000 Gross Annual Income: How much is earned each month:
 $\$48,000 \div 12 = \4000 **Division**

Students will focus on aspects of Tom Sawyer's decision-making throughout *Tom Sawyer*. What was involved in Tom's coaxing of other boys to paint Aunt Polly's fence? Tom cleverly marketed fence painting as an enjoyable activity that required a substantial degree of skill. To paraphrase Tom, not just anyone could paint the fence. What prompted Tom to testify at the murder trial of the town drunkard? Did Tom decide that a clear conscience was worth the risk to his life? Finally, what should Tom do with the portion of the gold that he and Huck Finn /find in the cave?

Students will compose a book report introduction, a main body, and a conclusion while focusing on the heroic, threshold, and incremental decisions confronting Tom Sawyer.

Teacher Bibliography

Books

The Midnight Economist. Allen, William R. Sun Lakes, Arizona: Thomas Horton and Daughters, 1997.

Economic commentaries by economist William Allen on such topics as social security, health care, global thinking, and monetary policy.

The Modern Researcher. Barzun, Jacques and Henry F. Graff. New York: Harcourt Brace Jovanovich, 1985.

A superb guide to research and writing. A beneficial aide to any teacher taking graduate-level courses.

Thinking Strategically. Dixit, Avinish K. and Barry J. Nalebuff. New York: W. W. Norton and Company, 1991.

The authors describe strategic thinking as the art of outperforming an adversary. This well written book hones in on brinkmanship, bargaining, incentives, and anticipating ones rivals response.

Passions Within Reason: The Strategic Role of the Emotions. Frank, Robert H. New York: W. W. Norton and Company, 1988.

Frank writes about the sometimes vital role of human emotions in economic decisions and outcomes. Frank discusses altruism, signaling, and cooperation.

A Guide to Everyday Economic Thinking. Giesbrecht, Martin G. and Gary Clayton. Boston: Irwin McGraw Hill, 1997.

Fourteen brief, fun to read chapters on such important topics as money, poverty, trade, decisions, and costs and benefits.

Economics Explained. Heilbroner, Robert and Lester Thurow. New York: Simon and Schuster, 1994.

Two prominent economists break down economics into explainable components.

The Wealth and Poverty of Nations. Landes, David S. New York: W. W. Norton and Company, 1998.

A recent book asserting the link between knowledge, work ethic and a nation's economic productivity and national wealth.

The Economics of Public Issues. Miller, Roger Leroy; Daniel K. Benjamin; Douglass C. North. Reading, Massachusetts: Addison – Wesley, 1999.

A thought-provoking book broken down into short, readable chapters on such public issues as drugs, airline safety, and alcohol.

Economics. Samuleson, Paul A. and William D. Nordhaus. New York: McGraw Hill, 1992.

A pair of noted economists focus on basic economic concepts such as scarcity, supply, demand, income distribution, and capital.

Essential of Economics. Schiller, Bradley R. Boston: McGraw Hill, 1996.

A clearly written basic economics text which focuses on basic terms, microeconomics, macroeconomic, and international trade.

An Inquiry into the Nature and Causes of the Wealth of Nations. (1776). Smith, Adam. Chicago: William Benton, Publisher, 1952.

The 1776 classic that eruditely discusses the division of labor and job specialization as a primary means to increase productivity.

Introduction to Microeconomics. Stockman, Alan C. New York: The Dryden Press, 1996.

A focus on the study of individual economic behavior and such economic components as consumer demand, supply decisions competition, and the labor market.

Articles

Capelli, Peter. "Career Jobs are Dead." California Management Review, Fall 1999: 146 – 163

Capelli suggests that jobs, especially managerial and white collar are increasingly less secure and less stable. Career jobs are in decline and Capelli explains why.

Forsythe, Nancy and Roberto Patricio Korzeniewicz. "Gender Inequalities and Economic Growth: A Longitudinal Ecaluation." Economic Development and Cultural Change. April 2000: 573 – 611

Important research examining the relationship between economic growth and gender inequalities.

Korczyński, Marek. "The Political Economy of Trust." Journal of Management Studies. January 2000: 1 – 21

Korczyński develops an examination of trust in economic activities. He blends elements of sociology and economics.

Millimet, D.L. "The Impact of Children on Wages, Job Tenure, and the Division of Household Labor." The Economic Journal. March 2000: 139 – 157

The author states that children are found to have an important impact on many family decisions. He examines four outcomes: market wages, value of non-market time, time spent on housework, and job tenure.

Mokyr, Joel. "Why More Work for Mother ... Knowledge and Household Behavior, 1870 – 1945." The Journal of Economic History. March 2000: 1 – 36

The author proposes that increased awareness of infectious diseases and their supposed link to unclean, houses prompted late 19th century mothers to spend more time in the kitchen despite more time-saving devices.

"Working Parents: How Managers Can Help." Harvard Management Update. June 2000: 6 – 7

A brief set of recommendations to businesses from the Harvard Business School on how to ease their employees parental concerns. The article cites cost savings for the business and improved employee productivity as positive spin-offs of family-friendly policies.

Student Readings

Haugen, Janie. Money Math. San Antonio: PCI Educational Publishing, 2000.

The focus is on budgeting and shopping skills.

Haugen, Janie. Life Skills Picture Math. San Antonio: PCI Educational Publishing, 2000.

Discusses how math is used in everyday life.

Money Management Series. San Antonio: PCI Educational Publishing, 2000.

An introduction of basic money concepts.

Poor, Scott Richard. Occumatics. San Antonio: PCI Educational Publishing, 2000.

An introduction to 36 job occupations.