

Seas, Trees, and Economies

Lesson 6: A Valuable Lesson

Author

Curt Anderson, Ph.D., Professor Emeritus, University of Minnesota-Duluth

Standards and Benchmarks (see page 6.10)

Lesson Description

Students are asked to decide which goods and services they would most want in various situations. They learn that the value of a good or service is the maximum price they are willing and able to pay for it and that the value of goods and services depends on how well the goods and services satisfy wants. Students also discover that valuable goods and services are provided by both the economy and the environment.

Grade Level

6-8

Economic Concepts

Goods
Price
Services
Value
Wants

Objectives

Students will be able to

- define wants, goods, services, price, and value;
 - explain that the value of a good or service depends on its ability to satisfy wants;
 - explain that goods and services provided directly by the natural environment are valuable; and
 - distinguish between the value and the price of a good.
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Compelling Question

How do people value goods and services?

Time Required

45-60 minutes

Materials

- Visual 6-1
 - Copies of Handout 6-1, cut apart so that there is a situation card for each student
 - A copy of Handout 6-2 for each student
 - A sheet of writing paper for each student
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Procedure

1. Explain that students will participate in a role-play activity. Each student will receive a card and will read the card silently. Students should not share their information with anyone.
2. Distribute one situation card from *Handout 6-1: You Are There!* to each student so that (approximately) one-fifth of the students have the same situation card.
3. Tell students to imagine they are in the situation described on their card. Display *Visual 6-1: Items of Value* and tell students they may choose three of the items they would most want to have in their particular situation.
4. Distribute a sheet of writing paper to each student. Tell students to list the three items they want and to write a sentence explaining why they want each item.
5. Remind students they may not tell anyone which situation card they have. Tell them you are going to call on them one at a time and ask them to list the three items they have selected. Explain that they should not report why they chose the items at this time. As students report, keep track of the items chosen by placing tally marks next to the items listed on the visual.
6. After all students have reported their choices, ask one student from each of the five situations to read his or her situation card to the class. Discuss the following:

- What choices did those of you who were alone in the forest make? *(Answers will vary; however, one possible choice is walking shoes, a compass, and a box of cereal.)*
 - What choices did those of you who were in the desert make? *(Answers will vary; however, one possible choice is a bottle of water, a gallon of gas, and sunscreen.)*
 - What choices did those of you who were in the rowboat make? *(Answers will vary; however, one possible choice is a box of cereal, a bottle of water, and a compass.)*
 - What choices did those of you who were going to Mega Mall make? *(Answers will vary; however, one possible choice is a cell phone, clothes, and ten \$1 bills.)*
 - What choices did those of you who were alone in the space station make? *(Answers will vary; however, one possible choice is a tank of air, a bottle of water, and a tablet or phone)*
 - Why did students in one situation make different choices than students in other situations? *(Items that were useful or nice to have in one situation weren't necessarily useful or nice to have in another. For example, air in a space station is important, but sunscreen and walking shoes are not. Similarly, a compass is not very useful in space or at the mall but would be very useful in the forest.)*
 - Why did students in the same situations make different choices? *(Students have different tastes and preferences. For example, one student might prefer drinking bottled water to drinking from a stream in the forest situation. One student might choose stylish clothes for the mall, but another might think it is more important to have walking shoes.)*
7. Explain that the value of a particular item depends on the ability of the item to satisfy people's wants. Economic **wants** are desires that can be satisfied by consuming goods and services. **Goods** are objects that provide satisfaction. **Services** are actions that provide satisfaction. Both goods and services can satisfy people's wants. A good or service might have value to one person because it satisfies a want the person has. However, the same good or service might have little, if any, value to another person. Value, like beauty, is in the eye of the beholder; that is, one person's junk is another person's treasure.
8. Explain that producers in our economic system produce goods and services. The natural environment also produces goods and services that are valuable because they satisfy people's wants. All items listed on the visual (except the ten \$1 bills) are goods made by producers in the economy. Ask for examples of goods and services the environment produces that could be valuable substitutes for items listed on the visual. The following are examples:

Economy Produced

Tank of air
Sunscreen

Box of cereal
Bottle of water
Walking shoes
Tablet or phone

Gallon of gas
Compass

Environment Produced

Atmosphere with oxygen
UV protection provided by the ozone layer, cloudy sky, or shady tree

Nuts, berries, or edible plants
Stream or rain water or a cactus with water in it
Soft grass or soft sand
Singing birds, crashing waves, rustling leaves, babbling streams, or whistling wind

Energy from the sun
Navigating according to the observation of the sun and stars or seeing on which side of a tree the moss is growing

9. Explain that producers in our economic system use resources from the environment to produce goods and services that satisfy our wants (give us value). The environment also provides goods and services that give us value directly. The proper use of environmental resources requires us to recognize that we receive valuable goods from the economy *and* valuable goods from the environment. When we produce more goods and services in the economy, we give up goods and services provided by the environment. We must weigh the value of more goods and services produced by the economy against the value of goods and services provided directly by the environment and then choose carefully.
10. Tell students that a new tablet is available. It includes many new games with all types of special features as well as excellent graphics and special effects, multiple levels, and numerous player features. As a bonus for parents and teachers, the games are also educational; they require math and reading skills to play, and they help develop knowledge about geography and history. This tablet sells for a price of \$250. Discuss the following:
- On a scale of 1 to 5, what is the value of this tablet to you? Why? *(It depends on how well the tablet satisfies a student's wants. It will be very valuable to someone who loves playing games and is also interested in learning new skills. It will be less valuable to someone who likes playing games but doesn't want the educational stuff getting in the way. It would not be at all valuable to someone who doesn't like playing games.)*
 - If students value the tablet differently, how will they differ in their willingness to pay a price of \$250? *(Those who value it most highly may be willing to pay even more than \$250 for the tablet, if they are able. When they buy the tablet, they think they are getting a great deal. Those who value it less might still be willing and able to pay \$250. When*

they buy the tablet, they think they are getting a fair deal. Those people who value it least probably think that a price of \$250 is outrageous and wouldn't buy it.)

11. Explain that there is a difference between the price and the value of a good or service. The **price** of a good or service is the amount someone must pay to buy it. The **value** of a good or service is the maximum price someone is willing and able to pay for the good or service. The value of a good or service depends on the amount of satisfaction the consumer would receive from the good or service.
12. Point out that the distinction between price and value is important because many goods and services provided by the environment have a price of zero, such as beautiful sunsets, clean air and water, watching an eagle fly, viewing an animal habitat, UV protection provided by the ozone layer, and erosion control provided by forests and plants. However, the value these environmental goods and services provide is *not* zero. Because these goods and services are valuable, people would be willing to pay a price greater than zero.

Closure

13. Review the key points in the lesson by asking the following questions:
 - What is the value of a good or service? (*The maximum price someone is willing to pay for something*)
 - What determines the value of a good or service? (*How well it satisfies people's wants*)
 - What is the price of a good or service? (*The amount people must pay to buy the good or service*)
 - What is the maximum price you would be willing and able to pay for purple cookies that taste like chalk? (*Zero*) Why? (*The cookies aren't valuable because they don't satisfy a want.*)
 - Why do people place different values on goods and services? (*Because they have different tastes and preferences*)
 - Can viewing a beautiful sunset be more valuable than viewing the latest movie? (*Yes, if viewing the sunset brings more satisfaction for a person than viewing a movie does.*)
 - Do you pay a price for breathing the air? (*No*) Does this mean that air has no value? (*No*) Why? (*Air satisfies people's want for oxygen, so it is very valuable.*)

Assessment

14. Distribute paper and ask students to draw a picture of a good or service they receive from the natural environment that has zero price but has value for them. Instruct them to write several sentences explaining why this good or service has value for them.

15. Distribute a copy of *Handout 6-2: Assessment* to each student. Read the directions with the students and instruct them to complete the work.

If students circle an item, they should write a value equal to or greater than the price. If students underline an item, they should write a value less than the price.

Visual 6-1: Items of Value

CHOOSE THREE OF THE FOLLOWING ITEMS

Bottle of water

Walking shoes

Box of cereal

Sunscreen

Compass

Tablet or phone

Tank of air

Stylish clothes

Ten \$1 bills

Gallon of gas

Motion-sickness patches

Handout 6-1: You Are There!

Situation A

You are alone in a forest near a small stream. You're supposed to meet your friends at a campsite. Their campsite is over 10 miles from where you are right now.

Situation B

You are looking for buried ruins in a desert. You have narrowed your search to an area the size of a large city. You have a truck to drive from spot to spot.

Situation C

Your ship has sunk, and you are in a small rowboat in the middle of the ocean. You were able to radio for help, which should arrive in a day or so.

Situation D

Your mother is taking you to Mega Mall to keep her company while she shops. It will probably take her several hours.

Situation E

You are alone in a space station orbiting Earth. A meteor has hit the station and many of your basic supplies have been lost. A rescue shuttle has been prepared but will not arrive for at least a day.

Handout 6-2: Assessment

Instructions:

1. Read the following list of goods and services produced in the economy.
2. Circle the goods and services you would buy.
3. Underline the goods and services you would not buy.
4. On the line next to each good or service, write its value to you.
5. Write a sentence explaining why you do or don't value each item.

The following is an example:

Broccoli for 50¢ \$3

Broccoli is valuable to me because it tastes good and has lots of vitamins.

1. Cola drinks for \$1 a can _____

2. Brussels sprouts for 1¢ each _____

3. Bubble bath for \$3 a bottle _____

4. Soccer ball for \$25 _____

5. Dry cleaning for \$4 an item _____

Standards and Benchmarks

Voluntary National Content Standards in Economics

Standard 1: Scarcity

- **Benchmark: Grade 4**
 2. Economic wants are desires that can be satisfied by consuming a good (an object), a service (an action), or a leisure activity.

Standard 7: Markets and Prices

- **Benchmark: Grade 4**
 1. A price is what people pay when they buy a good or service, and what they receive when they sell a good or service.