Initiative vs. Security

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PURPOSE
To understand the difference between command and market economies such as those in China and Japan.

THEME STATEMENT
Decisions revolving around exchange and economic policies, production, technology, distribution and consumption are global in scope.

KEY VOCABULARY & CONCEPTS
Economics: The way a society allocates its scarce resources to meet the needs of its people.

Scarcity: The condition that exists when there is not enough to meet the demand for a resource.

Human resources: Those characteristics of people used to produce other resources.

Natural resources: Those products occurring within nature that are used to produce something else.

Capital resources: Man-made products used in the production of other products.

Productivity: The amount of output derived from a given amount of input.

Supply: The amount of an item available for sale at a given price at a given time.

Demand: The amount of an item consumers will buy at a given price at a given time.

Price: The amount charged for an item.

Cost: The production expenses of an item.

Profit: The amount left over from the price after the costs have been paid.

Market economy: An economic system in which the means of production are privately owned and decisions regarding production are ultimately made by the demand of the marketplace.

Command economy: An economic system in which the means of production are owned and controlled by a central government.

Traditional economy: An economic system based on the historical bartering system in usually rural areas in which most people follow the occupations of their families in supplying the needs of a community and having their needs met by others doing the same.
SUGGESTED TIME:
At least ten class periods, but they do not have to be consecutive days.

MATERIALS NEEDED
Information about the history and design of kites in East Asia, strong paper or light weight plastic, narrow wood strips, strong string, poster board and paper for advertising.

INITIATION (Inquiry, Preview, Involvement)
Offer students two possible life styles: one in which most people were supposedly equally paid, housed, and educated and another where they were allowed to compete for a better life but were responsible for finding and obtaining their own home, job, education. Brainstorm on the board advantages and disadvantages of both systems. Explain that we are going to explore both kinds of economic systems.

DEVELOPMENT (Instruction, Data Collection, Organization)
1. Place students in groups of five or six and explain that they will all be constructing kites in a communist environment. Since consumer goods are unnecessary to our country's power, we need to limit capital resources used for them. Students will all receive equal pay regardless of productivity. "Capital resources": one pair of scissors, one pencil, limited paper, pattern.
2. Increase capital resources to more paper, two pairs of scissors, two pencils and narrow wood strips.
3. Increase capital resources to include glue. This is last day for command economy. (Students should be bored with sameness).
4. Divide students into companies for which they must come up with a name. Distribute information on kites. Explain that the following Monday we will begin production within a market economy which means they will now be responsible for the design and production of their company's kites. They are allowed to use any materials they choose as long as they keep a record of all costs. They will have a chance to market their products to the student body but the goal will be to make a profit.
5. Each group will also need to choose two members to make presentations on the history and design of kites to other classes. The rest of the group will be responsible for an advertising campaign.
6. Allow three days in class to design and produce more creative kites but allow students to complete work outside of class if they choose to at home.
7. Plan advertising campaign. Make posters and flyers for hallways, cafeteria, etc. Write P.A. announcements, plan presentation to other classes to stimulate "demand".
8. Explain cost record sheet that must be submitted for all expenses incurred by individual students. They will be reimbursed for material expenses. Any profits will be used for class trip.

9. Conduct sale of kites in the cafeteria at lunch time. Collect cost sheets, tally costs, and reimburse students for materials.

EXTENSION:
This plan can be used for any student-made product that can be made under command as well as market conditions. Valentines have been used, but we are using kites to tie them into the East Asia unit.

ASSESSMENT:
Rubrics used in assessment: 4 = exceptional group cooperation and production; 3 = completed assigned task but with little creativity; 2 = difficulty working together, inferior product; 1 = little effort or success with project.
1. Students hand in daily reports of group production for each student.
2. Observation of students' presentations to younger classes.
3. Observation of group cooperation.
4. Observation of marketing skills.
5. Quality of advertising.

RESOURCES:
Game of the World, UNICEF, any books dealing with production, history and design of kites.