

Running in Place

Advising a Start-up Shoe Company on Its Place in a
Market Economy



About the Buck Institute for Education

The Buck Institute for Education (BIE) is dedicated to improving 21st-century teaching and learning by creating and disseminating products, practices, and knowledge for effective Project Based Learning. Founded in 1987, BIE is a not-for-profit 501(c)3 organization that receives operational funding from the Leonard and Beryl Buck Trust, and funding from other education organizations, foundations, schools and school districts, state educational agencies, and national governments for product development, professional development, and research.

Project Based Economics

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Foreword

Students learn more when they care about what they are learning. Students understand concepts better if they see how these concepts apply to the world outside of school. Students retain information longer if they are actively engaged in discussion and demonstration of what they are learning.

These are hardly new ideas, but too much of what happens in American classrooms does not meet this ideal. *Project Based Economics (PBE)* is built upon these principles. It addresses the concepts and content defined by the *Voluntary National Content Standards in Economics*, but does it in such a way that this material becomes meaningful and involving to students. *PBE* reverses the traditional method of “teach the concepts first, then give students the opportunity to apply them.” Instead, *PBE* places students in an interesting scenario with an open-ended problem to solve and asks them to arrive at a justifiable solution using economic concepts. The project thus “pulls” students through the content. The teacher’s role is to clarify, facilitate, and guide, rather than “push” unmotivated students toward the learning objectives.

Additionally, the *PBE* methodology helps teachers build valuable interdisciplinary “21st-century skills” including collaboration, critical thinking/problem solving, and making a presentation. We have found that *PBE* works well for diverse students in a variety of school settings. Research comparing students’ economic knowledge gained from *PBE* versus that gained by students who received traditional instruction has demonstrated that the *PBE* students learn more, and that this difference is statistically significant.

These units were developed collaboratively by the Buck Institute for Education, and the HIRE Center, California State University–East Bay. They have been pilot-tested and critiqued by a group of energetic and insightful teachers throughout California. Although too many teachers have been involved in the development of these units to thank each teacher by name, we are extremely grateful for their time, insight, and contributions to making these units successful. In addition, there have been a number of university professors, staff developers, and school district staff who have contributed to unit development. We have benefited from their observations and suggestions, and offer a collective “Thank you!”

Please visit the Interact website (www.teachinteract.com) to find out about professional development offerings and conference presentations.

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Running in Place

Chapter Four

Purpose and Overview

4–5 class periods

Time required

4–5 class periods

Project scenario

A free-market economy is driven by invisible markets in which consumers (households) and producers (firms) interact. In the product market, firms sell what they produce to consumers who purchase goods and services they are able and willing to buy. In the factor market, firms hire workers, purchase capital, and use land and resources to produce the goods they sell in the product market, and consumers sell their services for income in order to purchase the goods in the product market. When a firm sets up production, it must make decisions that involve tradeoffs and opportunity costs. To explore these economic concepts, students are presented with the following problem-solving scenario in this project:

Holden Grant, a successful producer of reality television shows, is tired of the television business and wants to start a company that produces athletic shoes. He knows, however, that he does not know enough about basic economics to be able to speak persuasively as an entrepreneur when setting up his corporation. Holden turns for help to his daughter Jen, who is completing her master's degree in Economics. He asks Jen and a couple of her friends to explain the U.S. market economy, the relationship between consumers and producers, and the factors of production. Holden also asks Jen to explain his options when deciding how to set up production and for whom to produce. Since he's used to being a visual thinker, he asks Jen to create a diagram when she and her friends present their explanation.

Concepts to be learned

To successfully resolve the problem and complete the products required in this project, students need to understand and be able to apply the following economic concepts:

Teaching *Running in Place*

Sequence of the unit

Students complete *Running in Place* by following a standard set of activities in a proscribed order. But within these activities, there will be variation in the timing and in the way students complete them.

The sequence of instructional activities is described below. This sequence is logical, and is based upon extensive pilot testing in high school economics classrooms. It is also informed by research into effective instruction. Although changes may be necessary to meet time constraints, address the needs of specific student populations, or include additional instructional materials and learning opportunities, we strongly encourage teachers to adhere to the sequence of activities as closely as possible—at least during the first several times *Running in Place* is taught. Each instructional activity is discussed in more detail in the following section, the **Step-by-Step Teaching Guide**.

Pre-project planning

0. **Prepare** for successful project implementation.

Launching the project

1. Students receive the **Letter From Holden Grant** and discuss it as a whole class.

Framing the inquiry

2. Students develop the **initial Know List** with you (whole-class discussion).
3. Students develop the **initial Driving Question** with you (whole-class discussion).
4. Students develop the **initial Need-to-Know List** with you (whole-class discussion).

Problem-solving and learning activities

5. Students view **part one of the video** with interviews of consumers of shoes and discuss it as a whole class.
6. Students **revise the Know/Need-to-Know List** with you (whole-class discussion).
7. Provide **Clarifying Lesson #1** on *product markets*.
8. Students view **part two of the video** with interviews of individuals associated with shoe production and discuss as a whole class.

9. Students again **revise the Know/Need-to-Know list** with you (whole-class discussion).
10. Provide **Clarifying Lesson #2** on *factor markets*.
11. Students individually write **first Project Log entry**.
12. **Review individual Project Log entries** to assess understanding of economic concepts.
13. Students **work on the problem**, creating a production tradeoffs matrix (in small groups).
14. Provide **Clarifying Lesson #3** on *market economies*.
15. Students individually write **second Project Log entry**.
16. **Review individual Project Log entries** to assess understanding of economic concepts.
17. Students **finalize the Driving Question** with you (whole-class discussion).
18. Students review the **final Know/Need-to-Know list** with you (whole-class discussion).
19. **Share the supplied rubric with students** to guide their work.

Presentation, assessment, and debrief

20. Students **plan their explanation** of the relationship between producing and buying shoes as it relates to Holden's firm (in small groups).
21. Students **present and explain their solutions** to other students and the teacher (in small groups).
22. **Use the supplied rubric to assess** visuals and explanations.
23. Conduct a **debrief to clarify and consolidate** students' understanding of circular flow and other key economic concepts.
24. Manage **student reflection** on the 21st-century skills practiced and the process of learning in PBL.
25. Use the supplied **multiple-choice test** to assess individual students' knowledge of circular flow and other key economic concepts.
26. Make **notes on adjustments to the unit** to improve student learning for the next time the unit is taught.

● Step-by-Step Teaching Guide ●

Each of the above instructional activities is discussed in more depth below, with tips for successful classroom implementation.

Pre-project planning

0. Prepare for successful project implementation.

There are a number of issues that must be considered before embarking on a project with students. These include:

- How much time will be devoted to the project?
- What economics content resources need to be prepared in advance (textbooks, articles, websites, etc.)?
- Do all students have the skills they need to tackle the project—including basic literacy skills as well as the ability to work in teams, make presentations, and conduct research? If not, is it necessary to pre-teach some of these skills, make sure students who need it have adequate support, or deal with these challenges in other ways?
- How will student groups be formed? (*See Chapter Two for teaching strategies.*)
- How will groups report on their progress and be held accountable? Do report forms or other tools need to be developed?
- Is it necessary to arrange access to the library/media center or computer lab?
- Do parents or administrators need to be informed about the process of Project Based Learning and be assured that time spent on the project is focused on standards-specific learning goals?

In addition to considering the above issues, be sure student handouts and clarifying lesson/mini-lecture materials are ready—or at least underway.

Special notes on video recordings used in this unit:

- A video recording provides more information to students shortly after the project is launched. This video may be found at:
<http://www.teachinteract.com/PBEmedia>

Alternatively, a transcript of the video is provided below.

REALITY TIME

production partnership

FROM THE DESK OF HOLDEN GRANT, PRESIDENT

Dear Jen,

Hope your final semester in grad school is going well. I've got a little favor to ask. As you know, I'm increasingly tired of producing reality shows, despite their appeal to American viewers. I can't take it any more, especially since the unfortunate incident with the bungee-cord malfunction, and I'm going to get out of TV entirely. I've always enjoyed sports and fitness, and now my dream is to start an athletic shoe company.

Although I've made lots of money through the partnership I established in producing reality shows, I now want to set up a corporation so I can raise the money needed to start producing shoes. But before I do anything, I'm going to need a crash course in economics so I can speak persuasively as an entrepreneur. I know nothing about how a market economy operates and how my new firm might fit into it. I vaguely remember something about product markets and factor market—or was it factors of production?—from that econ course I slept through in college, but I need to upgrade my knowledge considerably. I'm too embarrassed to ask some economist I don't know—and I wouldn't want the word about my ignorance to get out. Could you and perhaps a couple of friends in your Economics M.A. program help me?

In thinking about how to learn more economics quickly, I had one of my assistants shoot some video interviews with people who buy shoes (consumers, right?) and people who make shoes (producers—I guess I do know a little). I've looked at the footage, and I'm sure there are some real insights in the videos, but I just don't get it. It seems like how I set up production somehow determines who will buy my shoes, but I do not understand how or why. I want to start out slowly, so I'll only produce one type of shoe for now.

So basically, when you tell me about a market economy, I need you to explain why the type of shoe I sell determines how I produce it and what resources I use. I'm a visual thinker, so if you wish use visual aids in your presentation to help me understand all this. I'll send you the video right away and I hope we can get together later this week.

Thanks—one thing I do know about economics is that your college-loan repayment checks will keep on coming if you help me make this dream a reality.

Dad