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# Principles of Economics || Externality! Externality! Read All About It!

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## *Goals & Objectives*

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- Students will be able to summarize externalities affect businesses.
- Students will be able to discuss, in pairs/groups/ and as a class, how the government handles market failures.

## *California State Content Standards*

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- 12.2 Students analyze the elements of America's market economy in a global setting.
- 12.2.1. Understand the relationship of the concept of incentives to the law of supply and the relationship of the concept of incentives and substitutes to the law of demand.
- 12.2.2. Discuss the effects of changes in supply and/ or demand on the relative scarcity, price, and quantity of particular products.

## *Common Core Literacy Standards*

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### CCSS.ELA-Literacy.RH.11-12.10

By the end of grade 12th, read and comprehend history/social studies texts in the grades 11-CCR text complexity band independently and proficiently.

### CCSS.ELA-Literacy.RI.11-12.4

Determine the meaning of words and phrases as they are used in a text, including figurative, connotative, and technical meanings; analyze how an author uses and refines the meaning of a key term or terms over the course of a text.

### CCSS.ELA-Literacy.W.11-12.10

Write routinely over extended time frames (time for research, reflection, and revision) and shorter time frames (a single sitting or a day or two) for a range of tasks, purposes, and audiences.

## *Driving Historical Question*

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Why are there unintended consequences due to economic decisions?

## *Lesson Introduction (Anticipatory Set) ||*

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The teacher will conduct a verbal story called, "The Entrepreneur, the Cat, the Brother, and the Lemonade Stand." The story is about a young girl with an entrepreneurial streak. When the girl decides to open a lemonade stand unintended consequences occur. Wherein the cat endures the negative externalities, while the brother benefits from the positive externalities. This story will actually include the students so as to perform the aforementioned assessment. The story is funny, relatable, and true. It also serves as a beginning assessment to see how much the students know about externalities (even if they haven't heard the word).

## Vocabulary (Content Language Development) ||

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Students will be introduced to vocabulary prior to actual content delivery. The teacher will define a second time prior to the reading. S/he will also define as the read is in progress. Students will be required to academically use these terms as they both read and write.

- Externality
- Market Failure
- Positive Externalities
- Negative Externalities
- Incentives

## Content Delivery (Method of Instruction) ||

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After the anticipator activity, the teacher will direct the students' attention to the learning objectives, and the vocabulary written on the board. The teacher will then use the online presenting tool, "Prezi," in conjunction with guided notes. By slide 2 the teacher will define the concept of externalities and the students will write the definition on page 1, at the top of their guided notes. Also on slide two s/he will give three examples each for positive and negative externalities. After (and also on slide 2) the students will be asked to think of their own examples. These will be very basic and will not yet be applied to businesses or the general economy. The two previous activities will be used with the guided notes on page 1 under, "externality is," and "your examples" respectively.

This is followed by a Think.Pair.Share the students will share their personal experiences with the class and the teacher will restate their thoughts so as to provide yet another example to the whole class.

Next, the teacher will connect the concept with a business that appeals to teenagers, a fictitious Mexican food restaurant. This time the teacher will ask them to start the conversation with examples of externalities that apply to a Mexican food restaurant. The students will give their examples in a class discussion, and once again, the teacher will restate their example for the benefit of the whole class. After, the teacher will give her examples. This activity is done on slides 3 through 6.

In the next activity, the teacher will use the concept of externalities with the real institutions, the Olympics, and Disneyland. Students will T.P.S, and use the guided notes. This corresponds with slides 7 through 13 and is completed on the rest of page 1 of the guided notes. Slide 14 appeals to the visual learner and is a humorous video of externalities. It also goes deeper into the concept by explaining how the government responds to externalities. This video is a preface to the next part of the lesson on governmental influence and requires no notes.

After the video, students will turn over their guided notes to the second page. Slides 15 through 17 include a short lecture and requires the students to fill in single word answers, all of which are highlighted on the "Prezi." So far the beginning of the lecture has included "I Do" and "We Do" however the last portion is considered a "You Do" activity. During this portion, students are asked to complete the bottom of the guided notes. They are to do this on their own showing the shift. After, the teacher shows the students the correct shift. While the students do this part, the teacher walks around the classroom to see how well the students are grasping the concept. The teacher presents the graph shift on the final two slides.

## Student Engagement (Critical Thinking & Student Activities) ||

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Students will listen to the story and then be read the expectations. The expectations will remain on the board along with the vocabulary so they can reference both during the class.

Students will then listen to the lecture while filling in information on their guided notes. Students will contribute to the presentation, and when it is appropriate, participate in peer-to-peer and whole class discussions. In this way, more timid students can speak up, and the teacher can assess many students at once.

Next, the students will perform a Quick Write. This will connect the past with the present, and incorporate critical-thinking skills. The Quick Write will become the homework assignment where students can take more time to consider the question and the teacher can conduct a formative assessment. This will be followed by a video and graphing activity. During the last slide students will complete a, "You Do" graphing activity. Graphing activities are done individually, and students will be able to explain content retention in written form.

## Lesson Closure ||

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Students will end with an activity that requires them to take content and apply the concept of externalities to the most current recession and the Great Depression. They will be asked to think of a product, consider both a negative and positive externality. They will then be asked to apply the concept.

They will then begin a graph they are to complete on their own. After graphing, they will write a few sentences for each graph. This will explain the instance that caused the shift and explain why the supply line shifted. This works as a formative informal assessment, and tells the teacher if the students understand the concept, and if s/he can move to the next unit. This solidifies the ideas addressed throughout the lesson. The students will be debriefed and the objectives will be reviewed 2 minutes before the period is over.

## Assessments (Formative & Summative)

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Teacher will check for understanding in multiple ways. At the beginning of the period, the teacher will tell the, "The Entrepreneur, the Cat, the Brother, and the Lemonade Stand" story relating various points to the students' lives. This activity will give the teacher a good idea of their prior knowledge.

Additionally, throughout the entire presentation, the students will be offering their ideas/opinions, allowing the teacher to check for understanding. Students will also discuss and demonstrate real-life application of the content, answer questions, provide examples, and create their own externalities chart.

Finally, they will receive homework that allows them to elaborate on the critical-thinking (connection with Katrina and the most recent recession) portion of the lesson. This will be a formative assessment. This lesson will conclude the unit and the following days will include a formal, formative quiz followed by a review and Unit Exam on chapters 1-6 (both tests are formal, summative assessments).

## Accommodations for English Learners, Striving Readers and Students with Special Needs

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This lesson incorporates differentiated teaching as a means to accommodate other needs students. The anticipatory activity requires only listening. Additionally, it allows the teacher to present complex information through a very relatable median in which the students are involved. Students whose tend to learn best through auditory instruction (some with I.E.P.s and striving readers) will benefit from this technique.

Guided note, as usual, will include minimal writing, and items that must be written down will be demarcated in red font on the "Prezi". T.P.S.s will also help other needs students, as ELs will be placed with students that know the same language (if possible) and for those who might struggle with content due to their specific need.

This lesson also includes a gradual release of responsibility, which can help students of all levels. GT students have the opportunity to apply their critical-thinking skills when conducting the Quick Write.

## Resources (Books, Websites, Handouts, Materials)

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- YouTube Video: [“Externalities: When a Potato Chip is Not Just a Potato Chip”](#)
- Prezi: “Externality! Externality! Read All About It!”
- Shell: Externalities