

Economics-in-Marketing CTE Lesson Plan

Lesson Title
The Circular Flow Model – Businesses and Households Work Together

Lesson Objective
At the completion of this lesson, students will be able to identify the roles and relationships between household, business firms, and government.

Concepts
CTE Concept(s) Types of Business Activities
Economic Concept(s) Circular Flow and the National Economy

Standards/Benchmarks
Michigan Career and Technical Education Segments: 12 I.D.1 Describe fundamental economic concepts used in marketing.
Michigan Department of Education High School Content Expectations Social Studies: Economics 2.1.2 Circular Flow and the National Economy. Using the concept of circular flow, analyze the roles and the relationships between households, business firms, financial institutions, and government and non-government agencies in the economy of the United States.

Supplies Needed	
Student Handout 1	Factors and Goods (1 per student)
Student Handout Answer Key 1	Factors and Goods
Student Handout 2	Circular Flow Model of a Market Economy (1 per student)
Student Handout 3	Analyzing Interactions in the Product and Factor Markets (1 per student)
Student Handout Answer Key 3	Analyzing Interactions in the Product and Factor Markets
Student Handout 4	Circular Flow Model for the Boot Industry (1 per student)
Student Handout Answer Key 4	Circular Flow Model for the Boot Industry Answer Key
Student Handout 5	Circular Flow Narrative (1 per student)
Student Handout 6	Circular Flow Quiz (1 per student)
Student Handout Answer Key 6	Circular Flow Quiz
Presentation 1	Circular Flow Model
Video 1	Cheers “Squeaky Shoes” (2:55 minutes)

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1. Introduce the CTE lesson.

[Grading is left to the discretion of the teacher.]

Video 1: Cheers “Squeaky Shoes” (2:55 minutes)

A. Show video: Cheers “Squeaky Shoes” - Exchanging Goods in the Market Place (2:55 minutes)

Discussion #1: Ask students how businesses and households interact? *Possible Answers: Businesses have to hire labor and purchase raw materials/capital and households buy goods and services from businesses. (i.e.; Households purchase shoes and Cliff is labor for the shoe company.)*

2. Assess students’ economic awareness as it relates to the CTE lesson.

Student Handout 1: Factors and Goods (1 per student)

Student Handout Answer Key 1: Factors and Goods

A. Define the following two terms on the board and have students record the terms on Student Handout 1: Factors and Goods.

1. **Factor Market:** the arena of exchange in which firms purchase the factors of production from households (note that households could also be farms, even other businesses).
2. **Product Market:** the arena of exchange in which households purchase goods and services from firms.

B. Activate prior knowledge by having students complete Student Handout 1: Factors and Goods

1. Have students provide examples of the factors of production in the factor market.
2. Have students provide examples of goods and services in the product market.

3. Work through the economic lesson as it is *embedded* in the CTE lesson.

Student Handout 2: Circular Flow Model of a Marketing Economy (1 per student)

Student Handout 3: Analyzing Interactions in the Product and Factor Markets (1 per student)

Student Handout Answer Key 3: Analyzing Interactions in the Product and Factor Markets

A. Using Presentation 1: Circular Flow, teacher will lead a classroom discussion on the elements of the Circular Flow Model. Students will complete Student Handout 2: Circular Flow Model of a Marketing Economy as the various elements are discussed.



the lecture prior to introduction on government involvement.

1. Distribute Student Handout 3: Analyzing Interactions in the Product and Factor Markets. Students will review the provided firm (business) examples and then discuss other potential examples of physical flow as a class.
- B. Using Presentation: Circular flow, teacher will lead a discussion on the relationship of the government in the marketplace. Students will complete Student Handout 2: Circular Flow Model of a Marketing Economy as the various elements are discussed.
 1. Using the back of Student Handout 3: Analyzing Interactions in the Product and Factor Markets, students will review the provided firm (business) examples of government involvement and then discuss other potential examples of physical flow as a class.

4. Work through *related, contextual economic-in-CTE* examples.

Student Handout 3: Analyzing Interactions in the Product and Factor Markets (1 per student)

- A. Students will complete Student Handout 3: Analyzing Interactions in the Product and Factor Markets.
- B. Upon completion students will share their responses with the class.

5. Work through *traditional economic* examples.

Student Handout 4: Circular Flow Model for the Boot Industry

Student Handout Answer Key 4: Circular Flow Model for the Boot Industry Answer Key

- A. Students will complete Student Handout 4: Circular Flow Model for the Boot Industry.
- B. Upon completion students will share their responses with the class.

6. Students demonstrate their understanding.

Student Handout 5: Circular Flow Narrative

- A. Using Student Handout 5: Circular Flow Narrative, students will develop an essay using key terms, describing the circular flow process for a particular product.
 1. Terms to be included in the paper:
 - a. factor market
 - b. product market
 - c. government expenditure
 - d. physical flow
 - e. monetary flow

7. Formal assessment.

Student Handout 6: Circular Flow Quiz

Student Handout Answer Key 6: Circular Flow Quiz Key

A. Students are to complete the Student Handout 6: Circular Flow Quiz.

Standards

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MBA Research Performance Indicators Describe the concepts of economics and economic activities (EC:001, EC LAP 6) (CS)

References

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