

### GED 2002 Teachers' Handbook of Lesson Plans

Content Area Social Studies	Lesson Title <i>Are Things Really More Expensive Today?</i>	Lesson Topic/Theme Principles of Economics	Lesson Number SS 2004 - 06
<p><b>Objectives/Learner Outcomes</b></p> <p>At the end of this lesson, the learner will be able to:</p> <ul style="list-style-type: none"> <li>• Recognize signs of inflation and deflation within the economy</li> <li>• Use the Consumer Price Index calculator</li> <li>• Compare and contrast the price of goods today versus years past</li> </ul>		<p><b>Materials/Resources/Internet Sites/Handouts/Worksheets</b></p> <ul style="list-style-type: none"> <li>• Handout – <b>Graph Paper</b></li> <li>• Handout – <b>Then and Now</b></li> <li>• Newspapers and advertising circulars</li> <li>• Internet Resources               <ul style="list-style-type: none"> <li>○ Consumer Price Index <a href="http://woodrow.mpls.frb.fed.us/research/data/us/calc/">http://woodrow.mpls.frb.fed.us/research/data/us/calc/</a></li> <li>○ Consumer Price Index (CPI) Rates 1913-Present <a href="http://woodrow.mpls.frb.fed.us/research/data/us/calc/hist1913.cfm">http://woodrow.mpls.frb.fed.us/research/data/us/calc/hist1913.cfm</a></li> <li>○ Minnesota Public Radio – A Primer on Gas Prices (audio file) <a href="http://soundmoney.publicradio.org/collections/spending">http://soundmoney.publicradio.org/collections/spending</a></li> </ul> </li> </ul>	
<p><b>Pre-Requisite Knowledge</b></p> <p>The learner should be able to:</p> <ul style="list-style-type: none"> <li>• Use charts and graphs to obtain information and draw conclusions</li> <li>• Determine the appropriate type of graph to use when displaying statistical information</li> <li>• Complete activities on the Internet and to find resources as needed</li> <li>• Compare and contrast information from a variety of sources</li> </ul>		<p><b>Key Words</b></p> <ul style="list-style-type: none"> <li>• Consumer Price Index (CPI)</li> <li>• Inflation</li> <li>• Deflation</li> </ul>	
<p><b>Anticipatory Set/Introduction</b></p> <p><b>Say:</b> Have you ever heard a parent or grandparent talk about how terrible gas prices are today compared to when they were first starting to drive? In the early 1970s, a gallon of gas cost anywhere from thirty to fifty cents a gallon. Today, fifty cents will buy you about ¼ of a gallon of gas. You won't drive very far on that. Today, gas prices range from \$1.75 per gallon to over \$2.00 and the price is expected to continue to climb. However, it is not just gas prices that have increased – everything is more expensive today – or is it? Today, we are going to look at the Consumer Price Index (CPI) and what it means to you in terms of the changes in prices that you pay for goods and services. We are also going to look at two very important factors that tie into the CPI – inflation and deflation.</p>			

### Preview Questions for Lesson

1. Have you heard anything lately about increases in gasoline prices?
2. Why do you think that gasoline prices are increasing?
3. Are there other goods and services that you buy that have increased in price lately? (One example is the cost of milk, which is steadily increasing because of additional subsidies to dairy farmers, a decrease in the amount of milk produced, concerns about Mad Cow disease, and even the fact that more people have moved to new diets such as South Beach or Atkins which limits consumption of dairy products such as ice cream.)
4. What does the phrase “supply and demand” mean to you?

### Instructional Outline

Review the definitions of the following key terms:

- The Consumer Price Index (CPI) is a measure of the average change in prices over time on a market basket of goods and services.
- Inflation is an increase in the average price level in the entire economy.
- Deflation is a decrease in the average price level in the entire economy.

**Say:** Inflation is hardly noticed if everyone’s wages and salaries go up at the same rate as the average price of goods and services. However, if wages and salaries do not go up then inflation can be a real problem.

**Ask:** What happens when inflation increases but your paycheck stays the same?

**Handout:** Provide students with a copy of the Handout – *Then and Now*. Have students use the CPI chart from the Internet Resource list and calculate what the price of these goods would be today’s world based on the CPI. (Print this chart if it will be easier for the students to use.)

**Demonstrate** how to calculate the “Now” price by using the CPI calculation formula. Example: In 1950, a movie cost 25 cents. How much should that same movie ticket cost today based on the CPI? Use the Casio fx 260 Solar Scientific Calculator to compute your answer.

The CPI for 1950 = 24.1

The CPI for 2004 = 187.3

A movie in 1950 = \$0.25

Use the following formula to compute the calculation:

$2004 \text{ Price} = 1950 \text{ Price} \times (2004 \text{ CPI} / 1950 \text{ CPI})$

$\$1.94 = \$0.25 \times (187.3 / 24.1)$

Now, check the prices for movies in your area. Are they higher, lower, or about the same as the calculation from the CPI? Today, in most locations across the country, the cost of movie ticket ranges between \$5.00 and \$7.50. Movie prices have increased a lot faster than other goods and services. Have students compute the “Now” prices based on the CPI chart and the formula. You may wish to have students work in groups for this activity. Discuss how inflation can affect supply and demand.

<b>Process/Activities</b>			
<ul style="list-style-type: none"> <li>• Have students listen to the <i>Sound Money</i> feature on increasing gas prices from the Minnesota Public Radio – A Primer on Gas Prices (audio file) <a href="http://soundmoney.publicradio.org/collections/spending">http://soundmoney.publicradio.org/collections/spending</a>. Discuss with students their reaction to the broadcast.</li> <li>• Review with students the vocabulary words for this lesson. Have students brainstorm examples that show inflation and deflation.</li> <li>• Have students compute 2004 costs using the CPI calculator on the Internet.</li> <li>• Teach students how to use the CPI Chart and formula to calculate changes in prices of goods and services.</li> <li>• Assist students in completing the Handout – <b><i>Then and Now</i></b>.</li> <li>• Have students look at newspapers and advertisements to see if the “Now” prices calculated through the CPI are the actual prices that they would pay at a local store for the same item.</li> <li>• Develop a graph to show the increase in the prices of five different products or services. Graphs should show costs for a minimum of four time periods.</li> </ul>			
<b>Product/Evaluation/Summary</b>			
<p>When students have completed this lesson, they will provide the teacher with:</p> <ul style="list-style-type: none"> <li>• a copy of their <b><i>Then and Now</i></b> handout;</li> <li>• a comparison of “Now” prices based on CPI and actual store prices; and</li> <li>• a graph depicting changes in the cost of items over four time periods.</li> </ul>			
<b>Teaching to Different Types of Learners</b>			
	<b>Visual</b>	<b>Auditory</b>	<b>Kinesthetic/Tactile</b>
<b>Learning Activity</b>	Write the instructions for the activities on the board or provide them as a handout for students.	Review the instructions orally with students so they can both see and hear all directions.  Have students explain to you the process for calculating CPI rate.	Have students work in teams to visit stores and find the prices for a master list of consumer goods and then compare them to the CPI calculated prices.
<b>Special Differentiation Strategies</b>	Use a transparency to show students how to complete the math calculation formula.  Have students take notes during the audio file portion of the lesson.	Allow the students to listen to the audio file several times if needed.  Provide students with a list of questions to answer as they listen to the tape of the text.	Have students check newspapers and advertising circulars from local stores to find current prices.

<b>Evaluation</b>	Have students present their information in graph form using line graphs to show trends and bar graphs to show comparisons.	Have students read their results to the class. Have them discuss areas where the actual costs have exceeded the CPI calculation.	Have students develop a presentation for the class that shows the differences in prices between "Then and Now."
<b>The Family and Adult Literacy Connection</b>  Explain to parents the importance of teaching children how to be smart consumers. Have parents take a group of items from the pantry and let their children find the prices on them. Use paper or play money to show what the price would have been in 1950 versus the cost of the same item today. For younger children, parents can show stacks of play money for each item and have the child determine which item costs more and which costs less. Take children shopping and let them help compare prices among different products, for example the cost of "store brand" cereal versus a name brand cereal.		<b>ESE/ESOL Accommodations</b>  For students with learning disabilities, break down the <i>Then and Now</i> activity into smaller components so that they aren't overwhelmed. Work one-on-one with students or in groups of two and demonstrate two or three times how to complete the formula for CPI calculation. Have the students repeat the process back to you. Check for accuracy. Check for understanding by asking questions and guiding learners through the process.	

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<b>Then and Now Prices</b>		
<b>Women's Clothes</b>	<b>Then</b>	<b>Now</b>
Winter coat	\$28.00	
Leather or Suede Bag	\$2.25	
Bathrobe	\$1.00	
Sweater	\$1.00	
<b>Men's Clothes</b>	<b>Then</b>	<b>Now</b>
Broadcloth Shirt	\$1.00	
Wool Sweater	\$1.99	
Bathrobe	\$4.90	
Overcoat	\$18.50	
<b>Games and Toys</b>	<b>Then</b>	<b>Now</b>
Sled that steers	\$3.95 - \$8.95	
Ping Pong Table	\$23.50 - \$37.50	
Mechanical Toys	3 for \$.59	
Doll	\$1.95	
<b>Items for the Home</b>	<b>Then</b>	<b>Now</b>
Table Lamp	\$1.00	
Portable Electric Sewing Machine	\$23.95	
Electric Washing Machine	\$33.50	
Gas Stove	\$19.95	
<b>Then and Now Wages</b>		
<b>Weekly Wages (general averages)</b>	<b>Then</b>	<b>Now</b>
Manufacturing – Production Worker	\$16.89	\$500.00
Cook	\$15.00	\$236.00
Doctor	\$61.11	\$1,800.00
Accountant	\$45.00	\$700.00

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### Graph Paper

Date:

Assignment

Page No.: From:

To:

