



EXTREME ECONOMICS

SECOND EDITION

TEACHING CHILDREN AND TEENAGERS ABOUT MONEY

KEEN J. BABPAGE



E X T R E M E E C O N O M I C S

Teaching Children and Teenagers about Money

Second Edition

Keen J. Babbage

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To my teachers

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PREFACE

Decades ago, an enemy of the United States said, “We will bury you.” That enemy failed. Current enemies of the United States need not attempt to bury this nation because the United States is apparently determined to bury itself. We are burying ourselves with debt. Individuals, families, governments are sinking under a ferocious avalanche of debt. When the nation succumbs to the debt burden our enemies will not have defeated us—rather, they will own us. Our enemies do not have to fight us as long as we readily fight and resist financial responsibility. Our enemies merely need to finance our debt and purchase our land, labor, or capital. We will be conquered financially without a military shot being fired. We will have defeated ourselves through a series of unforced errors, unnecessary mistakes, and unwise habits.

The bold, honorable, productive, responsible spirit of 1776 that inspired the birth of the United States will have lost to a timid, shameful, wasteful, irresponsible spirit of financial failure and folly. Serious, sober, immediate, drastic actions taken now and maintained for decades could prevent this failure and reverse this folly. There is no time to waste and no money to waste. We face extreme economic problems that require extreme economic solutions.

The children and teenagers of this country have not caused our current and our emerging financial crisis, but they will inherit this difficulty. This book is for their benefit.

The United States faces a financial problem—no, it is a financial crisis . . . actually, it is a disaster . . . well, to be honest, it could become an absolute meltdown. This is the time for many individuals, for many families, and for many governmental jurisdictions—especially the national government—to take serious corrective actions.

America's enemies do not need to attack or terrorize the United States to destroy the American way of life. Our self-imposed financial irresponsibility could destroy this nation's integrity, authority, and future. While not in debtor's prison, we will be imprisoned by debt with no escape.

This fate is not yet inevitable; however, the likelihood of this fate increases with every passing year of individual, family, and national financial mismanagement. Solutions exist, but to end our addiction to debt will require withdrawal pain and significant changes. The alternatives are clear and are opposite: Manage money wisely, or mismanage money disastrously. The nation cannot endure half indebted and half solvent. An individual's wealth within an economically and financially decaying society is compromised.

To every problem there is an equal and opposite solution. To every extreme problem there is an equal and opposite extreme solution. One purpose of this book is to help educate a generation of Americans by using the teaching concepts and the topical content of extreme economics. Other actions are needed, but if the current generation of children and teenagers learn to manage money wisely, there is hope. The parents and grandparents of those students may need extreme actions to correct money mistakes already made, but the emerging generation can avoid mistakes.

In 1983 the report *A Nation at Risk* was presented to the citizens of this country. That report concluded that the American system of education was failing so seriously that if an enemy had imposed such inferior conditions on us we would consider it an act of war. States, school districts, and schools have taken heroic and historic actions in the past two decades to improve education. Those state and local actions are far superior to the national government's "No Child Left Behind" invasion of public schools.

The 2007 report that is needed would be titled *A Nation in Debt*. That report would be a call to extreme actions to get the finances of governments, many families, and many individuals on a disciplined budget. *Extreme Economics* is one part of the overall extreme action plan that can help correct the current and worsening financial mistakes that threaten the American way of life.

Health officials express concern over an epidemic of obesity. Too much junk food and too little exercise are among the problems related to excessive weight.

This book addresses the American obesity of debt. This nation is financially ill, diseased, and obese. An extreme financial fitness effort is urgent. Let's start now.

INTRODUCTION TO THE SECOND EDITION

The words of the preface to the first edition of *Extreme Economics* were written in 2006 and published in 2007. One year later, the United States was face-to-face with an economic crisis that matched the caution of the original preface: “The United States faces a financial problem—no, it is a financial crisis . . . actually, it is a disaster . . . well, to be honest, it could become an absolute meltdown.”

Foreclosures. Housing bubble bursting. Home prices falling. Layoffs. Stock market uncertainty and volatility, massive reduction in market value from 2007 to 2008 and 2009. Where is the bottom of this bear market? How much worse will this get? How long will it last? Retirement investments losing value. Local and state governments facing large budget deficits, the need for budget cuts, and/or the need for tax increases.

A \$700 billion bailout. Drastic interest-rate cuts. A tax rebate stimulus plan. Some banks bankrupt. Some banks bought to avoid bankruptcy. Panic. Fear. Chaos. International markets, currencies, and banks struggling to cope with financial difficulties more severe and more complex than at any time since the Great Depression. A new economic stimulus plan. More jobs lost.

While presidents, prime ministers, legislators, central bank executives, regulators, officials, and business leaders seek societal answers and macrosolutions, what can a family do to endure this financial turbulence and establish a reliable family financial foundation? What can parents and guardians do to teach children and teenagers about money? What can teachers do to teach students about money? *Extreme Economics* helps answers those questions for families and for teachers.

Our nation is hopeful that political leaders and business leaders will guide us through the panic of 2008 and through the recession of 2008, 2009, and increasingly possible, 2010 or beyond. The nation could struggle economically for years or longer in a recession that fits the standard definition or one that feels, looks, acts, and impacts as a recession despite not fitting a definition. If your family's economy is shrinking or if an individual's economic status, security, confidence, and prospects are shrinking, it is a recession for you. It could be worse than a recession.

What can families and individuals do in times of national and international financial distress, difficulty, and disorder? What can families and individuals do while the U.S. government surpasses deficit records, abandons any sense of fiscal restraint, and takes the national debt from \$1 trillion in 1980 to about \$10 trillion in 2008, with much more debt to follow? What can families and individuals do in times of economic growth and prosperity to avoid mistakes, to resist foolish financial temptations, and to maintain proper habits of money management?

Take control. Take control of your money. Take absolute control of your money, your financial condition, today, and your financial actions for every tomorrow.

Will Social Security survive the changing demographics and costs of the baby boomers retiring?

Will Medicare survive the changing demographics and costs of the baby boomers retiring, and the parents of baby boomers living longer than any prior generation?

Those and other public policy and societal questions must be addressed by our government and our citizens. Families and individuals cannot take control of Social Security's future or Medicare's funding. Families and individuals *can* take control of managing the money they have. Take control of what you can hold, make decisions about, say yes and say no to, and be responsible for.

You can control the way you think about money. Money is to be saved whenever possible. Not spending is honorable. Saving is brilliant. Save whenever possible. Spend when necessary, but have a definition of “necessary” that is based on needs, not wants.

Resist credit temptations. No payments for three years means the fourth year could be brutal. No payments forever is a better plan. What you do not buy you will never have to make payments on. Payments? The better plan is to save for a purchase. The hard work of saving may make you decide to keep your hard-saved money, after all.

Take control of your money. Teach your children and teenagers how to take control of their money, how to be financially responsible, and how to use sensible money management methods.

How do you take control of your money? Do you manage the money instead of the money managing you? How do you teach your children and teenagers about money management? The answers are known. Money management is not a mystery, a secret, or a future revelation. We know what works in the money management arena. We know what fails in the money management arena.

Take control of what you can control. You can control how you manage your money. You can control the list you make and follow for grocery store purchases. The list is controlled by what you need, based on inventory at home, not based on what the big display at the end of the aisle in the store is promoting.

The best aspect of *Extreme Economics* is not about money; rather, the best aspect of *Extreme Economics* is about life and how well, how honorably, how productively life is lived. Managing money effectively enables you to live life more effectively, not for possessions, but for people.

Note for parents and guardians: As you read parts of *Extreme Economics*, mentally substitute “child” or “teenager” for the word “student” and mentally substitute “parent” or “guardian” for the word “teacher.” Better yet, mentally use the names of your children and teenagers and substitute your name for “teacher.” Your children and teenagers can learn more from you than from anyone else. You have more teaching opportunities with your children and teenagers than anyone else does.

Taking control of what you can control emphasizes your personal management of your money; however, to succeed in financial isolation

while your nation struggles financially is unlikely. The challenge to take control of what you can control applies also to our civic duties: Impact what you can impact. Communicate with local, state, and national political leaders, urging that they set an example of wise money management. Tell them what *Extreme Economics* taught you!

“But I don’t have the time to teach my children about money. I don’t have the time and neither does my teenager. She’s always on the go.” Make the time, instead of making excuses. You have the time; the question is how will that time be used. The child who goes with you to the grocery store can be given a list and a budget or can just wander around giving you more tasks as you spend more time on discipline than on buying groceries.

Wise money management is not taught to a child or teenager with one short discussion and then marked off the parental to-do list. Wise money management is taught by example, by instruction, and by involvement throughout a lifetime. Wise money management is a family priority, a family habit, and a shared commitment by all family members to the lifestyle of wise money management.

Parents, guardians, and teachers share hopes for and concerns about the current generation of children and teenagers. Your sons and daughters are my students. You and I seek every possible wholesome action that can improve life for those children, teenagers, students. Medical experts warn that the current generation of children and teens may have a shorter life expectancy due to a range of health issues including reduced physical exercise and increased weight. A sensible plan of exercise and nutrition plus food management can solve that problem. Families that make physical exercise and wise nutrition part of the family lifestyle, habit, and daily experience can rear healthy children and teenagers despite societal or national trends otherwise.

The current generation of children and teenagers is being handed a national debt of over \$10 trillion with a note attached: “Sorry we spent this money and have to send you the bill.” The current generation of children and teenagers is being told: “Keep studying and go to college. Sorry that college costs keep going up so much each year.” The current generation may not match their parents for life expectancy in years nor match their parents for financial expectancy. This may be the American

generation that cannot expect to surpass their parents' financial achievement. That possibility is avoidable.

My students did not cause the panic of 2008 or the lingering financial problems of 2009 and beyond, but their college years and their adult years could be severely impacted by the money problems of recent decades unless they are taught how to manage money wisely. This updated edition of *Extreme Economics* is for those students, their parents, and their guardians, in hopes that as families and as individuals they will take control of what they can control.

One other note: Financial statistics are updated daily. As you read a reference in this book to a national debt of \$10 trillion, the actual debt at the time of your reading could be \$11 trillion. Please update the statistics mentally as you read, knowing that any financial number written one day very likely changes the next day.



HOW TO LEARN ABOUT MONEY

“We just do not have enough money for that. It costs \$50 per person. So with you, your mother, your sister, and me, it is \$200 just to get in the amusement park for one day. Parking costs \$10. Food would be another \$50 or more. It’s about 100 miles away, so the drive is another cost. Sure, it is a great place to visit, but it does not fit in the budget for this month. I had to get the car fixed last month. Your sister gets braces next week. We have a vacation planned for a week in July, but we just cannot afford a trip to the amusement park in June.” Dad was speaking the apparently harsh truth to his thirteen-year-old son, Brian. Brian was disappointed, but not defeated.

Brian replied, “I understand. Here’s my idea. What if I earn the \$200 it would cost for our tickets, plus I earn the \$10 for parking, and let’s say I earn \$25 for gas. If I do that, would you and Mom pay for food at the amusement park?”

Dad was impressed. This could be much more than an enjoyable family trip to the amusement park. This could be a very realistic lesson about money. Dad replied with encouragement, but with his typical disclaimers and conditions.

“That might work. I have a few vacation days I have to use in June. Of course you, Julie, and your mother are out of school, so your schedules

are clear. You did say ‘earn’ the money. You are not taking money out of your savings account for this. So tell me, how would you earn the \$235?”

Brian was ready. “Julie and I already talked about this. You just might see a brother-and-sister business deal very soon. I plan on cutting grass in the neighborhood. Julie is going to babysit for families in the neighborhood. Since our last name is Moore, we thought we could call our business ‘Chores by Moores.’ We already started designing a brochure on the computer. If you and Mom will let us, we’ll start our business today.”

Mom and Julie had walked into the kitchen and heard the last part of Brian’s comment. Mom entered the discussion. “Well, the business might be a good idea, but the first chores by Julie Moore and Brian Moore each day are done right here at this house. You know what is on your duty list for each day. Those get done before you do anything for a customer.”

Julie had expected a condition like that. “Oh, that’s no problem. Brian and I talked about our duties at home. We actually plan on getting up each morning at 8:00 instead of always sleeping late in the summer. By 9:00 or 10:00 we’ll have our work here done, and then we can make money the rest of the day. How’s that?”

Mom and Dad looked at each other. Their smiles showed sincere pride in their children, who just might become successful summer entrepreneurs. Mom spoke first. “There are some limits. No working on Sunday. We go to church, we visit your grandparents, we have family activities then. No working after 10:00 at night, any night. You have to be home by then. The money you make each day has to be deposited in your savings account except for, let’s say, \$5 per day you can keep for spending money, but you have to make more than \$5 on any day for that to work. No, you have to make more than \$10 on any day for that to work, so you save at least \$5 daily.”

Dad joined in. “It is June 4th. Let’s think of June 25th as the day we would go to the amusement park if you have saved \$235 by June 21st. Can you do that?”

“Of course,” Julie said with the energy and confidence of a fifteen-year-old.

“No problem!” Brian added with total confidence. “OK, Julie, let’s go finish our brochure. If we do this right we can make more than \$235.

Maybe we can even pay for all of the food ourselves. This could be a free trip for Mom and Dad, plus a great extra trip for us. Hey, do you think Robert could help us?" Brian hoped that their nineteen-year-old brother, who had just finished his first year of college, could help them.

Julie asked, "What would he do? He has two jobs already—at the tennis club and at the ice cream shop. Plus he is taking a class to get started early on the next year of college. He's too busy to work with us."

"Not *work* with us," Brian replied, "just give us ideas. He used to cut yards. Maybe his old customers will hire us. He knows people who need babysitters because sometimes his friends can't go places with him because they have to babysit little children in their families."

Julie agreed that Robert could be a great source of ideas. "OK, Brian, now let's finish the brochure, make a lot of copies of it, and then take it to all of our neighbors. We'll make so much money, we could go to the amusement park for two days."

"Neat idea, Julie! Why for one day when we could stay for two? Let's finish the brochure now and get this business going."

With encouragement from their parents and ideas from their older brother, Julie and Brian might be very successful entrepreneurs. However, they could have little or no success. The lawn mower might break and need a costly repair or might need to be replaced. The apparent simplicity of babysitting might become the reality of dealing with children who occasionally misbehave. The hours of work will bring in money, but when friends call to ask Julie or Brian to go to a movie or to swim, they will have to say no if the commitment has been made to babysit, to cut grass, or to do other chores.

Julie and Brian, if they reach their goal of earning enough money to pay for the family trip to the amusement park, will learn many realities of business and many lessons about money, while encountering frustrations, problems, and challenges. Some of those lessons often are learned through direct experience, but much about money, finances, jobs, economics, and related topics can be learned through study, reading, education, classes, school, or mentors. What advice could be shared with Julie, Brian, Robert, and other children and teenagers about money, about finances, about preventing financial mistakes, about wise actions to take regarding money, about preparation for the ideal job?

Later in this chapter we will read the results of Julie's and Brian's Chores by Moores business. They will each provide a business report telling the successes, the failures, the unexpected problems, the unexpected opportunities, the lessons learned, and the money earned. Will they reach their goal of earning and saving enough money to pay for most costs of a family trip to the amusement park? We will get that answer and many details soon, but first we explore some research findings that address some topics that children and teenagers need to know regarding money.

WE KNOW WHAT WORKS

Parents and guardians always hope that life will be better for their children in many categories such as career opportunities, quality of living, economic security, and overall wealth. Recent facts indicate that in some important ways current adults are not handing a better world with better life possibilities to the current generation of teenagers and children.

The government of the United States, for example, was on a rarely interrupted borrowing binge during the twenty-five-year period of 1981–2006. The national debt during that time has escalated from \$1 trillion to almost \$9 trillion. That is an example of how not to manage money. That is a debt burden that will negatively impact future generations who did not cause that debt, but who will endure the financial burdens imposed by that debt.

Far too many individuals in this country and far too many families in this country have been on personal borrowing binges. Statistics continue to show how undisciplined the American mentality about money management is. When contrasted with many other developed societies, the average citizen in the United States is not saving money. Instead, one credit card used to the limit leads to a second credit card used to the limit. A mortgage plan could call for 100 percent financing, interest-only, or a fifty-year payout. These actions create the illusion that people have money, when the reality is that they owe money—a lot of money.

What is to be done? To every money problem there is an equal and opposite solution. To every money question there is an answer. During

March 2006, I sought such solutions and answers via a survey mailed to a cross section of adults whose careers present a vast variety of work experience, whose educational levels are college or more, whose involvement in their community includes many positions of leadership in job or volunteer duties, and whose judgment is respected. Participants ranged in age from about thirty to about seventy. Participants ranged in career path from restaurant owner to physician, from investment advisor to telecommunications technology expert, from local government management to college professor, from banker to dentist, from state government middle manager to corporate executive, from stay-at-home mom to heating/air-conditioning service technician.

Participants did not range in the quickness of their replies. Surveys were mailed on a Tuesday morning and some were returned to me via mail by Thursday, an immediate response. I sent surveys to forty-five people and I hoped to hear from fifteen. Responses were received from twenty-nine people, almost double my expectation. A sample of twenty-nine is not sufficient to claim scientific research precision, so this research is qualitative; however, the quality, the depth, the insight, and the wisdom of the responses altogether add up to compelling ideas that demand serious consideration and call for serious action.

What financial guidance can current adult generations offer to Brian, Julie, and Robert? What money management insights, lessons learned, mistakes corrected, and conclusions reached are available to a thirteen-year-old, a fifteen-year-old, and a nineteen-year-old from people whose life experience has taught them how money works? We will now read the survey questions and some verbatim responses. We will then reach some overall conclusions. To conclude this chapter, we will hear Brian and Julie report on their business venture. We will also consider how the ideas from the surveys could be applied by Brian, Julie, and Robert now and later in life.

There were six questions on the survey. The survey was introduced with a cover letter. A stamped, self-addressed envelope was enclosed so returning the survey to me would be convenient. People were asked to respond within ten days. Most responses were well ahead of that deadline.

There was only one real surprise in the survey process. So many respondents added words of appreciation that they had been given the opportunity to participate, to offer ideas to children and teenagers, to help other people avoid money mistakes, to help other people succeed financially. The quality of the ideas people provided was matched by an urgency that their ideas be read, understood, applied, and followed. Those insightful, urgent ideas follow.

1. The most important advice I can give to a child or teenager about money is:

- Create a budget and stick to it.
- Learn the value of money and always save some for a rainy day. It is not what you make that counts, it is what you save.
- Begin saving early. Even a little bit snowballs over time.
- Budget your money and value its actual worth to you. Ask yourself what money does for you and how you can make it do more.
- Start saving and investing early in your life. Learn that discipline and then the rewards will come.
- Learn how to manage money.
- Use compound interest. The power of 72 is an easy way for a young person to learn and understand how fast or slow money can double at a certain interest rate.
- Learn the value of time and money—be aware of costs.
- Save for a rainy day.
- Save and pay all bills on time to ensure a great credit score.
- Learn the value of a dollar. Have children buy some of their own things with money they have earned or saved.
- Get in the habit of saving as soon as possible.
- Save, save, save. It's the key to reaching your goals in life.
- Control your own destiny. Whoever controls your money controls your life.
- Start saving early through a payroll deduction plan to get the power of compound interest.
- Slow down and think.

- Save at least half of every dollar you earn or receive as a gift in a savings account at your local bank. Get used to saving.
 - Do not borrow money.
2. Of everything I have learned about money, about finances, and about economics, the one lesson that I wish I had known earlier in my life is:
- Saving early in your life pays off later.
 - Do not plan for only six months, one year, or even five years, but for ten to twenty years. Set a financial goal.
 - Make the maximum annual Individual Retirement Account contribution as soon as you have an income.
 - Learn how to invest and allocate your savings and how to adjust that over your life for risk. Be more aggressive when you are young and more conservative as you age.
 - Learn how to create a budget and how to manage your money within that budget.
 - Impact others by giving your time, talent, and money.
 - Money is just money. Do not sacrifice your family, friends, and life in pursuit of it. Ten times more money does not make you ten times happier. Live a balanced life and be kind to people. Do business with people you like, because you will be working with them forever.
 - Do not trust sales pitches. If it seems too good to be true, it probably is.
 - Learn the value of a great credit score.
 - I knew to save early in a bank account, but I should have invested in higher-risk possibilities like stocks.
 - Money is finite. It does run out. Have a Plan B.
 - Balancing your checkbook can help you avoid many problems. Living within your means is not possible unless you know how much money you actually have to live on.
 - Plan short-term and long-term goals. Just as you must budget your bills, you must budget your future.
 - Live on a cash basis only.

- Other than your home, do not buy anything that you cannot pay for right there and then. No credit cards.
 - Pay yourself first. Always save 10 to 15 percent of each paycheck for your own retirement.
3. The most common mistake people make with money is . . . and that mistake can be avoided by . . . :
- Spending outside of their budget. Create a budget and stick to it.
 - People overspend on items they cannot afford and/or often spend more than they make.
 - Pay yourself first. Save it and forget that you have it. Learn to budget.
 - Money does not lead to happiness. Although it helps, it can also be the source of much conflict and stress if not managed appropriately.
 - Spending too much. Avoid this mistake by understanding your wants versus your needs. We generally want “stuff” that often comes with hefty price tags that stretch our finances and take away our savings.
 - People make the mistake of thinking they have to spend more just because they make more. Rebudget any time your income changes so you discipline yourself to save more and invest more, not spend more.
 - They overextend themselves with credit and debt.
 - Mistake: Spend, spend, spend. Solution: Live within your means. Do the math! Loans and credit card debt can never be paid off if you just pay the interest.
 - The biggest mistake is overspending—living on money before it is within their budget, such as reliance on “plastic spending,” or credit cards. Learn to live within a budget.
 - They do not understand money—how to make it, keep it, and double it. Follow good real-life examples of people who successfully manage their money and who fully understand how money works.
 - The most common mistake is spending more than they make. The solution is budgeting wisely.

- People make the mistake of calculating how much they can spend with credit cards by their ability to make the minimum payment only. Never put more on a credit card than you can fully pay off when the credit card bill arrives.
 - People try to keep up with the lifestyle and the spending of other people. Live within your means.
 - People don't know how much credit they can safely use. Have only one credit card and use it only for items you need and can already pay for.
 - People's most common mistake is spending more than they take in. Wise budgeting is the key.
 - Taking on too much debt is the most common mistake. Live within your means. Live within a budget based on how much you earn, not how much credit you can get.
 - Too much debt is the problem. The solution is disciplined spending and delayed gratification.
 - People tend to fall for the marketing and advertising messages of "It's cool only if it's new" or "If you want to belong to the right group you must have the right product." Outsmart marketers by being extremely frugal.
 - Sacrificing long-term financial goals for near-term impulse purchases is the most common mistake. Exercise fiscal discipline—for example, buy a good used car instead of the hot new model car.
 - People make the mistake of buying on credit. Use a credit card only if you can pay it in full each month, and only for items you need.
4. As an elementary school student, middle school student, or high school student, the smartest action you can take now about money is:
- Make saving a habit.
 - Set goals. Make a plan to get there and then plan the action to make it happen.
 - Get a job to earn money, and you will have a greater appreciation and sense of responsibility for it.

- Spend less than you earn. Income is not the same as wealth. Manage your income by saving and investing as much as possible to create wealth.
 - Ask yourself what your goals are and how money can help you achieve these goals. When you start to make money, you can then budget according to your goals.
 - Start saving as early as possible.
 - Get a better understanding about how credit works, about when and how to use credit, about how to avoid credit mistakes.
 - Invest in yourself and in your education. Read about how to start a business and about how to invest money. Avoid get-rich-quick schemes. Learn about time-proven ways to make money safely over time.
 - Increase your awareness about money and realities about money.
 - Start a savings plan. Shop around for the highest savings account interest rate.
 - Never use a credit card until you are able to make the payment in full immediately after the bill arrives.
 - Set priorities for money to emphasize what is most important for you.
 - Make a budget. Open a savings account and pay it first whenever you earn money or are given money.
 - Learn to save. Have your family help you set up your own savings account at a bank and begin regularly saving some of your allowance or other income.
 - Begin earning money early in your life and get in the habit of saving early in your life.
 - Do not buy CDs, DVDs, or books if you can check out those items free at the public library.
 - Understand the concept of compound interest, so you realize how to get your money to add growth to growth.
 - Save some for your education so you can get more education and become qualified for better jobs so you can earn more in the future.
5. To be sure that someday you actually get the job you dream of, be sure that you do this:

- Learn to write. If you can write, you can think. If you cannot write, it is difficult to communicate what you think. Writing forces you to put thoughts into context with a structure.
- Prepare by using resources such as guidance counselors at school and other mentors to advise you of the right classes to take.
- Be able to stand out in a candidate pool of thirty people to be interviewed for a job. Know why you should be hired and be able to convincingly communicate those reasons.
- Talk to people who currently hold the job that you think you might eventually want. Ask these people what it took for them to get where they are and what advice they can give you. Get experience in that work through internships.
- First, get the education required for the job. Second, be willing to start at the bottom and then perform very well so your results can be recognized.
- Find your passion.
- Research job requirements thoroughly and set personal goals so that you can meet those requirements.
- Get the best education possible.
- Aim high and work hard.
- Do not do the job for the money. Do the job because it is your passion.
- Get as much hands-on experience as you can through internships, volunteering, and job-shadowing. These activities help show potential employers that you have what it takes to do the job. Also, these activities can help you determine whether your dream job is really something you would succeed in.
- Find out what the qualifications are and get those qualifications through education, experiences, and training.
- Believe in your abilities. Do not let other people or your own fears keep you from achieving your goals. Attack your goals voraciously.
- Never give up on the dream, but be logical—you are not going to be in the NBA if you are 5'-5".
- Always do what you say you will do and be prompt in everything you do. Do not procrastinate.
- Be 100 percent honest.

- Prepare yourself properly. Visit someone who is doing that job now. Get the required education for the job.
6. Please add any other insights you would like to provide about money, finances, economics, jobs, college, graduate/professional school, or related topics:
- Use common sense. Money is complicated when you do not have any. Save it and you will have it.
 - Build a personal and professional network of allies. Have one or several formal or informal mentors who can counsel you along your way.
 - When you set up your budget after you start working full-time, right after essential living expenses, include your maximum contribution to retirement plans such as an Individual Retirement Account. You can never have too much money at retirement.
 - For every action you take, make sure that it is beneficial to you. Do not just have a good day, make it a good day.
 - Think globally—the opportunities are unlimited.
 - Finances and economics are scary only because we have created a mystique, but they are like anything else—understandable and manageable. Get the roots, the basics, and understanding the details will come more easily.
 - I wanted to be a pediatrician when I was in high school. In college, I got a B in physics and decided that if that was the best I could do, then I could not be trusted with the life of a child. My pediatrician friend laughs at this. He says, “The only time I use physics is to un-jam the copier.” The moral of that example is, do not talk yourself out of your dreams.
 - Take pride in your academic pursuits. Ask yourself this question in everything you do academically, “Is this my absolute best work?” If not, do it over.
 - Honesty is integrity on display. Tact does not mean you are being dishonest. Tact means knowing when to be silent.
 - When deciding what to do with your life after school, ask yourself these two questions from time to time: (1) Am I helping people? and (2) Am I, in my work, my words, my actions, making this a better world to live in?

- Force yourself to understand the difference between needs and wants. Discipline yourself about how to manage money. Do not blow money just because you have it now.

Take a few minutes, please, and read the survey results again. This time, as you read the results, think of the overall conclusions, themes, and concepts that connect the survey responses. The survey replies came from people who did not compare notes or trade ideas; rather, the respondents worked independently, yet reached some remarkably similar and consistent conclusions.

Now that you have read the survey results again, what did you notice as the major themes, ideas, and suggestions emerging from the replies? If this is your book, please write your list below; if not, please use other paper.

1.

2.

3.

4.

5.

6.

7.

8.

As I have read and reread the survey results, these topics continue to stand out emphatically:

1. Save, save more, keep saving.
2. Start saving now, get in the habit of saving, view saving as required rather than optional.

3. Have a money plan, use a budget, manage money, and control money.
4. Credit is deceptive and is potentially destructive.
5. Live within your means. Emphasize needs over wants.
6. Life is not about money, but if you manage the money part of life well, the other parts of life can go much better.
7. The measurement system for economics is math, so always do the math of money—including a budget, including calculations about how money grows when saved and invested, including saying no when the money math tells you to say no.
8. Get the best and the most education you can. Expand your life experiences through volunteer work, internships, and school/work partnerships.
9. Develop a strong work ethic in particular and an honorable set of ethics in general.
10. People are more important than money. Manage money well and you can do more with or for people. Interact with people well, and better financial opportunities can come your way.

CHORES BY MOORES

Julie's and Brian's parents were very impressed with the "Chores by Moores" idea that their daughter and younger son created. Mom and Dad eagerly hoped that the business would be successful beyond what their children expected. Julie and Brian saw their business as a way to pay for a family trip to the amusement park. Mom and Dad realized that Julie and Brian could earn enough money for the amusement park trip, could earn more money for other goals including new savings accounts exclusively for college, and could learn many of the lessons about money management that can be helpful throughout a lifetime. If you learn the truth, facts, and realities about money at age thirteen and age fifteen, you have many advantages.

Mom and Dad also hoped that Julie and Brian would learn some character education lessons. Chores by Moores would not be instantly successful, so persistence, determination, courage, work, endurance, and creativity would be needed. Unexpected problems would occur and those would help Julie and Brian learn how to think, how to eval-

uate, how to analyze, how to invent. The people skills used with customers would need to be impressive, or Chores by Moores would have customers who used the business only once. Starting, managing, developing, and maintaining this business could be vital parts of the teenage years for Julie and Brian.

What were the results? The best way to learn about the results is to hear from Julie and Brian. When the new school year began in August, Julie's tenth-grade language arts class had a paper to turn in the first day of school. The students had a reading list for the summer also. There were several choices of topics for the paper: (1) Evaluate one international or national event from the summer; (2) Create a three-minute script of a television travel show story about a trip you took this summer and include four pictures of the trip's locations; and (3) If you had a job this summer, describe your achievements on the job, your duties at the job, and the lessons you learned from the job. Julie selected the third option and wrote the following account.

“We Earned It and Learned It”

by Julie Moore

This past summer almost began with a very serious problem at the Moore home. After a few days of recovering from the last school year, my younger brother, Brian, asked our parents if they could take us to Wild, Wild World amusement park. Dad said that there was no way to do that. Why? The family budget was tight, the summer schedule already included a trip, and there was one more really important reason. Dad said that the amusement park just costs too much. He thought that \$50 per person was outrageous. Brian thought that missing the new Wild, Wild Super Extreme Roller Coaster would be outrageous, but Brian was smart enough not to argue with our parents.

Brian asked our father the perfect question. I was really impressed with how diplomatically—there's a fancy sophomore language arts word for you—Brian handled the situation. He asked if Mom and Dad would take us to Wild, Wild World if we earned the money for the trip. How could they say no? If we earned the money, everyone would get a trip and our parents would go at our expense. If we did not earn the money—well, that would be our fault.

My parents agreed. Brian recruited me to help, and I was actually eager to be involved. I like Wild, Wild World more than Brian does. I knew that there was money to be made in babysitting. Brian was sure he could make money cutting grass. We named our business “Chores by Moores,” since we were willing to do chores and because our last name is Moore. Our parents gave us three weeks to earn \$235 for the amusement park trip—\$200 for the four tickets, \$25 for gasoline, and \$10 for parking. They said if we earned \$235, they would pay for food at the amusement park. That was great, but the truth is we set a goal of earning \$300 so we would take care of all costs, food included.

My mother added two requirements. First, we had to finish our chores at home each morning before we could go do chores somewhere else. Second, we had to put the money we made into our savings accounts, except for a maximum of \$5 apiece each day if we made at least \$10 apiece each day. There was a third requirement, which was to be home each night by 10:00, so no working late.

Our first week in business was fantastic. Brian made \$80 cutting grass and helping one family load a big truck because they were moving to another city. I made \$60 babysitting, plus I gave a piano lesson to a nine-year-old girl whose family had heard me play piano at church. That one lesson was another \$10. We were so confident that we would reach our goal of \$235 and probably of \$300. We had taken in \$150 in one week. We each worked on four days, so we could have kept \$20 each for spending money, including gasoline for the lawn mower, but we each just took \$10 spending money. One week into Chores by Moores and we had a profit of \$130! Wild, Wild World was almost guaranteed. Almost.

The second week was so awful. Brian’s lawn mower broke. He had been given the mower by that family he helped move. They did not want to take it on the truck with them. It cost \$45 to get the lawn mower fixed. It took three days to get it fixed. Those were three days of no grass-cutting money, so Brian had to babysit. I had more people asking me to babysit on two days than I could get to, so Brian stayed with eight-year-old twin boys on two afternoons. Brian would much rather cut grass than babysit, but we needed the money.

Brian took the boys bicycle riding. Their mother had said it was fine, just to stay in the neighborhood. One of the boys crashed his bike and cut his knee, and Brian had to deal with that crisis. Brian is a Boy Scout

and he had taken a Red Cross class in first aid, so he knew what to do. Still, I can proudly say that no child I was babysitter for this summer had any injury.

After two weeks our total was \$190. I made \$60 profit plus \$10 spending money the second week. Brian made \$50 the second week, so he paid \$45 for lawn mower repair and kept only \$5 for spending money.

In the third week we needed \$45 profit, but we really were determined to make \$110 and reach the big goal of \$300. All of the families I did babysitting for were out of town during the third week. What was I supposed to do? All I could think of was to do what the name of our business said, so I went door to door in our neighborhood. I asked people what chores they needed done. People liked the word chores. They said it showed I was eager to work. I cleaned patio furniture. I raked old, dead leaves from under and around a long, long row of shrubs and plants. I washed two cars. I dug up weeds from one yard.

The third week was my best week, but I would rather babysit. I like children more than I like pulling weeds or cleaning furniture. I had \$70 profit from the third week. Brian had \$60 profit during the third week. We were way ahead of the \$235 goal and were over the \$300 goal. Our total profit was \$320, which paid for everything at the amusement park with \$20 left after our trip!

Driving home from Wild, Wild World our parents asked us what we had learned from working to earn the money. Brian answered immediately. "It was so unfair when the lawn mower broke. I was so mad about that. I almost gave up, but I was so determined to get to Wild, Wild World. So I learned to not give up."

My answer was similar. I told my parents and Brian how difficult those chores seemed to be at first, but then they were really pretty easy. Raking leaves, washing a car, and cleaning outdoor furniture are not difficult to do. What I learned is that it's best to just get started working than to think of endless reasons to not start.

By the way, Brian and I kept Chores by Moores going all summer. We hope to keep it active all year with babysitting, yard work, shoveling snow, or the other chores that people need done. Who knows, this might take us on other trips every summer and help pay for college. We earned our money and we learned about money. Hey, does anyone here need a chore done at your home?"

“Money Matters” by Brian Moore

Brian’s eighth-grade schedule of classes was fairly typical for a student in his final year of middle school. Science, math, social studies, and language arts dominated the schedule. Brian had selected Spanish as an all-year class, while some students used that class period for a reading class or for a second math tutorial class. Each student in Brian’s school took two exploratory classes, which could include art, music, health, physical education, speech and drama, computers, vocational studies, carpentry, home economics, or study skills.

Brian’s schedule included speech and drama. The teacher quickly checked attendance and then said, “Let’s start. To learn speech and drama we need to do speech and drama. You have ten seconds to think of a topic for a one- to two-minute speech you will give in class. I’ll give you two minutes to prepare your speech, and then we will start your presentations. First, I need to hear from each person, one at a time, what your topic will be. It has to be G-rated, legal, and ethical, which is a fancy word for doing only what is good. So we now start ten seconds of silent indoor thinking.”

The students smiled, thought, and looked at each other, and when the teacher gave the direction, the first student in the first row spoke. Then each student followed in turn; the topics they mentioned are listed below. Brian’s topic should be quite obvious.

“Movies.”

“Television shows.”

“Pizza.”

“Summer camps.”

“High school.”

“Football.”

“Soccer.”

“My trip to Canada.”

“Cheerleading.”

“Cooking.”

“The concert I went to.”

“Moving to a new house.”

“Making homemade ice cream.”

“Baseball.”
“College sports.”
“The Internet.”
“Skateboarding.”
“Making money this summer.”
“Eighth grade.”
“Tennis.”
“The wedding I went to.”
“Space travel.”
“Our car breaking down on a trip.”
“My dog.”
“July Fourth fireworks.”

The teacher was pleased with the variety of topics and that the G-rated, legal, ethical standard had been met. “Great topics. Now, take two minutes and make a list of the ideas or details you will communicate to us about your topic. Then you will present a one- to two-minute talk about the topic. You may use your notes when you talk to us. Your goals are to be heard, to be understood, to be interesting, and to look at your audience as much as possible. Any questions?”

There were no questions, but the teacher knew that the absence of questions did not mean the presence of understanding. She had two students state the goals for this project in their own words while everyone listened. She then checked to be sure that everyone had a pencil or pen and sheet of paper. With these procedures completed, the students began writing.

Brian’s list for his talk included these points:

1. Amusement park
2. No money
3. Not in family budget
4. Money could be earned
5. Chores by Moores
6. Cut grass, babysit
7. Lawn mower broke
8. Went around neighborhood
9. Made enough money

10. Saved money
11. Still in business to make more money and save more money

Brian eagerly volunteered to be the first speaker. He confidently walked to the speaker's podium at the front of the class. He glanced at his notes, looked directly at the teacher and began.

"Early in the summer I asked my parents if we could go to the Wild, Wild World amusement park. They said no, and the reasons they gave were the typical reasons parents give. It costs too much. We don't have time. We're taking another trip later. We can't afford a trip to the amusement park. It's not in the budget.

"So I told them that I would earn the money and pay for our family to go to Wild, Wild World. When I said that, everything changed. Suddenly my father had a vacation day he could use. My parents even agreed to pay for food at the park if I paid for tickets, gasoline, and parking. Deal.

"My sister, Julie, wanted to go to the park too, so she teamed up with me to earn money. We decided that cutting grass and babysitting were our best ways to make money. We had three weeks to earn \$235.

"The first week was great, but then my lawn mower broke. It cost a lot of money to get it fixed and I had to pay for it. Then my sister's babysitting stopped for a week when the families she helped were out of town. She went door to door offering to do chores. It worked and we kept making money.

"By the day we had set up as the decision day, we had earned about \$300. We went to the amusement park and paid for everything. We're still in business and will keep working all year. We are saving money for a two-day trip next summer to Wild, Wild World, and we started college savings accounts. So if you know of anyone who needs work done at their house, tell them about Chores by Moores."

As Brian returned to his desk the students applauded and the teacher's smile was radiant. "Excellent presentation, Brian. Very thorough details. Lots of energy and enthusiasm. You started us off very well. Great work. Now, who would like to go next? Good, Samantha—then Matthew, then Andy, then John and Nicole. We may do more today, but we'll get to everyone by tomorrow."

Brian's speech and drama teacher talked to Brian's math teacher about the presentation of the Chores by Moores business. The math teacher saw much potential for math problems from the amusement park trip and the money-making business. Brian answered some questions his math teacher asked. The next day Brian's class did amusement park math and money math. The students worked harder on this and learned more from this than any textbook math, plus they saw connections between real life and math. They were surprised to see that two classes—speech and drama plus math—could connect, rather than just be two separate subjects that each existed alone.

The home economics teacher heard about Chores by Moores when the math teacher talked about it at lunch. The home economics teacher designed a project for the eighth-grade class to create real businesses that they could actually start and make money from. Arrangements were made for Brian to meet with the home economics teacher and film an interview about his business, and then the teacher showed that interview to her classes. What began as a way for Brian and Julie to earn money to pay for a family trip to the amusement park was growing into some very effective activities at school for several classes and for many students. Ideas are powerful. These students are learning about money in ways that are real, personal, meaningful, and easily put into action.

Students bring life experiences to school with them; however, those life experiences are not always used as an educational resource. The next chapter will further explore how effectively the life experiences of students could be used to help students learn what the research indicates that children and teenagers need to know about money.

FOR PARENTS AND GUARDIANS

When Julie and Brian asked their parents about a family trip to the amusement park, the answer might have been no without any discussion or explanation. That no would have denied Julie, Brian, and their parents the learning opportunity that was created through the discussion about earning money and the subsequent serious work that resulted in sufficient money being earned for the family to visit the amusement park.

When Julie and Brian asked their parents about the trip to the amusement park, another answer might have been yes, followed by the parents scrambling to pay for the trip and followed by Julie and Brian doing nothing to earn money or to learn about money. Parental yes's to all or most requests from children or teenagers about money create a distorted, unrealistic perception of finances.

Between the options of an automatic no and an automatic yes is a thoughtful consideration of what can be created, what can be taught, what can be learned, what can be managed, and what can be experienced. The parents in this case study realized that Julie and Brian could learn lessons that endure for a lifetime. The other demands of the moment or of the summer did not prevent these parents from capturing the power of the moment that Julie and Brian were beginning to create. The parents took the amusement park request and expanded it into a magnificently productive, wholesome, and meaningful experience.

There are times when the request of a child or teenager must be given a quick no. The question "Could we go out to a restaurant tonight?" confronts a schedule that for tonight has no flexibility and confronts a budget that has no allocation of money for restaurant meals for tonight. The "no" answer could include some creativity, such as, "No. We'll eat supper tonight at our family restaurant, which is sometimes called our kitchen. Friday night we are going to your favorite pizza restaurant, just like we agreed when we planned the week last Sunday."

There might be times when an unexpected question could merit a spontaneous, creative yes. "Could we go to a restaurant tonight?" One option could be, "What coupons do we have for restaurants that deliver? If we order anything, it has to cost what we would have spent for a home-cooked meal or less. Maybe we could order something inexpensive, add a salad we make here, and get the best of everything." A condition that homework has to be finished before the call for dinner delivery is made could extend this moment into money management and into time management.

As for the amusement park case study, questions, analysis, learning, and understanding can be added to the enjoyment of roller coasters. Those insights will not be automatic. Julie and Brian realized some realities associated with earning money, but will learn more only if their

parents maximize the learning potential of the experience. Consider the family discussions that could follow the asking of these questions:

1. What was most difficult about earning the money?
2. What happened that you did not expect?
3. What could you apply from this experience to the next time you need to earn money?
4. Did you ever feel like giving up?
5. What ideas did you come across for making money that you did not think of at the start?
6. How did you gain the trust of your customers?
7. What would have happened if you promised a customer to do work, but you did not keep the promise?
8. Did you get any extra business when any customer referred you to someone else who needed some work done?
9. What did you do when there was work to do for a customer on a day when a friend of yours asked you to go swimming or go to a movie?
10. What did you do with the money you earned to be sure you kept it safe?
11. You had some calculations to do. Tell us how you used math in this money-making process.
12. What else could you start saving and earning money for?

Parents and guardians could find moments during any day when money management experiences can match up with common daily activities. Some examples follow, and then there is space for the reader to add more ideas:

1. The family has gathered for breakfast. Julie sees an advertisement in the newspaper for a concert that will be in town next month. "May I go to that concert?"
2. Brian reads that a college football game he is very interested in is to be broadcast only as a pay-per-view program. "Could we order the football game for Saturday night?"
3. The grass has to be cut. Lawn care companies would charge \$40 to cut the grass. Neighborhood teenagers charge \$25 to cut the

grass. Dad has cut the grass for years, but the family's oldest child can do that job now.

4. The car insurance costs will soon increase substantially as the fifteen-year-old becomes sixteen years old and gets a driver's permit. How will these increased costs be shared by the parents and the new driver?
5. "Let's go see that new movie!" says the fifteen-year-old daughter, who understands the excitement of going to a movie more than the reality that her father's employer just cut everyone's work hours by 10 percent. Mom and Dad think that a family night of watching movies at home, popping popcorn, and playing favorite board games is a better idea.
6. The family considers joining a warehouse shopping facility after getting a one-day pass to shop there. What calculations could all family members help with to evaluate the benefits of joining the warehouse program?
7. The cable television bill arrives and has some costs that were recently increased, plus some pay-per-view expenses that add up. How does the family evaluate this? What changes need to be made?
8. Mom counts that during one week there were eight trips by someone in the family to a grocery store. She decides that the family can save time and money by just reducing the number of trips. How is this new plan set up, implemented, and monitored? Dad makes a similar conclusion about errands in general and looks for ways to cut gasoline costs by consolidating trips and by eliminating some trips, errands, or optional driving. How is a plan for this efficiency set up and monitored and evaluated?
9. "The yearbook costs \$70. It's part of being a high school student, so I need \$70, please."
10. "We have been saving for a big trip for next summer. Now the economy is bad. The washing machine had to be replaced. There will be no raises at your mother's business next year and my company is actually asking us to take a 3 percent pay cut. So let's figure out what options we have for any kind of vacation for next summer."

11. _____
12. _____
13. _____
14. _____
15. _____
16. _____

Money management mastery is not magical or mysterious. Money management wisdom is not locked in a vault with access given to a select few. The research done for this book confirms the wisdom of the ages regarding responsible, prudent, sensible money management. The truth about money management has been known for centuries. The self-discipline to apply that truth is the challenge for every person in every generation.

When I recently asked the twenty-four young scholars in a high school class I teach to summarize the major themes, ideas, and advice of this book's research, those high school seniors said, "Save money," "Have a plan," and "Live within your means." How could parents and guardians apply those three areas of emphasis to help their children and teenagers learn about money management?

Each person in the family can have a savings account. Every week or two the family goes to the bank and everyone makes a deposit into his or her savings account. Yes, some banking can be done electronically; however, the five minutes spent at the bank can help confirm the importance of saving money while helping to create the lifelong habit of saving money.

Does the family have a budget? Does the family have a comprehensive financial plan? Are the children and teenagers in the family aware of and involved in the budget and the financial plan? Are children and teenagers told "That is not in the budget," as an answer to various appeals for money?

Living within your means connects money management with ethics. When a teenager pleads for the newest, most expensive clothing to replace the perfectly good clothing of recent months, living within family means confronts the culture of shop, buy, spend, consume, be fashionable, followed by more shop, buy, spend, consume, be fashionable. This

type of living within your means has a financial restriction within it; however, it also has an ethical liberation to it. Checking out books at a public library has no cost but has endless value. Financial means are limited. Intellectual means are unlimited. Teaching a child or teenager to live within the family's means, combined with what the child or teenager can earn, is also a way to teach about the wonderful parts of life that transcend money.

The list in the following table is used throughout this book. The use now is for parents and guardians to think of ways in the day-to-day life of their family to teach their children and teenagers to master the ten key findings of the research done for this book.

Ways a parent or guardian can help children and teenagers apply and master this insight:

1. Save, save more, keep saving.
2. Start saving now.
3. Have a money plan.
4. Credit is deceptive.
5. Live within your means.
6. Life is not about money.
7. The measurement of economics is math.
8. Get the best and the most education.
9. Develop a strong work ethic.
10. People are more important than money.

2

STUDENT LIFE EXPERIENCE AS A POWERFUL CLASSROOM RESOURCE

“I just finished my lifeguard training. I passed all of the tests. I’m certified to be a lifeguard. I’ve already applied for a job and they really need lifeguards, so I might get to work all summer at a pool. That would be so cool. I’m going to use some of the money to start my IRA before the end of summer. I’m just fifteen years old. I’ll have so much money when I retire.”

When a student in our eighth-grade economics class told everyone in the class about his summer job and his saving plan, heads turned. The other students were genuinely impressed with the ambition, eagerness, plan, determination, and confidence of their fifteen-year-old friend. No jealousy or resentment was expressed or sensed; rather, the other students asked for details. They had been taught how an IRA works and they expected to have one started no later than age twenty-two or twenty-three—but now they were thinking differently, more boldly, more wisely. Now they were asking themselves how they could match their friend’s plan with their own job and their own IRA.

For several minutes I listened to and guided the class discussion as students asked the soon-to-be lifeguard all about the training he was receiving, the job application process, the hourly wage, and how he would set up his IRA. Their lively, enthusiastic, purposeful, wholesome curiosity

was leading them to much deep learning, much personal challenge, and new resolve.

We discussed proper ways that the students could make money now. We had long ago done the math of an IRA, of bank savings accounts, of certificates of deposit, of stocks, of bonds. The students understood the facts and the wisdom of these topics. They created a list of ways to make money at their current age of fourteen or fifteen. They knew that all recommendations and ideas had to be G-rated, legal, and ethical. Their list was very practical and included the following ideas:

- cut grass
- babysit
- walk dogs
- wash cars
- collect mail and newspapers for people when they are out of town
- design websites
- teach people how to use computers
- run errands for people—walk or ride a bike to shop, make deliveries, take brochures door to door

Some of the students had already done some of those jobs in earlier summers or throughout the year. A few told of successes, while one told of problems that some babysitting placements can include. When we discussed what was required to be successful in these jobs, the students had immediate answers:

- Show up to be there when you promised to be there.
- If you babysit, find out what the children are allowed to do and not allowed to do. If you don't, some children will say they are allowed to do everything.
- Always ask if there is anything else you can do. It shows how helpful you want to be.
- Dress correctly.
- Don't goof off. Don't spend time calling friends on your cell phone.
- Speak properly and politely.
- Do the job better than people expect you to. Look for little extra ways to help—like if you cut grass be sure to sweep the sidewalks.

- Ask people if they know of anyone else who needs you to work. One job can lead to more jobs.
- Follow the instructions people give you. Do what they tell you to do.

The students know how to succeed in a job. Their list of what to do and what not to do could apply to jobs for fourteen-year-olds or fifteen-year-olds and also to jobs that adults have. We discussed these similarities. They were impressed that the actions that could help create success in babysitting or cutting grass were actions that could help create success in their future jobs.

I asked the students how to apply the actions that help create job success to their responsibilities at school. The classroom became absolutely silent. I let the silence continue because it was obvious that the students were thinking seriously about an idea that was in the revelation category. One student smiled, raised her hand, and was called on.

“It’s really the same. We do better in school when we are on time, don’t goof off, dress properly, follow instructions, and do our work better than we are expected to. It’s like school is our job.”

When a student speaks such potent words of wisdom, the desired conclusion has been reached. The other students listened attentively to her and knew that she spoke the truth. Our next test had an essay question about the similarities of succeeding in school and succeeding in a job done for money. The students did brilliant work on that test. Their ideas, their life experience, and our work in class were real to them and were highly productive.

The life experience of one student who had learned much and accomplished much in the process of training for, applying for, interviewing for, and being hired for the job of swimming pool lifeguard was a very effective teaching and learning resource. His story inspired high-quality thinking by other students, whose life experiences in various jobs became the basis for a discussion of how to succeed in jobs that are currently available to students, how to succeed in future jobs, and how to succeed in school. Using the wholesome knowledge, interests, and talents of students as instructional resources in the classroom helps create a student-teacher partnership in which everyone invests effort, and therefore, everyone is personally involved in and dedicated to the results.

Could the same process work with an elementary school student and a high school student? Let's hear from an eight-year-old and a seven-year-old to answer that question.

HOW MONEY CAN GROW

"Ms. Brown! Ms. Brown! You'll never guess what happened. It was so neat."

Ms. Brown was busy organizing some materials before her third-graders would begin classes today, but she could easily finish her tasks and listen to Kim. "Tell me all about it, Kim."

"Well, two days ago, on Saturday, my grandmother and my grandfather came to visit at my house. We always have the best time. So after lunch my mother and my grandmother went outside to work in the garden. My father had to take my brother, Chris, to a soccer game. Chris is twelve and he's a great soccer player. So, my grandfather and I started talking about the old times when my grandfather was my age, eight years old."

"I'm sure it was really interesting to hear about when he was eight years old. What interested you the most?" Ms. Brown asked.

"Well, it was how he made money. And how much, or really how little, money he made, but it wasn't really little, he said, because money was worth more then. My grandfather told me that fifty years ago a dollar was really worth a dollar."

Ms. Brown smiled and replied, "That is something we could use in our math lesson today. We could take prices from years ago and calculate the changes with today's prices. Great idea, Kim."

"Thank you. So, my grandfather grew up on a farm. When he was eight years old he had a lot of work to do to help on the farm. His favorite day was Saturday because that was when everyone went into town. Farmers brought all kinds of food to sell. Whatever they grew on the farm, they brought to town to sell. People would talk, buy, look around, and make it an all-day activity. It sounded like so much fun. I wished I could do something like that. Then my grandfather told me I *could* do something like that."

Ms. Brown was increasingly impressed with the story that Kim was telling. Kim spoke with such excitement and such exact detail. "Kim, we

just might have you tell this story to the whole class. I can see a language arts project where everyone hears your story and writes either a similar experience they have had or write what they think could be a continuation of your story. Please keep going.”

Kim was thrilled that Ms. Brown was taking her story so seriously. “Then my grandfather and I went out to the garden where my mother and my grandmother were. The garden is not a farm, but it is a pretty big garden. Tomatoes, corn, flowers, and a lot more. I offered to help and Mom put me to work immediately. Then I asked if I could sell some of the garden tomatoes, corn, and flowers. I said I would go door to door in our neighborhood. Everyone liked my idea. We put some garden products in a picnic basket and talked about what prices to charge people. I started going from house to house. My grandfather walked with me. After going to seven houses we had sold everything. I had \$22 in cash. We had agreed that since it is Mom’s garden, she would get half of the money and I would get the other half. I made \$11, Ms. Brown. I made \$11 in just an hour or so.”

Ms. Brown was very pleased. “Kim, you also made some great examples for us to use today in our math lesson and our language arts lesson. Thank you so much for telling me about your garden business.”

Kim’s life experiences as a garden entrepreneur will become a classroom instruction resource for math problems and for language arts writing activities. Other students will contribute additional ideas based on their life experiences. Ms. Brown knows what needs to be learned by the students and she knows that making the learning real by making connections with the students’ real life experiences will increase the results.

Ms. Brown also realizes that the upcoming unit on economics she had begun planning needed to be revised. Ms. Brown had been given a box of economic materials by her school’s principal. The principal, along with every other elementary school principal in the school district, had been given an identical “Amazing Shrinking Money Mystery” kit that had a money magazine for each student, posters, pictures, worksheets, tests, and an exact script of ten lessons for the teacher to use. It looked easy to follow the steps in the teacher’s guide, but Ms. Brown had to admit that it looked very ordinary, superficial, and contrived.

These kits had been provided free to the school district by a local citizens group that is affiliated with a national service organization. The

intention was good—to encourage and to support the study of economics by elementary school students. The recommended method—use the script and the materials provided in the kit—would just not work.

Ms. Brown had another idea. She and her students would start a business at school. She discussed this with the principal, who agreed it was worth a try, but insisted that Ms. Brown at least use some materials from the kit because the school district's central office would expect a report on how the kit had been used. (That was a bureaucratic requirement to fulfill an obligation to the group that provided the kits.) Ms. Brown wondered if any teachers had been asked if they thought the kits would be worth using before the school district accepted the kits and obligated the teachers. Why, she pondered, do people who do not teach keep telling people who do teach, how to teach?

A few weeks later, Ms. Brown's classroom had economics posters and pictures all over the walls. She could honestly report that materials from the economics kit were on display in her classroom. She could also take much pride in the fact that posters made by her students were also on display in her room and that the students' posters about money, jobs, banks, and economics were much better than the posters from the kit.

Ms. Brown and her students did start a business. For two weeks they operated a concession stand for thirty minutes after school. They advertised the new business to all families, students, and employees associated with the school. The after-school snack items they sold were determined by surveys sent to all students, faculty, and staff. Teachers were given 10-cents-off coupons to use as rewards for students who did great work in class. The coupons could be redeemed only at the concession stand.

The financial results were outstanding. The business had a profit of \$178 in two weeks. The educational results were even better: Ms. Brown and her students connected their business to math and science. Just how is a candy bar made, she asked them, and their research showed the science of candy. Other connections could be made with social studies, language arts, health, art, and technology. Prior life experiences of students and the current, real life experience of the concession stand at school became teaching and learning resources for Ms. Brown and her students, with which no "Amazing Shrinking Money Mystery" kit and script could compare.

BUDGETING MONEY AND TIME

It was a Friday in August. The new school year would begin on Monday. Jefferson High School was a very busy place. The soccer teams, the football team, the cheerleaders, and the marching band were practicing. The academic team, the speech team, and the student technology club were meeting. All the teachers were at school. Some new students and their families were meeting with guidance counselors to register for school. Custodians were responding to requests from administrators and teachers. In the midst of this vast activity, sixteen-year-old high school junior Tom Jackson walked into his U.S. history teacher's classroom. Tom was greeted by an enthusiastic teacher, Matthew James. "Tom! Great to see you. Welcome back to school. You're in my third block A day class. I'm delighted to get to be your teacher again."

"Me too, Mr. James. Your ninth-grade civics class was the best. That's actually why I stopped by today. I know you are busy, but this summer was so great I just had to tell you."

Mr. James stopped what he was doing. "Tom, I'm never that busy. Tell me about you and about your summer."

"Thanks, Mr. James. Oh wait, it's *Dr.* James, isn't it? I heard that you finished your doctorate this summer. That is so cool. Congratulations, Doctor!"

"Thank you, Tom. Now, tell me about you and about your summer."

"OK. Well, it all began with your civics class when I was in ninth grade. We studied all about government. I got really interested in elections because you had candidates visit our class. People who were running for city council talked to us. Candidates for school board came. You even had some candidates who were running for state office talk to us. So, this summer I got involved in a campaign. I volunteered last May in a campaign when people were running for mayor. There were five candidates and the top two vote-getters move on to run against each other this November. My candidate came in second, really close to the person who came in first."

Dr. James is a constant source of encouragement for students so he spoke. "Great, Tom. I'm sure the campaign staff and the candidate appreciated your help."

“That’s just it, Dr. James. They appreciated my help so much they hired me. I completely redesigned their campaign website. I update their website several times each day. I got the candidate’s blog set up. I’m sixteen years old and I’m their campaign’s assistant director of technology—plus I get paid. All of the student technology club work we did at school plus your class put me in this job. It is so cool.”

Dr. James beamed with pride. “Congratulations, Mr. Jackson. Here’s a question for you. One issue in the mayor’s race is the city budget. My question for you is about your budget. What are you doing to wisely manage your income from this job?”

Tom was not surprised by the question. The ninth-grade civics class had included some serious, in-depth study of economics. “I do exactly what you taught us to do. I save, save more, and keep saving. Most of what I make goes into my bank savings account. I have car insurance to help pay, plus other car expenses. My girlfriend and I go to movies and stuff, so I pay for that. But mostly I save. I’ll be in college in two years. I’ll need all the money I can save for that.”

“Very wise, Tom. Very wise. I’m extremely impressed. Anything else going on today at school for you?”

“Yes, sir. The principal hired a few student technology club members to work today to help the new teachers with any computer problems. I’ll be here working the rest of the day, plus I’ll do that for any teacher one day each week after school for two hours,” Tom explained.

“Wonderful. I may call you for help this year with some new uses of technology in my classes. There are some amazing ways to use technology in our classes. When we mention an election we can click on a short presentation from an Internet site of real candidates debating from many different campaigns in recent decades. When I need help with that I’ll know to ask you. Plus, you can help me find technology resources to use with your U.S. history class. This will be perfect.”

“I’ll be glad to help, Dr. James. Well, I need to go work and you have plenty to do. See you in class on Monday.” Tom smiled as he turned to leave.

“Sounds great. Congratulations again on your work. I hope your junior year in high school is your best year yet.”

Students are real people living real lives right now. Tom Jackson’s interest in politics is real. That real interest can connect with many classes

he takes at Jefferson High School if his teachers will get to know Tom well enough to know his interests and will think creatively enough to design instructional activities that connect Tom's wholesome knowledge, talents, and interests with the school's curriculum.

Much statistical analysis is done of election results. Tom's math teacher in the statistics class could have Tom analyze voting results from recent mayoral primary elections and general elections. Tom would learn the required math skills, functions, and content not simply by repeatedly doing page after page of textbook math, but by eagerly doing exploration after exploration of numbers associated with elections. The required math concepts and skills can be mastered via election result statistical analysis or can be merely covered by going over math book problem after math book problem.

Books have been written about political campaigns, elections, and candidates. Tom's language arts class could include some optional reading for which students have choices. If a language arts teacher needed students to analyze how an author develops characters in fiction or builds a persuasive case in nonfiction, political literature could serve that purpose for Tom. Other wholesome topics could be read about to connect with the wholesome knowledge, interests, and talents of other students.

In any class that includes economics, Tom's growing expertise in website creation and management is an excellent example of free enterprise, of the entrepreneurial spirit, of how skills are applied in jobs, of how to wisely manage your income, and of how to provide outstanding customer service.

Extreme Economics is a member of the Extreme family, which has included *Extreme Teaching*, *Extreme Learning*, and *Extreme Students*. Extreme teaching causes extreme learning and develops extreme students by constantly making connections between the wholesome knowledge, interests, and talents of students and what the students need to learn. In the extreme classroom community, extreme teachers thrive on student input, on application of students' life experiences—because that makes the teacher and the students partners in learning. The teacher learns how the current students learn. The current students learn the curriculum. Everyone wins.

In the economics classes I taught to eighth-graders during 2002–2006, I always knew exactly what the curriculum required the students to

learn. That core content for eighth-grade economics was established, was provided to me, and did not change during those four years.

How I caused the students in each class to fully learn the core content did change from class to class, day to day, person to person. The reason to change the instructional activity, method, or technique was to build upon the unique strength of each student and to build upon the unique collective strengths of each class. For example, one group of students was especially interested in breakfast cereal, so many of our examples, case studies, calculations, and definitions were based on breakfast cereal products. From competition to supply and demand, from risk to money—economic vocabulary, concepts, and factors could be understood by making connections with breakfast cereal examples, applications, and realities.

Another class was very interested in snacks. From fresh fruit to potato chips, from candy bars to granola bars, from popcorn to pastries, foods that can be used as snacks became our examples for every economic concept the curriculum required students to learn.

It would make no sense for me to continue using the breakfast cereal activities and examples year after year with classes of students who have no interest in breakfast cereal, but who have a strong interest in snacks, in athletic facilities, in shopping malls, in travel, in salaries of various jobs. I apply the motivation students already have toward their existing wholesome knowledge, interests, and talents to create instant motivation to learn economics.

The long list that follows will help show how the life experiences of students, including questions that have emerged due to various life experiences, can energize a classroom, make learning real, make economics personal, make studying economics important now, and cause learning. I occasionally ask students to tell me something about economics they would like to know that we have not yet discussed or that we have discussed, but they still have questions on or curiosities about. The following list shows what students have asked me to help them learn more about during the past four years in eighth-grade economics classes. As you read the list of questions from students, think of the many concepts from economics that could be taught by making connections between the questions the students asked and the curriculum for economics. Think further of activities that the teacher could create

using the students' questions as the basis of the discussion, activity, or project.

1. How much money does it cost to start a new business about inventing new things?
2. Is a check as good to use as money so you don't use a credit card or a debit card?
3. Is there a limit on the number of certificates of deposit (CDs) that you can have?
4. Do most people who put money in the bank save it or spend it in less than a month?
5. What investment options for an IRA do you have besides a CD?
6. How does the stock market work?
7. When can you start your IRA?
8. How can the United States be over \$8 trillion in debt and yet we keep spending more money? What will the result be?
9. How much would two shares of Microsoft stock cost? Are they a good company?
10. Why can't you put more than the limit each year in your IRA?
11. How many accounts can you have at the bank? What are they?
12. How do you manage money so you can't be taxed on it?
13. Why has the price of gas fluctuated so much recently?
14. How do you calculate interest?
15. I want to find good-paying author jobs. How do I do that?
16. How do stocks work?
17. How do I get a lot of money other than what will grow in my retirement fund? How do I get money now, not just money I save for when I retire?
18. Is interest always a factor when saving money?
19. How would I make more money at my age (thirteen) besides save, save more, keep saving?
20. How do you buy stock?
21. Can I invest at my age?
22. I want to know about gas prices. Will the prices be \$6 per gallon one day?
23. Where do you go to start a business?
24. How do you pay for college?

25. May I borrow \$3,000?
26. Taxes confuse me. How do you calculate your taxes?
27. What careers are the best for making high quantities of money?
28. How can you get into the stock market? What's so special about stocks?
29. What is the value of foreign money compared to ours?
30. Why do we use money?
31. Why do things cost so much?
32. Where is money made?
33. Why are there so many different types of money?
34. Who came up with money?
35. Do any countries use the same type of money we use?
36. How much money does the United States make a year?
37. Why are the presidents' faces on money?
38. Why are faces on the new dollar bills larger than before?
39. How long does it take to make money?
40. Where do they make money?

When one class had two guest speakers from a local bank visit our class, the students wrote questions for the bankers and I e-mailed the questions to our guests a few days before they visited. This enabled them to directly address the topics of importance to the students and it gave me some new insight into the emerging curiosities of the students. The wholesome knowledge, talents, and interests of students will change over time, so I make the effort to keep updated with their new life experiences, life questions, life curiosities, and life knowledge. The questions my students had for the bankers follow.

1. How old do you have to be to work at the bank?
2. When did the idea of a bank come up?
3. What was the rate of inflation from 1900 to now?
4. What would it take to make a country-wide deflation?
5. In time of little money, why can't we mass-produce some?
6. If a bank was robbed, would I still get my money?
7. Can an IRA crash?
8. Would it be better to put your money in a bank account or in a CD for a number of years, say $3\frac{1}{2}$ years?

9. What is the fastest way to get money?
10. Do/can you make a lot of money in banking?
11. Why do you have to be 59½ years old to take money out of your IRA without a penalty? Some people need money before that age.
12. Is there a way to recover from going bankrupt? If yes, what is the way?
13. Can you have more than one account in the same bank?
14. If you have an IRA and you die before age 59½, do the people who inherit your money have to wait until a certain time to get the money? Do they have to wait until you would have been 59½ years old?
15. Do banks print any money?
16. Do you have to pay to get an account at a bank?
17. Do banks have their own stocks that people can invest in?
18. Do taxes go up or down according to your income?
19. How do you get the money that you earn from the stock market?
20. If you sell a stock, how and when do you get your money?
21. How big is big enough for a stock to be listed on the “big board” of the New York Stock Exchange instead of on a smaller exchange?
22. What stocks would you invest in and why?
23. If you were really rich and you had your own company, would you be able to buy stock in it? If so, how much?
24. If the company you own stock in goes bankrupt, but then bounces back, would you still get your money?

NEW KNOWLEDGE CREATES MORE NEW KNOWLEDGE

One additional life experience that students bring to a class is time spent in the class itself. After a few days in class some new learning has been experienced, some new knowledge is being created, absorbed, gained.

I occasionally ask students to tell me what they have learned so far in our class and what caused them to learn that. Of course, tests, discussions, homework projects, questions asked in class, or answers given in class help tell me what students have learned; however, I benefit from their direct reflections on my questions.

Question 1: “What is the most important fact or idea you have learned about in our economics class?”

“Credit cards are a bad idea if you only mean to use them and not pay them off.”

“How to save money.”

“Save money by putting it in a bank so it grows. If you put money under a mattress it shrinks.”

“How to save money.”

“Save. Save more, keep saving.”

“Save. Save more. Keep saving. Be smart with your money.”

“The lottery is a scam and you probably won’t win.”

“Save as much as you can. Save. Save more. Keep saving.”

“Save. Save more. Keep saving.”

“Save. Save more. Keep saving. And don’t use credit cards unless you need to.”

“How to invest money wisely with stocks and IRA accounts.”

“To save, save more, and keep saving.”

“Save. Save more. Keep saving.”

“Never use a credit card or you can face the interest charge. Save, save more, keep saving.”

“Save. Save more. Keep saving.”

“Saving money!”

Please note: on the first day of class, the students are taught that there are three rules of economics: “Save. Save more. Keep saving.” Those three rules are emphasized daily.

Question 2: “And how did you learn that?”

“By Dr. Babbage teaching us about savings accounts, IRAs, certificates of deposit.”

“By listening to Dr. Babbage about the rules of economics.”

“Dr. Babbage taught me and it is easy to understand.”

“Because we drill this every day.”

“By going over methods of saving—what to do and what not to do.”

“By paying attention in class. By listening and asking questions.”

“The rules of economics and from our discussions in class daily.”

“He taught us how to save our money, and when you save you win.”

“Playing ‘Deal or No Deal’ and going over it.”

“By seeing different prices in the newspaper for the same thing.”

“I learned that because before I didn’t know that the lottery was so hard and I got my dad to stop playing it because I told him what I learned in economics.”

The most important idea within this chapter is that student life experience is a powerful classroom resource in the teaching of economics and, for that matter, in the teaching of any subject. The connections between students’ life experiences and economics are especially powerful teaching resources because they are so numerous, so real, so meaningful, so practical, and so applicable.

In addition to the life experiences included in the stories in this chapter about an elementary school student selling garden products, a middle school student becoming a lifeguard, and high school student working on the staff of a political campaign, what are some other day-to-day life experiences of students that teachers could use as classroom resources in the study of economics? Let’s create a list that I begin and you complete:

1. Going to the grocery store
2. Going with parent(s) or guardian(s) to shop for a car
3. Being at a park and needing money to buy something at a concession stand
4. Watching a commercial on television
5. Reading advertisements and coupons in the newspaper
6. Talking to friends about the price of tickets to an upcoming concert
7. Going to a bank to start a savings account
8. Being told that the latest fashion in athletic shoes costs too much
9. Noticing the price differences between name-brand products and store-brand or generic products
10. Wondering why the price of gas went up, why so many people complain about it, and why so little seems to be done about it
11. Listening to a radio talk show about money
12. Asking why the price of water and of soft drinks sold in a vending machine just went up 25 cents per bottle

13. Noticing that some houses in town sell very quickly, but others are quite slow to sell
14. Wanting the latest portable digital music player, but being told that you do not need it
15. Seeing how much some people save at a grocery store using a lot of coupons
16. _____
17. _____
18. _____
19. _____
20. _____

The fundamental issue of and conflict between wants versus needs is of essential importance in economics. The student who eagerly wants the newest mini-music player, but is emphatically told that the new item is not needed, is face-to-face with economic reality. This is life experience economics, not generic, distant, “someone else,” textbook, or worksheet economics. Because students are real people living real lives right now, when their educational experiences connect with their real life experiences they are much more likely to pay attention, to become involved, to think, to read, to work, to study, to ask questions, to answer questions, to seek knowledge, and to learn.

We have firmly established that students’ life experiences are powerful resources for the classroom. We will now more precisely consider how to exactly match student life experience with what students need to learn about economics.

FOR PARENTS AND GUARDIANS

During 2008 and 2009 the federal government of the United States took unprecedented actions to rescue the national economy, to salvage financial institutions, to put extra cash in the hands of Americans, to reduce interest rates, to secure mortgages, to restructure mortgages, and generally to authorize a barrage of emergency actions that amount to trillions of dollars. In the midst of these desperate actions, consumers were struggling with job layoffs, declining house values, mortgage fore-

closures, credit card debt, student loan debt, uncertainty, fear, anxiety, and loss of confidence. Businesses were seeking new ways to attract customers, to stay in business, and to avoid bankruptcy.

There are few silver linings to any economic crisis such as the crisis of 2008 and 2009. One silver lining is to use such an economic difficulty as a time and as a way to establish and apply the habits of wise money management throughout your family.

Katie and Janet hear the same question each school day at 6:31 a.m. “Are you up yet?” Their alarm partially awakens them at 6:30 a.m. Their mother or father further awakens them one minute after the alarm did the best it could. Usually there is a muffled, “Yeah,” but today Dad’s question got a reply from Katie of “Sure. We woke up right when the alarm went off. See you at breakfast soon—and yes, we’ll know the answers.”

Their father smiled with a combination of joy and accomplishment. Katie and Janet are very successful high school juniors. Their grades at school are superior. They are involved in several school activities, clubs, and service groups. They are leaders of the youth group at church. They get their homework done on time. They stay out of trouble, almost always. Their weakness is money. For every one way to save money they know of ten or twenty ways to spend money that they could identify. Those habits began to change when they became high school ninth-graders. Their father sensed that the national economy was headed for difficult times. Janet asked her father two years ago as they drove home from a family visit to a nearby state park, “There are so many new houses being built. Who buys all of those?” Dad talked to some people he knew in construction and in banking. He found out that in this market and in dozens or hundreds of markets throughout the country, more houses were being built on speculation. He also saw ads for loans of 100 percent of the cost of the house. He knew that could not last, so he and his wife got very serious about the family budget. Among the changes were Financial Fridays and Money Mondays.

It is 7:00 a.m. on Friday at the home of Ken and Martha Madison. That means it is time for breakfast and for Financial Friday. Seven a.m. always means breakfast time on a school day for the Madisons. On Friday the breakfast schedule does not change, but the only topic of discussion is finances. New financial matters since Monday are discussed, reviewed,

and evaluated. Financial needs, wants, demands, and plans for the weekend are evaluated and decisions made.

It was in a Financial Friday discussion a year ago that Katie asked about unexpected costs or spontaneous opportunities. When a tire has to be replaced on a Saturday morning because that slow leak is actually a serious puncture, how is that unexpected cost paid? Janet added that some really good ideas come up on a Saturday or Sunday that just cannot be predicted on Friday. Is there no room in a budget for being spontaneous? The Madisons began adding a “spontaneous opportunity” category to the budget. The agreement was that money in that account that was not spent went into the family vacation savings, so a better, longer vacation was possible—but the trade-off was less weekend spontaneity. Money management requires that choices be made and lived by.

The Financial Friday discussion is always lively. “Football game tonight. The band will march at halftime. Katie and I have to be there by 7:00 to warm up with the band. Our trumpet section has a jazz introduction that we need to practice.”

“Janet, we’ll be at the game. It’s our night to work in the concession stand to help the band raise money. Let’s all go together. Supper at 6:00 and leave for the game at 6:45. We all get in free so no costs for anyone. The band parents have snacks for all of you.”

Dad was impressed with the plans and the zero costs. “Remember our schedule for Saturday. Everyone gets homework and chores done by 2:00 and then we have volunteer work to do at the Salvation Army. We’ll have supper at 6:00 with Nana. Katie and Janet, your grandmother loves to hear about school, the band, and everything else, so be ready with the details. Who has plans for later Saturday night? Mom and I are going to be here popping popcorn and watching a movie.”

“Well, we sort of . . . we kind of . . . we would like to go to the midnight movie. I know it’s late, but the price is only \$2 and it’s our favorite movie ever. Katie and I can drive. It’s not much money and it’s one of those spontaneous opportunities.”

Mom and Dad looked at each other and with a very noticeable wink reached a silent agreement. “Maybe,” Dad said. “We’ll discuss it some more at supper tonight. Hey, time to get going. I’ll take you to school because your mom has to get to work immediately.”

The Madison family has much to discuss that can include, but not obsessively dwell on, money. Life is not about money, but if you wisely manage the money part of life, the other parts of life are enhanced. Family life is not about money, but if a family wisely manages, teaches, practices, and exemplifies the money part of family life, the other parts of family life are enhanced.

While discussing the joys and demands, the work and the friendships associated with being involved in the high school band, the Madisons can also discuss the financial realities of the band's budget, the cost of trips to marching band competitions, the cost of new uniforms, and the cost of the trip two years ago to perform in that absolutely wonderful parade in New York City on Thanksgiving Day.

Think about the daily experiences of your family. Those experiences may include chores that must be done, meals that must be prepared, errands to be run, grocery shopping, appliances that must be repaired, doctor's appointments, bills to pay, and conflicts to resolve. Those experiences could also include reactions from family members to products advertised on television. The commercial makes the four-day vacation on a Caribbean cruise sound so perfect and so inexpensive. What are the facts? One family member could be assigned the project of fully researching the options for a cruise. The research would include various cruise companies and would include all costs associated with the trip, from the purchase of supplies needed to the return flight or drive home.

Another television commercial is for a new video game system, while other commercials are for a local restaurant's new offer of \$9.99 meals and yet another commercial announces 0 percent interest on a new car. Each of these commercials interests a different family member. So the answer to the question, "Can we go to that restaurant?" is not "yes" or "no"; rather, the answer is "Do the research, do the math, and check the budget." The research could include looking at websites of several local restaurants to find a better value, looking in the family coupon file for restaurant coupons, and evaluating how much the restaurant meals for a family would cost versus supper at home.

If that research seems to require time and effort, that is correct and that is intentional. Money management can be taught in the normal course of family life; however, for significant lessons to be learned some work must be done. The teenager who does the research about a new

video game system will learn more money management lessons than the teenager whose family gives an automatic “yes” or “no” answer to the request for the new system. Families need children to learn right from wrong at an early age. Families teach children the difference between right and wrong. Families need children and teenagers to learn money right from money wrong, so that must be taught also.

If a family is watching a television program, there will be commercials shown during that program. The family cannot prevent all commercials and cannot control the number, content, or frequency of commercials. The family *can* control what, if any, response is made to the commercial. This is an example of controlling what you are able to control.

Every family has to run errands. Errands become money management teaching experiences. Here’s an example:

“OK, Katie. While Janet and your father start the volunteer work at the Salvation Army today, you and I have some errands to run. Then we’ll join Janet and your dad to help prepare supper at the Salvation Army. You and I need to go to the bank, go to the dry cleaners, stop by the shoe repair shop, go to the pharmacy, and then put gas in the car.”

“Hey, Mom,” Katie was already anticipating the financial aspects of these Saturday morning errands, “what’s the difference between the bank we go to and other banks? Do we go to Center Bank because you and Dad are friends with so many people who work there?”

“Good question, Katie. We chose Center Bank before you and Janet were born. Twenty years ago when we bought the house we needed a mortgage. Center Bank had the best interest rate and the best overall terms. Our experience with them is that they continue to provide the best service and the best products.”

“Mom, what kind of product does a bank sell? It’s not like the grocery store or a shop at the mall.”

“Good thinking. Banks sell money products. Like your savings account. Different banks pay different interest rates or have different conditions, like how much you must keep in an account to get certain privileges free. Center Bank just keeps providing better service and better products. Banks are not identical, so you have to compare them just like any other businesses.”

Now, it is your turn. What could Mom do during this Saturday morning errand-running time to teach Katie more about money manage-

ment? Think of questions she could ask, responsibilities she could assign, or ideas she could share with Katie as they go from place to place completing their errands.

1. Bank _____
2. Dry cleaner _____
3. Shoe repair shop _____
4. Pharmacy _____
5. Gas station _____

Perhaps you thought that the shoe repair shop errand was an opportunity to evaluate why Dad spends \$35 to get new soles put on shoes instead of \$135 to purchase a new pair of shoes. You may have thought about evaluating the benefits of the pharmacy's discount card versus buying from other pharmacies that do not have such cards but claim to have lower costs every day without sales, specials, or discounts.

Of course, Katie and her mother did not discuss money every minute of the Saturday morning while they completed their errands. They talked about school, the marching band, ideas for summer vacation, plans for an upcoming dance at school, ideas for celebrating Nana's birthday, what to do to help an elderly neighbor whose wife died recently, and a new movie and a concert that would be in town soon. Mom used the errand time to teach money management, but not to preach money management. The discussion of money was a natural part of running the errands. It was a part of every similar shared experience in this family. Janet and Katie were being taught money management by experiencing money management, by analyzing money management, and by intentionally evaluating the many encounters of daily life activities in terms of money management.

Earlier in this chapter there were two lists of questions about economics in general and about banking in particular. All of these questions came from the minds of, the curiosities of, the thoughts of eighth-graders. As their questions were answered, economics moved from a concept that only adults could understand to a reality that fourteen-year-olds can apply in their day-to-day lives. As Katie and her mother run their errands, what questions or topics about money could Katie

share with her mother if her mother invited Katie to ask questions? Let's consider some possibilities.

1. Mom, why does our family always travel by car? We never use the local bus system.
2. Why did the price of gasoline go up 10 cents since last week?
3. I know you said you prefer Center Bank, but what would another bank have to do to get you to change?
4. See that sign about the concert? I know tickets are \$40 each, but if I earn the money by babysitting, could I go?
5. I'm glad we volunteer at the Salvation Army. I like helping people. Sometimes I wonder what could be done to really help those people more—you know, show them how to really get everything taken care of so they could be on their own. I know things happen to people. I just wish we could make it work better for everyone. Aren't there enough jobs to go around so everyone can make the money they need?
6. That store always says it is having a sale. How is that possible? Don't people realize that their sales aren't really sales?
7. There's that bakery you told me about. It's been at the same location for fifty years. And the same family owns it. I think it would be neat if our family owned a business and we all worked there together. Did you and Dad ever think about that?
8. What's going to happen after Janet and I finish high school? See that big building up ahead? It's a university dorm. I have a friend who lives there. Maybe I should live at home since it would be cheaper. Are we going to be able to afford college for both of us? I really need to apply for a lot of scholarships, don't I?

Those questions or similar questions could create some very meaningful and very informative discussion between mother and daughter. The topics include money, but some of the topics also include family priorities and the commitment family members make to each other. A morning of running errands could be little more than fighting traffic and fighting the clock. Or the errands could be the starting point for some memorable and significant sharing of ideas, advice, insights, and opinions, as mother and daughter make the most of this time together.

The *Extreme Economics* way of thinking is built upon research that emphasized save, save more, keep saving. That applies to time just as it applies to money. Running errands is not a chore to do or a task to fit into the schedule; rather, it is one more way to save time by making the most of the experience. How unproductive it would be for mother and daughter to silently drive from the dry cleaner to the bank, when the time could include real interaction. So turn off the car radio, turn off the cell phone, turn off any other electronic gadget, and really live by putting some life, some energy, some thinking, some conversation, some teaching, and some listening into the time and the activity of running errands.

HOW STUDENT LIFE EXPERIENCE CONNECTS WITH WHAT STUDENTS NEED TO LEARN

“Save. Save more. Keep saving.” Those are the three rules of economics. Each student in every economics class I have taught is told on the first day of class a few moments after class begins that there are three rules of economics. Some students already know these three rules because they have heard them from prior students. Each new group of students joins me in repeating and chanting, “Save. Save more. Keep saving.” Within a minute everyone has memorized the economic mantra.

When I ask former students to tell me what they remember from our economics class, the most common answer is “Save. Save more. Keep saving.” One student explained why: “You said it. I thought about it and it is stamped on my brain for all eternity.”

Memorizing the three rules of economics is a badge of honor for the students. Learning how to implement the three rules of economics is a realistic challenge for the students, but they do learn how to “save, save more, keep saving.” For example, the students and I do the math of buying a car. We use actual numbers from current newspaper advertisements.

If a \$300 car payment is being made for forty-eight months, the payments total \$14,400. The students are taught to keep the car for ten

years, which means they have six years without a car payment. The \$300 that used to be a monthly car payment now goes into a specified savings account. Rather than pay \$300 per month to the car dealer, the student would set aside \$300 in a savings account that will pay for their next car. Six years of \$300 saved per month totals \$21,600—and that does not include interest earned during the six years.

After driving the original car for ten years, the student can pay for his or her next car using some or all of the \$21,600 plus interest. The student saved each month for six years. The student saved more and more, month after month. Now with a new car paid for in cash, the student will keep saving \$300 per month for ten years. The total will be \$36,000, not including the interest that will be earned. Even with inflation increasing car prices over these years, the process of save, save more, keep saving will enable the student to never again be in debt due to car payments after the financing of the first car is paid off.

After completing the math of financing one car, saving for future cars, and buying future cars with cash, one student said to me, “You make it sound so easy.” He was right and he was being quite honest. His life experience had shown him that money management is very demanding and very difficult. He could see, do, and understand the car math. It seemed logical, sensible, straightforward, and wise to him. Why, he probably wondered, did his family not manage money this way? Life experiences of students can and do connect with what students need to learn, but the extreme teacher—meaning the teacher who continuously makes connections between the wholesome knowledge, interests, and talents of students and what students need to learn—must be prepared for times when an outstanding idea that hits close to home for a student may create some cognitive confusion. Truth emerges when ideas collide. My student was not doubting the wisdom of what he was being taught about purchasing cars; rather, his life experience simply did not include that type of thinking about money or that type of management of money.

I had been teaching eighth-grade economics classes for four years prior to doing the research surveys for this book. It was very encouraging to read the surveys and realize that the most emphasized advice about money that survey participants offered to children and teenagers was to save, save often, save as much as possible, get in the

habit of saving, save aggressively. There are some permanent, timeless truths about money, and at the top of that truth list is save, save more, keep saving.

After mastering the words, the ideas, the application, and the implementation of “save, save more, keep saving,” the students have two more essential, fundamental tasks. First, realize the amazing, absolute, and available power of money earning money on money—or in another term, compound interest. This math convinces any student who might be skeptical, because we do the calculations by hand with pencil and paper so they can see and feel the action of the numbers. Second, know the required vocabulary of economics. We use many teaching activities for this, but one old-fashioned method—flash cards—is often the most effective.

The number \$1,000,000 is written on the front marker board. The students are asked, “Please raise your hand if you would like to acquire this much money.” Every student raises a hand to signal yes. The students then hear me say, “It will take some time—years and decades, to be honest—but I absolutely promise, guarantee, and assure you that there is a G-rated, legal, ethical way for each of you to acquire one million dollars.” The entire class is concentrating with 100 percent attention. Their minds are active. Their questions are forming.

“Here’s how it works. Laws in our country permit, even encourage, people to set up an Individual Retirement Account, or IRA. ‘Individual’ means it is yours—you own it, you manage it. ‘Retirement’ means the money saved and invested in this account stays in the account until retirement age, which the law measures as 59½ years old or older. ‘Account’ means that you set this up with a bank or other financial organization such as stock brokerage firm.

“For our example, let’s start by putting \$3,000 in an IRA at age twenty-two, and let’s calculate that it grows at 8 percent per year. The money will grow tax-free, because it is protected by IRA laws. Many other savings and investments we have can be, and usually are, taxed annually or at certain times.

“Let’s calculate that our money will grow at 8 percent annually. That is a reasonable number based on interest rate history and stock market history. At the end of one year, how much will our \$3,000 have grown to? Well, what is 8 percent of \$3,000?”

The students do the paper and pencil math to see, feel, and understand what the numbers are doing. I call on several students, hear the answer \$240 many times, but do not go forward. First, I walk around the room to be sure that everyone has done the math well.

“Great, we now have \$3,240. Let’s see what that grows to after one year. Do that math, please.” The students find that the IRA grows by \$259.20 in the second year, which is more than the \$240 it grew the first year. They begin to notice what happens with compound interest.

We then discuss the law of 72, which in economics is a math shortcut. When you divide the rate of growth—in our example, 8 percent—into 72, you find out how fast money will double. Eight into 72 equals 9, so the original \$3,000 grows to \$6,000 in nine years. We then complete a table similar to the one shown here.

“\$96,000 is not the million dollars you promised. Where is the rest of the money?” A student asks that very reasonable question, much to my delight.

“Great question and very good point! Let’s add \$3,000 more at age twenty-three. At 8 percent a year, that money will become another \$96,000 when you are sixty-eight years old. What happens if you keep adding more money each year at age twenty-four, twenty-five, and so on?”

The looks on their faces confirm that the power of compound interest has just convinced a classroom of eighth-graders to save, save more, keep saving. This learning moment has become part of their life experience that connects with—perhaps contradicts but still connects with—prior life experience, including times when money was spent unnecessarily instead of saved purposefully.

We then make a very precise connection with their life experience as I explain the following possibility. “Let’s imagine that a sixth-grade stu-

Age	Value of Money Put into Individual Retirement Account
22	\$3,000
31	\$6,000
40	\$12,000
49	\$24,000
58	\$48,000
67	\$96,000

dent who usually spent \$1 after school in fifth grade each day to buy a soft drink from a vending machine decided to just get a free drink of water from a water fountain at school. The student would save \$1 daily. If the student does that every day during sixth grade through high school graduation, \$1,225 would be saved. That is \$175 per year, times 7 years. The student is now eighteen years old. During the next four years, while he or she is in college, \$2 per day is added to this growing savings amount as the student skips a soft drink or a costly cup of coffee each day. This adds up to another \$2,920: 365 days per year times 4 years times \$2 per day. Combine that with the earlier savings and the total is \$4,145—without the interest that would be earned during those eleven years of sixth grade through college. After graduating from college the successful saver has a job, has an income, and opens an IRA with an initial deposit of \$4,000. At 8 percent average rate of return, that \$4,000 will become \$128,000 in forty-five years. How's that for skipping soft drinks or expensive coffee?"

The students are amazed, fascinated, and convinced. Their life experience now is face-to-face with life possibilities. Of *course* they can find a way to save \$1 per day now and throughout middle school and high school! They know they can save \$2 per day in college. The question becomes: soft drinks and coffee for eleven years, or \$128,000 at age sixty-eight? They need to learn the importance of saving. They need to see how realistic it is to build large amounts of money through a sustained savings program of many small amounts of money. Their past and current life experiences convince them that they can make this happen. Their brains are thinking differently than before. Their minds are creating ideas, goals, hopes, plans, dreams, and commitments that surpass their prior visions of the future. Extreme economics has persuaded the students through the power of connecting what students know and what students need to learn. Extreme economics has fascinated the students by connecting their life experience with a new mental picture of what their life can become. From that moment forward, the classroom is forever energized.

When I initially read the required curriculum for eighth-grade economics four years ago, it was immediately obvious that the fundamentals of the curriculum could be expressed in a list of important terms. If students mastered the terms or vocabulary of economics, they could

then master the ideas of economics. The teaching challenge to me was to connect these seventeen economic vocabulary terms to the life experiences—the wholesome knowledge, interests, and talents—of students. Through these real-life connections the terms would make sense more easily, more meaningfully, and more relevantly than if students merely memorized the typical glossary or dictionary definition of the vocabulary terms. The seventeen terms follow.

1. Production
2. Distribution
3. Consumption
4. Productivity
5. Technology
6. Competition
7. Specialize
8. Money
9. Scarcity
10. Profit
11. Land, labor, capital
12. Risk
13. Opportunity cost
14. Interdependent
15. Advertisement
16. The law of supply and demand
17. Finances

Throughout my four years of teaching economics, all classes have thoroughly mastered the seventeen core content economic vocabulary terms. Different teaching activities and methods have been used to build upon the learning strengths and the life experiences of different students. The one class of students who spontaneously yet very productively debated which bakery in town made the best doughnuts soon saw a list of seventeen applications of the economics terms with a doughnut theme. The example of the term *risk* was “Would people buy a licorice-flavored doughnut? Maybe or maybe not.” Our concise definition for *risk* was “maybe.” The real-life application of risk to the great doughnut debate connected a strong student interest to an important economic idea.

It must be noted honestly that some time was required when I created the seventeen doughnut applications to the seventeen economic terms. The doughnut debate in class had been spontaneous, had been started when one young scholar commented that a new bakery had just opened in town, and had become a lively discussion in which every student in the class volunteered an opinion about doughnuts or was asked by the teacher to tell what his or her favorite doughnut was and where it could be purchased.

No textbook publisher provided the materials I used with my students to apply the seventeen economics terms to doughnuts. The textbook publisher provides typical, standard, common supplemental materials. The textbook publisher does not know your students or my students. You know your students. I did not create the doughnut discussion in our class, but when I realized how intrigued the students were with doughnuts and how much learning could be caused by connecting doughnuts to economics, I gladly guided the discussion and I gladly created materials for us to use the next day to build upon this discussion. The economy is lively, dynamic, constantly changing—always presenting opportunities to people who take the initiative. Teaching economics can and should be equally lively, dynamic, innovative, and opportunistic.

Doughnuts and economics—you might be skeptical, so let's explore this further. How could the economic terms *production*, *distribution*, and *consumption* be understood in relation to doughnuts? Please think about that and write your thoughts. Now, let's compare our ideas: A bakery's kitchen is where *production* of doughnuts happens. The cooks make or produce doughnuts. The doughnut *distribution* system, how they get from one place to another, can be as simple as carrying trays of doughnuts from the kitchen to the retail sales part of the bakery, where customers can see the products and purchase products. The distribution system could also include trucks that are used to deliver bakery products to customers, to other retail stores, or to other locations of the bakery company.

Consumption means to use a product. Ask eighth-graders what the connection between consumption and doughnuts is and you will get one clear answer: "Eat them." The terms *production*, *distribution*, and *consumption* can be understood very accurately and very vividly in terms of doughnuts. This connects student life experience with the study of economics. This

connects the wholesome knowledge, interests, and talents of students with the study of economics. This takes economics out of the limits of a textbook and puts economics into the unlimited imaginations of students. This replaces ordinary, predictable, textbook chapter-by-chapter, worksheet-by-worksheet economics with extreme economics.

Through the years, students and I have edited the definitions we use for the seventeen core content terms. The dictionary or economics textbook glossary could have lengthy, complex, paragraph-length definitions of these terms. College textbooks could have chapters dedicated to one term. A college economics class could spend a semester on economic concepts, applications, implications, and developments related to one of the terms.

The students and I sought concise definitions that accurately and sufficiently conveyed the idea, the meaning, and the application of the term. This precision enhanced learning. For example, rather than getting lost in the maze of words that define *advertisement* as “any designed and intentional communication effort to inform and persuade consumers about a product, a service, an organization, or a cause with the objective of obtaining a favorable action on the part of the consumer,” we defined *advertisement* as “commercial.” The students have heard and seen many commercials. Their life experience includes hearing and seeing commercials every day. They know the purpose of commercials, so we connect what they know with what they need to learn. Rather than spend time on memorizing a lengthy, wordy, excessive definition of *advertisement*, we make a mental connection with life experience and advertisement, mention some examples, create new advertisements, analyze advertisements, and learn. The goal is to cause learning. Extreme economics causes learning in the most effective and efficient ways, in the most personal and meaningful ways, in the most fascinating and real ways.

Let’s revisit the list of seventeen core content economics vocabulary terms and include the most recent “new and improved” concise and precise definitions that eighth-graders and I have used.

<i>Term</i>	<i>Meaning</i>
1. Production	To make
2. Distribution	To deliver

3. Consumption	To use
4. Productivity	More with less
5. Technology	New, newer, newest
6. Competition	Better
7. Specialize	One
8. Money	What economics is all about
9. Scarcity	Not enough
10. Profit	To make money
11. Land, labor, capital	Earth, work, money
12. Risk	Maybe?
13. Opportunity cost	A or B, not both
14. Interdependent	People and nations working together
15. Advertisement	Commercial
16. The law of supply and demand	Up, down, determines price; balance; always true
17. Finances	Money and prices

An ever-expanding variety of instructional activities is used to make sure that all students learn, know, and can explain, recall, and apply these terms. The variety is ever expanding, as I learn how current students best learn. I teach to their strengths; to their life experience; to connections between their wholesome knowledge, interests, and talents and what they need to learn now. The classroom activity shown below is one way students have mastered the terms.

ACTIVITY ONE

technology	scarcity	specialize	competition
productivity	risk	production	distribution
consumption	advertise	opportunity cost	
law of supply and demand		money	finance
land	labor	capital	profit
interdependence			

Continue the story that begins below and use at least ten words listed above in your part of the story. When you use any of the core content words, underline the word. Using more than ten of these words earns you a bonus.

Save, save more, keep saving. Finally Shawn had saved the money he needed to buy a cell phone. He had cut the yards for several of his neighbors during the summer. He had done some other yard work. He even helped a neighbor with a garage sale, and the neighbor gave him 10 percent of the total sales.

Half of what Shawn made he put into his savings account to keep it there. The other half of what he made also went into his savings account, but Shawn and his family knew that he was going to use that half of the money to buy a cell phone and to pay the monthly fees for the cell phone.

This writing task was completed during class in about eight to ten minutes. Some students eagerly read their stories aloud. The cell phone topic instantly connected with the life experience of eighth-graders. The writing showed me if any student was having trouble with a term that was used inaccurately. The students took the task seriously, learned independently, and then learned by listening to each other.

The core content terms mastery is enhanced with creative homework projects. The students always have a choice from a list of options for homework projects. What they must learn does not vary. How they learn it can, should, and does vary from person to person for many reasons, including different life experiences or different wholesome knowledge, talents, and interests.

Homework projects are given to students one week ahead of the due date. The due date is an exact minute—we remove all doubt by stating the due date/time precisely as the moment class begins on the day the work is due. One week's advance notice gives each student sufficient time to fit in this work given other demands on his or her time, while not being so much time that students think they can forget it for now and do it later. Each day in class between when the homework project is assigned and when it is due, I check with students individually and/or collectively to remind them about the homework, to check on their progress, to resolve questions, to hear their ideas about a different way

to do the project that they think will work, and to redundantly emphasize what is due and when it is due.

ACTIVITY TWO

Here is a homework project assignment exactly as it was given to students one week before it was due. The same information was on my webpage on the school's website so any student, parent, or guardian could keep up to date.

Due: Friday, March 3, 2006, 9:37 a.m. EST

Note: There is no "I don't have it" or "It's at home."

Take the seventeen core content terms—see list below—and do one of the following. Everything will be G-rated, legal, and ethical.

1. Create a card game that uses all of the terms. There will be at least thirty-four cards in the deck that you make, so each term and its definition will be used at least once. Write a two- or three-paragraph explanation of how the card game is played. Name the game.
2. Create a collage that shows, through words and pictures, each of the core content terms and (a) what they mean or (b) an example of them in use.
3. Create a vocabulary picture mini-book—maybe similar to those old books you read years ago to learn the alphabet, with "A" on one page and words that begin with "A" pictured—using all of the core content terms. The book will be at least nineteen pages long so you have a front cover, a back cover, and at least one page per term. Idea: Take five sheets of paper, fold them like pages in a book, and you have twenty pages.
4. You are the host of a radio talk show called, "Save, Save More, Keep Saving." Write the script of the talk show with callers calling you and your conversation with them. Use all of the seventeen core content terms so their meaning is clear, or use the seventeen terms and include their meaning. Underline each term whenever you use it.

5. Make a set of seventeen flash cards. On one side is the core content term. On the other side is (a) the definition of the word and (b) a drawing you make or a cut/paste picture showing the meaning of the word or an application/example of the word.

Terms:

the law of supply and demand		land, labor, capital	
production	distribution	consumption	productivity
technology	competition	specialize	money
scarcity	profit	opportunity cost	risk
interdependent	advertisement	finances	

ACTIVITY THREE

The brain can manage several thoughts at once, so I look for ways to teach more than economics within the teaching of economics whenever multithinking opportunities arise. When I grade a writing task such as the cell phone story or when I grade homework projects such as the one about the seventeen vocabulary terms, I keep a list of words that students misspelled. I then create an economics activity that includes the misspelled words in their misspelled form exactly as the students originally wrote the words. The students' responses to a teacher-provided paper with misspelled words ranges from laughter to shock, from being concerned about seeing their misspellings on the page to being—or acting—offended that their teacher would perpetrate misspellings on them.

The following story was written for my students after I compiled a list of words they misspelled. The story has many ideas that relate to economics while simultaneously working on the spelling skills of students. This increases our productivity—which is, of course, an important economic term and concept. This is another way that the extreme economics approach enables students to learn economics by experiencing economics.

too	favorite	probably	breakfast	replace	
different	tasting	clothes	processed	protein	scent
business	apparent	replacing	label	commercial	
delicious	consumed				

Chocolate is probly your favrite flavor of ice cream, but you might like other flavors, to. Have you ever wanted to have lots of chocolate for breckfast, but you had to replase your chocolate cravings with hunger for healthy food that had vitamins, protien, and was not as delicious taseing as chocolate? Read the lable of our new breckfast food and it will be aparent that we are in the busness of replasing that healthy, but bad taseing food with just what you have always wanted: the sent of chocolate, the flavor of chocolate, the nutrition of new, healthy chocolate in every bite that is consumed. This is a difrent breckfast experience that will have you jumping out of bed, putting on your school close fast so you can get to breckfast immediately. Our new cereal is called, Chocolate Fitness. Maybe you have seen our comercial that shows rivers of chocolate sauce flowing into fields of wheat and procesed together into bountiful bowls of Chocolate Fitness cereal. So, call 1-555-FITNESS and request a free box of great tasting, super healthy Chocolate Fitness Cereal.

ACTIVITY FOUR

The case study method has been used quite effectively in college and graduate school economics classes. As students analyze, evaluate, assess, and explore the facts, the details, the decisions, the issues, the mistakes, and the successes within one real business situation, that case becomes part of the knowledge those students can take with them when they encounter similar situations in their business careers.

During an eighth-grade economics class discussion about businesses, a student commented that one of our topics reminded him of the lemonade stand business he had organized when he was younger. That was a perfect opportunity for extreme economics to connect with the life experiences of students. We heard his description of the Lemonade Stand, of the difficulties and successes, and of managing the business. I asked him if he was willing for me to use his entrepreneurial experience as the basis of a case study story I would write for our class. He was delighted with the idea, so the following case study was written. Please note that this item originally appeared in *Extreme Learning* (2004). Note also that as the economic terms are applied, the meanings become more sophisticated to help develop the reasoning, thinking, and application skills of the students.

Chad's Lemonade Stand, Part One

"It's so hot today and there's nothing to do. It was hot yesterday and there was nothing to do. I've read every book I bought at the book fair. I've been to the pool enough to last forever. I'm broke so I can't go to the movies. Now what?" Chad soon realized that being broke would inspire an endeavor that could fill his time with something worth doing and might fill his pockets with extra money.

Chad was advised to set up a lemonade stand on the sidewalk in the front yard, close but not too close to the street. People who walked by might want to buy lemonade on this very hot July day. This location is an example of using (a); doing the work to start the business is an example of (b). People who drive by might be interested, too. It was worth a try, and there really was nothing else to do. How many times can you watch reruns of old sitcoms? Another day indoors with boring television programs from the 1970s made the lemonade stand idea sound even better.

Chad thought to himself, "OK, what do I need to get this business started? I need lemonade, cups, ice, a pitcher, probably a sign, a box for money, and—oops—money. I don't have any money." In economics, money used to start and continue a business is called (c). "How can I start this business if I don't have any money? This business is going to fail before it ever starts if I can't get the supplies. Now what can I do?" This is an example of (d): No one person or country has or can make all it needs or wants.

Chad had a (e) of money, which means not enough; his demand for it was greater than his supply of it. If he could convince someone that the lemonade stand would make a (f) (make money, as total revenue would be greater than total costs), perhaps that person would invest in this idea. Chad had the land and he was willing to do the labor, but he needed the capital, or money. Fortunately, his family was willing to invest in his business, but they told him, "The money we invest in your lemonade stand is money we cannot give you to go to the movies. Having the lemonade stand means not using the money to go to the movies." This is an example of (g) (doing A means you cannot do B). Chad agreed to the deal. He would borrow \$12 to buy his first order of supplies—lemonade mix, cups, sugar, and ice. He would borrow pitchers and a cooler from his family, so he did not have to buy those. He would get water from the kitchen, and that would not cost him anything.

Chad had to ask himself some questions about (h): Would anyone buy his lemonade? (maybe, maybe not), and would he sell enough of it to cover the \$12 in costs and, he hoped, have some money left over as (i)? He figured that with the supplies he had bought he could make seventy-two cups of lemonade. He would charge 25 cents per cup, and that would bring in (j). So his profit would be (k). He could pay back \$6 of the \$12 he borrowed and still have \$12 left for a second order of supplies. If he could sell another seventy-two cups his new profit would again be (l) and he could get out of debt, plus he would have \$12 to buy another round of supplies, or he could just declare victory.

So, he was almost ready to open his lemonade stand. Chad was convinced that the plan would work, but he thought he needed some (m) (a commercial intended to sell a product or service). He decided to make a big sign using some materials he had at home: “Lemonade, 25 cents!!” He was confident about his (n) (what is used to buy products or services) and his (o) (how much money is needed to buy a particular product or service). Business conditions looked good—the weather was hot, the lemonade was cold, the advertising sign was big, the price was fair, and the risk seemed low. He had a good (p) (how much is available) of lemonade and knew there was good (q) (how much people wanted the product). He knew there was some (r) (Will anyone buy the lemonade? Can he make a profit?), but he was hopeful. Plus he was the only person in his neighborhood setting up a lemonade stand today, so there was no direct (s) (better) except for the convenience store nearby, but Chad’s price was better than theirs. So he was ready to go into business. He had completed (t) of the lemonade (making it), he had completed the (u) of the lemonade (getting it to the customers), and now was the time for customers to begin (v) of the lemonade (purchasing it and using it).

Chad’s friend Trevor walked up. “Hey, Chad. What’s this all about?”

Chad replied, “It’s only 25 cents for a cup of lemonade. How about being my first customer?” Chad hoped for a quick sale and that Trevor would tell other people.

“Well, maybe a free sample first and then, if I like it, I’ll buy some.”

Chad thought to himself, “Free sample? That’s not part of the plan. I’d have to give it away and get nothing for it. Can I afford that? Can I still make a profit if I give it away? If I give away thirty-six free samples

and sell thirty-six cups, I will lose money. I can't do it." So he said, "Free sample, huh? I can't really do that, but here's what I can do. You try it, and if you don't like it I'll give you your money back."

"OK." Trevor tried it and had to admit that it was good. Trevor thought about drinking it and saying it was no good to avoid paying, but by drinking it he showed it was good. Plus he did not want to cheat Chad since they were friends. "Hey, Chad, that's really good. I've been at the

Chad's Lemonade Stand: Word Bank/Answer Key

- a. Land
- b. Labor
- c. Capital
- d. Interdependence
- e. Scarcity
- f. Profit
- g. Opportunity cost
- h. Risk
- i. Profit
- j. \$18
- k. \$6
- l. \$6
- m. Advertising
- n. Money/finances
- o. Price
- p. Supply
- q. Demand
- r. Risk
- s. Competition
- t. Production
- u. Distribution
- v. Consumption
- w. Specialize
- x. Productivity
- y. Technology
- z. \$18
- aa. \$5

park playing baseball, and the concession stand there charges 50 cents for lemonade. You should make a lot of money. See ya.”

So during the next half hour or so, people stopped to buy or to talk or to just see what was going on. One person asked Chad if he had any coffee or soft drinks. “No, I just have lemonade.” Chad had decided to (w) (make or sell one product or service).

After about forty-five minutes or an hour, Chad had sold his lemonade. All of it. He realized why it sold so fast. There had been a big baseball tournament at the park and when it was over, a lot of people drove by or walked by Chad’s lemonade stand. He had picked the right location and the right time. He wondered how he could improve his (x) (make more lemonade with less time spent making it) so he would never run out. He had just run out and there were still three people who wanted to buy. He would have to go back to the store to get more supplies and then he would have to make the lemonade; the customers could not wait. Maybe there was some new (y) (new, newer, newest improvement in efficiency, cost, time, or quality due to change) in doing this that would help him to never run out.

The results were good: Seventy-two cups sold at 25 cents each meant that total revenue was (z). When Chad counted the money he realized that he was short 25 cents. How did that happen? Oh yeah, he did give one free sample. A lady with a van full of baseball players stopped. Chad figured that one free sample that might lead to eight sales was worth it. To get out of the debt right away, Chad paid back the \$12 he borrowed, plus 75 cents of the profit. Hey, the person who invested the capital deserves some of the profit, right? That left Chad with (aa). Should that be put into another business, should it be saved, or should it be spent on going to the movies? Should he expand his business? Does he need a business partner?

Chad’s Lemonade Stand, Part Two

1. Using words and drawings, please describe and show a traditional neighborhood lemonade stand.
2. Using words and drawings, please describe and show a twenty-first-century, high-tech neighborhood lemonade stand.
3. List the similarities in the two lemonade stands and the differences between the two lemonade stands.

4. If you opened a lemonade stand, what is the one action you could take that would impress customers so your lemonade stand would become more successful than any other lemonade stand?

Chad's Lemonade Stand, Part Three

Competition by any other name is still competition. The essence of competition is doing something better. “Better” can be measured in price, in quality of the product, in service, in innovation/uniqueness, and/or in value. Other ways for products to improve could include:

OK, let's return to the story of Chad's lemonade stand. A profit was made and Chad decided to continue his business. His investors were pleased that their investment earned a healthy dividend for them. They were glad to invest again in Chad's growing business. Chad had asked customers what they liked best about his lemonade and he had asked them what else they would like from a lemonade stand.

The survey results were clear. People liked the taste of the lemonade, people liked the value, people thought the price was fair, and people thought they had been treated politely. There were some suggestions for improvement: Have more than one size of serving; have pink lemonade and regular lemonade; since it is summer, sell ice cream also.

Well, Chad opened his lemonade stand again the next day. He still had the original eight-ounce cup of lemonade for 25 cents, plus he had a twelve-ounce cup for 35 cents. He also had a special offer: three of the twelve-ounce cups for \$1. The day was hot and sunny. Business was good. Then the unexpected happened. Across the street, another lemonade stand opened, but this lemonade stand was different. People could get soft drinks there in addition to lemonade. People could get ice cream. People could get homemade cookies.

It was obvious that some of Chad's customers were now going to the new Lemonade Plus stand across the street.

What should Chad do now?

- 1. _____
- 2. _____
- 3. _____
- 4. _____

As Chad makes some changes, what would you as the owner/manager of the new Lemonade Plus stand do?

- 1. _____
- 2. _____
- 3. _____
- 4. _____

One benefit of using the extreme economics teaching approach is that the teacher can sometimes follow the students to the destination the teacher established. The lemonade stand case study was created when I followed a student’s comment about his childhood experience as a lemonade stand owner/operator. Using the case study I followed the student’s idea to my original destination of students mastering and applying the essential vocabulary of economics. The teacher’s destination for the students was their learning. The path that most effectively took us to that learning was a path one student suggested that we take. This extreme adventure of blazing new learning paths to reach established curriculum destinations enables the teacher to learn how current students learn while causing current students to learn.

Parts Two and Three of the lemonade stand case study were very genuine extensions that grew from the profound classroom discussion we had about Part One. The students’ questions, ideas, answers, and input were Socratically followed, applied, and incorporated by the teacher to get the students to the desired destination. Everyone wins this way.

ACTIVITY FIVE

My students are taught that economics is all about money, but that life is about much more than money. Life is about family, friends, what you believe in, what you are dedicated to, goals you set and pursue, accom-

plishments, helping people, the honorable standards you live by. The students are taught how to manage money, they are not taught to be obsessed with money. The students realize that if the money parts of life are managed well, the other parts of life can go much better than if money problems happened. The students realize that money mistakes people make are usually unnecessary and are often self-inflicted. As they reflect upon their life experiences with money they acknowledge that wiser decisions could have been made in some financial matters. Many of these wiser decisions were in the day-to-day ordinary financial transactions where the amount of money involved in each transaction is small, but a small amount of money wasted day after day will add up to a large amount of money after a month, a year, or a few years. Had that money been managed wisely with some of it saved each month, the total savings could have been substantial.

Elementary school students, middle school students, and high school students are experts on soft drinks, so soft drinks can be an easy connection with economics and student life experiences. Checking newspaper advertisements for prices and noticing prices in local stores can provide data for economics math calculations that students will find interesting and surprising. Consider the information below as a starting point for some discussion about economics at the level of day-to-day student life experiences.

Soft drink price and price per ounce: Price divided by ounces = price per ounce

- a. 2 liters (67.6 ounces)
 - @ 99 cents = 1.46 cents per ounce
 - @ \$1.19 = 1.76 cents per ounce
- b. 6 bottles, 24 ounces per bottle
 - @ \$2.50 = 1.74 cents per ounce
 - @ \$2.88 = 2.00 cents per ounce
- c. 12 cans, 12 ounces each
 - @ 3 for \$8 = 1.85 cents per ounce
 - @ \$2.99 = 2.08 cents per ounce
- d. 24 cans, 12 ounces each
 - @ \$4.99 = 1.73 cents per ounce
 - @ \$5.99 = 2.08 cents per ounce

What questions could you ask students based on these competing prices on various sizes of soft drink containers? Please think of several questions.

1. _____
2. _____
3. _____
4. _____
5. _____

Let's add this question. A family usually buys two twenty-four-can packages of soft drinks per week. They pay \$5.99 plus 6 percent sales tax for each package. Including tax, each package costs \$6.35, so each week they spend \$12.70 on soft drinks. How much do they spend on soft drinks in one year?

The students do the math of $52 \times \$12.70$, get the answer of \$660.40, and then hear the question: How could the family save some or all of that money in wise, legal, ethical ways?

The discussion will include ideas such as use coupons, watch for super sale prices, buy only one package per week, substitute powder-mix beverage options that you just add water to, do not buy soft drinks, and work for a soft drink company to see if you get free products.

We then do the math a step further. If the family avoids the \$660.40 cost for eighteen years, how much is saved? The answer is \$11,887.20, which does not include interest that would be earned during those eighteen years. I then ask the students what educational cost could that money help pay for when a person is eighteen years old: "College." A moment of very productive and contemplative silence passes as students realize that one part of a plan that helps for college is to eliminate the \$12.70 per week spent by a family for soft drinks. Opportunity cost—A *or* B, not both—at this point is not an economic theory or a distant concept; it is a very personal and practical reality.

Student life experience is a powerful classroom resource. Student life experiences can connect with what students need to learn. When the classroom is a place of continuous connections between the wholesome knowledge, interests, and talents of students and what they need to learn, the results can be very productive. Because of the connections with the real lives of students there are no minutes

wasted on “Why do we have to learn this?” or “When will we ever need to know this?” There is no search for ways to motivate students because the curriculum is being connected to parts of real life that the students are already motivated about.

In the next chapter we will probe further and deeper into the possibilities of students’ achieving mastery of the economics curriculum through being immersed in extreme economics.

FOR PARENTS AND GUARDIANS

The year 2008 was an absolutely horrible time for the economy of the United States. Home foreclosures increased. Some banks failed. The stock market declined by about one-third of its value. Large companies eliminated thousands of jobs. Some small companies went bankrupt. Local governments and state governments had to make massive budget cuts to compensate for reduced tax revenues. The inventory of unsold houses increased. Car sales decreased. It was very difficult to find any good economic news in 2008. The bad news continued into 2009. What went wrong?

That is a topic that families could study, analyze, and understand together. Parents or guardians could analyze the family budget with their children. Every dollar earned and every dollar spent during 2008, 2009, or any year could be evaluated based on available information including new financial concerns and realities. A new budget could be created with input from all family members.

The question “What caused the economic problems of 2008?” could arise during the family analysis of their finances for 2008. The same process could apply to any year. The following essays could be read as homework for each family member followed by a lengthy discussion between parents or guardians and children.

You and your family may agree or disagree with the ideas in these essays. The goal of these essays is to provide ideas that can be discussed, analyzed, learned from, and researched further. In matters of opinion and perspective, let the debate be lively because truth emerges when ideas collide. In matters of certainty—such as “Save, save more, keep

saving”—let the application be complete so mistakes are avoided and achievements are enhanced.

Freedom from Debt

Hi. My name is the United States of America and I am addicted to debt. I guess that makes me a debt-oholic. It was not always like that. Here's part of my story.

A long, long time ago I avoided debt. As a country, as families, as individuals, the commonsense rule for almost all of us was: if it costs more money than you have, either forget it or save up for it. When was the last time you heard anyone say he or she was saving up for anything? Instead of working and saving, we just get another dose of debt these days.

In some ways my addiction to debt began in the 1920s, when purchases could be made on the installment plan. That new 1920s radio, washing machine, or car could be purchased with small weekly or monthly payments. “Use it today, pay for it tomorrow” sounded so good. In the 1920s you could buy shares of stock on credit. The stock market and most of the rest of the economy fell apart in 1929, and the next ten or so years were the worst ever, economically. I should have learned my lesson.

Then credit cards were invented. That became one huge installment plan system, eventually involving almost all stores everywhere. Some families and some individuals would get several credit cards and use them to the credit maximum as they ran up debt. The national government began doing the same thing, eventually apparently treating its printing presses and bonds, backed by the full faith and credit of the government, like a massive credit card.

Along about 1980 the nation's government had a debt of \$1 trillion. We were told it could be managed. Almost thirty years later the national debt of the U.S. government is about \$10 or \$11 or \$12 trillion. It is not being managed. That debt is managing us. The dollar's value is erratic. The price of oil, paid for in dollars, is up, then down, then up. The price of gold is up. The stock market is down.

The only ideas I could come up with in 2001 were to cut taxes and then borrow money. In 2008 I sent almost everyone a check for \$600 or so. How were those checks paid for? With more borrowed money.

When you are addicted to debt, the only action you know to take is more debt. That additional debt will make the problem worse for years to come, but it creates a temporary illusion of help or of feeling better.

I'm the United States of America and I am addicted to debt, but this addiction can and must stop. It will not stop if we follow the idea of a political candidate who says he will not raise taxes, but instead make permanent the tax cuts from 2001. The 1981 and the 2001 tax cuts were followed by massive, continuous deficits. What is that candidate thinking?

Our debt problem will not be solved if we follow the ideas of another presidential candidate who continues to propose many new, costly government programs that will increase government spending and government debt. What is that candidate thinking?

In 1776 the Declaration of Independence boldly proclaimed that the colonists would no longer tolerate tyranny. In 2009 the citizens of this nation must declare independence from debt. Imagine that the national government was debt free and had a balanced budget rather than spending \$1 billion daily on national debt interest and going in debt further each day another \$1 billion or more. Those \$2 billion could be kept by Americans, and/or could be a supply of loans for people with business ideas or with home-purchase dreams, and/or could have not existed—thereby reducing inflationary pressures due to a less rapidly growing money supply. If the United States were financially disciplined, the dollar would be stronger, oil would cost less, and the economy would be on a solid foundation rather than shaking on the turbulent foundation that the nation's house of credit cards is built on.

What cures any addiction? The answer is gradual, rapid, or immediate elimination of the item or the habit to which one is addicted. The patriotic American of 2009 and the patriotic United States of 2009 must declare independence from debt. To borrow from Thomas Jefferson: "We hold these truths to be self evident. That we are endowed by our Creator with good sense, and included in this good sense is the knowledge that to be free we must be debt free."

My name is the United States of America and for far too long I have been addicted to debt. That is going to change or, like any addict, I will cause my own destruction.

The Recession of 2008

The economic statistics in early 2008 may not have matched precisely the formal definition of a recession, but that indicates the limitations of formal definitions more than it indicates that the U.S. economy was avoiding a recession. The recession of 2008 was measured by gasoline prices of \$4.00 (or more) in the summer, houses that were being foreclosed or auctioned or devalued, reductions in new housing construction, lethargic holiday shopping results, credit card excesses, relentless efforts by retailers to inspire elusive crowds of buyers, and an erratic stock market that overreacts to the rare good news and that further overreacts to frequent bad news.

When did this recession begin? What caused this recession? Perhaps the recession of 2008 began in 1981. There were many economic problems in the 1970s with impacts that lingered as the 1980s began: inflation, stagflation, oil embargo, gasoline price increases, lines at gasoline stations, interest rates so high that home ownership was nearly impossible for new buyers, and more. In 1981 the U.S. government's debt was about \$1 trillion. President Reagan said in his January 1981 inaugural address, "You and I, as individuals, can, by borrowing, live beyond our means, but for only a limited period of time. Why, then, should we think that collectively, as a nation, we are not bound by that same limitation?" Nonetheless, in January 2008 the national government's debt was about \$9 trillion and was increasing rapidly. The year 2009 will be worse for the national debt. The national government is irresponsibly addicted to debt and has been for most of the years since 1981. Many U.S. citizens irresponsibly follow this money mismanagement example in their personal and family finances.

In 1980 presidential candidate John Anderson tried to convince U.S. voters to accept a tax on gasoline with the goals of reducing consumption of fuels and reducing the national reliance on imported oil. The voters rejected that progressive proposal. Imagine the benefits today if the nation had solved the energy problem two or three decades ago.

In 1984 presidential candidate Walter Mondale told us that deficits were destructive and that taxes had to be increased. Imagine the benefits of balanced budgets for the past twenty or so years. One benefit of less

debt might be a stronger dollar. If the dollar were twice its current strength relative to other currencies, perhaps a barrel of oil at a given time would cost \$50 instead of \$100 and maybe a gallon of gasoline would cost \$1.50 instead of \$3.00. If we had solved the energy problem and were using fewer oil-based products, the cost of energy could be even less.

Tax cuts that have been paid for by deficit spending are illusions. Those tax cuts and the resulting borrowing to cover deficits are among the reasons the dollar is devalued. When a tax cut results in less-valued dollars, the claimed benefit is a mirage. In 1988, vice-presidential candidate Lloyd Bentsen reminded us that an economic recovery built upon \$200 billion per year of bad checks was not a true recovery.

We were told in 1981 that the new approach to national government policy would have three parts: (a) cut taxes, (b) increase defense spending, and (c) balance the budget. The first and second actions were taken. The third action did not occur in the 1980s. Don't conservatives support a balanced budget? Bill Clinton had some years of federal government surpluses. Was that the ultimate policy triangulation, a dot.com by-product, or did the 1981 supply-side economic promises finally come true on a very delayed schedule? The debate continues.

What is to be done about the recession of 2008? If you are a political candidate, will you begin to use the 1992 winning candidate's mantra "It's the economy, stupid"? Perhaps the voters would be more impressed with a candidate who can (a) do math and (b) say no. If you can do the math of a balanced budget and if you can say no to excessive, unnecessary spending, you could stand out in the crowd of political candidates—if the voters will give you credit for being honest, being courageous, being straightforward. It will also be impressive if you can go beyond sound bites and actually explain what you recommend about Social Security, about balancing the budget and keeping it balanced, about paying for overdue infrastructure repairs or improvements, and about correcting the value of the dollar. Of course, you also have to convince voters that you can resolve the issues of Iraq, immigration, the war on terror, and health care. We have heard enough platitudes about hope, change, experience, and electability. Let's hear some good ideas that can become sensible public policies.

If you are one of the American citizens whose January new year's resolutions will be tarnished by a credit card bill that is shocking, go cut up

your credit cards, get on a budget, and ask an American who is two generations older than you are for financial advice. What they will tell you is “Save. Save more. Keep saving.” Those are words of wisdom.

If you were a voter in 2008, did you resist the superficial, the celebrity-style campaigns, the nondebates, the vague promises? Did you demand specifics? Did you avoid cheering for change unless you knew the details of the proposed change? Did you demand a balanced budget and were you bold enough to support candidates who told the financial truth? Solving the accumulated financial problems of the past twenty-eight or so years will be painful. Delaying taking actions about those problems could be catastrophic. The medicine that cures a national addiction to debt may taste bad, but it can do much good.

The United States is in a Main Street recession. The evidence may not always be in national economic calculations and measurements. The evidence is on Main Street, any Main Street in any town. Our financial standards have receded. Our national currency has receded. Our national government’s financial discipline has receded. The money management skills of too many individuals and families have receded. To every problem there is an equal and opposite solution. Begin with this: Save, save more, keep saving. There will be much more to do after acquiring the habit of saving, but start with saving and then live by a realistic budget. One way to save is to not spend, so try that as a first step.

The 1800s and the 1900s had multiple financial panics, recessions, and depressions. The current problem could have been prevented through the application of the lessons of history, but that did not happen. Still, the current problem can be solved through the application of the lessons of history. Nations do not achieve and maintain greatness when their national debt increases from \$1 trillion to \$10 trillion in less than three decades. Nations do not achieve greatness through debt added to debt.

Economics professors often explain that the word *economy* comes from an ancient word that meant “household management.” That makes sense. If we can get the White House, the House of Representatives, and the Senate, plus households throughout the nation, to accept the old-fashioned household management ideas of saving and of budgeting, we could begin to solve the current financial problems. More actions will be needed, but saving and disciplined budgeting are essential. That approach has not been tried in a long time. It merits serious, swift, and

comprehensive implementation by individuals, by families, and by our nation.

Twenty-Eight Very Different Years

“I believe that as a practical matter spending cuts must come before tax cuts. If we reduce taxes before firm, principled decisions are made about expenditures, we will court deficit spending and the inflationary effects that invariably follow. It is in the area of spending that the Republican Party’s performance, in its seven years of power, has been most disappointing.” Is that a 2008 quote from a political leader, a radio talk show host, or a conservative blogger? No, it is a quote from Barry Goldwater’s 1960 book, *The Conscience of a Conservative*. If Senator Goldwater was concerned about deficits in 1960, imagine the outrage he would express in 2008 or 2009.

“Are you better off than you were four years ago?” Presidential candidate Ronald Reagan asked the voters in the United States that question in 1980. The reply of the voters was measured in a lopsided victory for Ronald Reagan.

The voters hoped in 1980 that supply-side economics—also known as voodoo economics—would work despite the reality of arithmetic. Cutting taxes and increasing defense spending did not result in the promised balanced budget. President Reagan never balanced a budget. The 1980s attitude seemed to be “Why increase taxes and/or seriously cut spending if borrowing is an option?” That attitude continued through much of the 1990s and the first decade of the twenty-first century.

A reasonable question that was considered by voters in the United States in 2008 was “Are you better off than you were eight years ago?” Within that overall question are these more specific topics today: (1) Are you more confident about the U.S. economy now than you were eight years ago? (2) Are you more confident about your family finances than you were eight years ago? (3) Are you more able to pay college tuition for family members now than families were eight years ago? (4) Are your food and fuel bills easier or harder to pay now than in 2000? (5) How is your job security now versus 2000? (6) How is the nation’s financial security now versus 2000? Of course, people could debate whether the government has a duty to make us better off than we were

before, but it is reasonable to expect that government policies will not make us worse off. Such topics are part of the vibrant debate in a government of, by, and for the people.

In 1980 the national debt was about \$1 trillion; in 2008 the national debt was about \$9 trillion or \$10 trillion. The debt increases daily. The national debt is increasing about \$1 billion or more per day. Interest on the national debt is about \$1 billion or more per day. Imagine the economic stimulus, the infrastructure investments, the alternative fuel research that would be possible if we did not have the \$2 billion or more per day double disaster. Despite soothing words about debt as a percentage of gross domestic product or as a percentage of anything else, the nation has been irresponsibly addicted to debt for most of the past twenty-eight years. The declining dollar, the often escalating price of oil measured in dollars, and concerns about inflation are some of the results of unforced errors that come with twenty-eight years of the borrow-and-spend, borrow-more-and-spend-more approach.

It is very easy and it could be partially accurate to blame the president, who likes to blame the Congress or the liberals or the conservatives or the media. Leadership is not measured by how many other people you can blame for problems. Leadership is solving problems.

It is very easy and it could be partially accurate to blame Congress. While home foreclosures worsened, while consumer confidence eroded, while approval of Congress dropped to tiny numbers actually below the very low approval rating of the president, Congress took several summer 2008 vacations. Do foreclosures take vacations? Was Congress sending 2008 this message: "See you in September. Enjoy that stimulus check we sent." That message does not equal leadership. A stimulus check paid for with borrowed money does not provide a real economic solution.

The nation's finances are bad and seem to be getting much worse. Are we better off financially than we were eight years ago? Are we better off after twenty-eight years of almost continuous deficits bringing the national debt up to \$9 trillion or worse? A financial problem that has been twenty-eight years in the making will not be solved instantly, will not be solved in one presidential term, but it can be solved. Twenty-eight years of financial discipline, balanced budgets, and voter resistance to any version of voodoo ("too good to be true") economics could help.

Fast-forward twenty-eight years from 2008 and ponder: What will the year 2036 look like? Will the U.S. dollar be stronger or will it be of minimal value? Will the United States be on solid financial ground or will it be bankrupt? Will the president still blame Congress while Congress blames the president and both take vacations? Will conservatives blame liberals? Will Democrats and Republicans argue over the trivial, ignore the important, and then approve a new stimulus check paid for with more borrowed money? Or will the voters and elected officials have agreed to end the debt addiction, to manage money the way grown-ups did two or three generations ago (if you don't have it, you don't spend it)?

The question becomes: Will we be better off four years from now than we are today?—but the larger question is: Will the current generation of young people be better off than the current generations of adults have been? Are we willing to commit to twenty-eight years of individual, family, and national financial discipline and wise money management? If we make that commitment and live up to it, problems can be solved. If we are not willing to make and to live up to that commitment, then the blame is not limited to the president and to Congress.

If the answer is yes, we will become financially disciplined, the nation needs an antidebt effort equal to the Manhattan Project and to the Apollo Program, both of which reached their goals. If the answer is no, then consider buying some silver and gold, because paper money (Federal Reserve notes) could experience a serious loss of value.

The bottom line is that, in terms of money management, the next twenty-eight years need to be very different than the past twenty-eight years were.

In 1992, Bill Clinton's presidential campaign famously and successfully emphasized one thought: "It's the economy, stupid." The idea was for Mr. Clinton's campaign to relentlessly concentrate on the economy, because that was the issue that was of most concern to most Americans.

In 2008 the voters were again most concerned with the economy. Will we as a nation, as families, as individuals, ever learn to avoid the mistakes that cause money mismanagement? It is possible to avoid those mistakes.

Let's update the 1992 Clinton mantra. The new version is not "It's the economy, stupid." The new version is "It's the economic stupidity." Excessive debt, excessive credit, excessive speculation, and excessive spending are stupid. To every problem there is an equal and opposite solution.

To every stupidity there is equal and opposite wisdom. Samples of economic wisdom include the research findings in chapter 1 of this book. You hold in your hands right now words of economic wisdom. Reread chapter 1 to realize that in terms of wisely managing money, we know what works!

To read, listen to, or watch the national news on the day this sentence is being written would cause anyone to think that no living person knows what works in regard to money management. The news report bluntly stated that the national government of the United States projects that the federal government deficit for the current 2009 fiscal year could reach \$1.2 trillion. That is \$1,200,000,000,000. That is over \$3 billion of new debt per day.

What could a parent or guardian say to a son or daughter who asks, “Mom, I heard that the nation was something like \$1 trillion behind this year. What does that mean? Will it hurt our family?”

As one way to answer that question or similar questions, the family could do a homework project together. The national debt and the current deficit could be researched. The history of the national debt and deficits could be researched. To make the topic personal, the family could examine its debt, perhaps the mortgage, and help the children or teenagers in the family do mortgage math to see how much was borrowed, how much is paid per month, how much is still owed. The benefits and costs of refinancing, and the benefits and costs of paying off the mortgage early could be analyzed.

A federal government deficit of \$1.2 trillion is complicated. A monthly mortgage payment is closer to home and closer to manageable math. Still, the concepts of debt—national debt or family debt—have similarities. How does a huge debt restrict a nation? How does a huge debt restrict a family? Each family member can research these questions and contribute to a very revealing family discussion about getting out of debt and about avoiding debt.

The national government is setting a bad example. The 1980–1981 through 2008–2009 years of massive debt accumulation show people how not to manage money. Children and teenagers can be told that even if the national government has been financially irresponsible, an individual can control how he or she manages his money. Control what you can control. The national debt is beyond the control of any American family. The family financial habits are within the control of each family.

Yes, there are job layoffs or factory closings that tragically impact honorable employees who always worked hard and played by the rules. Lesson to be learned: Mistakes by the national government and/or by company management can cost you a job or a recession can cost you a job; therefore, be prepared for the worst. Save, save more, keep saving. Prepare yourself and your family for the recessions to come. Teach your children to be prepared for the recessions to come. We do know what works and it is the same basic, old-fashioned, sensible, disciplined money management that many Americans of two or three generations ago abided by and benefited from in good economic times so they were prepared to endure bad economic times.

What could a parent or guardian say to a daughter or son who asks a question about unemployment? “Mom, there was this website I saw and it said unemployment was 8.1 percent, I think, and then it said that maybe it would get worse, double-digit unemployment. What does all that really mean? Are we in some serious trouble? Will you and Dad still have jobs?”

The son or daughter is asking for information, but just as much or more is asking for assurance that the family is going to function normally, that plans for getting a car, going on a trip, applying to and selecting a college, going to the prom, continuing to live in the only house that has ever been home will be parts of life that can be counted on; however, if changes are needed, the family can cope together.

The parent or guardian and the daughter or son who asked the question about unemployment need to have a thorough discussion. The job or jobs that family members have can be explained, along with the plans the family has made should a job be reduced or eliminated. The family budget could be reviewed. There are opportunities to do some family homework such as reading articles about unemployment and other existing economic problems. The process of how to look for a job could be examined by the family, both as a search for information and as practical preparation should unemployment hit home.

“Your father and I both have good jobs. My work at the hospital and his work with the school district transportation system are not guaranteed to be there forever, but people get sick in all economic conditions so hospitals continue to function. We do notice some changes in things like elective or optional surgeries, but illness and accidents do not know

about economic recessions. The school district transports thousands of students and your father is the assistant director of that big program. Still, we have saved money in our emergency fund so we can get by for six months if one of us loses our job and for three months if we both lose our jobs. We also have the housecleaning and office-cleaning business that we can try to increase. Your brother does that work now part-time, but we could seek more clients and try to expand that if we needed to.”

“Mom, do you need me to get a job? My friend Tasha works at that new downtown food court. She says people quit jobs there a lot. I could get a job there.”

“Well, in a recession, fewer people quit jobs. I know you’ve been interested in getting a job, but it is not a financial necessity for our family. It could be a good experience for you, but school comes first, second, and third. If you would like to get more information about food court jobs, that could be interesting, but actually working, well, that’s a big decision we would all need to discuss more. Of course, working next summer, especially with college coming in a year or so, makes a lot of sense.”

A teenager or child who hears, watches, or reads news information about the economy losing over 600,000 jobs in one month could easily wonder if that will have an impact on his or her family, and very directly, on him or her. “Will we be able to afford my dress for the prom? Can we afford for me to buy a school yearbook? Will we have to move? Do we have the money for me to go to my top choice college or for me to go to any college at all? Can we take the vacation that was going to include lots of college visits or do I just virtually visit those schools on their websites? Can we still buy groceries? What really happens if Mom or Dad becomes unemployed? What if both of them are unemployed? Can we keep our dog? He gets sick and that costs money. Why is money so complicated? Why did this recession have to happen right when I have a prom and right when I’m thinking about college? This just isn’t fair.”

All of those questions deserve an honest answer and a determined, confident plan. “Yes, you will go to your prom. I found a store that is having a huge pre-prom sale. I’ve been saving for your prom, your yearbook, and college visits. Saving is essential. We’ll go to fewer or to zero restaurants and movies, but you will go to your prom and you will go to college. You will apply for every college scholarship that exists, so go start researching scholarships now and let me know what you find. And

then go read chapter 1 in that *Extreme Economics* book your father bought. The advice in that book will show you how to manage money.”

There is no good time for an appliance to break. With national, family, and individual finances already feeling recession pressures, this is no time for the washing machine to malfunction. “The water just sits there. I can’t believe it. This machine has worked fine for ten years or more. Why does it have to break now? At least the dryer works. What? It’s not working either? How is that possible? We got it fixed two or three years ago.”

“Hey, Mom. My friend at school is in this really neat program called practical technology applications. He knows how to fix anything from televisions to cars or even washing machines. He could fix them.”

“Well, that might help. They are both broken, but we may have to replace them.”

“No problem, then. The Internet is full of places where you can find good deals. I learned all about that when we did an Internet economics project last year. I’ll find great deals on new and used washing machines. If Shawn can fix them, that’s best, but if we need to replace them, I’ll find the best deal.”

“About Shawn, just how good a friend of yours is he?”

“Well, he wants to go see a movie with me this weekend. What could be better? He fixes those machines and he takes me to the movies.”

The same teenage daughter who has many genuine questions and many real concerns about what news such as a \$1.2 trillion deficit or rising unemployment rates can mean to her family and to her needs to hear accurate, honest answers. She also can become involved in the family’s financial plan, whether the nation’s economy is growing or receding. Wise money management principles are known and can be followed.

The United States of America has been financially irresponsible and unwise in recent decades. There is no real reason why the national debt had to increase from \$1 trillion in 1980 to about \$10 or \$11 trillion three decades later. As a nation, as families, as individuals we too become easily intoxicated with credit. Buy now, pay later. Borrow now, borrow more later, pay a little eventually. The economic crisis of 2007, 2008, and 2009 and possibly beyond was caused by human error. The economy is not struggling because the economy is being unkind. The economy is strug-

gling because, as the old computer maxim used to tell us, “garbage in means garbage out.”

From a national government that refused to balance its budget to families who refused to balance their budgets, from excessive credit offers made by banks to excessive speculation by home builders, from endless credit card debt by individuals to accepting impossible-to-afford adjustable mortgages by families, from some banks and investment firms being stupidly greedy, or greedily stupid, the United States is in a recession caused by unforced errors, mistakes, and stupidity.

During the 1800s and 1900s the nation had occasional financial panics, recessions, or depressions: 1819, 1837, 1850s, 1870s, 1890s, early 1900s, 1929–1941, late 1970s to early 1980s, 1991–1992, and then 2001. Some of those situations reflect a common business cycle. Some of those situations had common causes that were avoidable—excessive credit and excessive speculation.

So, families, one homework assignment you can give each member of the family is to read your eighth-grader’s or eleventh-grader’s U.S. history book to learn about past financial problems in this nation and then to research further to learn what lessons are available from that history. Here are three ideas that that history, if thoroughly analyzed, will teach you: (1) save, save more, keep saving; (2) avoid debt; and (3) avoid speculation.

Truths, wisdom, and time-tested common sense about wisely managing money are not secrets. We know what works. When we make ourselves do what works, we can win economically even as we have to cope with the bad times because we prepared for those bad times. Some nations make financial mistakes. Some families make financial mistakes. To every mistake there was an equal and opposite action that was smart, wise, and beneficial. The mistakes included running up debt. One equal and opposite action is to cut up the credit cards. Every person who has a credit card probably also has access to a pair of scissors. Cut up and destroy the credit card rather than keep the credit card and risk destroying your family finances and/or personal finances. All it takes is wisdom, common sense, discipline, courage, determination, and a pair of scissors. This book has words of wisdom and common sense. You are 100 percent capable of providing the discipline, courage, determination, and scissors. Control what you can control.

Recessions get worse before they get better. Job layoffs lead to more people with limited or minimal or no financial resources, which means fewer purchases, which means more layoffs. Job insecurity leads to consumers spending the least amount necessary with fewer and fewer optional purchases—thus the economy shrinks further. The recession of 2008, 2009, and perhaps into later years is expected to get much worse before there are any initial indications of improvement. The current recession could last longer and be more severe than some previous “mild, short” recessions.

Will there be another recession in five years, ten years, fifteen years, or at some other point in the not-so-distant future? History guarantees that the answer is yes. Investment advertisements often caution that “past performance is no guarantee of future results.” History teaches a different lesson about recessions. Every past recession has been followed by another recession. Past recessions do guarantee future recessions. There will be a next recession. Today’s children and teenagers can be taught the wise money management actions that will enable them to endure the next recession rather than to recede in personal finances the next time the national economy recedes.

The cautious, disciplined, responsible money management actions that parents and guardians teach by example, by instruction, and by family rules can be the ultimate financial safety net for the next generation. Parents, guardians, children, and teenagers do not have to follow the crowd into massive debt, too-good-to-be-true loans, unnecessary purchases, and an unrealistic perception that incomes always go up, house values always go up, stock prices always go up, so spend, spend, spend and buy, buy, buy.

By example, by teaching, and by family rules, parents and guardians can continually commit themselves to build savings, increase job skills, get out of debt, avoid debt, and abide by time-honored, commonsense, great-grandparent or grandparent frugality that is forever beneficial.

There is a natural law in health. Losing weight requires burning more calories than you consume.

There is a similar natural law in economics. Financial health requires spending less money than you make. A national economic catastrophe can impose hardship on the most conscientious worker. Some workers suffer due to corporate management that misled investors, customers,

and employees. Recessions can cause the work hours or the jobs of honorable people to be reduced or eliminated. Control what you can control. Teach your children and teenagers to control what they can control. You can control what you do with your money. You cannot control Wall Street, the Federal Reserve Board, Congress, the president, what journalists report about economics, or the prices at the local store. You can control your money. Take control. Keep control. Teach control. Exemplify control.

4

HOW TO FULLY APPLY STUDENT LIFE EXPERIENCE TO ACHIEVE MASTERY

Students are often very aware of businesses. They go with a parent or guardian to run errands at various stores, shops, shopping centers, or malls. They see or hear advertisements for businesses. They notice a new store that is under construction. They go to a neighborhood restaurant that has been owned and operated by a local family for two generations.

Students may not know about all or some of the work that must occur for businesses to open initially and to remain open in the long term. To increase awareness, to build knowledge, and to attain mastery of economics, case studies can be used.

The first case study in this chapter was written for a class I taught. It includes many interests of those students, from products I hear them mention to career goals they told me they have set. The case study was designed with one group of students in mind, so it was uniquely created for them; however, ideas in this case study could inspire new case studies or could be modified. As you read this, please think of connections that are being made between the life experiences of students and the economics curriculum. Notice also that the case study sequence builds upon each episode, as the business owner experiences many steps in the entrepreneurial process.

CASE STUDY I

For years you have dreamed of and seriously thought about opening your own business. Your career has been quite successful, but you still hope to apply your entrepreneurial energies and talents as the owner of a business. Cooking has been a hobby of yours for many years. Your family and your friends have always told you that you are a great cook. Your cookies, cakes, pies, and other homemade baked delicacies are always eaten quickly at any meal at home or at social events when you bring them.

Also, you have taught yourself a lot about computers. You can take them apart and put them together. You have learned how to write rather sophisticated software, and you can operate any technology system to maximize the results. Another hobby of yours is photography, and you can do anything with digital cameras and computers. You sometimes make one-of-a-kind books as presents for children. These unique, personalized books combine photographs you take and stories you write.

Your goal is still to get promoted to be CIO (chief information officer) of the company you work for, but that has not happened yet. So you have wondered how your cooking talents, your other hobbies, and your technology expertise could all be combined in a way that you could be your own boss. You have friends who are lawyers, doctors, political leaders, retired military officers, police officers, and veterinarians; some of them have said occasionally that if you ever start a business they would be interested in investing in it, so that is a possibility.

A friend who is an orthodontist made this suggestion: “Why not combine many of your skills? Open a restaurant and arts and crafts activity place combination. Fill it with computers and cameras that people can use. Maybe you could include cooking classes, especially with all of these baked treats you know how to cook. You could have some food that is served fast and some that is fancier. You could have all kinds of coffee and tea, but also snacks and treats that children and teenagers would like. Make it a comfortable place where people stay, eat, talk, read, and work and come back day after day. If you have all kinds of computers and Internet access some people might use your place as their branch office. You might even include a conference room, and people could have meetings there or have clubs that gather there. It

could even be a place for birthday parties with video connections to friends and family members who are out of town. And be sure to include your homemade doughnuts on the menu. I don't know how you make those, but they are better than anything at any bakery.”

You consider the idea. It would take a lot of money to start this new business. You need a location that is convenient and that has a lot of traffic going in front of it. You need all of the equipment. If you build a custom-designed building, that will be expensive. If you rent a place, that will cost a lot, too. You will need employees. You will need to advertise. You will need to budget and spend a lot of money to start the business before you get any money coming in from sales. Is this idea worth the risk?

Yes, it is worth the risk because:

- a. _____
- b. _____
- c. _____
- d. _____

No, it is not worth the risk because:

- a. _____
- b. _____
- c. _____
- d. _____

OK. You decide that this new business is worth the risk, but you also decide that you need to have a business partner or two. You would like for them to invest money, and you hope that at least one of your business partners will help manage and operate the business. What reasons would you use to convince one or two people to become business partners with you in this new endeavor?

- a. _____
- b. _____
- c. _____
- d. _____

OK. One partner agrees to invest 20 percent of the money you will need to open the business. Another partner agrees to invest 10 percent of the money you will need to open the business. You have savings that will provide 10 percent of the money you need and you intend to work full-time at the new business. One of your partners—the one providing 10 percent of the money—has agreed to be there twenty hours each week, but she is going to keep her full-time job as a writer for a local advertising agency and for some local monthly neighborhood newspapers. The other partner is an attorney and cannot provide any work hours, but will visit as often as possible and will provide legal advice. The other 60 percent of the money you need will have to come from a bank.

What questions do you expect the bank officials to ask you before they decide on your loan request/application?

1. _____
2. _____
3. _____
4. _____
5. _____

The bank asks for details of your business plan. This includes the finances in detail, so list every expense you can think of that will be required for you to open this new business:

1. _____
2. _____
3. _____
4. _____
5. _____

Wait. What are we going to call this new business? A great name would be _____.

The bank agrees to support your project, but they will provide only 50 percent of the total you need. How will you get the other 10 percent that is still needed?

- a. _____
- b. _____
- c. _____

OK. You get another business partner who agrees to invest the other 10 percent of the money you needed. Now, it is time to begin the actual work that will take you from the idea you have today to a new business opening in ten weeks. You have found a location to rent the space you need. You think it is a good location. The location is on New Center Road in the Bluegrass Shopping Center. What will need to be done during the next ten weeks? Fill in the blanks in the box below.

Oops. On the day your business is scheduled to open, your area has severe thunderstorms during much of the day. People are not very eager to get out in the weather. You and your partners and all but one of your employees get to the shop, but there are very few customers. What do you do?

Three months later a new business similar to yours opens across the street. This is a food court with six fast food places, plus an arcade, a

<i>Time</i>	<i>What must be done</i>
10 weeks to go	_____
9 weeks to go	_____
8 weeks to go	_____
7 weeks to go	_____
6 weeks to go	_____
5 weeks to go	_____
4 weeks to go	_____
3 weeks to go	_____
2 weeks to go	_____
1 week to go	_____
Grand Opening Day!	

Starbucks, an Apple Computer store, and a NASCAR store. What do you do to compete successfully, legally, and ethically with G-rated actions?

After six months, you think about opening a second location. There is space available in the Boyle Park area, but the rent is quite expensive. There is also space available in a new building downtown. List the reasons for and the reasons against opening a second location:

For:	Against:
1. _____	1. _____
2. _____	2. _____
3. _____	3. _____
4. _____	4. _____

It is eight months since you opened your shop, and your business is doing well. That new “Food Court Plus” has taken some of your business, but both shops seem to be successful. In the past two months you have been concerned that some of your customers who used to come in daily or almost every day have come in less often. When you asked some of them they said, “Well, you know, your place was new and unique at first, but now it just seems to be ordinary. Maybe you could add something new.” Good point. Businesses need to constantly listen to customers and keep up with what customers want or need. What changes/improvements would you make to your business as part of the first birthday party you have at your business locations? Think of one action you could take in each of the following areas:

Menu: _____

Advertising: _____

Promotional event: _____

Special deals: _____

Frequent customer reward program: _____

Other: _____

After being in business for fourteen months you are given an offer from a local entrepreneur who would like to buy your business. The offer is reasonable—in fact, it is very attractive. What reasons are there to accept this offer? What reasons are there to reject the offer?

Accept:	Reject:
1. _____	1. _____
2. _____	2. _____
3. _____	3. _____
4. _____	4. _____

The seventeen core content terms and applications to case study 1 are listed in the following box. In the column at the right, explain how each core content term is applied in case study 1.

<i>Term</i>	<i>Application: Case study</i>
1. The law of supply and demand	
2. Production	
3. Distribution	
4. Consumption	
5. Productivity	
6. Technology	
7. Competition	
8. Specialize	
9. Money	
10. Scarcity	
11. Profit	
12. Land, labor, capital	
13. Risk	
14. Opportunity cost	
15. Interdependent	
16. Advertisement	
17. Finances	

This case study and other case studies can serve many purposes including these: (1) students begin to realize the complexity of taking a business idea into the marketplace, (2) they learn how to apply economic vocabulary terms to a real-life setting, (3) they learn about the variety of skills needed to make a business succeed, and (4) they experience a depth of thought that must be sustained over time. This case study has multiple aspects, many questions, some analysis, critical thinking, sequential reasoning, analytical reading, and justification for decisions.

What other benefits could students gain from this case study?

This case study about a new business may give some students a taste of entrepreneurial activity that builds a hunger for more. By the time students are in middle school, their life experience may already include some entrepreneurial efforts that they did not realize were so economically sophisticated.

ACTIVITY ONE

Children and teenagers sometimes make trades. One baseball card for two other baseball cards. Two cookies for one brownie. You do my chores at home for me today and I will do your chores for the next two days. These trades are similar to bartering, an exchange method still used today in some places, but more commonly used in earlier historical times. Doing an economics activity about bartering could academically connect with a world history class discussion of weekly, monthly, seasonal, or annual events in some cultures, when the village became or becomes an open-air market where bartering is the only, the preferred, or the optional method of exchange.

The following bartering activity begins with each student getting a sheet that resembles the chart below. Highlight one commodity on each sheet, and that is the item you bring to the village marketplace. You will barter to

<i>Began with:</i>	<i>Ended with:</i>
a. 40 chickens	
a. 20 cows	
a. 10 horses	
a. 40 pigs	
b. 50 baskets of apples	
b. 50 bushels of corn	
b. 50 bushels of wheat	
b. 30 pails of milk	
c. 15 sewn, cloth coats	
c. 15 pairs of shoes	
c. 30 blankets	
Note: You will need to end with two of each group a, b, and c.	

eventually have two items from each group a, b, and c. For example, if you begin with forty chickens, you could barter some chickens to get one cow, one basket of apples, one pail of milk, one coat, and one blanket, thus giving you two items from each of the three categories a, b, and c.

Students may ask “How do we know who wins?” A teacher could reply, “If everyone in the community gets everything they need, we have many winners including each person individually and all people together.” Or the teacher might say, “The person who ends with the highest percentage of the commodity they began with. If you start with forty chickens and barter away six chickens to get your other products, you kept 85 percent of your chickens; however, do you need all of those chickens? If not, maybe you need to barter away all of your chickens to get the victory you need.” There are many ways to determine winners in an economy because needs, wants, and goals vary from person to person.

As a student barter one chicken for one pig, the student changes the number of chickens from “40” to “39” and in the “ended with” column puts “1” across from pigs. When all bartering is done, the “Ended with” column shows the results.

The bartering is done person to person, so after confirming that all students understand the process, the rules, and the objective, the students need to begin talking to each other. Moving around the room will be necessary so each participant can talk with each potential deal maker.

Remind the students of your classroom rules about noise, cooperation, and movement.

What questions could you ask the students after the bartering activity to maximize their learning from analysis, understanding, and application of the activity?

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

What observations and conclusions would you expect from students as they present their ideas of the bartering experience?

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
9. _____

What connections could you point out or have students point out between their life experiences and bartering? How could they benefit from bartering now and in the future?

Before going further, it will be beneficial to evaluate the case study activity and the bartering activity in terms of their effectiveness in teach-

ing students the essential lessons about economics that respondents to the research survey said were vital.

The research clearly emphasized that children and teenagers need to save, save more, keep saving. The students need to realize the immediate and long-term advantages of saving, need to know how to save money, and need to make saving a high priority. How does “Save, save more, keep saving” apply to the case study? The entrepreneur had saved money, as had other investors, which they were willing to provide for part of the financing of the new business.

The research strongly advised that credit is deceptive and is potentially destructive. The bartering activity allowed no credit. Five chickens for one pig, maybe. Five chickens for a pig next week, no.

The entrepreneur did borrow some money from the bank, and other investors provided some funds. That is common with new businesses and is a direct example of the research advice to do the math of money.

	<i>How the case study helps students learn this</i>	<i>How the bartering helps students learn this</i>
1. Save		
2. Save now (habit of saving)		
3. Money plan; budget		
4. Credit is deceptive		
5. Spend less than you make		
6. Life is more than money		
7. Math measures economics		
8. Maximize your education		
9. Work ethic		
10. People are more important than money		

The math convinced the bank that a loan for this new business was a reasonable risk.

Let's edit the ten findings from the research to simplify the thoughts you add to the chart on page 99. The detailed statements of the survey results are in chapter 1. For our purposes in chapter 4, the abbreviated and edited list of research findings will work. For each research conclusion listed in the following table, please think of how that conclusion can be taught through the case study and the bartering activity. Fear not, in this book many more examples of extreme economics teaching will be presented! If you conclude that many, but not most, of the research conclusions can be taught through these two activities, that is fine. The activities that will be included in other chapters will provide ample ways to teach the skills and knowledge listed in the survey findings, while also enabling a teacher to confirm that students learned the school's, the school district's, and/or the state's economic curriculum.

ACTIVITY TWO

The next set of extreme economics activities will emphasize the research finding that the measurement system of economics is math. Many of the following questions will teach as much math as economics, so teachers get that efficiency and students get to see that subjects at school can complement each other rather than exist in pure isolation, each subject forever separated from all other subjects.

Some of these questions/problems could be used as thought starters to begin class and warm up the brains. Some of these could be used together to build a depth of knowledge as one idea expands another idea. Better yet, teachers can modify these problems so the new problems more precisely connect with the life experiences and the wholesome knowledge, interests, and talents of their students.

1. You have \$500 in a checking account. Write three checks so there is \$100 left in the account.

Whom the check is made out to

Amount of check

- a.
- b.
- c.
- Total amount of the
three checks:

2. A store charges the following prices for a two-liter bottle of a soft drink during a four-week period:

Week 1: \$1.49 Week 2: \$1.19 Week 3: \$.99 Week 4: \$.79

- What would you expect to happen to sales of two-liter bottles of the soft drink over this four-week time period?
- Why do you think that will happen?
- What would you expect to happen to the store’s total profit from two-liter bottles of the soft drink as this four-week period goes from week 1 to week 2 to week 3 to week 4?
- Why do you think that will happen?
- Which price do you think will work best for the store?
- Give two reasons why you think that will be the best price for the store to charge:

- a.
- b.

3. Facts: A house costs \$88,900, but your offer of \$85,000 is accepted by the owner. You check with some banks and find various interest rates. Compare and contrast these mortgage plans for principal (amount borrowed) and interest (cost of the money). Note: Insurance would cost about \$300 per year; property taxes would be about \$700 per year.

Down payment	\$5,000	\$5,000	\$5,000
Amount of mortgage	\$80,000	\$80,000	\$80,000
Interest rate	6.5%	8.0%	6.25%
Length in years of mortgage	30	30	15
Monthly payment	\$506.40	\$587.20	\$686.40

Payment total in one
year

Payment total for life
of the loan

Conclusions:

_____	_____	_____
_____	_____	_____

4. Two large pizzas for \$16.00 or three medium pizzas for \$16.00 or five small pizzas for \$16.00: Which is the best deal? Each large pizza has a diameter of 16 inches. Each medium pizza has a diameter of 12 inches. Each small pizza has a diameter of 10 inches.

Reflect: No writing—just think about it.

Evaluate: What is known? What needs to be known?

Act: What process can be used to find the answer?

OK. Let's do the math of the three pizza deals.

Learn: What conclusions can be reached? How can those conclusions be applied? Would the answer be any different if the three medium pizzas cost \$15.50 and the five small pizzas cost \$15.00?

5. A grocery store offers one liter of bottled water for 50 cents each if you also buy \$10 worth of other groceries. Another store sells one liter of bottled water for 99 cents each, and no additional purchase is needed. A third store sells one liter of bottled water for \$1.10 each and will double the value of any coupon you use. You need to buy some water in one-liter bottles, but what other factors should you consider in deciding which store to go to? Could it make sense to go to more than one store? For what reasons?
6. In consideration of products such as bottled water, salt, and cereal, what does the word “supply” mean?
7. In consideration of products such as bottled water, salt, and cereal, what does the word “demand” mean?
8. As far as prices are concerned, when there is a very large supply of something and there is no demand for that product, what happens

to the price if the people who have the product really want to get it sold? Why?

9. Think of four different brands of cereal, real brands or four you make up. List them below and tell what would be the strongest reason you could give in a commercial for each cereal to convince people that they should buy it. An example is given for you, so do not use that cereal as one of your four. Use four different reasons—one unique reason for each of the four cereals.

<i>Brand of cereal</i>	<i>Reason people should buy it</i>
a. Oatmeal	a. It is very healthy for you.
b. _____	b. _____
c. _____	c. _____
d. _____	d. _____
e. _____	e. _____

10. Using two or three sentences with strong reasons to explain your thinking, agree or disagree with the following statement: “When a person buys a car, the most important fact to consider in the decision of what car to buy is the price.”
11. Explain what the term “buy and hold” means to people who are interested in having shares of stock.
12. A new coffee shop sold \$1,000,000 worth of coffee in one year. The next year their sales increased 20 percent, and they added three varieties of hot chocolate. Hot chocolate accounted for 5 percent of the store’s total sales in the second year the store was open. How much sales in dollars did they have of hot chocolate?

Now, continue creating economics thought starters to begin a class with or complete lessons that build upon the math of economics. A shopping trip to the grocery store can become the basis of an extreme economics lesson. Sales receipts can be saved and used in an extreme economics lesson. Frequently getting input from students about recent

experiences of theirs that connected with economics can be the basis for classroom activities that cause students to learn the economics curriculum and the economics rules/skills from the survey research done for this book.

ACTIVITY THREE

Most children and teenagers are interested in music. They have their favorite singers. They dream of attending a concert and, perhaps, actually get to attend a concert of popular musicians. They hear music as the sound track of a movie. They play a musical instrument. They are in the school band, orchestra, or chorus. They help with music at their church. They went to a music camp in the summer.

The next extreme economics lesson connects economics with music. The lesson has several parts that flow logically, which serve unique purposes yet can fit together for comprehensive conclusions.

Maximizing Profit: The Symbiosis of Capitalism (How Customers and Businesses Can Both Benefit Together)

First: Records, eight-track tapes, cassette tapes, or CDs

What is similar about those four forms of music playing?

What is different about those four forms of music playing?

Second: If a store wanted to maximize its profit from selling CDs, the store manager could test several different prices. Look at the information in the box and do the math, please.

- a. What price to consumers maximized the profit to the business?
- b. What reason could there be to charge a lower price to consumers?
- c. Why did the store's cost per CD drop when they bought more from the CD production/distribution system?

Third: As popular as the pocket-size music players that use songs downloaded via computer are, what will replace these pocket-size music machines just as records were replaced by tapes or CDs? Invent that new system.

<i>CD price to customer</i>	<i>CD cost to store</i>	<i>“Profit” each CD</i>	<i># of CDs sold</i>	<i>Total “profit”</i>
\$14.99	\$8.99	\$6.00	40	\$240.00
\$13.99	\$8.99		50	
\$12.99	\$8.99		60	
\$11.99	\$7.99		75	
\$10.99	\$7.99		80	
\$9.99	\$6.99		120	
\$8.99	\$6.99		130	

- a. What does it do?
- b. How does it do it?
- c. What would convince consumers to buy it even after they bought and liked their pocket-size system?
- d. What’s the name of the new music playing system you created?

Fourth: Think of the overall topic of music playing systems, prices of CDs, and a new music playing system. How does all of that relate to economic terms such as:

- a. supply and demand
 - b. technology
 - c. competition
 - d. opportunity cost
- e. profit
 - f. money
 - g. advertisement
 - h. scarcity

It must be noted that what will make these economics lessons work and what will make other equal extreme economics lessons work is the interaction between students and the teacher. The materials and the lessons shared in this book are intended to show how economics can be taught through application of and connection with the life experiences of students plus the wholesome knowledge, interests, and talents of students and the economics curriculum, vocabulary, rules, or skills to be mastered.

Use the example, lessons, activities, and materials in this book as starting points for your creative thinking about how to teach economics.

The ideas in this book have worked very well with my students because they connected with the real lives, real life experiences, and the whole-some knowledge, interests, and talents of those students. I change how I teach with each class of students so I can tap into their uniqueness as individuals and as a group. That gives me the forever amazing, challenging, and energizing experience of learning how my current students best learn. I know that they will respond to the extreme economics approach in general, but I get to discover and then create the exact activities that will cause the best learning now. Learning about how students learn is a treasured ongoing life experience of mine that enables me to provide the most effective and the most extreme learning experiences for students. Extreme economics is as much an idea, a way of thinking about teaching economics, as it is the precise classroom instructional activities that will implement that idea, that way of thinking, so that learning is caused in the brain, in the mind, in the life of every student.

ACTIVITY FOUR

The seasons of a school year continually renew and expand the life experience resources that students bring to the extreme economics classroom and teachers can use to cause learning of and mastery of economics.

Students may have noticed the many back-to-school sales, commercials, promotions, and marketing events at businesses in the weeks before the school year began. A teacher could collect a large supply of brochures, coupons, advertisements, and offers from these sales to use in class as examples of competition, finances, opportunity cost, risk, profit, money production, distribution, consumption, and supply and demand.

The tempting offers in some of the back-to-school sales could also be used by a teacher to introduce the personal economic insights from the survey research. How does a family save, save more, keep saving in the midst of back-to-school advertisements encouraging people to spend, spend more, keep spending? How could a back-to-school budget help a student and a family manage money wisely?

What connections could be made between the back-to-school shopping season and the research findings/advice that credit is deceptive and that it is wise to live within your means?

The economic system in this country and the continuously new life experiences of students combine to provide new teaching resources throughout the school year. Soon after the back-to-school events in stores, students may notice or hear about Labor Day furniture sales, model close-out car sales, new fashions for the fall or winter seasons, early-start sales for Thanksgiving family events, and very-early-start sales for Christmas gifts, followed by more generous discounts right after Christmas.

Activities that students are involved with during the school year provide new topics for extreme economics discussions and activities. What is the financial impact on the athletic budget of a high school when an unusually large crowd attends a football game? What costs are associated with new uniforms for the marching band and with getting that band to all of the band competition events during marching season?

What is the economic reasoning behind a middle school or elementary school reducing the number of soft drink options in vending machines and increasing the number of juice and water options? What is the economic impact of that change?

When an elementary school student tells her teacher that her older sister just got her driver's license but has to pay for something called car insurance, what economic lesson or math calculation could that inspire?

When an elementary school student comes in on Monday talking about going to see a movie over the weekend "but the popcorn and candy cost so much that we did not get any of that—we used a coupon to get a free soft drink," what economic connections can be made? What interdisciplinary possibilities emerge, such as writing a polite letter to the movie theater manager asking about the high prices for snacks? Could a language arts class make that a productive activity that applies student life experience?

Middle school or high school students may discuss making money by shoveling snow on a day when a winter storm cancelled school. What extreme economics teaching possibilities are within that life experience?

As high school students anticipate the senior prom, a senior trip, graduation, and other events unique to the senior year of high school that get

potentially expensive, what economic lessons apply? If those seniors are taught in August or September at the start of their senior year to save, save more, keep saving for the events of next May, the prom will not be a financial burden and a life lesson in money management will have been learned through experience.

Students are real people living real lives right now. The economy is a dynamic system of real people with real decisions, plans, mistakes, and successes, occurring continuously. The real lives of students and the real dynamic nature of the economy can connect in the extreme economics classroom. When one of the most frequently and effectively used classroom resources is the life experience of students combined with the wholesome knowledge, interests, and talents of students, the classroom can become a learning community. In this community the teacher is in charge, the teacher is responsible for causing learning, the teacher manages and leads; however, the teacher applies the life experience of students in the learning process that helps convince students that this learning is real, important, and useful right now. The teacher makes connections between economics and the wholesome knowledge, interests, and talents of students to create motivation to learn by building on proper motivations the students already have. The result, similar to a very successful business partnership, is a classroom community partnership in which students and the teacher create new learning together.

In the next chapter we will explore more details, more minute-to-minute opportunities that alert teachers are given daily by students who very eagerly and very genuinely present teaching resources. The students may see what they are presenting as, for example, common conversations about their day-to-day life, but extreme teachers see these presentations as powerful classroom resources.

FOR PARENTS AND GUARDIANS

Results, not excuses. Abiding by the standard of “results, not excuses” can help people avoid financial problems. “But they never really explained all the details of the mortgage. They said this type of mortgage was ideal for me. I really did not know all the details about adjustable rates. I figured my income would go up, so there would be no problem.

I really wanted that house and the bank said no down payment, very low rate for the first year, and then adjustments would be possible, but not certain.” The people who signed that mortgage have no excuse for their dilemma. They needed to ask more questions. They needed to get more advice from more people who have owned homes and learned lessons in the category of “what I would change if I had that to do over again.”

“But the regulatory agencies did not do their job,” a member of Congress might say about various commissions, agencies, or departments. Did Congress do its job to fully oversee the work of the commissions, agencies, or departments? Results, not excuses. Accept responsibility. Develop the skill of self-control. Details follow:

The Essay on Self-Control

I am responsible for controlling me.

I am responsible for my actions, my decisions, my thoughts, what I do, what I do not do, what I say, and what I do not say.

My life is about me before it is about anyone else. That is not selfish; rather, that is realistic, practical, and serious. I can do nothing beneficial for anyone else until I master the freedom, the art, the discipline, the process, and the gift of self-control.

Self-control is liberating. Because I control myself I am free from being limited by the possible control that could be imposed on me by circumstances, by people, by words spoken to me, by events around me, by situations I cannot change.

If it snows, the snow does not control me. I control me. I cannot stop the snow, but I can stop the snow from having any real impact on me. Snow may change my schedule for an hour or a day. Snow does not change my beliefs, my priorities, my goals, my commitments, my hopes, my memories, my skills, or my relationships. Anything that can be shoveled out of my way or that eventually will melt out of existence is not a real obstacle to me.

The enemy of self-control is excuses. Other enemies of self-control include laziness, stupidity, refusal to learn, arrogance, and unnecessary compromise.

Self-control is personal management. If I am overweight it is not because excessive calories forced their way into my body. I put those calories into my body. If I am overweight it is my fault. There are no excuses in a life lived by self-control. There is honesty—blunt, liberating honesty. Being overweight is solved with self-control, including controlling my

thinking, which never permits me to blame anyone else or anything else. I am responsible for me. I am responsible for controlling me, for completing my responsibilities.

Self-control is one of the most important and one of the most effective methods of wise money management. I control my money. Other people have more money or less money than I do. That does not matter. No person has more control over their money than I have over my money. Another person may have 200 percent more income than I do, but I have 100 percent self-control over my money. Another person may squander money. I control money.

Modest finances managed well are more life enhancing than more money managed poorly. Better financial health comes from being, to quote Keen Johnson, governor of Kentucky during 1939–1943, “thrifty, frugal, and saving.” A smaller amount of money wisely managed becomes more financial power than a larger amount of money poorly managed. A wise manager will have more money left at the end of a month. Another person may have more month left at the end of his or her money. Governor Johnson’s generation understood thrift, frugality, and saving. He turned a state government deficit into a surplus and he did it honestly, ethically, wisely. Money can still be managed the old-fashioned way.

The greatest gift I can give my family, my friends, my colleagues, my community is self-control of and by me. Police who supervise the highway do not have to monitor me. I control my driving to be within the law. My employer does not have to monitor my attendance or my results. I work more, harder, better than any employment contract could require because I have a contract with myself.

It really is about me or it can never be about anyone else in a beneficial way. By giving myself the gift of self-control, I give to you a person who takes nothing from you—rather, who can only add quality and goodness to you. Once self-control is mastered and I live within its limits, by its rules, under its authority, dedicated to its discipline, there are no other limits that can restrict how well I live or how much I achieve.

Money management begins with self-control. A life well lived begins with self-control. Nothing can make up for the absence of self-control. Nothing can overpower the presence of and the use of self-control. To control your money, control yourself. To control your life, control yourself. Take control of and keep control of what you can control—yourself.

Self-control is not selfish or egotistical. By controlling myself, I can share with you the best person I can be. Self-control is not superhuman or super-heroic. My self-control cannot reverse an economic recession, a disease epidemic, or a cultural decline in morality. Self-control can pre-

pare me to endure the difficulties of an economic recession and to emerge stronger. My self-control prior to a national economic recession continues during the recession. I control what I can control: me. That example empowers my family, teaches my children, and gives a strong example to my teenager.

During years of national economic prosperity, I increase my savings. During years of national economic recession, my past savings sustain my family and me. Because I am responsible for my family, I am responsible to control me. My first responsibility to myself is to be under control, to be under self-control. My family can be assured and peaceful because they see my use of self-control.

I am most responsible when I am best self-controlled. I am most financially responsible when I best control and manage money. I need not be rich to be financially wise and financially self-controlled. Financial wisdom and financial self-control are not used to make me rich; rather, they are used to make me free. I am free when I am most self-controlled.

Results, not excuses. Control what I can control. I can, must and will control me. With self-control, I will live more wisely, honorably, honestly and productively. I will be a better person. You will benefit from interacting with that better person. I am responsible for controlling me.

The economic crisis, disaster, panic, recession, downturn of 2007, 2008, and 2009 and beyond was not a topic that corporate executives, banking experts, economists, political leaders, journalists, government officials or everyday people all clearly anticipated and all prepared for. A few people did issue warnings, but when some stocks were hitting record highs or five-year highs in 2006 or 2007, the overall perspective was that prosperity would expand. When housing values continued to increase in the early 2000s, the overall perspective was that buying now before the next price increase was advantageous and that a second loan supported by the equity in a home was very secure.

Children and teenagers should not be told that other people caused this very serious recession and let's blame those evil, unwise people. Children and teenagers would not be convinced to accept financial responsibility if they are told that money management problems are caused by other, unnamed people; rather, teach your children and teenagers that history assures us that the U.S. economy will have ups and downs. Teach them to not become unrealistic during years of economic growth because that is the time to prepare for the next recession.

Teach your children and teenagers to take control of what they can control. They can control how they manage money they earn, are given as gifts, or receive as an allowance.

Teach your children and teenagers that there is no magic in economics; there are no cure-all tricks in money management; instead there are wise, proven, available day-to-day principles, rules, and habits that work. If you violate the first three rules of money management—save, save more, keep saving—you lose. If a child or teenager violates the rules at school, there are punishments. If a child or teenager violates the rules of a sport, there are penalties. Teach your children and teenagers that there are rules of money management, beginning with save, save more, keep saving. Teach this by example. Give your three-year-old a piggy bank that she puts coins in that were in her Christmas stocking. Give your eight-year-old a weekly trip to the bank so he puts part of his allowance in his savings account. Give your thirteen-year-old the challenge to earn half of the cost of a school yearbook and you will match that with the other half of the cost. Give your eighteen-year-old the same half-and-half matching money challenge for all costs—gasoline, maintenance, insurance—for driving a car, with one exception: The teenager pays the full cost of any repair needed for an accident he or she causes.

Teach your children that the nation can be unrealistic sometimes. In 1984 the Democrat Party presidential candidate told the nation that taxes must go up because the government's deficits were continuing year after year. Mr. Mondale spoke realistically and the voters rejected his blunt reality. So the nation continued to borrow and spend in ways that defied money management rules and in ways that contributed to and compounded the current national economic crisis.

We need a word at this point. Is the 2007, 2008, 2009, and beyond economic problem a recession? Is it a depression? Perhaps it is worse than a recession, but not as catastrophic as a depression. It could be called an economic "repression" to combine the words and ideas of "recession" and "depression." There are also psychological implications of the word "repression" that further justify applying that word to economics. Has our nation been repressing financial realities for decades and now there is no option but to confront the critical condition of our economy—which a few years ago or a few decades ago could have been corrected much easier when the condition was less than critical? Even

if a nation collectively expresses financial reality, any individual and any family can honestly, ethically, wisely, and with the discipline of reality, face the financial facts, obey the economic rules, and prevail.

“But, Mom,” your teenager says with urgency, “I heard this interview. It was on some website. The guy said he always saved money, he was smart with his credit card and, you know, never ran up big bills. He had a good job. He got promoted and stuff. He even had a retirement account. He had that good mortgage, what’s it called?”

“Do you mean fixed rate, like ours, so the payment does not go up?”

“Yeah. That’s it. So he lost his job. His company president stole money from the business. It went broke. But that guy did everything he was supposed to do. That’s so unfair. So how could he prevent that?”

Great question. One realistic answer is that he cannot prevent it. Some business executives steal, commit fraud, and destroy their company. Some U.S. presidents double or triple the national debt with help from Congress. Teach your children and teenagers to assume that there will be problems out of their control, so they must emphasize what they can control.

The first rule of economics—save—is closely followed by rules two and three: save more, keep saving. Save because it is right, it is smart, it is proven to be beneficial, it is supported by research, and it is a vital part of wise money management. Save more now because your employer may go out of business next year. Keep saving in every possible way because your national government, big banks, or Wall Street mavericks may make big mistakes that impact you. Is it fair that those mistakes impact good people who did everything right? No, but it happens—so save double and save triple to protect yourself against those conditions you do not cause, cannot control, but you know will happen, and therefore, you must be prepared for them.

When a child or teenager is involved in daily money management decisions and actions, money management is learned through actions that become ingrained ideas and productive habits.

“But, Dad, I’m only fourteen years old. I make some money in the summer when I cut grass. I make money in the winter when I shovel snow. Last fall I raked a lot of leaves and made money. Still, I just don’t make all that much money. Even if I saved all of it, that is not a fortune. So, what can I do?”

First, solid fortunes are built steadily over time. The habit of saving \$1 now builds into the habit of saving \$10 soon, then saving \$100 in a few years, followed by saving \$1,000, and as your income grows your savings can build into large amounts because the habit of saving was established and never changed.

Second, one way to save is to not spend. “Son, let’s think of what you spend money on in a typical week. Then let’s see what expenses could be reduced and which other spending could be eliminated.”

Third, another way to save is to find no-cost options to replace the options that cost. “My friends and I are thinking about going to a movie, then to the mall, and then to the food court.” What will the price tag for that evening become? Contrast that with “My friends and I are thinking of fixing huge sandwiches here at home, getting a movie downloaded, and then having a marathon chess match. Everyone is going to pitch in \$5. We did the math. We’ll get the sandwich stuff. We’ll pay for the movie. Chess is free.”

The family could work together on an audit to better identify, evaluate, and revise all expenses. Where could expenses be reduced? Where could costs be eliminated? Some companies reward employees who suggest actions that cut costs. A family could use a similar process.

“Mom, why do we have people come fertilize the yard and cut the grass? I’m old enough to do that. Why pay them when I can do it? I would charge a lot less and the money stays in the family.” Great thinking! A family that creates a continuous awareness of cutting costs is a family that is preparing children and teenagers to think and to act according to save, save more, keep saving. The family is not obsessed with money. The family is wise, sensible, realistic, cautious, and disciplined about money. One benefit of such wisdom, sense, reality, caution, and discipline is that the family does not have to be obsessed about money. Proper management of money and continuous control of money make it much more possible for the family to emphasize the nonmoney parts of life. When you control your money, money does not control your life. Life is not about money. Manage the money part of life properly, and the other parts of life can be enhanced.

“Mom, I need \$15 so I can order a school notebook with my name on it.”

“Well, is that in your budget?”

“Mom, I just found out about this really cool notebook. Some club at school just started selling them.”

“Sounds interesting. Is that \$15 in your budget, Rachael?”

“Not exactly.”

“Then how exactly can you buy the notebook?”

“Oh, I guess I could babysit this Friday night. The Wrights asked me to babysit. I think it is from 6:00 to 9:00 that night. They have some banquet to go to. They pay \$7 an hour.”

“Problem solved.”

“Yeah. I’ll have to miss that basketball game Friday night I want to see. Wait. The Wright’s twins love basketball. Maybe I could take them to the game. I could introduce them to my friends on the high school team.”

“Ask Mr. and Mrs. Wright about that. They may have questions or concerns. If you miss the game, you still make \$21 and that pays for the notebook with money left over to save. Aren’t your high school games broadcast on the school website and then available anytime? You could watch that when you get home.”

“OK. I’ll talk to the Wrights. I’ll find a way to do all of this.”

Notice, if Mom had handed her daughter the \$15, the only learning is that money just has to be asked for. That is misleading. That denies Rachael the experience of earning money and of learning about economic trade-offs. If Mom says, “No, forget any new notebook,” then Rachael has no earning experience or learning experience. The mother managed this in the way her daughter knew she would by turning this into a problem that Rachael would have to solve. Rachael can solve this problem by controlling what she can control. Mother and daughter will benefit in their relationship and in the achievements brought about through the work Rachael will do under Mom’s guidance.

When parents or guardians teach a child about how to safely cross a street the words “Look both ways” are included in the instruction. The adult holds the hand of the child to be sure that the proper procedure for safely crossing the street is followed.

When I advised my nephews and my niece about getting their driver’s license, my guidance included, “Always assume that every other driver at any moment with no warning to you could do something dangerous.” We discussed details—for example, that to some drivers a stop sign

means slightly slow down and to some drivers a red light is never fully red so stopping is never fully needed.

In money management instruction, adults can tell children to look both ways—look for ways to save money and look for ways to earn money. Then the adult takes the child by the hand and together they walk through day-to-day activities of disciplined, smart, controlled money management, beginning with saving money.

As the child becomes a teenager, the adult can further explain that other people in the world may make decisions about money that cause problems for you. That is unfair, just as it is unfair for the cell-phone-using, loud-music-playing, beverage-drinking driver to crash into your car. Have very good automobile insurance. Drive with doubt—meaning believe that the driver signaling a right turn will actually turn right when you see the turn, not when you see the signal.

Have money management insurance by saving, saving more, and then keep saving. Some bank will make some loans to people who cannot afford the mortgage. Some national governments with deficits spend year after year in times of war or peace, in times of economic growth or recession. Assume that some other people will make money mistakes that hurt your finances. Make your finances stronger than the impact of those mistakes other people will make. Control what you can control.

Just as adults teach children how to safely cross the street by managing timing and actions, they must teach children how to safely control money by managing saving and spending.

Just as adults teach teenagers how to safely drive on those streets they used to merely walk across, adults must teach teenagers how to safely control money by realizing that mistakes other people make can and will impact you. Drive with doubt about other drivers. Manage money with doubt about what some other people will do. You can control your driving. You can control your money. Control what you can control. Parents and guardians who teach and who exemplify the extreme economics principles of smart money management based on the guidance from the research done for this book can rear children and teenagers who are smart money managers.

STUDENT CONVERSATIONS, HOBBIES, AND DAILY LIVES: MORE RESOURCES FOR ANY TEACHER WHO LISTENS AND NOTICES

Sometimes the topic of economics unintentionally creates barriers for people who seek to understand economics. In the pursuit of detailed, comprehensive sophistication perhaps, some explanation of economic ideas can get stuck in a maze of charts, graphs, equations, and awkward vocabulary. If a young student translates supply and demand as “A store has lots of ice cream, but nobody is buying—so they have a ‘Buy one, get one free’ sale and all of the ice cream is sold,” then the student is showing some accurate and admirable understanding of supply and demand. The student can and will learn more, but if the goal is to learn, to know, to understand, to think, and to apply, this student is progressing toward the goal. In college, graduate school, or in a high school advanced placement economics class, a complex depth and breadth of economic history, theory, analysis, and philosophy will be studied and learned. For much work with students in elementary, middle school, or high school economics classes, the standard curriculum and the extreme economics approach will emphasize connections, real-life applications, students’ experiences, and the wholesome knowledge, interests, and talents of students.

The ice cream explanation of supply and demand certainly can be used by an extreme economics teacher to Socratically lead that student

and others to build upon the ice cream idea; however, declare a small victory when the ice cream answer or a similar real-life answer is given. Economists would explain supply and demand in their complex and thorough language, as well they should. Ice cream is less complex, but certainly relates to economics in general plus to supply and demand in particular.

Extreme economics is, of course, accurate in the study of money, business, career, investing, saving, vocabulary, and applications. Extreme economics is academically valid and challenging. Extreme economics is real, and that is one of the most important advantages of this approach to learning. A student whose real-life experience with a lemonade stand business, a grass-cutting business, or a fast-food-restaurant part-time job is a resource used to make connections with the economics curriculum, is a student who commits to learning in that class. The graduate school theory of widgets—those all-purpose imaginary products—has its place, but in K–12, let's be as real as possible to create as many right-now, right-here, today, real-life connections to inspire and to cause learning.

In this chapter we will listen to several conversations involving elementary school students, middle school students, and high school students. While reading these conversations, please think of ways that an extreme economics teacher could apply the topics of these conversations to the classroom study of economics. Think also of how the topics of these conversations could be the basis of connections between the life experiences of students and the money management truths that the survey research confirmed children and teenagers need to learn. Similarly, notice how the wholesome knowledge, interests, and talents of students could be applied to build connections with a school's economics curriculum, including fundamental terminology or vocabulary.

ELEMENTARY SCHOOL STUDENTS

Kristen and Katelyn are best friends. Their families live on the same street, so the girls have grown up together during all of their ten years. They have played T-ball and soccer together at the nearby neighborhood park. They attend the same church, which is a short walk from

their homes. They attended preschool together, and they have been in most classes with each other during kindergarten, first, second, and third grades. They are not in as many classes together this year in fourth grade, but they still see each other often at school and daily in their neighborhood. They have not been allowed by their parents to get cell phones yet, but they do keep in touch with adult-supervised e-mail and instant messages. They both know a lot about computers.

"Hi, Kristen! Wait a minute and I'll walk home with you. We can catch up with my brother at the middle school. My parents always tell me to walk home with Andy." Katelyn was pretty eager to leave.

"Yeah, I know. My parents always tell me to walk home with someone. They say things are just not as safe as when they were young. Hey, let's stop at the store and get something to drink. I'm so thirsty and the only stuff to buy at school is fruit juice." Katelyn was annoyed by what Kristen said.

"That is so unfair, Kristen. We used to have soft drinks and stuff, but it changed. Our teacher told us that the grown-ups decided that children were getting unhealthy. Well, if some kids are fat and lazy, that's their problem. You and I play soccer and walk home and swim in the summer. We're healthy."

"Yeah, Katelyn. A few kids get fat and everyone suffers. Well, it's no big deal. We can get what we want at the store. They still sell the good stuff. Hey, there's your brother. Who is that boy with him?"

"Think he's cute? He's a new seventh-grader. Look, we are just fourth-graders, so don't dream too much. Andy and Taylor will walk with us because my parents say Andy has to walk with me. Come on, Kristen, let's catch up."

"Hey, Kristen. Hi, Katelyn. This is my friend, Taylor. He's new at our school. He's a great soccer player." Andy seemed to be in a hurry as he spoke quickly. "Listen, Katelyn, I know we have to walk home with you guys, but let's hustle. Taylor and I need to get back to school to help set up for the middle school carnival. It's tomorrow night and there is a lot of work to do."

That was fine with Katelyn. "OK, but we need to make a quick stop at the store."

Taylor liked that idea. "Yeah, I'm hungry. Let's get to the store. I need some food so I can do all of that carnival work. Are you guys coming to the carnival?"

Kristin responded, “I hope so. I want to. My parents said that our whole family might go. My sister is in eighth grade at the middle school. I think she is staying after school today for volleyball practice. What’s it cost to go to the carnival?”

Katelyn knew. “I read the middle school website. It said admission is \$2 and that gets you in plus a free T-shirt that some businesses donated. The activities are 50 cents each. There will be food and games and stuff. There is one pass that gives you unlimited games all night for \$8. I think there is a family pass for \$25 to let everyone in the family play games all night. Hey, Andy, when does the carnival open?”

“It’s tomorrow night, 6:00 to 9:00. Hey, we’re at the store. Let’s make it fast.”

Andy was more interested in getting home and back to school, but Taylor, Kristen, and Katelyn were looking at all of the snacks. In a few minutes they had their after-school supplies paid for and were ready to begin the walk home.

Taylor had a question. “This new energy bar tastes just like a candy bar, but it costs a lot more. I bet it’s no different than a candy bar. Andy, do you know anything about these?”

“Yeah, actually I do. Our health teacher told us all about those nutrition bars. She said there is nothing wrong with them, but nothing great about most of them either. Our teacher would go crazy watching Kristen and Katelyn with those soft drinks. She says water, water, water. Plus she tells us that soft drinks cost too much. She guesses that the \$1 you pay for a soft drink costs about 10 cents for the drink and 10 cents for the bottle, so you give away 80 cents.”

Katelyn and Kristen were not bothered. They finished their soft drinks, said they would call each other later and each began their after-school routine of chores at home, homework, and playing at the park. Andy and Taylor gave each other thirty minutes to meet at the park and then go back to school. They both had math and computer homework to do, so they had to be home by 6:00, eat supper, and do the homework. Their families had already agreed to the boys’ working at school from 4:00 to 6:00.

Katelyn and Kristen called each other about 4:30. Both had quickly finished their chores and homework. “Hey, Katelyn, let’s play basketball at your house. I need to work on free throws.”

“Neat idea. Come on over. See you in a few minutes.” Katelyn talked to her mother for a few minutes and then went outside to wait for Kristen. Mom had asked about school and about the middle school carnival. Now it was time for free-throw practice.

Kristen had an idea. “The carnival will have a free-throw booth. We can win so many prizes if we practice. Let’s try to hit five in a row.”

Their practice was productive. Eventually both girls hit five free throws in a row. Kristen wondered, “If we win all of those prizes, how does the school make money on the carnival?”

Katelyn had an idea. “Most people don’t practice free throws, so most people don’t win prizes. Plus a lot of the prizes are donated by people or companies, so that’s free. I heard they make a lot of money from the bake sale because people give them cakes and stuff. Whatever is sold is all profit. If they sell a lot of those family passes that adds up. So they make a lot of money. The work is done free, like Andy and Taylor working now.”

Kristen dreamed, “I wish I could make money like the carnival does. Then I could pay for my own cell phone.”

It was time for both girls to get back inside and clean up for supper at their homes. Thursday night at Kristen’s was pizza night and the pizza always arrived at 6:30. Katelyn and her family for years had children’s choice on Thursday. Katelyn and Andy agreed that morning that their choice for tonight was chicken. Their father was bringing home a complete chicken meal from the nearby grocery store delicatessen. He said it was cheaper to buy it that way and have nothing to clean up than for everyone to take the time to shop, cook, and clean up.

At school on Friday the elementary school students and the middle school students were excited about the carnival. Fridays at school often have lots of tests and this was no exception, but one test really surprised Katelyn and Kristen. They have math class together. Today’s math test had math problems to work, of course—but all of the problems were about the carnival. This test was actually enjoyable. That was new. These were some of the math problems on the test:

1. It costs \$1 to have your face painted at the carnival. If one face can be painted in five minutes, how many can be painted in an hour? At that rate, how much money could one person painting faces for

three hours make for the carnival? How much would three people painting faces make in three hours?

2. If 120 family passes are sold at \$25 each, how much money is taken by the total sales of the family passes?
3. Instead of getting a pass for unlimited game play, 210 people paid the admission price of \$2 per person. How much money would be made from these ticket sales?
4. These 210 people also played some carnival games. The average amount spent on games by these people was \$5. How much money total did these 210 people spend on games?
5. The concession stand, which includes the bake sale, will be very busy. Let's predict that 630 people come to the carnival and that the average spent at the concession stand is \$4 per person. How much money would be spent at the concession stand?
6. If the concession stand expenses are \$500, how much profit would the concession stand make? Use your answer from question 5 on this.
7. Add the total money from three people painting faces, family passes, admission tickets and games for individuals, plus concession stand profit. Now, subtract \$1,000 from that as the costs for the carnival. The costs are low because so many items were donated and all work was donated. How much money did the carnival make?

"Can you believe that math test? It was all about the carnival. I actually liked that test. That never happens." Kristen and Katelyn were eagerly talking at lunch.

"I know. It was so strange. I wish we did more math like that instead of what we always do. Hey, Kristen, what are you doing after school before the carnival?"

"Oh, I have to go get an allergy shot so my mother is picking me up. Then we have to get our dog. He's at the veterinarian for some shots and treatment. I think he has allergies, too. Dogs are so much fun, but they get expensive. So, Katelyn, see you at the carnival at 6:00."

"Yeah, I'll be there. I want to be first in line at the free-throw game."

The middle school carnival certainly captured the attention of Kristen, Katelyn, Andy, and Taylor. One math teacher used the carnival for an academic advantage to intrigue students, whose math skills were

measured, applied, and developed through a test that used carnival calculations. Reflect now on additional ways that the real-life experience of a school carnival could be a teaching resource to help students master the economics curriculum and the money management skills from the research survey.

MIDDLE SCHOOL STUDENTS

Now we are ready for the next conversation. Andy and Taylor have made much progress during middle school, and we join them soon after spring vacation of their eighth-grade year. Their thoughts are on the end of the school year, the start of summer, and then the start of high school.

Andy was really glad to see Taylor when the eighth-graders got to the cafeteria for lunch. “Taylor, did you hear what those guys are doing on our graduation night? You know how high school students get limousines on prom night. Some eighth-graders are doing that. They are getting a limousine. I think eight of them are going in on it.”

Taylor was interested, but surprised. “That’s so cool. But doesn’t it cost a lot of money? I mean a *lot*.”

Andy was ready for that question. “Yeah. It’s \$160 an hour. Can you believe that? They reserved it for three hours so that’s almost \$500. It won’t be easy to pay for it.”

Taylor had a guess. “Oh, it’s probably the rich kids, and their families will pay for all of it. They never have to worry about money. They have all the money they need.”

Andy interrupted. “That’s just it. I talked to Tasha about it. She’s one of the group getting the limousine. They have to pay for it themselves. Their parents will not pay any of it. That was the rule they set up. Eight students. They each have to come up with something like \$60, just for the limousine. If they go to supper, they have to pay for that, too. I love it. The rich kids have to earn their own money.”

Taylor continued his guess, but with a new direction. “Maybe their parents finally decided to quit giving everything free to their children. Making them work for the money will show them how everyone else has to live. Hey, what’s going on after school today? Isn’t there some meeting you said something about?”

“Yeah. I’m going to that meeting. It’s about getting a job this summer. Our school has people coming to talk to us about getting trained to be a lifeguard. For anybody who is fifteen years old, it’s a great job. I’ll be fifteen in a week. Aren’t you fifteen soon, Taylor?” Andy was obviously hoping that Taylor would come to the meeting, too.

Taylor sounded interested. “Yeah. I’ll be fifteen next month. I’m not so sure that I want to be a lifeguard, but I’ll go to the meeting. I think I heard on the announcements this morning that they would serve snacks at the meeting. So, yeah, I’ll go, but I’m still not excited about being a lifeguard.”

Andy was eager to convince Taylor. “Taylor, get real. Who goes to the swimming pool in the summer? If you are a lifeguard, you work at a swimming pool, you make money, and you get to see the girls who come to the pool. Can you think of a better job?”

Taylor was not convinced. “The job is not that easy. It’s work. It’s hot in the summer. The pool has to be cleaned. The children have to be told not to run. Let’s go to the meeting, eat the snacks, and see what they tell us.”

Andy got in the last word before they changed the subject. “OK. I’ll see you at the meeting. I’m going to be a lifeguard this summer. If you don’t do this, you’ll be sorry. You’ll come to the pool and wish you could be a lifeguard. You can’t wait until July to do this. It’s April. It’s time to plan for the summer. Take the training in May and make the money all summer. Hey—did you ever get your computer back in your room at home? It’s been weeks since your mom took it away from you.”

Taylor was ready. “Yeah, I got it back, sort of. I can use it, but it’s in the family room right next to the kitchen and I can use it only a half hour every day. Plus, my mom or dad has to be in the room when I’m on the computer. It’s better than nothing. Hey—yearbooks are going to be in soon. Did you buy one?”

Andy sounded annoyed. “No. They cost \$25 and I wanted to order one, but I didn’t have the money. Nobody in my family would give me the money. I think I figured out a plan to get one. I talked to Mr. Franklin and Ms. Simpson—they sponsor the yearbook. I’m going to help them distribute the yearbooks and do other stuff when the yearbooks arrive. They said I could get a free book if I did three hours worth of work. Not bad. Did you buy one, Taylor?”

“Not exactly. I might buy one if they have any left over. Sometimes they order extra and don’t sell all of them. Maybe I can buy one for half price on the last day of school. I think they did that last year to sell whatever was left over. I heard that the high school doesn’t have a yearbook. They put it on DVD. Pictures, music, videos, and interviews. High school will be so much better than middle school. Not just the yearbook part. Everything is better in high school, like lunch. Here we are sitting in this tiny cafeteria with the same food every day. The high school has three or four different lines and all kinds of different food.” Taylor spoke with the eagerness of many eighth-graders who can’t wait for high school. Andy agreed.

“You are right, but those lunches will cost extra in high school. Pizza every day in the pizza line sounds good, but it will cost. So, you’d better get that lifeguard job this summer so you can save money for those fancy high school lunches.”

Taylor laughed. “Yeah. Maybe you’re right. Hey, it’s time to go. Our teacher just got here. Can you believe how fast lunch goes? Well, see you at that meeting after school.”

“OK, Taylor. See you there. Your lifeguard career begins today.”

Taylor and Andy are eighth-graders. They would not be evaluated as experts in economics, but despite having no degree in economics and despite having no formal corporate job title like senior vice president for economic analysis, Taylor and Andy are involved in economics, are impacted by economics, are interested in economics, and when taught economics using the extreme approach can become experts in economics.

Extreme economics thrives on connections. Teachers lead students through classroom instructional experiences that connect the life experience of students with the economics curriculum. Extreme economics students are taught by extreme economics teachers who connect the wholesome knowledge, interests, and talents of students with the economics curriculum.

What topics from the conversation between Taylor and Andy could be used by an extreme economics teacher who keeps informed of students’ wholesome knowledge, interests, and talents? I’ll start a list and you can add to the list, please.

1. Renting a limousine
2. Getting a summer job

3. Buying a yearbook
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

Teachers usually do not eat lunch with Taylor, Andy, or other middle school students, so how will teachers hear the conversations that reveal the wholesome knowledge, interests, and talents of the students? Students begin talking to each other as soon as two students enter the school building. Students talk to each other as they walk through the halls and as they walk into classrooms. Listen to those conversations. When it is proper, enter into some of those conversations.

Take interest surveys. Go to extracurricular events. Visit churches that your students attend. Go to athletic events that your students participate in. Ask teachers who taught your students last year to share their insights about the students. When language arts teachers assign students a paper that is about hobbies, ask to be allowed to read those papers.

Most students are generally willing, if not eager, to talk about themselves. Start those conversations. Ask those questions. Listen, really listen, to the answers and stories. Then apply what the students told you. The student who told you on Friday that she would travel to a soccer tournament over the weekend can give you a sports report on Monday. Also on Monday, you could do an economics activity about the cost of driving the seventy-five miles to the soccer tournament, driving the seventy-five miles back home, and all of the expenses associated with the trip and with the tournament. The student will be impressed with the application of economics to the soccer tournament. The other students can provide information about a wholesome activity of theirs over the weekend and can find connections with those activities and economics—if their teacher leads them through very purposeful instructional thinking, discussion, and activity.

The teacher is still in charge. The extreme economics teacher does not make the classroom an extension of the weekend or a continuation

of the cafeteria. The extreme economics teacher does use the life experiences of the students and the wholesome knowledge, interests, and talents of the students as one set of resources to cause learning. This learning is caused through instructional activities that make real connections between the real lives of students and the economics curriculum the students are to master.

HIGH SCHOOL STUDENTS

What life experiences of high school students can apply to the study of economics? What wholesome knowledge, interests, and talents of high school students can be used in the extreme economics classroom? Cars, part-time jobs, sports, family, dating, college, career possibilities, cell phones, friends, favorite classes at school, clubs at school, community activities, church, volunteer work, and others, which you should add to the list:

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____
- 7. _____
- 8. _____
- 9. _____
- 10. _____

Andrea, Christie, and Melissa have been friends since elementary school. Their friendship has grown through the middle school and high school years. These young ladies are juniors in high school and they ride to school together. Andrea’s brother, Chad, is a senior in high school and he drives them to school each day. Their conversation on the way to school one morning in October will give many possibilities for extreme economics connections.

Andrea: Did you guys study much for that U.S. history test? Mr. Johnson said it would be a lot like the Advanced Placement test we take next May. This is just too much work. Soccer practice every day. Soccer games. Homework. It's just October and I'll never get caught up.

Christie: I know—I can't keep up either. Well, actually I'm doing better now because I quit my job at the movie theater. Eighteen hours a week for minimum wage was such a waste. Our neighbors need me to babysit every Saturday, so I do that now. It's easy. I'm there from 8:00 in the morning until 3:00 in the afternoon. I make as much from that almost as from the movie place.

Melissa: What do you do with the children for all that time?

Christie: They sleep until 11:00 or so. I do homework until they get up. Their parents own a store that is really busy on Saturday. At noon we go to the store and then we usually go see a movie. Then it's 3:00 and their mother comes home. Easy work and good pay. They give me \$8 an hour, pay for my lunch, and pay for us to go to a movie. They usually give me a tip so I end up with \$60 for seven hours of work, if you call it work."

Melissa: If you ever need me to take your place, just tell me. If you can't go some Saturday, I'll do it. I've got to make money for car insurance and gas. I like driving, but it costs more than I realized.

Chad: I know how you can make money. Babysit with old people. I know it sounds unusual, but some old people need somebody to help them at their home to clean the place or just keep them company. I know a college student who does that for \$10 an hour.

Andrea: The best way to make money is to make good grades in high school. If I can get that full scholarship to college I save about \$60,000. So all I do is study.

Chad: That might work for you, Andrea. The rest of us need cash. I have to pay for that homecoming dance next week. Claire and I are going. She wants to go out for supper before the football game and then we'll go to the dance. That will cost me \$50 or more.

Christie: If you help set up the gym for the dance you can get free tickets. Friday after school for two hours is all you have to do. That saves you some money.

Melissa: Is anyone going to that college fair next week? I heard that something like sixty colleges will have people there. I guess we have to start getting serious about college. Where are you going next year, Chad?

Chad: I'll stay right here in town. With the big state university here, why go anywhere else? They have what I need and the price is not bad for in-state students.

Christie: What are you going to study in college?

Chad: Probably communications. I want to work in television or radio. Then all of you can watch my program or listen to me broadcast baseball games.

Andrea: I've been listening to you forever, Chad. Is it OK if I watch a different program? Speaking of programs, don't we have some guest speaker at school today?

Melissa: That's right. We never have big assemblies, but the juniors get to hear some program today about college. There's a choice, I think. You can hear a speaker about college or about the military or about vocational schools or about working full-time after high school graduation.

Christie: Chad, thanks for the ride to school. I have to hurry up and get to first-period class early. I told Ms. Aguilar that I would help some ninth-graders with their Spanish. It's my school service project. See you after school.

The four high school students enter their school of 1,900 students in ninth through twelfth grade. They talk to friends, they get their books, they go to classes, they turn in homework, they experience a variety of teaching methods during the day, they relax for a few minutes at lunch, the juniors attend the assembly topic of their choice, they write down homework assignments, they take tests, they finish the day, and they go

to soccer practice or to other activities or home. They have a rather typical day. What could make the day unusually productive and highly personal, despite the common routines and the ordinarily impersonal procedures needed to manage the activities of 1,900 students and over a hundred faculty, staff, and administrators?

Despite the large size of many schools, interactions can be personal. Andrea, Christie, Melissa, and Chad are real people living real lives right now. If their teachers connect the life experiences of Andrea, Christie, Melissa, and Chad with the school's curriculum, the learning experiences can become more personal, real, meaningful, and worthwhile.

Imagine that the high school assembly about careers is followed by a survey in each class. The teacher and the students discuss the career interests of the students. This takes the assembly topic from the general to the specific, from the large audience to individuals. Perhaps a teacher could organize a discussion with a format similar to the one that follows:

These are the careers/jobs you said you are interested in:

Lawyer	Mathematician	U.S. military officer
Actor	Inventor	Psychiatrist
Writer	Foreign missionary	Teacher
Doctor	Professional football	Marine biologist
Radiologist	player or soccer	Neurosurgeon
Car design/	player	Model
engineering	Technology	Horse trainer
Anesthesiologist	Robotics	Psychologist
Orthodontist	Veterinarian	Aeronautical
Dentist	Preacher	engineer
Surgeon	Entrepreneur	Equine veterinarian

Now, the question becomes, What will it take for you to reach that goal?

Well, what have people who are in those careers successfully done to reach their goal?

1. _____
2. _____
3. _____
4. _____

5. _____
6. _____

Most employers will tell you that “people skills” are essential and that “people skills” are increasingly what makes the difference between getting a job and not getting a job, or between success on the job and failure. What do you think they mean by “people skills”? How can you develop good “people skills”?

The process can become more personal and more precise. With eighth-grade economics students, I work with each student to set up a personal nine-year plan. This takes them through eighth grade, the four years of high school, and the four years after high school, which could be for college, military, technical/vocational school, or their first full-time job. The personal nature of this activity captivates each student. No two nine-year plans are identical. The students begin to envision a real path from where they are today to where they would like to be in nine years.

As part of this process, the students do some computer research to explore websites of local high schools, a local college, and a local university. They are amazed at the possibilities, the challenges, the opportunities, the costs, the amount of work, and the increasingly demanding standards. I convince them that these opportunities can be prepared for, qualified for, and earned—but that the process must begin now, if it has not begun already. Material that we use to begin the nine-year-plan thinking and research is in the following table.

Please do not just copy those activities and use them with your students. I did not copy those activities from another source and distribute them to students. I created those materials for my students to teach them economics based on what they need to learn and what I know about their life experiences and their wholesome knowledge, interests, and talents.

The students are fascinated with the nine-year plan for many reasons, including that it is personalized so each nine-year plan is unique. For some students, it is their first serious look at the high school years and what can be accomplished then. For some students, it is also their first realization that what they are doing now or not doing now, what they are achieving now or not achieving now, is directly connected to what they

Table 5.1 Transylvania University,* plus Ideas about Your Nine-Year Plan

<i>Year</i>	<i>Achievements, responsibilities</i>
2009–2010 (eighth grade)	
2010–2011 (ninth grade)	
2011–2012 (tenth grade)	
2012–2013 (eleventh grade)	
2013–2014 (twelfth grade)	
2014–2015	
2015–2016	
2016–2017	
2017–2018	

1. What does the name Transylvania mean? _____

2. When was Transylvania founded? _____
What does “founded” mean? _____

3. What does the list of Alumni Who’s Who tell you about Transylvania?

4. What is the student-to-faculty ratio at Transylvania? _____
What difference could this make? _____

5. “More than 96 percent of the tenured faculty hold the Ph.D. or the highest degree in their field.” What does that mean? _____

6. What does the word “major” mean for a college student? _____

7. What does the word “minor” mean for a college student? _____

8. From the list on the Academic Program page, what three majors would be of most interest to you and why?

Major

Reason it is of interest

a. _____

b. _____

c. _____

9. What is the answer to “What if I don’t know what I want to major in?”

10. What is an internship? What is good about internships?

11. Activities and sports: Which would be of most interest to you?

12. There is a fourteen-week fall term, a fourteen-week spring term, a four-week May term—where have some of the May term classes been held recently? _____
13. What is graduate school? _____
14. What are some graduate schools listed that Transylvania graduates have attended?
15. What is the William T. Young Scholarship?
16. How much does it cost for a year at Transylvania?
 - a. Tuition: _____
 - b. Room and board: _____
 - c. Total: _____
 - d. OK, that is a lot of money—how do you pay for it? _____

*Transylvania University in Lexington, Kentucky, is the oldest college/university west of the Allegheny Mountains. The above questions are based on a brochure for prospective students. Information about this outstanding liberal arts school is at www.transy.edu.

Computer Lab—Career Research

1. The job that you are most interested in: _____
2. Description of the job: _____
3. Responsibilities of people who have this job: _____
4. Qualifications and requirements for people who get this job: _____
5. Expected salary range (Note: Some people make less, some people make more): _____
(Note also: Money is only one way to measure “income” from a job.)
6. Similar jobs: _____
7. Work duties, responsibilities, experience available now that could help lead you to the job you are most interested in: _____
8. Write the website addresses that were provided for job/career information: _____

(continued)

August 10, 2020

Dear Dr. Babbage,

Remember all of the work we did in economics class about our nine-year plan to get us to the job of our dreams or to the graduate school of our dreams? Well, I have good news to report. Here's what I have accomplished and here's how it was done.

will earn the opportunity to do later or what they will not earn the opportunity to do later.

Students know when they are being taught in a personal way that is based on genuine concern for the student and when they are being processed through impersonal, generic, superficial routines. Some students have endured so many years of educational processing and of school routines that they have settled into the comfortable, easy, generic procedures of textbook chapters to read and worksheet blanks to fill in. Those procedures do not challenge students to think, do not motivate students to excel, and do not individually build upon the academic strengths or resolve the academic weaknesses of a student. Those procedures fill the hours and the days at school, fill the grade book with numbers, fill report cards with ordinary grades—and the procedure is repeated the next year with no break in the inertia.

Students prefer to be challenged and fascinated. Students will eagerly work when the work is worthwhile, meaningful, real, important, and connected to their life experiences while also connecting to their wholesome knowledge, talents, and interests.

When school is reduced to a formula, a script, and a process, then the result is processed education. When school is expanded to connect the infinite ideas, personalities, and life experiences of students with the infinite knowledge of mankind in a curricular way, school can be very real, very lively, very productive, very extreme.

Here's another example of making school real and of making the study of economics extreme. Andrea, Christie, Melissa, and Chad will soon be on mailing lists of companies that would like to provide them with credit cards. A teacher could bring in a letter like that, received by

the teacher, and read it to the students. How could the desired learning be caused in a more personal, more connected, more extreme way?

Through the efficiency of computers and word processing, an extreme economics teacher could create a letter that is personalized for each student. The letter will appear to be authentic. The letter will be addressed to Andrea, with another letter addressed to Christie and with other letters—same content, different name—addressed to other students. Consider the following example and imagine what the impact could be if students studying credit were given a letter similar to this. The word “similar” is emphasized because teachers need to connect with the needs, strengths, and personalities—individual and group—of their students.

April 2009

Dear Andrea,

Congratulations! We are delighted to offer you the nation’s finest credit card, the I Love My College Credit Card Supreme. With each use of your new I Love My College Credit Card Supreme, we will make a donation to your college or university library fund or athletics fund, your choice.

The new card is very convenient to use and is accepted almost everywhere. Your shopping will be made easier and your payment schedule will be only once per month. If you pay your bill in full and on time there will never be any interest charge. If your bill is not paid in full, the interest rate will be 1.5% per month, or 18% on an annual basis.

To sign up for your new card, just return the enclosed postcard, call us at 1-555-newcard, or e-mail us at info@newcardnow.iou.com. Even if you have other credit cards, this is the card that enables you to show your support for your favorite college! Plus there is no membership fee and no annual fee for your first year of using the new card if you reply within one month. If you call or e-mail by April 30 you will receive a free college calendar!

We hope to hear from you soon. Thanks for giving us the opportunity to tell you about our new I Love My College Credit Card Supreme. Go shopping soon with your new card!

Sincerely,

Deborah Jenkins, Vice President
Consumer Marketing

That introductory letter could be followed with a quick reality check about credit cards. The next day in class Andrea is given a different letter. What important aspects of economics in general and of credit in particular could be learned as Andrea reads, thinks about, and responds to this letter?

Dear Andrea,

Thank you for using your I Love My College Credit Card during the past month. We appreciate your business and your trust. Your unpaid balance at the start of your current billing cycle—April 22, 2009, through May 21, 2009—was \$450.00 and during this billing cycle you charged \$550.00 as detailed below. Your current total amount due is \$1,006.75 which reflects the \$450.00, \$6.75 in interest on the \$450.00, and the additional \$550.00. Interest was 18% on an annual basis, for 1.5% for a month.

The minimum payment due by June 4, 2009, is \$95.00. Interest will be charged on any unpaid balance as stated in the terms for your card.

<i>Date</i>	<i>Item</i>	<i>Amount</i>
5/2/09	Restaurant: Joe's Ribs	\$45.00
5/10/09	Movie: Cinematix	\$40.00
5/10/09	Store: Fashion Flair	\$125.00
5/17/09	Car repair: Thomas Tires	\$340.00
	Total:	\$550.00

1. What happens if you pay the full \$1,006.75 by June 4, 2009?
2. What happens if you pay only \$95.00 by June 4, 2009?
3. What mismanagement mistakes can people make with credit cards?

- a. _____
- b. _____
- c. _____

4. What wise management actions can people take with a credit card?

- a. _____
- b. _____

- c. _____
d. _____

We know that Andrea, Christie, Melissa, and Chad are talented at talking. Teenagers can spend hours in conversation in person, on the telephone (especially cell phones), or via computer. A lesson about credit that includes a conversation could capture the attention, the thinking, and the reaction of students in ways that generic, superficial school processes cannot. Here's an example to read—and while reading, please think of ways that conversation case studies similar to this could be used to cause learning in an extreme economics classroom.

Shawn: Yeah, well, I have three credit cards. I use one to the limit and then I use another one to that limit. I still have another card, and if I get to the limit on it, I'll just call them and ask if they can increase the limit. [Shawn talked about this with no real concern at all.]

Tasha: You can't be serious. You are asking for lots of problems. You still owe the money. Don't you pay anything on these credit card bills when they arrive? Don't you have to make a minimum payment or something? [Tasha seemed worried about how her brother was managing his money.]

Shawn: It's no big deal. I'm not worried about it. It will work out. Why are you so worried about this?

Tasha: Well, credit cards just make you think you have money when you don't have it. Writing a check is more honest if you do the math right. A debit card takes the money out of your account instantly and transfers it electronically to the store's account. Still, cash is the only way to really know if you can afford something. [Tasha was serious.]

Shawn: Come on. Who wants to carry a bunch of cash? It can get lost or something else. Credit cards make it easy.

Tasha: Yeah, credit cards make it easy to spend too much money, to get stuck with lots and lots of interest charges, and to get in debt

something awful. Just take your credit cards and cut them up, pay them off, and quit using credit.

List three problems with credit cards:

1. _____
2. _____
3. _____

For people who do use credit cards wisely and who avoid any credit card problems, what credit card rules do they follow? List three:

1. _____
2. _____
3. _____

Explain why you agree with Shawn or Tasha. In your answer include three reasons why you agree with one person and include one reason why you disagree with the other person.

Agree with _____ because:

1. _____
2. _____
3. _____

Disagree with _____ because:

1. _____

Throughout a school day, weekend day, or vacation day, students encounter economics, interact with economics, and are impacted by economics. The extreme economics teacher will apply these life experiences of students to cause learning of the economics curriculum. Let's think of a high school ninth-grader, Kim, on a school day. From the moment the alarm clock goes off to the moment Kim goes to sleep about sixteen hours later, what interactions does Kim have with economics?

1. The alarm clock was purchased recently at a local store. The clock was on sale.
2. Kim's alarm clock wakes her up, not with a clanging or buzzing alarm noise, but with the sounds of her favorite radio station.
3. Kim has to get out of bed to reach the alarm clock. In the time since the clock went off and the time Kim turns the alarm clock off, she hears two commercials. One is for a concert she really hopes to attend and the other is for a new sixteen-screen movie complex she would like to go to soon.
4. Kim enters the bathroom and without noticing it is facing about fifteen products that have very effective marketing programs. Kim is loyal to her brands, but never gives it much thought. Toothpaste, mouthwash, contact lens solution, hairspray, soap, shampoo, hair conditioner, skin lotion, cosmetics, perfume, deodorant, facial tissue, and many others are product categories for which Kim has a very clear preference.
5. Kim is not moving too quickly, but she does manage to finish a shower and get dressed. Her clothes are not expensive, but are known brands except for shoes. Her family goes to a shoe outlet because the products are high quality with a slight imperfection in appearance that nobody can see. The store always has 50 percent or higher discounts.
6. Breakfast is a bowl of cereal, milk, and a granola bar. The cereal is a store's brand because Kim's mother thinks the name-brand cereals cost too much.
7. Kim notices the commercial on the morning news on television. It's about that new movie place. The pictures look great. Kim really wants to go there this weekend, but her father always says that going to see a movie when it opens is wasting money. He says to wait two months and then see the movie at the discount theater. Kim thinks that the thrill is not just seeing the movie, but being seen at the new movie place and being one of the first people to see any new movie. Kim wonders if Dad remembers what it was like when he was fifteen. Did movies exist then?
8. Kim rides to school with her brother, Billy, who is a senior in high school. Billy recently bought a used car, which he is very proud of. His fast-food part-time job, including what he saved working extra

jobs the past two summers, pays for the car payment, insurance, and gasoline. The car takes every dollar he makes.

9. At school Kim sees signs for the video yearbook and the printed yearbook. Each costs \$25, or you can get both for \$40 total. That sounds like a lot of money to Kim. She decides to read Billy's yearbook instead of getting her own.
10. Two friends ask Kim if they can borrow money from her for lunch. These two friends never pay back a loan. Kim smiles and says no. The friends ask again. Kim says no again. The conversation ends.

Now, please expand the list. Think of what Kim will do, experience, and encounter during the rest of the day at school, going home, and at home. Then think of how those regular daily occurrences could directly, creatively, and effectively connect with economics.

11. _____
12. _____
13. _____
14. _____
15. _____
16. _____
17. _____
18. _____
19. _____
20. _____

Let's make Kim the star of a case study. The following case study could be personalized for each student and the circumstances could be modified easily to match the life experiences and wholesome knowledge, interests, and talents of your students.

CASE STUDY 2

Money. Economics is all about money. Life is about much more than money, but if you get the money part of life right, the rest of life goes better.

I'm fourteen years old. What can I do to make money? Four years from now I will graduate from high school and then go to college. How does anyone pay for college? One textbook for one college class can cost \$100 now. When I go to college that book will cost even more. So, I might have to spend over \$1,000 per year in college just for the books I will need. The tuition at public universities in my state is going up about 14 percent next year. If that keeps up during the next four years, college will cost me almost twice as much as it costs now. I can just hear it. "Hi, Kim, we would like for you to attend our university, the best public university in the state, as a member of the class of 2014. The tuition for your freshman year will be \$14,000. Yes, it used to be a lot less than that, but costs went up. We are still much less than some private colleges with tuition costs of \$30,000 to \$50,000 per year."

In two years, when I am sixteen years old, I want to learn how to drive a car. I'll get my driver's permit and then I'll get my driver's license. Cars cost a lot of money. I saw a sign in the back window of a car yesterday. It said "For Sale, \$1,200." Where would I get that much money to buy a very, very used car? Then where do I get the money for gasoline? It's \$2 or \$3 per gallon now. By the time I drive it will be \$4 per gallon or more.

College is going to cost more. Cars will cost a lot. Gasoline will keep costing more and more. What am I supposed to do? Just when I am ready to start doing all of this, it all starts to cost more than ever.

What do you mean, get a job? I'm fourteen years old. What job can I get? Babysit? Maybe. Cut grass? Well, yeah, I can do that during the summer. Rake yards when the leaves fall off the trees and then shovel snow in winter? Yeah, I can do that in the fall and in the winter. I could make some money doing all of that, but I need to make even more. Is there any other way I could make money? I want to do this the right way—I just want to do it now and in a big, big way.

Entrepre-what? Entrepreneur? You are telling me to become something I can barely pronounce and that I have never heard of. What is an entrepreneur? Oh, that's what it is. You mean like the man who started Microsoft and is now the richest man in the country? I get it. He had a good idea and he made his idea into a product and he has sold his product to millions of people.

Well, since I'm fourteen years old I probably am not going to compete with Microsoft yet. I need something closer to home that I can do and closer to my skills. What am I good at? This might sound surprising, but I'm a great cook. I got interested in cooking because my grandmother was the best cook in the world. I used to spend part of every summer with her. She lived on a farm in Tennessee. We would watch my grandmother—we called her "Nana"—make these amazing meals. She explained how she made everything from homemade bread to desserts. I can cook. I sometimes fix the meals for our family for holidays or for family gatherings. Still, what can a fourteen-year-old do with cooking skills to make money?

Open a what? A lemonade stand? That is not very fancy cooking. Well, yeah, maybe I could sell more than lemonade. I bake great brownies, perfect chocolate chip cookies, and the truth is, I'm an expert with cakes. My grandmother used to make old-fashioned lemonade. I guess I could do that. It was a lot of work, but it was better than anything from a packaged mix of lemonade powder.

Well, this is worth some serious thought. What would I have to do before I could open my lemonade stand business? Sure, I can think about that and make a long list of everything that would have to be done before I could open a lemonade stand business. Here's my list:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

It is early June and school has been out for two weeks. It is a very hot day and everything is ready for me to open my lemonade stand. I decided that I needed a business partner, so my brother, Billy, is working

with me, but he has another job so he can help just a little. Funny, he stayed longer than he planned because some friends of his stopped by. Then his girlfriend stopped and she said Billy was so sweet to help his sister. Billy promised to help again tomorrow.

Here's what happened at our lemonade stand on the first day we were open for business:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

So, after the first day of business we were really tired. We had been very, very successful with our business, but it was a super-hot summer day and we are ready for some time off. I know, time off means that we don't make more money, so we made all the plans we needed to be ready to open our lemonade stand for the next day. Here's what we had to do to get ready for tomorrow:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

This is hard work. Are we going to have to do this every day? Sure, we made a lot of money yesterday, but when do we get some time off from

all of this work? Oh, so entrepreneurs don't get much time off. I may have to rethink this entrepreneur plan, but I'm going to do this for a week at least, then see what Billy and I think.

Students are real people living real lives right now. Students interact with economics many times every day. Those interactions are real, so there is no need to use generic, ordinary, prefabricated instructional materials when students bring such vivid life experiences that can be a convincing catalyst toward mastery of economics.

In the next three chapters the reader will experience a detailed journey as we visit a day in the life of an elementary school student, a middle school student, and a high school student.

FOR PARENTS AND GUARDIANS

No payments for three years. No interest for four years. No down payment. No income, no job, no problem—we'll get you in a car today. The proper reply to offers that seem too good to be true is a very certain, emphatic, and permanent no.

Congratulations, you qualify for a new credit card. Congratulations, you have been selected to apply for a new home equity loan. Congratulations, your credit card limit has been increased—just call to accept this new limit. No. No. No.

Teach your children and teenagers that one of the most effective tools of money management is to think no, say no, and act no. Simultaneously teach them that any offer, product, price, or loan that sounds too good to be true is worthy of a very swift and irreversible no. Money mistakes that are avoided do not have to be suffered through and corrected. Being skeptical helps you manage money. Asking many, many questions helps you manage money. Skepticism and questions help you avoid mistakes. Teach your children and teenagers the traits and actions of financial skepticism and interrogation.

Have your teenager read all of the tiny print in the newspaper advertisement for a furniture store that offers no down payment, no interest charges for two years, and free delivery. "Oh, no down payment on purchases under \$200. Those purchases must be paid in full at time of purchase. No interest charges on purchases over \$1,000 for two years; how-

ever, interest is due in full if purchase is not paid in full within two years. Free delivery for purchases over \$2,000. Hey, Mom, this was too good to be true. That tiny print has some big stuff in it.”

It's not just furniture store advertisements that must be very closely inspected. “We will cut taxes, increase defense spending, and balance the budget.” The American people voted for that trio of promises in 1980. The two easy promises were kept. Taxes were cut and defense spending increased. No budget was balanced in the 1980s by the U.S. government. Those 1980 promises were too good to be true. The financial bad habits of the 1980s have continued and are among the reasons for the financial crisis of 2007, 2008, and 2009 and beyond. Those mistakes did not have to be repeated, but they were repeated. Teach your children and teenagers to be smarter than that.

Teach your children and teenagers to vote financially before they are eighteen years old and can vote politically. Teach them that every coin or dollar saved is a vote for their own financial security. Teach them to vote with their dollars of savings as one way to take control of what they can control. Teach them that some companies go bankrupt and that some political officials ignore financial reality; therefore, your children and teenagers must take responsibility for their personal economic destiny.

Teach them that the adult voters sometimes elect the wrong person or sometimes prefer to hear financial fantasy from politicians instead of financial reality. Teach them that history is a brilliantly accurate indicator of what works with money.

In the 1920s people borrowed too much money and spent too much money. The Great Depression followed for those and other reasons. In the 1980s the national debt tripled. The stock market crash of 1987 and the saving and loan collapse were associated with similar money mismanagement. During 2001–2009 the national debt doubled, and similar money mismanagement in Wall Street firms or banks all contributed to the current crisis.

Let's explore this further so you can provide some useful historical perspective and guidance to your children and teenagers. What is the goal of this historical search? To help the current generation of children and teenagers become known as the “Sensible Generation” based on a knowledge of what makes sense about money management and what

does not make sense about money management. There are no secrets to sensible money management; rather, sensible money management relies on the known, proven, sensible actions that have worked in the past, work now, and will continue to work.

Those actions are found in the verbatim comments of people who participated in the research for this book, in the ten statements that summarize that research, and in the lives of people who exemplify sensible money management. Those people could be grandparents who can help teach the children and teenagers in your family. Those people could be local merchants whose business success and community involvement combine sensible money management with an honorable sense of civic involvement. The Sensible Generation must know the lessons of money mismanagement mistakes, so we turn to history for those insights.

During the 1920s, unprecedented credit tempted consumers to purchase more than they could afford. Until the 1920s, what a person could afford often meant what they had saved up for and could pay for in full. The installment plan of the 1920s enabled people to make weekly or monthly payments on a radio, a refrigerator, or a Model T Ford. The installment plan replaced traditional discipline and sense with a “Roaring Twenties” acceleration of debt. People speculated that jobs would continue, wages would increase, and credit would provide instant purchases that otherwise would be out of reach. It was too good to be true.

In the 1920s people borrowed money to buy stock. Prices of stocks increased, so more people borrowed more money to buy more stock on margin. The price of such excessive credit and excessive speculation was a stock market crash.

The 1920s were also a time of trickle-down tax policies. The alleged theory was that if the rich are made richer, the money will trickle down to the poorest of the poor. That plan did not work in the 1920s, 1980s, or during 2001–2009.

During the 1980s, the trickle-down tax policy of the Harding, Coolidge, and Hoover years of 1921–1933 emerged as Ronald Reagan’s supply-side economics. Give an old plan a new name and the bad results will be repeated, because the name change does not mean different actions. The more accurate description of what became the economic policies of the 1980s was what George H. W. Bush called those supply-side

policies as he ran against Ronald Reagan in 1980 for the presidential nomination: voodoo economics. The promises were to cut taxes, increase military spending, and balance the budget. That math does not work. The voters supported that deceptive math in hopes that finally something could be obtained for nothing. The somethings that were caused included a 1987 stock market collapse and a half-trillion-dollar cost to repair the damage of the savings and loan disaster.

The financial crisis of 2007, 2008, 2009, and beyond follows financial mismanagement, mistakes, and stupidity that turned record U.S. government surpluses into record deficits, which created an atmosphere of “borrow all you can because some banks will gladly lend you all you ask for.” The national government doubled its debt, Wall Street tripled its failure, and consumers quadrupled their difficulties: too much mortgage, too little income, zero savings, and extreme debt on credit cards. The mentality of the 1920s and 1980s returned with fierce foolishness during 2001–2008.

Children and teenagers need to learn the lessons of history. Excessive credit and excessive speculation always cause problems. If it is too unrealistic to be sensible, vote against it and take actions very different from it by taking control of what you can control. The nation spends, you save; the nation borrows, you save more; the loans and credit cards are offered to you, but you say no to them and say yes to keep saving.

Children and teenagers can be taught the history of financial mistakes and can be taught the example of people who did not follow the mischievous momentum of money mismanagement, but who saved, saved more, kept saving. It costs no money to learn from history. It costs much money to miss what history teaches.

“Mommy, why did that store close? It was my favorite. We always went there to get my birthday present. They had the best electronic stuff. Why did they close?”

Mom thought of how to explain a recession, a credit crisis, securitized mortgages, and a stock market drop of over 34 percent in one year to her inquisitive ten-year-old daughter. Before Mom replied, her thirteen-year-old son added a question.

“Hey, Lauren, it’s worse than that. Your favorite store closed, but it was part of a big company with hundreds of stores in the country. So, Mom, why did that company close all of its stores?”

Slow response to changing market conditions. Opened too many stores too quickly. Inefficient inventory management. What should Mom say? She had an idea.

“You guys remember a few months ago when both of you caught the flu? Usually both of you are very healthy and active, but last December you got the flu. People get sick. Businesses can get sick too. You got over the flu. That store and that company could not recover from their business illness.” Mom hoped this was making sense to Lauren and Michael.

“What kind of illness can a business catch?” Lauren asked.

“Yeah, Mom, can one business catch some disease from another business?” Michael added quickly so he would not get upstaged by his younger sister.

Mom was impressed with the curiosity of her children. She wanted to answer their important questions accurately and in a way that would be meaningful.

“Great questions. Let’s think. How could one business catch a money disease from another business? Well, the three of us are in the car right now. If one of us coughs or sneezes the other two of us may pick up some germ and get sick. That big electronics store used to be a busy place. People bought televisions, appliances, computers, and those new portable digital music players you both like so much. Now the store is out of business. Did they suddenly start selling bad products?”

“No. They had the best. People would camp out at that store the night before something new came out. I wanted to do that last year, but you wouldn’t let me,” Michael reminded his mother.

Mom replied with a laugh. “Camping out all night on the sidewalk in a shopping center with winter temperature would have made you as sick as that store is now. But you are right. That store attracted big crowds. People bought a lot of stuff there. So how did the store get sick?”

Lauren had an idea. “I think it is because that fancy coffee shop and the movie theater in the same shopping center closed.”

Michael agreed. “That’s it. The coffee shop coughed and the movie place sneezed, then the electronics store caught the flu.” Michael and Lauren smiled to celebrate their intellectual powers.

“That’s it. People don’t buy that fancy coffee as much as they used to. The movie theater tried everything. Low prices. Free popcorn. I remember the midnight movies they showed with two tickets for the price

of one. People just are not going to movies like they used to. So when people started buying less and spending less, those stores closed. The people who used to work at the coffee place or movie theater have no job, so they can't walk over to the electronics store and buy a video game or some new computer accessory. Now there are three empty stores in that shopping center. In a few weeks there could be more businesses that close there. What would you do if you owned a business there and stores around you were closing?"

"I would not want to catch the going-out-of-business flu. So I would get some medicine like, you know, like a staying-in-business shot or pill. Maybe stay open later or open earlier. Or give free coffee to everyone. That's it. People don't want to pay for fancy coffee, so I'd give every customer free coffee. I could get someone who used to work at the coffee store to set up a coffee café at the electronics store." Lauren was very confident that the money flu could be cured.

Michael could not let his sister have the only idea, so he thought and then said, "When I'm sick and have to stay home, Mom, you always tell me to rest. But a sick business has to work harder. I think I would call every customer who ever came to the electronics store and tell them about this week's special offer. I would not wait for the other stores to get well. And I would not wait for the customers to start coming in. I would call people. It's like you tell us with our friends. If they are not at school we call them to see if they are OK. If the customers are not at the store, I'd call them to see if they can come back. I bet some people would really appreciate a call. I love video games, so call me and tell me about the newest game. Or if they can't call a thirteen-year-old, they could call the parent and say, 'Free coffee for you while your son tries the newest game.'"

"Well, we're home. There is so much to know about money. I'm really impressed with your questions and ideas. We'll discuss this some more at supper and see what your father thinks. Your cousin, Trey, is joining us for supper. College students need home-cooked meals. His girlfriend, Mindy, is coming with him. She studies economics at college so you can ask her about how businesses catch illnesses from each other. For now, go do your homework so nobody catches a bad-grade flu," Mom said and smiled.

Lauren answered confidently, "I'll make an A on that math test tomorrow. Michael, maybe you can catch good grades from me."

Michael thought he knew the perfect answer. “I was making good grades before you ever went to school. I taught you how to make good grades.”

“Yeah, but I taught you how to impress my friend’s older sister that you like. That girl is so good at math. I hear you suddenly make A grades in math. No grade flu there.”

Mom, Michael, and Lauren would continue the money illness discussion at supper with Dad, Trey, and Mindy. The supper discussion emphasized money health. Mindy had just written a paper for a college class. The topic was “How you can stay financially strong in a weak economy.” Take a few minutes and think of ideas that Mindy could have shared about financial health for individuals and families. Please list ideas below or on separate paper.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

Now, have a conversation with your family about financial health and fitness. How can our family stay financially well even when the economy is sick? How can we strengthen our financial immune system to be ready for the nation’s next financial illness? How do we protect ourselves from the coughs, sneezes, colds, or flu of an economic epidemic?

A DAY IN THE ECONOMIC LIFE OF AN ELEMENTARY SCHOOL STUDENT

“But it’s not easy being nine years old. My older brother and my older sister tell me what to do. You and Mom tell me what to do. My teachers tell me what to do. I really like my friends because we never tell each other what to do.”

Zach’s father listened closely and then had an idea. “Zach, I understand what you are saying. There are a lot of people who tell a nine-year-old what to do. Let’s try this. I’ll pick you up today after school and then take you to work with me for the rest of the day. I think you’ll enjoy watching how we do our jobs.”

Zach was thrilled. “Wow! That will be so neat. Can I stay and watch the news broadcast?”

“Sure. That’s exactly what we’ll do. Your school dismisses at 3:00 and we’ll get to the television station about 3:30. That gives us time to get an after-school snack for you. The local news is broadcast from 5:00 through 6:30. The station is a very busy place right before the news and during the news. Now, you finish breakfast and get ready for school. I’m taking you to school today because you have that big history project you created. It’s way too big to carry on a school bus. John always drives himself to high school and he’s taking Jennifer to her middle school. Mom will be back this afternoon from that business trip to Atlanta. So, we’re set for the day. See you in ten minutes, ready to go to school.”

Zach's father smiled as his nine-year-old son jumped from the table where they had eaten breakfast. Mr. Brown's eighteen-year-old son, John, and fourteen-year-old daughter, Jennifer, had finished breakfast a few minutes earlier and would soon leave for school after making sure that they looked just right. Mr. Brown wondered if middle school and high school had always been fashion shows.

"I'm ready, Dad. This fort I made for history class is pretty big, but it fits in the back seat. Thanks for taking me to school. I'd never get this project on the bus."

"OK, Zach. I'll be ready to take you in one minute. Do you have lunch money?"

"It's in my account at school. This is Wednesday. I have \$6 in my account. Lunch is \$2 each day so that will get me through the week." Zach wanted to show that he was managing his account well because his father put \$5 in Zach's bank savings account for each week that Zach correctly managed his lunch money. The school's lunch accounting system was on computer and parents/guardians could access their child's accounts via the Internet, just as they could also check grades via the Internet.

"That sounds perfect, Zach. We're ready—let's go."

As Mr. Brown drove to school, he and Zach talked about their plan for after school. Zach was beginning to realize one of the reasons he was going to the television station where his father was the general manager. "You mean everyone tells everyone else what to do? The grown-ups boss each other around?"

"Good thinking, Zach. You'll see a lot of people giving instructions to the people they work with. It looks easy, but there is a lot that has to happen to get the news program on television. You've been to the station before, but not to watch the actual production and broadcast of the news. OK. We're at your school. Need any help with that fort?"

"No, thanks. I can get it. Hey, there's Matthew. I'll get him to carry my book bag so I can carry the fort. Thanks, Dad. See you after school."

"Bye, Zach. Have a great day."

Zach did have a great day at school. The history projects were taken to the library and put on display. The library looked like a museum, which was the intention. This is third-grade-history-museum day at Zach's elementary school. Several college professors of history were

guests at the third-grade museum. They were observing the projects and they were going to talk with the students.

Several computers in the library were displaying websites from museums from throughout the country. As students and teachers visited the library they could see the projects, hear presentations about the projects, and talk to the third-grade students about their creations. Admission to the museum was free, but each student had to earn an admission ticket. Teachers had given all students history questions to answer in recent days; a student had to correctly answer five questions to earn a museum admission ticket.

The librarian had sent a press release about the third-grade museum to local newspaper, radio, and television reporters. A newspaper photographer took many pictures of the projects. A television reporter from the station where Zach's father works came with a videographer to film a story. His father had not told Zach about this, so it was an exciting surprise for Zach. The reporter talked to the librarian, a teacher, and three students, plus took lots of video including a close-up of Zach's fort.

In math class Zach and all of the students did history math. All of the math problems were about the time periods and the places the projects dealt with. Some of the math problems were about prices people in earlier times paid for the products they used. Some math problems were about the real museums and how much it costs to go to a museum, plus how much people who work at a museum can earn in their job.

All of the other classes had some connection with the third-grade history projects. Reading class included a history chapter. Science class was about scientific ideas from many years ago. Even gym class included dances people did in earlier times. The whole day was really interesting to Zach, but he was most amazed with lunch. The cafeteria staff arranged an old-fashioned home-style meal, with traditional foods that the teachers had told them were common in the colonies during the early and mid-1700s. The vegetables, the breads, the desserts, and the meat were really good and made some students wonder if old-fashioned cooking was better than microwave food or fast food from the drive-through. Zach wondered if a meal like they had at lunch was expensive. He paid his usual \$2 for a lunch, but he thought he got a lot more than \$2 worth of food.

The day passed quickly and soon Zach was in his last class of the day. His history teacher had one last surprise. She came into class dressed just like people dressed in the 1940s. Some students had done their history projects about World War II. So this teacher was taking everyone back to the 1940s. She played music and parts of radio programs from the 1940s. She had two newspapers from 1943 and 1948 that showed prices from grocery stores, and everyone was amazed at the prices versus current prices. The teacher explained that some products were not available or were very limited during World War II.

When the school day ended, Zach was quickly out the front door of the school to join his father, who was very interested in Zach's day.

"Dad, it was so cool. The library looked great. It was just like that museum you and Mom took us to in Washington."

Dad was impressed. "You mean the Smithsonian? Your school library looked like the Smithsonian? I can't wait to come see it tomorrow night at your school's Family Night."

"You'll love it, Dad, but you actually get to see it today. A reporter from your television station came to our school to see the museum. Maybe that will be on your news program tonight."

"Let's hope so, Zach. Let's stop in this store to get a snack for you. Get something healthy, even if you get something else that is not so healthy."

Zach knew what to get. He really did prefer water to any soft drink. What else should he get? Chips, cookies, candy bar, granola bar? Then he saw a package of trail mix. He had that last summer at a scout camp and really liked it. So, water and trail mix. That should be healthy enough. Zach's father also got a bottle of water and paid for everything. On the way to the television station, Zach and his father talked about what they had seen in the store. Water was 99 cents per bottle, but the sale price of the brand of water they chose was two bottles for \$1.50, so they saved money. The trail mix was \$1.49 for a package, but it had an instant peel-off coupon for 50 cents, so that made the price 99 cents. They agreed that there were many ways to save money if people just thought about it.

"Thanks, Dad. I was really hungry. Thanks for getting me at school. What are we going to do first at the TV station?"

"Well, how about your homework? What do you need to do for school for tomorrow?"

“Just math. I have fifteen math problems to do.” Zach sounded confident.

“OK. You can use my office to get your math finished. There are two people I’d like you to meet. Our sales director will explain to you how we make money from selling TV time for commercials. Then our personnel manager will talk to you about careers in television. After that you and I will go to the studio to watch the 5:00 news broadcast.”

Zach was really excited. “Wow. I’ll do the math in no time. Do you think we can talk to the reporter who came to my school?”

“Sure. While you do the math homework, I’ll find that reporter. See you in about fifteen minutes, son.”

The discussions about advertising sales and television careers were very interesting to Zach. What he liked best was talking to the reporter and seeing how the story about the school’s museum project was being prepared for the news. The reporter had a question for Zach that he never expected. “Zach, here’s an idea. Instead of me introducing the story, you could do it. The news anchor announcer can say that our next story is about an elementary school library being transformed into a history museum, and to introduce the story, we have with us Zach Brown, a student who was involved in the museum project. Are you interested?”

“Sure! I’d love to do that. I get to be on TV? Thanks!” Zach hugged his father and then began working with the reporter to be sure everything was perfect. A trade of winks between Mr. Brown and the reporter confirmed that this plan would work.

Zach’s debut on television news was flawless. He was very comfortable in front of the camera. He thanked his teachers and he praised the students for the work they did. Then he smiled at the reporter, said “Back to you for more on this story,” and the reporter completed the work. Is Zach on his way to a career in television? Time will tell, but he certainly is on his way to another great day at school tomorrow.

Zach is not the only student in his third-grade class or in his elementary school whose day included events and experiences, ideas and observations, questions and answers that can connect with economics. Zach’s life experiences during this one day can be very productive resources for any extreme economics teacher. The wholesome knowledge, interests, and talents applied in the history projects provide more resources for extreme economics instruction. The following table shows

<i>Research findings</i>	<i>Connections with Zach</i>
1. Save, save more, keep saving.	• The discounts Zach and his father found when they got snacks after school.
2. Start saving now.	• Zach's lunch account at school is managed by Zach to keep \$2 for each day. For each week he balances this account, his father puts an extra \$5 in Zach's bank savings account.
3. Have a money plan.	• Zach's lunch account. • What Zach learned about the television station's finances from the advertising sales manager.
4. Credit is deceptive.	• Zach's lunch account begins with a \$10 deposit each Monday. If he runs out of money before Friday, the cafeteria manager knows not to extend credit—that rule is from Zach's father. So far, Zach has always had \$2 for each day.
5. Live within your means.	• Managing the lunch account even on days when an extra slice of pizza for \$1 is tempting. Zach knows the limit is \$2 daily. He cannot spend \$1 on extra pizza each day.
6. Life is not about money.	• The time with his father, the history museum project, and the television station adventure were the best parts of the day. They did not cost money, but good money management helped the day go well.
7. The measurement of economics is math.	• The math problems Zach did. • The after-school/snack prices.

	• The cost to advertise on the TV station’s programs. • The possible income with various TV station job/careers.
8. Get the best and the most education.	• Zach did excellent work on his history project.
9. Develop a strong work ethic.	• Zach was required to do his math work before he could tour the TV station.
10. People are more important than money.	• Zach’s father taught this to Zach by his example of spending so much time with Zach. • When he was on television, Zach sincerely thanked and acknowledged teachers and other students for their work on the history project museum.

examples of connections between Zach’s day and the financial wisdom from the research survey for this book.

Can an extreme economics teacher also connect Zach’s life experiences and his wholesome knowledge, interests, and talents with the basic, fundamental vocabulary of economics? The terms my eighth-graders must master are listed in the following table with connections to Zach, but as you think of additional connections, please include those ideas.

Zach’s life experiences and his wholesome knowledge, interests, and talents connect directly with the research survey results plus with the vocabulary of economics. Extreme economics uses these connections to make learning economics real. Zach and other elementary school students are already experiencing economics each day, so their experiences become an unlimited classroom resource that make learning for students much more personal, individualized, meaningful, fascinating, and real. The extreme economics approach is efficient and effective for teachers because it works. Students eagerly do work that is real, connects to their lives, and connects to what they are already motivated by and dedicated to.

<i>Economic vocabulary</i>	<i>Connections with Zach</i>
1. The law of supply and demand	• The trail mix instant coupon may have been needed to sell excess supply and to increase demand.
2. Production	• How are television programs and commercials produced? • How is trail mix produced?
3. Distribution	• What steps are involved in getting the bottles of water from their source to the store shelf?
4. Consumption	• Dad and Zach drank their water. • Zach consumed his trail mix snack.
5. Productivity	• Zach's teachers accomplished more very efficiently by connecting the history project to many subjects and classes.
6. Technology	• The television news broadcast.
7. Competition	• At the store, Zach considered several products for his after-school snack.
8. Specialize	• Zach learned of jobs at the station where each person has precise duties in which they specialize.
9. Money	• How much does it cost to broadcast a commercial on the local news program? • Why was the price of water discounted with purchase of two bottles?
10. Scarcity	• There almost was not enough time in the morning to get ready for school and to get breakfast.
11. Profit	• How does the television station make money, in addition to selling time for commercials to be broadcast?

12. Land, labor, capital	The history projects showed that earth, work, and money were applied in different ways by various people, in a variety of places and times.
13. Risk	The store where Zach got his after-school snack faces risks every day, as customers have options of other stores.
14. Opportunity cost	Zach did not spend an extra dollar from his lunch account for an extra slice of pizza today because he would not have enough money for lunch later in the week.
15. Interdependent	The teachers worked together to make the history project a theme in many classes.
16. Advertisement	The television station sells commercial time and broadcasts advertisements.
17. Finances	How much money does Zach have for lunch each week? How much does lunch cost each day? Which bonus can Zach earn if he manages this account correctly during a week?

The following materials are thought starters for teachers. These materials have worked with my students, but I create new materials and new activities for each group of students because each student is unique, each class is unique. Please read through these materials so they can be catalysts for your creativity.

One more point about Zach's day: Not every town has a television station. Not every student has a parent or guardian working at a television station. Other workplaces could be just as interesting and just as connected with economics as a television station. Identify the resources

within your school, within your community, and within the jobs of the parents/guardians of your students, and use those resources to make extreme economics connections.

ELEMENTARY SCHOOL ECONOMICS

There are many ways to define “economics” and there are many topics that are part of the overall concept and activity of “economics.” However, no matter what definition is used, no matter what economics concept is considered, and no matter what economics activity you participate in, there is one certainty:

Economics is about money.

- Ways that people legally acquire money
- Ways that people sensibly make use of money

Note: Spending is not the only option and is not the first option.

- Ways that people invest money
- Ways that people save money
- Ways that people manage money
- Ways that people mismanage money
- Ways that people plan for future needs
- Ways that businesses use money to provide goods and service that will, they hope, convince you to shop there and spend money there
- Ways that government acquires money and uses money

Plus, much more about money, jobs, business, charities, investments, bills, checks, credit cards, banks, and more.

So, to begin: What is money?

What is the first rule about money?

P.S. Needs are much more important than wants. Saving is much more important than spending.

Money mistakes:

1. _____
2. _____

- 3. _____
- 4. _____
- 5. _____
- 6. _____
- 7. _____
- 8. _____

Money wisdom:

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____
- 7. _____
- 8. _____
- 9. _____
- 10. _____

- 1. Define the word “money.” _____
- 2. What is the purpose of money? _____
- 3. What words would you associate with money?
 - a. _____
 - b. _____
 - c. _____
 - d. _____

- 4. Write two questions you have about money:
 - a. _____
 - b. _____

- 5. Is a check money? <yes-no> Reason/evidence: _____
- 6. Is a credit card money? <yes-no> Reason/evidence: _____

7. Is a gift card money? <yes-no> Reason/evidence:

8. Is a postage stamp money? <yes-no> Reason/evidence:

9.	<i>Cost to skate</i>	<i>Number of people skating</i>	<i>Total admission</i>
	\$5.00	200	a. _____
	\$4.00	250	b. _____
	\$3.00	350	c. _____
	\$2.50	500	d. _____
	\$2.00	500	e. _____

10. Fill in the blanks.

<i>Price of 2-liter</i>	<i>Number sold</i>	<i>Total of sales</i>	<i>Cost to store</i>	<i>Profit each</i>	<i>Total profit</i>
\$1.50	20	\$30.00	\$1.00	\$.50	\$10.00
\$1.25	30	\$37.50	\$1.00	\$.25	\$7.50
\$.99	50	\$49.50	\$.79	\$.20	\$10.00
\$.79	110	\$86.90	\$.69		
\$.69	130	\$89.70	\$.64		

11. The Magical Math of an IRA (Individual Retirement Account). Assume that this deposit will grow at 10 percent per year, doubling in value every 7.2 years.

2010	\$2,000	2031.6	_____	2053.2	_____
2017.2	_____	2038.8	_____	2060.4	_____
2024.4	_____	2046.0	_____		

“Economics is all about money. One reality about money is that work equals pay. In this class, students have been paid extra points for several reasons including doing great work on a test, doing great work on homework, and asking a brilliant question or giving a brilliant answer to a question. Economics is also about getting in the habit of save, save

more, keep saving. As we earn extra points for our Individual Reward Account, we save those points for two weeks and then we redeem them for rewards.”

The reasons I think it is a good idea for us to get paid are:

- 1. _____
- 2. _____
- 3. _____
- 4. _____

The reasons I think it is a good idea for us to build up points in an Individual Reward Account (IRA) are:

- 1. _____
- 2. _____
- 3. _____

Explain three similarities of getting paid in this class and earning IRA points with how the economy in our society really works.

- 1. _____
- 2. _____
- 3. _____

Select one of the following options:

The Economics of March Madness

- 1. Design a new indoor sports arena.
 - a. Draw the exterior of the building; include the name of the arena and tell why that is the name.
 - b. Draw the interior of the building. What is the seating capacity? Why?
 - c. List and describe the five most important improvements your arena has that make it better than other arenas.
 - d. Select one event and tell what the prices would be for three different locations of seats; give a reason for each price.

- e. Design the homepage of the website for the new arena; include five link boxes.
 - f. Write a thirty-second commercial about the grand opening of the arena and the first sporting events that will be held there—the March Madness 2010 NCAA men's basketball final tournament one week after an NCAA women's basketball regional tournament.
2. Design the ultimate sporting goods, sporting souvenirs, sports everything store.
 - a. Draw the exterior of the store; include the name of the store and tell why that is the name.
 - b. Draw the interior of the store—show each department, aisles, checkout counters, and other details.
 - c. List and describe the five most important advantages your store has over other competitors.
 - d. Design the newspaper ad that tells people about the grand opening of your store; include products, prices, directions to the store, and coupons, plus information about the grand opening event.
 - e. Design the homepage of the website of your store; include five link boxes.
 - f. Write a thirty-second commercial telling people about your new store.
3. Create a new TV sports network.
 - a. Tell the name of the new network and why that is the best name.
 - b. Tell the name of six weekly or daily programs you will have on the network; describe each of the programs and what audiences you expect to attract with these programs.
 - c. List four live sporting events that your network will broadcast and explain why you think each of these events will be watched by large audiences.
 - d. List and explain the four advantages your network has over other sports and TV networks. Tell why viewers will be impressed with each of these four advantages.

- e. Design the homepage of the website for your new TV network; include five link boxes.
- f. How will you advertise your new network so people know about it, ask their cable provider to have it and then watch it—radio, television, or print? Pick one and create the ad/commercial you would use to introduce your network to potential viewers.

P.S. When we discuss these projects in class we will relate them to the economics core content vocabulary terms. As you create your project, think of how it relates to our favorite terms.

<i>Economics core content term</i>	<i>How it relates to my project</i>
1. the law of supply and demand	
2. production	
3. distribution	
4. consumption	
5. productivity	
6. technology	
7. competition	
8. specialize	
9. money	
10. scarcity	
11. profit	
12. land, labor, capital	
13. risk	
14. opportunity cost	
15. interdependent	
16. advertisement	
17. finances	

ACTIVITY ONE

First, think of television shows that you enjoy. Second, think of television shows that are not your favorites, but that you know a lot of other people like. Third, overall, what types of television programs seem to be most popular?

1. Create a new television program. Before you give it a name, think of (a) the type of program it will be; (b) the characters who will be in the program (not the actors and actresses but the characters who are portrayed in the program); (c) who the target audience is, which means, what kind of people the show is designed to attract as viewers; and (d) some possible plots for episodes of the show. Now, describe the program answering (a), (b), (c), and (d).
2. Now, give the program a name. Why is that a great name for the new television program?
3. Create the “pilot” episode, which is the first episode of the new program. Outline/describe/write about three scenes from the episode: what are the characters doing; what are the characters saying; what issues come up; what is amusing, if anything; what is complicated, if anything; what else happens?
4. What is it about this show that will attract people in the target audience to watch?
5. Think of three products that would pay to have their commercials shown on this program. Why would those products pay to advertise on this program?
6. Think of three reasons why one of those products in question 5 would pay more to have one of the show’s characters using or mentioning that product during a scene in the television program.
 - a. _____
 - b. _____
 - c. _____
7. Write one thirty-second commercial about one of the products you mentioned in your answer to question 5. Write the audio portion word for word and describe the video.
8. Design the website for the new program.

ACTIVITY TWO

Invent a new cereal. Think of an idea for a new cereal that, in at least one way, is different from and better than current cereals. Think, also,

of the people this cereal is intended to appeal to so the new cereal is designed with that group in mind.

1. Give the cereal a name. What does the name communicate about this new cereal? Explain why this is the perfect name for the cereal.
2. Design the package for the new cereal. Design all sides of the package. Include (a) the name of the cereal, (b) graphics on the front and on the back, (c) nutritional information, (d) website address, and (e) 800 number. You will also include either (1) a recipe that uses the cereal or (2) a promotional offer that gives the consumer an item free or at a reduced price with purchase of the cereal.
3. Describe the cereal: shape, color, taste, ingredients, and any special benefits the cereal provides.
4. Design the website for the cereal. Show what the initial screen would look like and list all of the topics/links that would be available.

ACTIVITY THREE

Your choice—select one of the following:

1. Create an eight-page issue of a new magazine. Include in the eight pages the cover, the inside front cover, the back cover, and the inside back cover, which would be of interest to elementary school students. The magazine will include all of the following (and more if you add more):
 - a. The front cover, showing words and pictures about the contents and including the name of the magazine
 - b. Advertisements on the inside front cover, the inside back cover, and the back cover
 - c. Two or three articles total on pages 1, 2, 3, and 4
 - d. Some ads on pages 1, 2, 3, and 4

2. Create an eight-page catalogue for (a) a sporting goods store or (b) a car dealership. The catalogue will include all of the following (and more if you add more):
 - a. The front cover, showing words and pictures about the contents plus the name of the company sending the catalogue
 - b. Pictures, prices, advice, ordering information, and special deals
 - c. A letter from the president of the company to the reader of the catalogue (this goes on the inside front cover)

Yes, you may cut and paste, you may draw, you may use pictures, you may interview people, you may include letters from readers. Be sure that everything you include makes sense, is spelled correctly, is rated G, and shows that you put some solid thinking into your work.

Zach's sister, Jennifer, is fourteen years old and she is very much a middle school eighth-grader. In chapter 7 we will spend a day with Jennifer and see how her life experiences and her wholesome knowledge, talents, and interests can connect with extreme economics.

A DAY IN THE ECONOMIC LIFE OF A MIDDLE SCHOOL STUDENT

Friends. If you ask Jennifer Brown what she likes best about eighth grade, the answer is her friends. Seeing her friends, talking with her friends, being with her friends, making plans with her friends, and hearing the latest middle school social news from her friends are the best parts of school.

What about classes to attend, books to read, tests to take, homework to do, projects to finish, and all of the other work associated with school? “Yeah, all of that is important,” Jennifer admits, “and I make good grades. My parents insist that I make the honor roll. School is not so hard, but all of the work does keep me from doing some things with my friends. The best part of school is friends. Tasha, Shawn, Brian, Julie, Robert, Whitney, Andrea, Christie, Vickie, Martha, Hunter, Taylor, and everybody else. They are the best. We talk all the time. We tell each other everything. I know I have to do all the schoolwork stuff, but the neatest part of school is friends.”

Soon after the alarm clock awakens Jennifer she starts to think about her plans for the day. Her mother is out of town at a business conference in Atlanta, but Mom will be back this afternoon to pick up Jennifer at school at 2:00 to go to the orthodontist. Jennifer smiles as she realizes she will miss her seventh-period class today because of leaving school

early. Science class is—well, it is just not Jennifer’s favorite subject. The experiments they do in class are interesting, but Jennifer is not going to be a scientist. She is going to be a writer, just like her mother. Ms. Brown writes books for children, actually really young children. She writes books that families can use with children ages four to eight to help them learn everything from colors to sharing, from counting to being polite. The business conference Ms. Brown is attending is about books for children.

Jennifer is going to write fiction books for middle school girls. Language arts class is her favorite class every year. She reads a lot. She writes a lot. She talks a lot. Jennifer is at her best when she is communicating, including phone calls to friends, text messages to friends, everything electronic from her computer to her friends’ computers. Well, not everything. The Brown family has a computer in their living room for Zach, Jennifer, and John to use. Mr. or Ms. Brown have to be in the living room for the computer to be used. There is just too much junk on the Internet and so much potential for abusive, illegal activity through the Internet that limits are necessary.

Jennifer had put her clothes out last night. She does not like to select her clothes in the morning because she is not completely alert then. In the social priorities of Jennifer and her friends, fashion mistakes are just not allowed.

Jennifer is ready to go to school and her brother John is heading out the door. John is willing to take Jennifer to school because Mr. and Ms. Brown made that a condition of John getting a car before his senior year of high school. As usual, Jennifer has a question for her older brother as they drive to her middle school.

“Hey, John, a counselor from your high school spoke to the eighth-graders at our school last week. She told us all about classes and clubs and stuff. She said that she would be back in a month or two so we could sign up for classes and fill out some survey. The classes look OK, but what clubs and stuff should I get involved in?”

John is an expert on high school clubs, sports, and similar activities. He has been very involved in high school extracurricular activities. “Well, don’t do everything I did just because I did it, but the best high school group I’ve been part of is the marching band. It is tons of work. Those band contests are not easy. Your practices in summer are long and

hot, but you get to take neat trips later. We got invited to play at a college football game last year and that was great. It costs a lot of money to get band uniforms and instruments, so you have to help with fund-raising events. There is nothing free in marching band. There are no credit cards, either. All students have to account for money they raise by selling stuff or working at the huge yard sale or, you know, everything else school groups do to make money.

"I like tennis and I've played on the tennis team every year. I even played on the high school tennis team in the spring when I was in eighth grade. That gets you involved in high school early.

"Oh, yeah. The student technology club is great. We actually get paid to do some computer work at school in the summer. I worked at school last summer for three weeks and I made \$10 an hour. I still do some computer work for the school and they have this deal with a local business. If I do fifty hours of work this school year I get a free laptop computer when I graduate so I can use it at college."

Jennifer was impressed. "That sounds great. Thanks for the ideas. Hey, we're already at my school. Thanks for the ride, John. See you tonight."

Jennifer was gone before John could reply to her. What motivated her eager entrance into her middle school? You guessed it: friends. Each day at school Jennifer and her best friends sat together in the cafeteria where everyone waited until it was time to go to their lockers and then to first-period class. Today Andrea, Christie, and Whitney were at the table when Jennifer arrived. Whitney told Jennifer the latest news.

"Jennifer. It's so cool. Listen to this. Andrea and Christie are going to start doing the morning TV news show here at school. Next month they will be the anchor team reading the news. I'm going to do the weather report. We asked Ms. Harvey—she organizes the news program—and she said you could do a daily sports report. You play a lot of tennis, right?—so sports would be great for you. Here's the best part. During our month we get to sell commercials. You know, businesses buy time on our news show to advertise their products. The school gets half of the money to help pay for field trips. The other half goes to a club at school that the news crew picks. We were thinking maybe the French club or the student council. What do you think?"

Jennifer thought for a moment. “This is great! We get to be on TV at school. We get to make money. How about that food drive project? We could donate money to help get more food. I think the student council is organizing the food drive.”

Andrea agreed. “Perfect. They always need more food. It’s really sad that some people are hungry. Hey, did you hear about Bruce and Anthony? They got in trouble at school yesterday in the bus area or on the bus or something. They have to come to school on Saturday and clean the building.”

Christie changed the topic. “Is anybody going to that concert next month? The tickets cost so much, but that band is the best. The cheapest ticket is \$40. My mother would never pay that much for me to go.”

“Yeah, I’m going,” Jennifer said. “My brother knows somebody who works at the concert arena. He said they give tickets to about twenty people who stay after the concert and help clean the place for two hours. It actually makes money for the high school marching band. So twenty students help clean the place. They get great tickets free. The marching band gets \$400. It’s great for everyone. Maybe we can do that when we are in high school.”

Andrea got everyone’s attention. “Look. There’s Ms. Harvey. Let’s go talk to her about the news.”

Christie was up instantly. Jennifer and Whitney were right behind her. The girls talked to Ms. Harvey for a minute and then the bell rang. That is the signal for everyone to go to lockers and then report to first-period class in seven minutes.

The morning classes were fine for Jennifer—nothing great, nothing awful, just pretty much regular classroom activities of books and worksheets plus a quiz and one video. The best part of the day was coming up soon. Halfway through science class was the twenty-nine-minute break for lunch. Jennifer was never all that hungry at lunch, but she ate a regular meal. What made lunch great was friends. Jennifer had done all of the required work in her classes during the morning. She turned in all her homework. She paid attention. She took notes. She knew everything on the quiz. She is a successful student. Still, no class at school gets the same eager excitement from Jennifer as does a conversation with her friends. Some of Jennifer’s best friends are in her science class, so they get to go to lunch together. Students are required to not

talk in the hallways going to and from lunch because other classes are in session, but once in the cafeteria the conversations begin.

"I saw them together this morning before first-period class. I think he really likes her, but she, you know, she's just waiting for her old boyfriend to get jealous so they can get back together." Whitney kept everyone informed about the latest social news.

Andrea had another topic on her mind. "Hey, are any of you going to the tryouts for the school play? Our school has never had a real play, but the new language arts teacher in seventh grade is going to sponsor it. I think it would be so neat to do that. Tryouts are tomorrow after school. Who wants to go with me?"

Jennifer and Christie both said "I do" immediately. This group of best friends liked to do school activities together, and they each had plenty of outgoing personality to impress any judge at a theatrical tryout.

Jennifer was glad that tryouts were tomorrow, not today. "I have to leave school early today to go to the orthodontist. I'll get these braces off in six or seven months. Today I guess they will tighten the wires and stuff. That always hurts, but I'll still go to the play tryouts tomorrow."

Their conversation continued until it was time to return to the science class. The 1:00 p.m. bell ended science and all other classes. The halls were full of active, busy, talkative middle school students. Jennifer went to her locker to get the U.S. history book she needed for her next class and to get everything else she would need to take with her so she could leave on time at 2:00, which was toward the end of her next class.

U.S. history class began differently today. The lights were turned off. There was some type of music playing very softly. The teacher then started showing a collection of photographs from the Civil War. These pictures were projected on the screen in the front of the room from a new computer-connected projection system. The teacher then recited word for word President Abraham Lincoln's Gettysburg Address. Jennifer was very impressed. The entire class was captivated. The closing words of the speech were followed by spontaneous applause from twenty-seven very intrigued eighth-graders. The class discussion that followed was fascinating. The teacher stayed in character as President Lincoln and answered questions from students as if they were all back in the Civil War years. Jennifer had never been so amazed with history. She was actually sorry when it was time for her to leave class and to leave

school early. She got to the office at 2:00 p.m. and her mother was there ready to take her to the orthodontist. Mom had asked for and just received a copy of Jennifer's most recent report card because their orthodontist gave students a \$20 discount on the monthly office visit when you showed a current report card with all grades of A and B. Jennifer always qualified for the discount, so her parents split the savings with her. That gave Jennifer an extra \$10 per month deposited into her bank savings account.

Ms. Brown and Jennifer talked about Ms. Brown's business trip to the book publishing conference. Ms. Brown is working on a new series of character education books for children. Jennifer suggested making the Gettysburg Address into a book about history so children could understand the Civil War. Ms. Brown was intrigued by the possibility of history books for children. While Jennifer was in the orthodontist's chair, Ms. Brown e-mailed that idea to her publisher. Jennifer was thrilled that her idea was being taken so seriously.

After the orthodontist work was completed, Jennifer and her mother stopped at the grocery store. Milk, cereal, bananas, coffee, fruit juice, bread, and ice cream were on their list. Then they stopped at a gasoline station. The price of gas was up again, and Ms. Brown said to Jennifer, "Honey, when you start driving in a few years I'm afraid gas will be much more expensive. Our next car will have to get better mileage than this one. Maybe we should get a hybrid."

"We studied those in science class and in math class," Jennifer replied. "They get great mileage, but they cost more than regular cars. Still, some people end up saving money with them."

At home that night everyone gathered for supper. Mom and Jennifer told everyone about the business trip and the orthodontist visit. Dad and Zach talked about the television station trip. John told everyone that he was now the top-rated student technology assistant at school. Now, he gets \$11 per hour for the after-school technology work he does, instead of \$10 an hour. After supper, Zach, Jennifer, and John had homework to do. Mr. and Ms. Brown discussed the idea of U.S. history books for children and then did some chores around the house.

Jennifer finished her homework and began doing an extra-credit project for U.S. history. She began memorizing the Gettysburg Address. The teacher said that any student who could recite that speech from mem-

<i>Research findings</i>	<i>Connections with Jennifer</i>
1. Save, save more, keep saving.	The \$20 savings at the orthodontist for good grades earns Jennifer a \$10 savings account deposit.
2. Start saving now.	Jennifer has a bank savings account.
3. Have a money plan.	Making good grades is important for many reasons, including that it is part of Jennifer's money plan to earn \$10 extra each month.
4. Credit is deceptive.	John explained that part of being in the marching band is helping raise money for the band. No credit is given or accepted. Work that makes money is accepted.
5. Live within your means.	Jennifer and her mother discussed the increasing price of gasoline and the impact that will have when Jennifer is old enough to drive and to share the costs of a car.
6. Life is not about money.	Jennifer's day revolved around people. The money parts of her day were managed wisely, which helped the other parts go better.
7. The measurement of economics is math.	Grades of A or of B are measured by numbers. Jennifer's grades met those standards so she earned the \$20 monthly discount at the orthodontist.
8. Get the best, the most education.	Jennifer accepted the extra challenge and the extra opportunity to memorize the Gettysburg Address.
9. Develop a strong work ethic.	Trying out for the school play is extra work and being in the play

(continued)

	would be much more work, but Jennifer expects herself to do more and to be more.
10. People are more important than money.	• Ms. Brown confirmed this for Jennifer when she e-mailed Jennifer’s idea to her publisher. • Mr. Brown confirmed this as he interacted with Jennifer about the Gettysburg Address. • Jennifer and her friends display this every day!

ory would get 50 extra credit points and an automatic A on the next test. The teacher said that years ago it was rather common for eighth-graders to memorize poems, quotes, or even a speech. Jennifer accepted the challenge and the opportunity.

With her father’s approval and supervision, Jennifer sent a few e-mails to friends. The topics were school, the orthodontist, trying out for the school play tomorrow, and whether anything was going on this weekend. Jennifer then recited the first paragraph of the Gettysburg Address while her father listened. He was very impressed with his studious daughter. She was very impressed with her wise father who then recited the first paragraph of the Gettysburg Address.

“How did you do that, Dad? You know it word for word.”

“We had to memorize it in eighth grade. It’s been in my brain all these years. Someday you can impress your children when you recite it for them. And I’ll amaze my grandchildren when I recite it with you. Time for bed now, Jennifer. Sleep well. See you in the morning. Good night, sweetheart.”

The following table reviews Jennifer’s day as it matches the research survey list of the essentials for understanding economics and for money management success.

An extreme economics teacher can also connect the events of Jennifer’s day with the basic, fundamental vocabulary of economics. Think, please, of connections between the activities Jennifer experienced on

this day and how those can connect with the seventeen economics terms used before. The list of terms is provided for you, but the list of connections is for you to complete. Learning, including learning as a book is read, is best when it is interactive and participatory.

<i>Economics core content term</i>	<i>Connections with Jennifer</i>
1. The law of supply and demand	_____
2. Production	_____
3. Distribution	_____
4. Consumption	_____
5. Productivity	_____
6. Technology	_____
7. Competition	_____
8. Specialize	_____
9. Money	_____
10. Scarcity	_____
11. Profit	_____
12. Land, labor, capital	_____
13. Risk	_____
14. Opportunity cost	_____
15. Interdependent	_____
16. Advertisement	_____
17. Finances	_____

Jennifer’s friendships with several students in her eighth-grade classes are very important to her. She interacts cordially with most people her age and with adults. She is developing effective people skills, which can be very useful now as a student and throughout her life including in her career.

**MIDDLE SCHOOL ACTIVITIES AND
HOMEWORK PROJECTS**

The following extreme economics activities have been very successful with eighth-graders I have taught in recent years. Sometimes a student

will ask if working with another student is allowed. The answer is usually yes, but they know that they will need to convince me that each partner fully participated. Some businesses are started by two business partners, so class projects or homework projects can be examples of the partnership structure of a business. This is another way to develop people skills and to build upon the reality that many middle school students value friendships, so put those alliances to work in the classroom with friends becoming business partners.

The following classroom activities and homework projects have worked very well with my students. These are presented as catalysts for creativity, so make adjustments or create newly inspired ideas so the activities and projects you design for your students reflect their life experiences and their wholesome knowledge, interests, and talents.

ACTIVITY ONE

Invent:

- a. the grocery store of the future, or
- b. the amusement park of the future, or
- c. the car dealership of the future, or
- d. the restaurant of the future, or
- e. _____

(your idea that you discuss in advance with your teacher)

Include:

- a. the name of the new business _____
- b. three reasons why this is a great name
- c. a full-page, four-color newspaper ad about the new business
- d. a full-size, full-color website about the new business
- e. a drawing of the new business
- f. a letter that includes a coupon about a promotional offer, both of which would be mailed to consumers, convincing them to visit your new business and make a purchase

ACTIVITY TWO

Create a new magazine about a wholesome topic that is important to you—something you know about, are talented in, or are interested in. Discuss the topic with your teacher before you start work. Include:

- a. the front cover—show the name; use two or more colors
- b. the back cover—an advertisement with two or more colors
- c. an advertisement inside the front cover
- d. an advertisement inside the back cover
- e. a table of contents
- f. four articles with a picture in each article
- g. a “pop-out” card that encourages people to subscribe to the magazine

ACTIVITY THREE

Create a new . . .

- a. Mega computer and electronics store
- b. Mega sporting goods store
- c. Mega food court in a mall
- d. Mega automobile dealership

Explain the following about the new business that you create:

- a. The idea/concept.
- b. How your idea/concept is better than current places with which you will compete.
- c. Show the floor plan with details.
 - reasons for the floor plan to be as you designed it
 - advantages of this floor plan versus current competition
- d. Draw and write a print ad for your new business.
- e. Write a radio ad for your business.
- f. Write a television ad, including information about video plus the audio text, for your new business.

- g. Create the first page of the website, give the website address, list the links, and include the 800 number.
- h. Create a promotion to get people to come try your new business and to return to the business a second time.

Extra Credit:

- List five reasons why people should buy stock in your new company eight years from now after you have opened a total of twenty-eight locations and decide to “go public.”
- Much more extra credit: Do all of the above items, a through h, for more than one new business a, b, c, d.

ACTIVITY FOUR

Create a one- to two-minute presentation and a thirty-second commercial about the high school you are going to attend. Turn in the script of the presentation and the script of the commercial. Include the following information:

- a. location
- b. something about the history of the school
- c. what you think is the best quality of the school
- d. information from the school's website
- e. a quote from a person who works at the school
- f. a quote from a student who currently attends the school

ACTIVITY FIVE

Create a one- to two-minute presentation and a thirty-second commercial about a college you are interested in attending. Turn in the script of the presentation and the script of the commercial. Include the following information:

- a. location
- b. something about the history of the school

- c. what you think is the best quality of the school
- d. information from the school's website
- e. a quote from a person who works now at the school, a quote from a student who currently attends the school, or a quote from a person who is a graduate of the school

ACTIVITY SIX

Select and complete one of the following choices. Yes, you may do more than is required. Yes, you may turn this in early—be sure it is done completely and done correctly. Everything you do for this homework must be G-rated, legal, and ethical.

1. Select five different product categories (for example, breakfast cereal is one product category).
 - a. In each of the five categories, select two products—one is a well-known name brand and the other is the store brand. Tell what the two products are in each category.
 - b. Compare and contrast the two products in each category: the package, the price, the ingredients, the claims made, if any (for example, “gets the toughest dirt out”) and other important factors that you notice.
 - c. Tell which of the two products in each category you would buy or recommend and give two reasons why for each.
 - d. Put yourself in the job of brand manager for one of the name-brand products. You are getting concerned that the store brands are taking more and more of your business. In two paragraphs or more, explain how you will compete to get your sales to increase and to get customers to return to your brand.
 - e. On November 16, 2008, a grocery store charged \$3.45 for a box of twelve brand-name granola bars, two bars in each of six packs in the box. The store's brand of twelve granola bars was priced at \$2.50 regularly, but was on sale at three for \$5.00. Write a thirty-second commercial appealing to customers who like granola bars, to try the store's brand—or to stay with the national brand-name product.

2. Think of ways that eighth-graders could make money during the next three months—safe, smart, realistic, practical, proper ways to make money. List at least five ways. Now, think of ways that you and another eighth grader could team up so that each of you makes more money than if you each were just working alone. List at least five ways. Now, fast-forward to March 2, 2009, and you have earned \$400. You saved \$300 of it. The other \$100 was spent during holidays and weekends. Write a summary of everything that you did on your own and that you did with your business partner to make your \$400. Use the seventeen core content terms in your summary, and underline each term the first time you use it.

For one of the ways you made money, you designed and distributed a one-page advertisement that you mailed to people and handed out to people. Show the detailed design of your one-page advertisement, including all information a potential customer would need to know.

3. This option deals with the question “Which is more important to customers: the product they buy or the service the business provides?” For example, is the quality of the TV you buy at a store more important, or is the service (how you were treated, the phone call to make sure your TV was working well, the guarantee to make any repairs free for one year) more important?

You decide to open a lemonade stand on a hot summer Saturday in July while you are also having a family garage sale. Think of five problems related to your products and five more problems related to customer service that could happen and tell how you will prevent those or deal with those.

4. For the next week, keep a very detailed record of every possible time, place, and way that you could save, save more, and keep saving. Keep the record of who, what, when, where, and how about saving money. A list or a chart will be fine.

Then put some of those ideas and other information into a four-page mini-magazine that is all about saving. The mini-magazine is directed toward middle school students. The information in the mini-magazine will tell students how to save, why to save, what to avoid so money is not wasted, and what to watch out for that could

cause money to be spent unnecessarily. Give the mini-magazine an attractive, informative cover. Name the magazine. Put an ad on the back cover. Between the covers will be four pages of information, articles, up to two pictures (draw, cut from newspaper or news magazine, print from computer), and an advice/question-and-answer column (optional).

ACTIVITY SEVEN

1. First, it is three years from now and you are a junior in high school. You complete an application for a job at a grocery store. Write five questions you expect to be asked and write your very convincing, very impressive answer to each question. Your goal is to get hired.

1. _____?
2. _____?
3. _____?
4. _____?
5. _____?

Second, design the store. Show the interior and the exterior. What is the name of the store? What makes this store better than other grocery stores? List three reasons your store is better than other grocery stores.

1. _____?
2. _____?
3. _____?

Third, when you graduate from high school, the grocery store says that they will help pay for your college education if you continue to work

for the store fifteen hours each week during college. Think of and list three reasons why the store is making you this offer:

1. _____?
2. _____?
3. _____?

2. It is four years from now and you are being interviewed by a committee at a college or university. The committee will select twenty high school seniors who will be given a scholarship, which pays for tuition completely. That would be \$8,000 to \$20,000 or more per year, based on current prices. Think of everything you have accomplished during your high school years that will convince the committee to select you as one of the twenty scholarship winners. Now, list six questions the committee will ask you and write a one-paragraph answer for each question.

The committee selects you for one of the scholarships. To maintain the scholarship for four years of college, you must make great grades and be involved in service activities. Explain how you will make great grades. Tell your plan in three paragraphs. What service can you provide to the school? Explain this in two paragraphs.

3. Save. Save more. Keep saving. You enter a contest to create advertisements that communicate the ideas of “Save. Save more. Keep saving.” Create each of the following:

- a. a thirty-second radio commercial—time it to be sure of length
- b. a thirty-second TV commercial—time it to be sure of length
- c. a website: homepage with five link boxes
- d. a half-page newspaper ad
- e. a bumper sticker
- f. a T-shirt

4. Invent the ultimate fitness facility. From training for sports to getting back into shape, this is the perfect place.

- a. name the facility and give three reasons why it is a great name.
- b. website: homepage and indicate six links.

- c. thirty-second radio commercial: write the script.
- d. promotion event: what will happen at the grand opening.
- e. special trial offer: create a quarter-page ad in the newspaper and a coupon that is included
- f. special offer to get people who visit as a guest to return and join
- g. membership price(s)

ACTIVITY EIGHT

From the following descriptions, design a business that matches description 1 or 2, your choice. You will present a three- to five-minute “infomercial” in class about the business.

1. It's big. Really, really big. It is the ultimate sports, activity, recreation facility. It has all of the following activities with fields, indoor courts—everything:

- softball fields
- swimming pools
- basketball courts
- dance studio and dance floor
- soccer; indoor fields and outdoor fields
- tennis courts, indoor and outdoor
- volleyball: indoor court and outdoor sand-filled area
- hockey: roller hockey and ice hockey
- skateboarding: indoor and outdoor ramps and more
- football: flag football indoors and football fields outside
- baseball: batting cage indoors and fields outdoors

There are leagues, pick-up games, lessons, camps, and much more. Sure, we also have a gigantic concession cafeteria, a snack area, a coffee area, and a sporting goods store.

Or:

2. Everything creative you can think of, you'll find it here. Movies to watch in very comfortable theaters. Every type of proper video game

and every type of video game system. Internet access. Music and music and music, including live bands. Art, crafts, and skills classes to learn about singing, modeling, sculpture, pottery, writing, dancing, and more. A library of books, magazines, and endless employment information from places you could get a job and endless applications for colleges, universities, and vocational/technical schools. A food court complete with Starbucks. Plus singing competitions with great prizes on Friday night and on Saturday afternoon and night.

ACTIVITY NINE

Select one of the following:

1. Invent a new product that is G-rated, legal, and ethical. It might be a new snack—think of your favorite snack and invent a better version of that. It might be a new high-tech gadget. Maybe you are interested in fashion and you design new clothing styles. Include the following:
 - a. the name of your new product and two reasons why that is the perfect name
 - b. at least three ways that your product is better than its competition
 - c. the package the new product comes in—design the package and make a sample/prototype of the package
 - d. the homepage of the website of the new product—show six links
 - e. a quarter-page newspaper ad or a thirty-second radio ad or a thirty-second TV ad for the new product
2. Invent a new store/business that is G-rated, legal, and ethical—such as a clothing store, a grocery store, a sports equipment store, a movie theater, or a restaurant—and do the following:
 - a. name the store/business and give two reasons why that is the perfect name

- b. give at least three ways that your store/business is better than its competition
- c. draw the exterior design of the new store/business and the interior design/floor plan
- d. the homepage of the website of the new product, showing six links
- e. a quarter-page newspaper ad or a thirty-second radio ad or a thirty-second TV ad for the new store/business

We now visit John to explore his day as a high school student and the many possible connections with economics and John's very real life.

A DAY IN THE ECONOMIC LIFE OF A HIGH SCHOOL STUDENT

The senior year of high school is a very busy, wonderful, demanding, exciting, frustrating, lively time for Jason Jonathan Brown, who has always gone by John. In his kindergarten class there were four boys named Jason. It was very confusing. John had sometimes been called J.J. or Double-J or Jonathan while he was very young, but for some reason he always liked being called John. He said it might be because both of his grandfathers were named John. The kindergarten name situation was the perfect reason to make it official so it has been that way for twelve years: John.

College. College. College. If any one topic seemed to dominate John's senior year of high school it was college. An admissions representative from a different college or university visited John's high school every day during the first semester. Their presentations were always personal, professional, and persuasive. John attended a few of these presentations, but he had already applied to five colleges fairly early in his senior year. His goal was to have all of that process completed by December 1 of the senior year so he could get it off his mind before the final exam week ended the first semester in mid-December.

Money. Money. Money. John was concluding that college was more about money than it was about classes or a degree. No matter what else

anyone said about a college or a university, the reality always was how to pay for it. John's 3.85 academic grade point average placed him in the top 10 percent of his senior class. He had taken several advanced placement classes as a junior and was taking three more advanced placement classes during his senior year. He also had two dual-credit classes, which were taught at his high school by instructors from a nearby college. These two classes count toward high school graduation and earn college credit. John's senior year was his busiest in high school, but he planned it that way. He saw no reason to relax this year and then get shocked by the difficulties of the first year of college.

John's skills in technology earned an \$11 per hour job for him at his school. He works at school two days each week from about 4:30 p.m. until 5:00 p.m. or 5:30 p.m. doing computer work. He can repair computers. He can fix wiring. He can install anything. The school's technology director works around John's marching band schedule, so the marching band practices and the technology work schedule fit well.

John's technology job income goes into his savings account. His parents are going to help with college tuition costs, but with scholarships John earns they hope to be able to pay for the remaining costs of tuition, room and board. John has applied for many scholarships from every possible source; writing those essays and completing those applications get old, but six hours of writing might become a \$1,000 per year scholarship and that is a great hourly wage. John will pay for his books. He estimates \$1,000 per year for college books, so his savings account gets all he can put in it.

If you ask John what he likes best about high school, he will give you a polite, diplomatic, yet very honest and genuine answer. "I like my classes. They are hard, but that will get me ready for college. I like my part-time job at school. Technology is so cool and I get paid for doing computer stuff that I like to do anyway. You asked me what I liked best about high school. That's easy. Friday nights during the football season, I get to help in the press box with the statistics of the game and with operating the scoreboard. Then at halftime I get to march with the band. After the game I update the school's website with the sports statistics. One parent who helps in the press box heard about the website work I do after each game. His advertising company might want to hire me next summer to help them with advertising on the Internet and with updating websites for some of their clients. He's going to pay for me to take

some really advanced computer training so I have the right qualifications. If I do all of that I can pay for college books and still save a lot of money. Oh, yeah, my girlfriend is in the band. So that makes Friday nights even better. Her name is Kim. She writes sports stories for our high school newspaper so she uses all of those sports statistics I put on the school website. So all of that is what I like best about high school.”

The school day for John gets off to a fast start. After he takes Jennifer to her middle school he goes directly to his high school, hoping to get a parking space. There are more student drivers than there are spaces in the student parking lots. John was selected as student of the week once during his junior year and the reward was a reserved parking space for a week. He hopes to earn that again one week during his senior year. John would like a newer car, but he is glad to have any car that runs. He and his parents set up a budget when John was sixteen years old and earned his driver's license. Only a used car fit in the budget. John promises himself a newer car someday, but for now a seven-year-old car with 86,000 miles on it is fine.

With three advanced placement classes, two dual-credit classes, and one elective class, John's class schedule is full. His parents insisted that he take a serious schedule of classes during his senior year rather than just do enough to get by. They were concerned that an easy senior year of high school could lead to a difficult freshman year of college.

John's three advanced placement classes are in the morning. His brain gets a very thorough workout during that advanced placement triple play. His next class is the band elective class and this extended period includes thirty minutes for lunch. At lunch John usually eats with several friends from band. Today his good friends Shawn and Tasha sat with John at lunch. Once a week during marching season the marching band practices before school starts, very early in the morning. They have some after-school practices each week during marching season. Band class is music history, music theory, biographies of great musicians, specific work by instrument sections and full band rehearsal. It is demanding work but John, Tasha, Shawn, and the other students in the marching band are very dedicated to the work, the music, the band director, and each other.

Tasha sounded excited and a little anxious. “Friday night's football game will be great. Both teams are undefeated. Our band will march

right after the other school's band marches. It's like a one-on-one band competition. Then we leave early Saturday morning for the huge band competition. I read the website of this band competition. There will be something like forty-eight bands competing at four different football fields. Then the top two bands from each location have a final competition Saturday night. I can't wait."

Shawn was just as excited. "My dad told me that next year our school is going to host a band competition. He said they can make a lot of money from ticket sales, concession sales, and the printed program. He wants his company to be the big sponsor of the event."

John changed the subject. "Do you guys have a lot of tests this week? I'm excited about the band stuff but I have four big tests this week. I have after-school technology work to do. We had two band practices after school this week. Maybe college will actually be easier than high school."

Shawn was pessimistic. "Not from what I hear. Freshman year is tough. That's when some college students quit or flunk out. My mother is always asking me about my college applications and my scholarship applications. I did some online. The others are just forms to fill out and essays to write. My essays were about working last summer in the movie theater. I got promoted to assistant manager. I thought colleges would be impressed that my employer promoted me, plus I went to that entrepreneur conference and we wrote a complete business plan for a new store we created. That will help me get in a good college."

Tasha wondered. "You still have to get great test scores and have great grades. Are you taking that college test again or have you already done that, Shawn?"

"Did it last summer. My score was much better. This time I understood how that test was set up. When I took it last year I did nothing to prepare. This time I really practiced a lot with sample tests."

John had to leave lunch early. "Listen, I have to go. Kim and I are doing some work in the library. We both have huge research projects due next month. She's already in the library getting information about the Declaration of Independence. My topic is the Bill of Rights. This advanced placement government class is harder than I expected."

"You can do it, John. Just remember how much easier college will be. Oh, my fault, college is going to be harder, isn't it? Well, do the work

now anyway; maybe everything just gets more complicated. See you later.” Shawn smiled and John forced a grin as he wondered if everything would always be more demanding and more complicated.

John had about ten minutes to work in the library. Kim was searching U.S. history-related websites and found an abundance of materials about the Declaration of Independence. John searched the Internet and found more Bill of Rights information than he would need for five papers. That gave him the idea to use the Bill of Rights topic for all research or other writing projects during the rest of his senior year.

The afternoon classes were the dual-credit courses John was taking for simultaneous high school credit and college credit. One class was taught by an instructor who was completing his doctorate in sociology at a nearby university. The other dual-credit class was an introduction to American novels and was taught by a teacher who had taught for thirty years at John’s high school, completed her doctorate, and now taught part-time.

When school ended for the day, John checked his cell phone for e-mail messages. Mom was home from her trip, she e-mailed, and she was getting Jennifer at school early to go to the orthodontist. Dad had picked up Zach and they were going to the TV station. John thought of his years of wearing braces and of visits to the TV station. Great memories, but there was work to do now. John had an hour or so of technology work to do for the school. He had tons of homework including all of those tests to study for. About 4:30 he drove home and then organized everything he would need to do the rest of the day and night. He joined his family for supper, heard the stories everyone had to tell about the day, and added his report about the very busy marching band schedule.

John’s parents checked in with him once or twice during the evening. They both expressed their pride in his serious approach to studying, to band, to his technology job, and to the sports statistics work. Mom brought him a snack about 8:30 p.m. and Dad brought him a book about how the first amendment in the Bill of Rights impacts television news reporting. John finished his work at 10:30 and sent Kim a friendly e-mail from the family computer as his parents smiled their approval. Dad made a mental note to send his wife a friendly e-mail tomorrow during the day. John had given Dad a good idea. Sometimes a parent or

guardian can learn from a child or teenager. John then went to sleep so he could be ready for tomorrow's challenges and opportunities.

If you are teaching John during his senior year of high school, you have the life experiences of seventeen or eighteen years that John brings with him to the classroom every day. He also brings an impressive col-

<i>Research findings</i>	<i>Connections with John</i>
1. Save, save more, keep saving.	• His savings account will pay for college books.
2. Start saving now.	• Despite temptations to spend now, John is saving for future college costs.
3. Have a money plan.	• John and his parents have divided the college costs in an established plan.
4. Credit is deceptive.	• John will have the cash saved for college books. He will not use a credit card to buy these and begin college \$500 in debt.
5. Live within your means.	• John drives a used car because that fits in the budget.
6. Life is not about money.	• Family, friends, girlfriend, school classes, school activities, and college plans are priorities for John.
7. The measurement of economics math.	• John's good work in his technology job earned a raise from \$10 per hour to \$11 per hour.
8. Get the best and the most education.	• Advanced placement classes, dual-credit classes, and technology training/certification.
9. Develop a strong work ethic.	• Managing time to do the technology work, study for tests, and read for a research paper.
10. People are more important than money.	• John took his sister to school; John visited with friends at lunch; John spent time with his family at home.

lection of wholesome knowledge, interests, and talents. Using just what is known from this one day in the life of a high school senior, how could the experiences of this one day relate to the research survey and to the vocabulary of economics?

The vocabulary of economics was not heard in John’s conversations or pointed out during his activities, but an extreme economics teacher certainly could connect that vocabulary with the real life that John is living. Please complete the list below. One connection per vocabulary term is given, but please add another connection from the day in the life of John or from a day in the life of another high school student whom you know or teach.

<i>Economic vocabulary</i>	<i>Connections with John</i>
1. The law of supply and demand	a. Tests to study for and a paper to write were demands on John’s limited supply of time. b.
2. Production	a. John is responsible for producing/making his research report on the Bill of Rights. b.
3. Distribution	a. The e-mail to Kim was distributed via the Internet. b.
4. Consumption	a. Lunch was consumed. b.
5. Productivity	a. The demands of this week require that John get more done, so he budgets his time well and eliminates some other possible uses of time. b.
6. Technology	a. His job after school is as a technology expert. b.

(continued)

7. Competition	a. Marching band contests with many high school bands involved. b.
8. Specialize	a. His idea to continue the Bill of Rights as a research topic for many projects during his senior year of high school. b.
9. Money	a. Anticipating the costs of college. b.
10. Scarcity	a. There was not enough money to buy a new car, so John drives a used car. b.
11. Profit	a. The high school that hosts a marching band competition can make money. b.
12. Land, labor, capital	a. Earth, work, and money are required for a marching band competition. b.
13. Risk	a. Will colleges John applies to accept him as a student or not? b.
14. Opportunity cost	a. After being accepted at several colleges, John will attend only one. Saying yes to one means saying no to the others. b.
15. Interdependent	a. John's family—everyone is helpful to each other. b.
16. Advertisement	a. All of the college representatives who visited John's school gave

	students a lot of printed material to advertise the college. b.
17. Finances	a. Applying for and getting as many college scholarships as possible. b.

Some high school seniors have shopped for a car, applied for and held part-time jobs, been responsible for buying their own clothes, done all of the budgeting for future college costs, and had other very direct, very real encounters with economics. Those same high school seniors still enjoy simpler parts of life such as candy bars, magazines, stores/malls, or movies. Here is another source of ideas. The days in the lives of Zach, Jennifer, and John presented here concentrate on events during school days. Consider life experiences of your students on weekends and during the summer as additional sources of extreme economics connections. Then take the time to trade your extreme ideas with other teachers. Students would be fascinated to see all of their subjects at school taught with a continuous connection to their life experiences and to their wholesome knowledge, talents, and interests.

The following classroom activities are additional catalysts for creativity. Please read these and then create extreme economics classroom activities based on the life experiences of your students and the wholesome knowledge, interests, and talents of your students.

ACTIVITY ONE: ULTIMATE CANDY BAR OR SNACK

Remember when we took the survey to identify what your favorite snack is and what your favorite candy bar is? Well, now you get to think about and create the ultimate snack or the ultimate candy bar.

Your choice:

- Create a new candy bar, or
- Create a new snack

1. Name this product and give four reasons why it is a good name.

Name: _____

Four reasons why it is a good name:

- _____
- _____
- _____
- _____

2. In writing and in drawing, describe the taste, the shape, the texture, and the size(s) of the snack or candy bar.

Taste: _____

Shape: _____

Texture: _____

Size or sizes: _____

3. Create the package it comes in or draw a picture of the package it comes in (if drawn, show all sides).
4. Draw and write an advertisement for the new product. Think of a one-page magazine ad for perspective.

ACTIVITY TWO: RAINBOW YUMMIES

New, from Super Candy Concepts, the first variety of candy bars that come with a variety of dipping candy sauces. You like chocolate, don't you? You like lots of other flavors, too. Well, up until now, no other candy could give you every flavor you want whenever you want it, but new Rainbow Yummies are the candies you have always wanted.

Here's how it works. You begin with a perfectly delicious bar of chocolate, vanilla, or strawberry candy. What's even better, this is a *big* portion of candy. Now you take your big candy bar of chocolate or vanilla or

strawberry candy and you dip it into one of the sauces that come in oblong tubs. Sauce flavors include “Extreme Chocolate,” “Lively Lemon,” “Biggest Blueberry,” “Cool Cookie Dough,” “Colorful Cotton Candy,” “Wonderful Watermelon,” “Perfect Peanut Butter,” “Crunchy Peanuts,” and “Magical Marshmallow.” A different dipping sauce in an oblong tub comes with each Rainbow Yummies candy bar you buy.

Rainbow Yummies can be purchased in single packages with only a chocolate candy bar, only a vanilla candy bar, or only a strawberry candy bar, so you can get your favorite flavor. You can buy the variety triple package, which has one each of the chocolate, vanilla, and strawberry candy bars. Of course, with each purchase of a Rainbow Yummies candy bar you get one tub of dipping sauce! The variety triple pack comes with three dipping sauces! Rainbow Yummies are also available in bite-size portions, which come in a package of thirty-six pieces—twelve chocolate pieces, twelve vanilla pieces, and twelve strawberry pieces—plus six different dipping sauce tubs.

So, what are you waiting for? Look, there’s a rainbow. Well, actually it is Rainbow Yummies candy as far as the eye can see. Be sure to enter our “Draw a rainbow” contest. You could win a year’s supply of Rainbow Yummies if you draw the rainbow scene that looks most like Rainbow Yummies candy.

Part 1. Using the following list, explain how Rainbow Yummies relate to the seventeen economic core content concepts listed below. Give your answer in the column to the right of the terms.

<i>Economic concept</i>	<i>Rainbow Yummies</i>
1. interdependent	_____
2. land, labor capital	_____
3. scarcity	_____
4. advertisements	_____
5. finance	_____
6. opportunity cost	_____
7. profit	_____
8. risk	_____
9. supply and demand	_____

10. money _____
11. competition _____
12. production _____
13. distribution _____
14. consumption _____
15. productivity _____
16. technology _____
17. specialize _____

Part 2. Answer this candy math question.

The single Rainbow Yummies candy bar and one dipping sauce costs 59 cents.

The variety pack of three Rainbow Yummies candy bars and three dipping sauces costs \$1.49.

The big variety bag of thirty-six bite-size pieces and six dipping sauces costs \$2.49, and six bite-size pieces equal one full-size Rainbow Yummies candy bar.

So, based on money and math, which is the best deal: the single candy bar, the variety pack of candy bars, or the variety bag of bite-size pieces? Show your math and explain your reasons for your answer.

Part 3

1. Think of a better name for this new candy than “Rainbow Yummies” and give three reasons why your new name is better.

New name: _____

Three reasons why it is better:

- a. _____
- b. _____
- c. _____

2. Think of three improvements that could be made in the Rainbow Yummies candy bars and dipping sauces and tell why you think consumers would like the three changes:

Improvements	Why consumers would like the changes
--------------	--------------------------------------

- | | |
|----------|----------|
| a. _____ | a. _____ |
|----------|----------|

- b. _____ b. _____
c. _____ c. _____

3. Think of and list three products other than the original Rainbow Yummies candy with dipping sauce that could expand the Rainbow Yummies line of products.

- a. _____
b. _____
c. _____

ACTIVITY THREE: “EVERYTHING CHOCOLATE” SHOP

Freedom + Ideas + Capital + Management + Work = The Blended Fuel of Capitalism

Note: Capitalism does not ensure success; rather, capitalism provides the opportunity for you to pursue success.

Everything chocolate, everything sweet,
everything dessert, every yummy treat.

Cookies, cakes and pies, candy and gum,
Ice cream and absolutely everything that goes yum.

Fruit juice, smoothies, fresh fruit, healthy snacks, and more,
Or mix up a new treat using any goodies from our store.

Everything chocolate, other flavors, and endless goodies,
Plus “buy one, get one free” on Everything Chocolate shirts or hoodies.

Please tell your friends and your family, too—
Everything Chocolate is like a dessert mall, amusement park, or zoo.

So, of course we have animal crackers in many flavors and sizes,
Plus everyone who comes in during June can register for free prizes.

Two great locations—one in Willtown and one in Hillside Trace.
For fun and for treats, Everything Chocolate is the only place.

1. For the Everything Chocolate Shop, the menu must include the following:
 - a. _____
 - b. _____
 - c. _____
 - d. _____
 - e. _____
 - f. _____
2. The menu cannot include the following:
 - a. _____
 - b. _____
 - c. _____
3. The interior of the shop will have this décor, style, and atmosphere:
4. To ensure that people come back for a second and third visit, what can we do?
5. When a competitor opens nearby, what can we wisely, legally, and ethically do?

ACTIVITY FOUR: CREATE A MAGAZINE

You will create a magazine. The magazine will have each of the following:

- a. a front cover: magazine name, “cover story” picture, and topic
- b. an ad on the inside cover—you design the ad
- c. a back cover with an ad on it—you design the ad or cut and paste
- d. inside back cover with an ad on it—you design the ad
- e. a table of contents
- f. four articles: two you write and two you may cut/paste/copy, giving credit to the original source (Writing all four articles is fine!!)
- g. a letter to the editor page with at least two letters from readers
- h. a pop-out subscription card

Topics:

1. A college you are interested in. The college website, people who have attended the college, materials you get by mail, and news stories are possible sources of information.
2. A career you are very interested in. People who are preparing for that career and/or people who are in that career, websites, materials you get from people in the career or through the mail, and news stories are possible sources of information.
3. Saving and investing money. People who work for a bank or for a financial company, websites, publications about money, and other news stories are possible sources of information.

Note: One of the stories/articles you write will be an interview—with eight questions you ask and eight answers you get—with someone (a) who attends/attended the college or university, (b) who is currently working in the career that interests you, or (c) who can give you ideas about how to save and how to invest based on his or her career and/or personal experiences.

ACTIVITY FIVE: BUYING A CAR

Dear _____,

I need your advice, please. I’m thinking about buying a car. I need your thoughts, please, about the best way to pay for it. I’ll make a down payment and I’ll finance \$20,000 with the car company. I might finance

this over thirty-six months, forty-eight months, or sixty months. I plan to keep the car for about eight years, so I'll get it paid off and keep it after that.

What option would you advise me to take—the three-year plan, the four-year plan, or the five-year plan? Please tell me the reasons for the option you prefer and the reasons for the options you advise against. Thanks for your help.

Sincerely,

Special deal of 1.9% interest on a car =

@ 36 monthly payments, \$28.60 per \$1,000 borrowed

@ 48 monthly payments, \$21.65 per \$1,000 borrowed

So, you have completed your plan to get into your first full-time job and you decide to borrow \$10,000 to buy a car. If your plan has you beginning graduate school, let's include the reality that you are working 20 hours weekly while you also go to graduate school. Either way, you saved \$3,000 and you made a big down payment of \$3,000 to buy the car and to just finance \$10,000.

This is the last time you will ever have to borrow money to buy a car. Why?

1. How much money will your monthly payments be if you finance this for 36 months? _____
2. How much will you pay during the 36 months for the \$10,000 you borrowed? _____
Show the work:
3. How much money would your monthly payments be if you finance this for 48 months? _____
4. How much will you pay during the 48 months for the \$10,000 you borrowed? _____
Show the work:
5. "Now, if you buy this car today, we can include this package of extra accessories for only \$499. The extra-heavy-duty car mats and

the trunk luggage holder really come in handy. Plus, this package includes the two extra sound system speakers. They all usually cost over \$900, but we want to show our appreciation for your business today.” What do you say to this offer? Be polite, but be precise.

ACTIVITY SIX: JOB, INCOME, BUDGET, SAVING, BILLS,ADJUSTMENTS

<i>Item</i>	<i>Amount</i>	<i>Adjusted amount</i>
Income:	\$48,000/year	
	\$ 4,000/month =	
	\$ 2,559/take home	
Expenses: (per month)		
Mortgage, per month	\$600 = \$100,000 loan	
at 6% over 30 years	(\$844 if over 15 years)	
Car payment	\$350	
Car insurance	\$70	
Home insurance	\$40	
Life insurance	\$50	
Car repair	\$50	
Gasoline	\$80	
Water bill	\$25	
Utility bill	\$70	
Phone—land line	\$40	
Phone—cell	\$40	
Cable TV and Internet	\$70	
Groceries	\$250	
House: maintenance, fix	\$100	
IRA	\$250	
Savings account	\$150	
Clothes, laundry	\$100	
Graduate school	\$100	
Physician, medications	\$50	
Dentist	\$50	

Entertainment: movies, restaurants, sports	\$100
Property tax	\$100
Total: balanced or not from paycheck monthly)	
Federal income	\$700*
Social Security	\$248*
Medicare	\$58*
State income tax	\$240*
Local taxes	\$140*
Total tax deductions	\$1,386 (total of * items)
Other deductions:	
Health insurance	\$15
Dental insurance	\$15
Disability insurance	\$25
Total other deductions	\$55
Total deductions:	
Monthly gross income: =	
All deductions: =	
= Monthly take home (net) income =	
All expenses =	
Bottom line =	
Conclusions:	

- a. _____
- b. _____
- c. _____

ACTIVITY SEVEN: 2019

1. It is the year 2019. The big retail store of 2019 has many differences from the big retail store of 2009. Some products are new and did not exist in 2009. Some products are still around, but have changed a bit or a lot. The store looks a lot different. What people do when they go through the checkout lane is nothing like it used to be.

- a. List five new products that are sold in 2019 which are not sold in 2009. Give one reason why each of these products is successful.
 - b. List five products that are sold in 2019 which *are* sold in 2009, but tell how they have been improved in that ten-year period.
 - c. Draw the interior of the store showing ten departments, aisles, checkout area, and other details.
 - d. Explain everything that is different about the checkout lane and the checkout process.
2. In the year 2019, people will still drive cars, trucks, and other yet-to-be invented vehicles. People will still go to car/truck dealerships to purchase cars, but the Internet may be used in more ways than it is now to purchase vehicles. People will be concerned with many factors such as these:
- The price of the vehicle
 - The appearance of the vehicle
 - How reliable the vehicle is
 - The resale value of the vehicle
 - The reputation of the vehicle for good performance
 - How long the vehicle is likely to last
- a. Write descriptions of two different, yet very popular vehicles that people will buy in 2019.
 - b. Draw and/or describe the dealership where these vehicles are purchased.
 - c. Write a commercial for one of the new vehicles, to be broadcast during Super Bowl L (50).
 - d. Think of and explain how the vehicle could be advertised using cell phones.

A VISIT TO A MIDDLE SCHOOL EXTREME ECONOMICS CLASS

“Mom! Dad! I have this homework project for economics class. It’s going to be a lot of work. I don’t know how to get it done with everything else I have to do.”

Ken and Andrea Johnson looked at each other with that knowing glance which husband and wife, father and mother uniquely experience. Ken replied to his daughter’s concern. “Well, Christie, you are right. There is a lot to do. School, piano lessons, your church youth group events, chores here at home, volleyball practices. This a very busy time already and the school year just started two weeks ago. Tell us more about the homework project.”

Christie spoke with a bit of an eighth-grader’s inherent skill at drama, yet with a genuine frustration that there was too much work and not enough time.

“It’s actually a neat project. I mean it’s about TV. I love TV, but I’d rather watch TV than do a project about TV. Still, at least it’s not some dumb busywork. Anyway, I have to create a new product and then create an infomercial about it. You know, one of those long TV-program-type commercials that seem like a TV show, but it is just a long commercial.”

Mom thought she had a helpful idea. “Most of the infomercials I see are for exercise equipment or for some vitamin. You are a great volleyball

player, Christie. Maybe your infomercial could be for a new exercise machine designed to help volleyball players practice their skills alone. Then between practices or when there is nobody else to practice with, a volleyball player could practice alone.”

Christie was encouraged. “That would be so cool. The machine could pitch up volleyballs that you spike. It could pass the ball to you. Maybe the ball could be attached to a string or a rope that winds up in the machine so you don’t have to chase it after you smash the ball. That’s what I’ll create. Thanks, Mom.”

Dad was curious. “What will you call your new volleyball machine, Christie?”

“How about Super Smash? Maybe Smash-O-Matic. I know—Super Smash System. It’s not just a little machine, it is an entire system that lets you work on every really important skill of volleyball. How’s that sound?”

“Great,” Mom answered. “Now, supper is finished so you and I have the kitchen to clean up. Your dad is going to cut the grass. We’ll be finished in the kitchen soon and you can organize your schedule for the evening. Volleyball practice today filled the time from after school until supper, so you have a busy evening, but you also have a great idea for your economics project.”

Christie was confident. “I’m going to get that project done in no time. Who knows, maybe someday there’ll be a real infomercial for a real Super Smash System!”

Christie’s parents appreciated the creative homework project their daughter had been given. Mr. and Ms. Johnson were frustrated when they had to convince Christie to do one more set of worksheets or one more page of odd-numbered problems. Sometimes it was very difficult to give Christie convincing reasons to do homework that was so ordinary, repetitious, and superficial. Occasionally all they could say was “Well, you just have to do the work.” With the infomercial assignment, Christie was eager to do the work. She was no longer concerned about being so busy or worried about having an impossible amount of work to do. She was fascinated, motivated, and determined. Her economics class project connected with her very strong interest in volleyball. She was already motivated by volleyball, so that commitment carried over to

the economics project. Christie was not asking, “Why do I have to do this dumb project?” or “When will I ever use this in real life?” because the project was real to her “right now.”

To learn more about how Christie is being taught, we visited her extreme economics classroom.

“Good Tuesday afternoon, everyone. How was lunch? That’s our economics class brain warm-up question today, so while I check attendance and put that report in the computer, each of you will write an evaluation of lunch. Your economics class folder should be open, your pen or pencil should be writing, your brain should be working, and your mouth is resting.”

After one minute of silent indoor thinking, Ms. Tammy Gray, eighth-grade economics and U.S. history teacher, began the discussion. “Before you read descriptions of lunch, let’s take a quick survey to see what each of you ate for lunch. Whitney, you start us, please, and then we’ll go down each row. Whitney, say what you had for lunch and then everyone else, give a quick, short answer to the same question.”

“Pizza.”

“Chicken nuggets.”

“Chicken nuggets.”

“Peanut butter and jelly sandwich.”

“Pizza.”

“Pizza.”

“Pizza.”

“A big salad.”

“Chicken nuggets.”

“I brought lunch. Soup and a sandwich.”

“A big salad.”

“Pizza.”

“Chicken nuggets.”

“Pizza.”

“Pizza.”

“A big salad.”

“I brought lunch. A sandwich and some cookies and a banana.”

“A turkey sandwich.”

“Pizza.”

“Chicken nuggets.”

“Pizza.”

“Pizza.”

“Turkey sandwich.”

“Pizza.”

“Chicken nuggets.”

“Very good. Now, let’s get a quick count. Andrea, you were keeping track for us of the results. What did you find out?”

Andrea spoke with the confidence of a certified public accountant. (That actually is her career goal so she usually does the record keeping with any quick surveys in class, and she often helps in the class when analysis of business numbers is done.) Andrea was ready with her report of the survey. “Pizza was the top choice. Eleven students had pizza for lunch. Chicken nuggets came in second, with six students having that for lunch. Sandwiches were next, with two turkey sandwiches, two sandwiches brought from home, and one peanut butter and jelly sandwich. There were three students who had a big salad. That’s everyone except for you, Ms. Gray. What did you have for lunch?”

The students were thrilled that Andrea asked that question. They knew Ms. Gray is a health food fan and that she runs marathons. Ms. Gray used this question as an opportunity to remind students to be healthy. “Well, I had yogurt, whole wheat bread, some blueberries, some almonds, and some carrots, plus water. The absolutely perfect lunch!” Her smile was greeted with friendly groans and cordial laughter.

Ms. Gray continued the discussion about the survey before returning to what students had written as their description of lunch. “If you could advise our school’s cafeteria manager, what ideas could come from the one quick survey we just took? Of course, more surveys involving more students would be necessary. Plus, the cafeteria has to follow many, many laws, regulations, policies, and rules. Still, in terms of business advice, what ideas could you offer the cafeteria based on or inspired by our one quick survey? Let’s hear from everyone on this, so let’s have another lightning round quickly going down each row to hear from each of the

young scholars here today. Michele, begin for us, please, then Christie, and just keep going.”

“People really like pizza.”

“Have more variety of pizza.”

“Have more variety of sandwiches.”

“Have pizza every day.”

“People like chicken nuggets.”

“Have different sizes of salads.”

“Have a super-size salad.”

“Get fast food pizza, not school pizza.”

“Have more sauces for the chicken nuggets.”

“Try some different sandwiches.”

“Let us make our own sandwiches.”

“Give a discount on two or three slices of pizza.”

“Get some sauces for pizza.”

“Pizza is always the favorite food.”

“Get different chicken nuggets so we know it is chicken and not soy or something.”

“Get bread sticks to go with pizza.”

“My idea was already said. Maybe, well, maybe try toasting bread for the sandwiches. We do that at home.”

“Get the super-thick pizza.”

“Get the super-thin pizza.”

“Get the vegetarian pizza so we can be healthy like Ms. Gray.”

“Sell us the leftover pizza after school for snacks.”

“Tell us the day before you have pizza so we can bring money for an extra slice.”

“Get fast food places to give you free samples of their new items for us to try.”

“Don’t just have cheese pizza.”

“Have a way so people who bring their lunch to school don’t have to wait in line just to buy milk.”

“Great ideas. Wonderful thinking. Your suggestions could be very helpful to a school cafeteria or to other restaurants. Sally was typing your ideas. Of course, she was on the computer using word processing, but the old word typing still gets used. Sally, you type faster than ever.

Thanks for doing that word processing for us. When the cafeteria manager meets with our class tomorrow, she will be very impressed to get that printed list of outstanding ideas. Now, back to the original brain warm-up question. How was lunch? David, tell us.”

“You know, it was just lunch, school lunch. I don’t expect anything great. I do like pizza day. I bring an extra dollar on pizza day so I can get an extra slice. I have to pay for the extra slice myself, so I save a dollar from my allowance.”

Six students had their hands up letting Ms. Gray know that they had ideas to share. Ms. Gray listed their names on the marker board in the order they would speak: Christie, William, Katie, Taylor, Anthony, and Matthew.

Christie’s turn brought these thoughts. “You know, we have that infomercial project to do for this class. Well, I was thinking that the cafeteria needs an infomercial. It’s probably a harder job than it looks to feed all of us. They have all of that food to buy. They cook for six hundred or so people every day. They probably have a budget and have to save money to stay in their budget limits. So, you know, if the cafeteria made an infomercial and it was on school TV, maybe everyone would realize how tough the cafeteria job is.”

William talked about lunch. “Lunch today was good, actually. I like chicken nuggets. I tried that fruit salad and, well, I won’t try that again. The chocolate pudding was good. The package it came in said low fat so I guess it is not too bad for us. I wanted an extra serving of chicken nuggets, but the cafeteria won’t let you charge anything and I just had enough money for the price of lunch. I think they should let people charge, but I guess some people would never pay it back.”

Katie was next. “Whenever they have a big salad I get that. It’s a full meal. I think it is, you know, pretty healthy and our health teacher gives us extra credit if we bring her one of those cafeteria stickers that say ‘I was super healthy’ today. You get one of those stickers when you get the big salad. The best part about that salad is you get a 50-cent discount. The regular lunch costs 50 cents more than the big salad, but the big salad is more food. I like saving the 50 cents.”

Taylor had a different idea. “How was lunch? It was really bad. School pizza is nothing like real pizza. The chicken nuggets are not like real chicken. I just get peanut butter and jelly. At least it tastes like it is sup-

posed to. I would suggest more sandwiches. Everyone likes sandwiches and there is nothing to cook.”

Anthony had a creative idea. “I wonder if some of us could work in the cafeteria one day. We could see how their budget works. We could help unload a big shipment of food. We could help the cafeteria people. They really do have tough jobs and people never say thank you. I liked lunch today. I think more people would appreciate lunch if they worked in the cafeteria one day.”

Matthew completed the student input on the “How was lunch” question. “I brought my lunch. I always do. My mom says it saves a little money, but the best part is I always like what I have for lunch. Plus, I don’t have to wait in the lunch line. For people who don’t like school lunch, just bring your own lunch.”

Students are experts in lunch. By the time students are in middle school, they have gone to a school cafeteria more than one thousand times. This life experience provides many academic resources for an extreme economics teacher. Ms. Gray is not relying on an economics textbook or on worksheets that come with the textbook. Ms. Gray knows, just as Socrates did, that very effective teaching and learning can come from a creative, logical, guided, sequential process of beginning with what a student knows and applying it as the initial step of a learning sequence that takes the student to mastery of new knowledge.

As a reality check, please think of the discussion Ms. Gray had with her students in terms of the survey research results for this book and the list of basic economics vocabulary. The following table shows how the discussion of school lunch and additional applications of the school lunch topic can connect with the survey results and the economics vocabulary.

The entire list of the economics vocabulary connects with lunch at school, but imagine that students were having trouble understanding the difference between two of those terms: production and productivity. How could the life experiences of students through years of eating lunch at school help those students understand the meaning of production, the meaning of productivity, and the differences between these two economic words? Ms. Gray has an idea.

“The people who work in our school’s cafeteria are involved each day in making lunch for over six hundred students and teachers. The fancy

<i>Research findings</i>	<i>Connections with school lunch</i>
1. Save, save more, keep saving.	• Save a dollar from allowance to buy extra slice of pizza.
2. Start saving now.	• Math calculations of a person bringing lunch to school vs. buying lunch; expand those to a person bringing lunch to work throughout a career vs. buying lunch each day.
3. Have a money plan.	• The cafeteria budget for (a) food costs and (b) revenue from customers.
4. Credit is deceptive.	• The cafeteria does not allow students to charge—that is, to eat now and pay later.
5. Live within your means.	• The extra slice of pizza costs \$1, which you either have saved and budgeted for or not
6. Life is not about money.	• The economics class writing and discussion is about lunch, which captures the attention of all students. Ms. Gray will make the connections with money and with the overall economics curriculum.
7. The measurement of economics is math.	• How much food needs to be ordered? • What does the food in a lunch brought from home cost?
8. Get the best and the most education.	• Doing a day of “job shadowing” in the school cafeteria could be very educational for students.
9. Develop a strong work ethic.	• Do the work to earn the money to be able to buy the extra slice of pizza.
10. People are more important than money.	• If you are not going to eat something you have on your tray at lunch, offer it to someone else.

word in economics for ‘make’ is production. Now, let’s list everything we can think of that gets produced for lunch. The cafeteria workers do not grow the lettuce for a salad, but they do make the salad. Production of salads is part of getting lunch ready for everyone. Chopping up lettuce, slicing carrots, putting the salad in the plastic serving container are parts of the production of salads. Let’s think of everything that is an example of production in the school cafeteria. Fran, you start for us and then we will just go down your row until we hear from everyone in the row.”

“They make the menu each day.”

“They make cookies.”

“They have to increase production of pizza when the eighth-graders get there. Eighth-graders eat the most.”

“They start production of lunch right after students finish breakfast.”

“The cafeteria people are food production experts and students are food consumption experts.”

Ms. Gray was pleased. “Very good answers. Production means ‘to make.’ Now, let’s imagine that one of the cafeteria workers is absent tomorrow due to illness. Six hundred students plus about forty teachers and staff members will still go to lunch. There will be seven cafeteria workers instead of eight, but the seven people have to do all of the work that eight people usually do. Productivity is about getting more work done in the same time as usual or in less time. What could the seven cafeteria workers do tomorrow to increase their productivity—meaning to get more done with fewer workers but still feed everyone on time? Ernesto, you tell us, please, and then Angela, Christina, Jared, Sally, and Samantha.”

“Make sure that each person does the job they do best.”

“Check the menu and maybe serve something that is really easy to cook and to put on trays.”

“Don’t cook anything for breakfast. Just have cereal and milk and bananas. That way, you know, there is nothing to clean up.”

“Keep moving. Make sure that you are always getting something done.”

“Help each other more. See who has the hardest job and who has the easiest job and help the person with the really hard job.”

“Make sure that everyone knows exactly what to do. Tell people who is doing what part of the absent person’s job. That way the stuff that has to get done will get done.”

Ms. Gray was very impressed. Now she hoped that a student could point out the difference between production and productivity. Shelby had a wonderful answer.

“I know. Production of lunch happens every day. They make lunch every day. When someone is absent from cafeteria work, everyone else has to do more—produce more, I guess, than usual. Each worker’s productivity has to go up when someone is absent.”

Cara’s hand was up and Ms. Gray smiled at her. “It’s like my soccer team. We had two people absent from our last game. Our best goalie and our leading scorer were both absent, but we still won the game. Everyone who was at our game had to work harder and do more. It’s like in the cafeteria if someone is absent.”

Ms. Gray knew that the lunch discussions and applications were helping the students master the fundamentals of economics. The students’ life experiences include years of lunch at school. The students’ whole-some knowledge of, interest in, and talent with food is definite. Ms. Gray took those responses and made connections with economics, and by doing that she caused learning.

How does an extreme economics teacher measure learning? The day-to-day discussions in class are part of the overall learning measurement system. Writing assignments in class such as the “How was lunch” question can be collected and graded. Homework projects such as the infomercial can help measure learning. Tests are also important, so let’s look at some test formats that an extreme economics teacher could use.

ECONOMICS: FIRST TEST

Section I

Rule one of economics _____

Rule two of economics _____

Rule three of economics _____

A wonderful result for you if you follow rules one, two, and three of economics _____

What economics is all about [Remember that life is about much more, but get the economics part of life right and the rest of life can be much better.] _____

Section 2

You make the very smart decision to begin an Individual Retirement Account (IRA) at age twenty-two. You invest money so it earns 8 percent each year. That means your money will double every nine years. Remember the rule of 72: The growth rate divided into 72 shows the number of years it takes for money to double. Now, complete the calculations below:

Age 22	\$3,000	money you deposit into your IRA
Age 31	_____	how much that money has grown to
Age 40	_____	how much that money has grown to
Age 49	_____	how much that money has grown to
Age 58	_____	how much that money has grown to
Age 67	_____	how much that money has grown to

Section 3

Draw your new design for the front and the back of a new \$1 coin. Keep in mind that our government has tried in recent years to introduce \$1 coins, but it has not worked. They looked too much like quarters. They did not vend in machines well. They did not seem “like a real dollar.” In your design, prevent those problems.

Front of new \$1 coin:

Back of new \$1 coin:

What is the most important improvement you made that will cause your design to be accepted, used, and successful? _____

ECONOMICS CORE CONTENT VOCABULARY TEST

- | | |
|----------------------------|--------------------------------|
| _____ interdependent | a. nations together |
| _____ land, labor, capital | b. new, newer, newest |
| _____ scarcity | c. maybe?? |
| _____ advertisements | d. do more with less |
| _____ finances | e. better |
| _____ opportunity cost | f. earth, work, money |
| _____ profit | g. not enough |
| _____ risk | h. amount: up, down, = |
| _____ supply and demand | i. make money |
| _____ money | j. one |
| _____ competition | k. commercials |
| _____ production | l. money + price |
| _____ distribution | m. A or B, not both |
| _____ consumption | n. use (consume) |
| _____ productivity | o. deliver (distribute) |
| _____ specialize | p. make (produce) |
| _____ technology | q. what economics is all about |
| | r. \$1,000,000 |

Bonus: The three rules of economics are:

1. _____
2. _____
3. _____

On the back of this test page write two paragraphs:

- One tells the good results that happen if you follow those three rules
- One tells the problems that happen if you disobey those three rules

ECONOMICS CORE CONTENT AND THREE RULES TEST

Produce more in less time, less work, and/or less energy _____
What economics is all about _____
One _____
Earth, work, money _____
Make money _____
Make, produce _____
Distribute, deliver _____
Use, consume _____
A or B, not both _____
Up, down, balance: determines price; always true _____
Commercials _____
Not enough _____
New, newer, newest _____
People and nations working together _____
Better _____
_____ = money + price
Maybe? _____

Three rules of economics

- 1. _____
- 2. _____
- 3. _____

THINK, THINK MORE, KEEP THINKING

A restaurant decides to use a promotional offer to increase business and profit on Monday and Tuesday. The restaurant employees are encouraged to offer ideas. The best ideas will earn a \$20 bonus for each of the employees who created the ideas. Five employees created the five ideas listed below:

- a. For everyone who comes to the restaurant on Monday and buys a meal, you get a coupon for a free equal- or lesser-value meal on Tuesday.

- b. When one adult pays for an adult meal, one child under age twelve gets an equal- or lesser-value meal free.
- c. Drawing for \$100 on Monday night and \$100 on Tuesday night. Everyone who eats at the restaurant on Monday may enter the drawing on Monday. Everyone who eats at the restaurant on Tuesday may enter the drawing on Tuesday.
- d. You get to spin the wheel. The number the wheel lands on when you spin the wheel tells you the percentage price reduction to get on your total bill for Monday and Tuesday. The range is 10 percent to 50 percent.
- e. Free dessert. You buy a meal. You select your dessert free.

Which of these five ideas do you think would do the most to reach the goals of increasing business and profit at the restaurant on Monday and Tuesday? _____

List two reasons why you think that idea would work best:

1. _____
2. _____

Which of the five ideas do you think would do the least to reach the goals of increasing business and profit at the restaurant on Monday and Tuesday? _____

List two reasons why you think that idea would not work:

1. _____
2. _____

ECONOMICS CORE CONTENT VOCABULARY AND DOUGHNUTS

1. Making doughnuts. _____
2. Delivering doughnuts to grocery stores. _____
3. Eat doughnuts, eat more doughnuts, keep eating doughnuts.

4. Baking 100 doughnuts in ten minutes; then baking 120 in nine minutes with a new, improved recipe. _____
5. Baking 100 doughnuts in ten minutes; then baking 120 in nine minutes with a new, improved recipe—and a new oven. _____
6. “Grand Opening today. Buy one dozen doughnuts, get one doughnut free. Just bring the coupon from the newspaper. Limit one per customer. Now, back to our broadcast of the championship game.”

7. Chocolate or glazed doughnuts: the wheat/grain is from Kansas, the chocolate is from Switzerland, and the sugar is from South America.

8. I have enough money to buy one chocolate doughnut or one glazed doughnut, but I don’t have enough money for both. _____
9. I got to the bakery at 9:45 a.m. on Saturday. They had only one dozen chocolate doughnuts left from the fifty they had at 6:00 a.m. There just are not enough. I need two dozen to take to school.

10. With the money I have and the price of doughnuts, I have a problem with my _____.
11. Here’s a better offer. Buy one dozen doughnuts, get one doughnut free, plus get today’s newspaper free. _____
12. Doughnuts, doughnuts, and doughnuts. Everything at this store is some type of doughnut. They make one product—doughnuts.

13. I was thinking of opening a new bakery, but maybe I would be successful and maybe not. _____
14. If I do open a new bakery, I will need (a) a place for my business,

(b) I will need to work and hire other workers _____,
and (c) I will need a lot of money to invest to open the business

15. OK, I can do this. I found a great location, I have hired the best doughnut cook in town, I have asked one thousand people what they would like in a doughnut shop, and I am ready to give consumers what they have asked for. I can make money! _____
16. The prices I can charge for my products will be determined by many factors, but nothing will be more important than this law.

17. Even though this is what economics is all about, this is not what my new doughnut business is all about. _____
Bonus: If the doughnut shop is not all about _____, what is it all about?

ECONOMICS QUIZ ONE

Circle each correct answer, one correct answer per question:

1. The word “economics” comes from an ancient Greek work that means:
 - a. Robot
 - b. Computer
 - c. Household management
 - d. Internet
2. No matter what economics deals with—buying a car, getting a job, saving for college, paying bills—it always, always, always is concerned with:
 - a. Learning how to speak different languages
 - b. Money
 - c. The Super Bowl, the World Series, and popular movies
 - d. What food is served in middle school cafeterias
3. In economics, there are many laws. One of the most important laws in economics is the law of
 - a. Obeying the speed limit on streets and highways
 - b. Supply and demand
 - c. “Do not steal”
 - d. Attending school
4. One job pays \$8.00 an hour and another job pays \$8.50 per hour. A person might decide to take the \$8.00 job instead of the \$8.50 job because:

- a. The \$8.00 job has many more benefits, such as 20 percent discounts for the employees who shop at the store.
 - b. The \$8.00 job is at a store that is one block from where you live so you never have to spend money to drive there.
 - c. The \$8.50 job is at a company that may go out of business in a few months.
 - d. The \$8.00 job guarantees an increase to \$9.00 in 6 months.
5. True or false: It is smart, smart, and smart to save money whenever possible.
- a. True
 - b. False

ECONOMICS QUIZ TWO

For the following multiple choice questions, clearly circle the correct answer:

1. Rule number 1 of economics is
- a. Save
 - b. The law of supply and demand
 - c. $A = \pi r^2$
 - d. Legislative, judicial, and executive
2. Rule number 2 of economics is
- a. Beware of credit cards and the illusion of money they create.
 - b. Save more.
 - c. Individual Retirement Accounts can be started only when you are thirty-five years old or older.
 - d. Somebody is going to win the lottery, but almost everyone loses.
3. Rule number 3 of economics is
- a. In every circle, the diameter times 3.14 equals the circumference.
 - b. Matter can exist as a liquid, solid, or gas.

- c. Keep saving.
 - d. The latest blue jean design is an example of impressionistic art.
4. Economics is all about
- a. Poetry, literature, and short stories.
 - b. How to take a computer apart and put it back together again.
 - c. The stock market and nothing else.
 - d. Money.

ECONOMICS CORE CONTENT QUIZ

1. New, newer, newest
- a. Black and white television sets
 - b. Radio or cassette tape players
 - c. Technology
 - d. Landing on the moon in July 1969
2. Not enough
- a. Scarcity
 - b. Scare city
 - c. Supply is greater than demand.
 - d. Prices going down to get rid of unsold 2009 model cars
3. Specialize
- a. “We sell everything for everyone.”
 - b. “No matter what you are looking for, we have it.”
 - c. A bakery.
 - d. Jeremy’s Bar-B-Q and Quick Oil Change—eat while you wait to have your car serviced.
4. Competition
- a. A charity
 - b. One soft drink company vs. another soft drink company

- c. Members of the same soccer team
- d. Employees of the same company

5. Productivity

- a. Doing less in more time
- b. Doing a little bit more in much more time
- c. Doing more in less time
- d. Doing nothing

6. Risk

- a. Chances of winning the lottery
- b. Money that you deposit in a bank savings account up to \$100,000
- c. A bank certificate of deposit worth \$10,000
- d. Save, save more, keep saving.

7. Production, distribution, consumption

- a. The three rules of economics
- b. Make, deliver, use
- c. The three laws of supply and demand
- d. Also known as the trio of capitalism, free market, and free enterprise

8. Advertise

- a. Can be done only on television
- b. Can be done only on radio
- c. Can be done only in newspapers
- d. Commercials

9. Opportunity cost

- a. A or B, not both
- b. A and a part of B, but not much
- c. A and $\frac{1}{2}$ of B now, $\frac{1}{2}$ of B later
- d. The price of a soft drink minus the calories

10. Law of supply and demand

- a. When the president of the United States changes prices
- b. Up, down, balance; determines price; always true
- c. When the Congress of the United States changes prices
- d. When the Supreme Court of the United States changes prices

11. Money

- a. Cannot be used to buy stocks
- b. Cannot be used to rent a car
- c. What economics is all about
- d. Can be used, but most people prefer to barter

12. Finances

- a. “She did not buy the car because the finances—the price of the car and the money she had—did not work out.”
- b. He was able to get in shape for football by working out with finances.
- c. The only question on the college application form was about finances.
- d. The circumference divided by the diameter equals the finances of a circle.

13. Land, labor, capital

- a. The three rules of economics
- b. Earth, homework, money
- c. Nicknames of the three branches of the U.S. government
- d. Earth, work, money

14. Profit

- a. To speak with much wisdom
- b. To get clothing made to perfectly fit you and only you
- c. To make money

- d. The cost of doing business is more than the income for the business

15. Interdependence

- a. This was written by Thomas Jefferson in 1776.
- b. This is what we celebrate on July Fourth.
- c. People and nations working together
- d. When the price is more than your budget can afford

ECONOMICS: SILENT INDOOR THINKING, TEST

You decide to do with doughnuts what Starbucks has done with coffee. You will sell the most wonderful flavors of doughnuts, the most wonderful shapes and sizes of doughnuts, the most amazing variety of doughnuts, and you will sell these to customers in the most comfortable, attractive, and unique doughnut shop ever created.

1. What will you name your new store? _____
2. What are three reasons why that name is perfect for your new store?

- a. _____
- b. _____
- c. _____

3. List everything a customer will see when he or she walks into your store: _____

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. _____
- g. _____
- h. _____

4. Write a thirty-second radio commercial for your new store. Be sure to tell people what your store sells, where your store is located, the hours it is open, and what makes it worth the time and money for people to come here.
5. The local newspaper's restaurant "critic" (a person who evaluates or reviews a movie, a play, a book, or, in this case, a restaurant) visits your new doughnut store and brings two friends. The critic writes a summary of the new store and includes information about (a) the location, (b) the menu, (c) the appearance of the store, (d) the service provided by employees to customers, (e) the prices, and (f) reasons that your store is better than or not better than your competition. In the space below, write the restaurant critic's newspaper story about your new doughnut shop. Be sure to include all parts a–f listed above.

The variety of test formats serves many purposes, but two factors are consistent across the tests. One, I am measuring student achievement while I also measure how well I have done my job. The tests help me confirm that all students have learned or reveal to me what still needs to be learned by which students. Two, the students can learn about economics as they read the questions and complete the tasks. Those tests are designed to continue the learning process. Students who ask me about when the next test will be often hear me reply, "We'll have a test when that is the best way for me to teach you."

In the past four years of extreme economics classes students have never been told that a test would occur on a certain day. I am always confident that they will do well on tests. I have interacted with students during class to convince me that they have learned. Still, the written process is needed to accurately measure student achievement and teacher effectiveness.

The item listed as "first test" is usually given the second day of class. The students do very well on that test and become aware of how capable they are.

Imagine that Ms. Gray and her students began class on a Monday with the "How was lunch" activity. Please think of lessons that could be done each school day the rest of that week to extend the lunch case study or to build upon the lunch case study. For now, just an objective

for the lesson and a few ideas for activities would be great. You can add the precise details later.

Tuesday:

- Objective: _____
- Ideas for activities: _____
- Connections with students' life experience and wholesome knowledge, interests, or talents _____

Wednesday:

- Objective: _____
- Ideas for activities: _____
- Connections with students' life experience and wholesome knowledge, interests, or talents _____

Thursday:

- Objective: _____
- Ideas for activities: _____
- Connections with students' life experience and wholesome knowledge, interests, or talents _____

Friday:

- Objective: _____
- Ideas for activities: _____
- Connections with students' life experience and wholesome knowledge, interests, or talents _____

Whether in elementary school, middle school, or high school, students have encountered economics in their life experiences. Students also have wholesome knowledge, interests, and talents that relate to, are impacted by, and connect with economics. The extreme economics teacher uses these real-life resources to fascinate students, to apply existing motivations of students, and to cause learning. The extreme

economics teacher gets to learn about students, about how current students learn, and about how to most effectively teach current students. The students get to learn economics, get to learn that learning can be fascinating and real, and get to team up with the teacher to create a classroom learning community. Everyone wins as everyone learns, learns more, and keeps learning.

The concluding chapter will emphasize what the research survey for this book confirmed that students need to know about economics.

SAVE, SAVE MORE, KEEP SAVING

Credit can be deceptive. Debt can be destructive. To prevent, to avoid, and to correct problems associated with credit or debt there are three solutions: save, save more, keep saving. No doubt, credit and debt have their defenders and their advocates. There are many more commercials encouraging people to spend money than there are messages that encourage people to save money. This book willingly, eagerly, and confidently communicates the less popular but more sensible option: save, save more, keep saving.

The preface of this book deplores the debt disaster that the United States as a nation is imposing upon itself and that individual Americans are imposing on themselves. Despite political rationalizations about debt as a percent of anything or despite media reports of federal government officials justifying the national debt increasing from about \$1 trillion in 1981 to approaching \$11 or \$12 trillion in 2009, the reality is that credit can be deceptive and debt can be destructive.

Would the United States be in a stronger position internationally and domestically if the national government were debt free? Is an individual person in a stronger position if he or she is debt free? Yes and yes. How is the debt-free status reached? Save, save more, keep saving.

The purpose of this chapter is not to debate the political philosophies of fiscal policy or monetary policy, of taxation or of the money supply, of

deficit spending or interest rate adjustments. Those issues are important, but they are the complex topics of other books.

The purpose of this chapter is to emphasize the fundamental concepts of economics that students need to master. The three most fundamental concepts are so absolutely essential that they are taught to my students during the initial minutes of the first class. These three essentials are repeated, discussed, explained, analyzed, ingrained, embedded, applied, learned, and mastered day after day, week after week, month after month. As stated earlier in this book, my students immediately memorize the words of these three short statements and permanently remember them: save, save more, keep saving. Those are the three rules of economics.

The challenge is not to memorize those very few words. The challenge is to live up to those very big ideas. The research done for this book found that the most important financial advice adults were eager to share with children and teenagers is to save money. Three years before the research for this book was done, I informally asked some successful adults to share with my students and me what those adults wish they had known about economics when they were in the eighth grade. Their top ten list follows, with no surprise that the highest rated idea is to save money.

The following ideas are from local community leaders who were asked to tell us what they wish they had known about economics when they were in the eighth grade:

1. The habit of saving—a certain amount on a certain schedule.
2. Use a budget.
3. Needs are top priority; wants are optional.
4. The item you just had to have and now never pay any attention to was not a good use of money.
5. Use the value and the power of compound interest.
6. Beware the trap of credit card debt.
7. Know and use the benefits of dollar cost averaging.
8. Saving money early in life brings big benefits later in life; the earlier money is saved, the more time it has to grow and grow and grow.

9. Save for and be responsible for your retirement income; do not expect to get anything from Social Security when you retire—if you do get something, it will be a bonus, but expect nothing.
10. A penny saved really is a penny earned because it is money you do not have to earn again to replace money spent.

There is no benefit to being obsessed with saving. Saving money is not presented as an obsession. People do consume products and services. Money does need to be spent on the necessities of life. Money should not be lost on wasteful, unnecessary expenditures. Students can develop wise judgment to understand the difference between needs and wants. The life experiences of students can apply to understanding this vital difference. “I wanted a new bicycle, but my father said the bike I have is all I need. Yeah, my bike works, but it’s just not very cool. So if I save the money myself I can get a new bicycle. I’m thinking of ways to make money. Maybe I’ll save the money. My father would be so amazed.”

Money is saved in many ways, including do not spend, find a better price, keep using what you have instead of buying something new, use coupons or other discounts, make an offer of a lower price, eat meals/snacks at home instead of at restaurants or stores. “My mom said the ice cream place is too expensive. It would cost \$8 if she and I went there for a snack. For just \$3 or \$4 she can buy a lot more ice cream at the grocery store. We get more ice cream for less money. That’s the only way I’m going to get any ice cream, so that is fine with me.”

Numbers can be convincing. Math is the measurement system and is part of the language for economics, so having students work with real numbers can be very persuasive and enlightening. The chart that follows shows students the real numbers associated with money that is left alone to grow. The students calculate each cell/number in the chart and really feel the money totals grow. They are amazed that 8 percent or 9 percent growth over five years surpasses the 3 percent of growth of thirteen years; however, if the 9 percent rate of return has a larger risk such as stocks and the 9 percent is an overall average of good and bad years, some students then prefer the slow, steady 3 percent or 4 percent with a bank guaranteed account. What other topics could you and your students discuss based on the calculations and numbers in table 10.1?

THE POWER OF COMPOUND INTEREST, OR COMPOUND RATE OF RETURN

Conclusions: _____

Interest = the price of _____

Compound interest = _____

Rate of return = Growth on an investment

The students and I often revisit the three rules of economics: save, save more, keep saving. We chant these rules, and we explore, analyze, explain, implement, learn, and master these rules. Some students ask about “get rich schemes” they have heard about, such as work at home and make \$6,000 per month; win the lottery and you are an instant millionaire; just buy our tapes and instruction system, plus a three-month supply of our nutritional supplements, and you’re in business with the potential for tens of thousands of dollars of easy profit. We analyze the facts about those schemes and identify the flaws in each scheme. The following list is one part of the analysis we do.

	3%	4%	8%	9%
Begin	\$3,000	\$3,000	\$3,000	\$3,000
1 year later	3,090	3,120	3,240	3,270
2 years later	3,183	3,245	3,499	3,564
3 years later	3,278	3,375	3,779	3,885
4 years later	3,377	3,510	4,081	4,235
5 years later	3,478	3,650	4,408	4,616
6 years later	3,582	3,796		
7 years later	3,690	3,948		
8 years later	3,800	4,106		
9 years later	3,914	4,270		
10 years later	4,032	4,441		
11 years later	4,153			
12 years later	4,277			
13 years later	4,406			

1. Save, save more, keep saving:
 Chances of your earning money: _____
 Chances of your losing money: _____

2. Lottery:
 Chances of your winning money: _____
 Chances of your losing money: _____
 Chances of the lottery organization's making money: _____

3. Bank:
 Chances of your earning money: _____
 Chances of your losing money: _____
 Chances of the bank's making money: _____

4. Stock market:
 Chances of your earning money: _____
 Chances of your losing money: _____
 Chances of the company's(ies') making money: _____

Students are well aware of commercials, but few commercials encourage people to actually save money. The television advertisement that says "0% interest for one year. No payment for 6 months. Shop today. Buy today. Pay later" is not about saving money. The tiny print on the TV screen at the end of that commercial explains enough conditions and disclaimers to make any wise consumer flee. The activity shown below applies the life experience of students as viewers of commercials in a creative way to help them master the reasons to and the ways to save, save more, keep saving.

ECONOMICS HOMEWORK PROJECT

Part One: "Save. Save more. Keep saving."

You will create a sixty-second TV or radio commercial about the idea of "Save. Save more. Keep saving." The commercial will be broadcast at

our school on the TV news or the public address system. The goals of the commercial are to convince middle school students and high school students to save, save more, keep saving and to tell middle school students and high school students many ways to save, save more, keep saving. Write the script below or on notebook paper very, very neatly. If it is a TV script describe the video. If it is a radio script describe the setting and any sound effects you use.

TV or radio (circle one)

The words that are heard

The video or the setting

Scene 1:

Scene 2:

Scene 3:

Scene 4:

Part Two

Design the logo of the “Save. Save more. Keep saving” communication campaign. The logo can be all picture/drawing graphic or a combination of picture and words.

ECONOMICS PRACTICE

Sometimes when the students continue working on the “Save. Save more. Keep saving” rules, our work is very rudimentary. Sports teams

practice the same drills and plays until the repetition brings perfection. Economics students can also benefit from drill and repetition as part of the overall learning process. The following activity as a class warm-up to begin the day’s work, as a quiz, as part of a test or as a frequent chant/ repetition can serve such purposes.

Rule 1 of economics: _____

Rule 2 of economics: _____

Rule 3 of economics: _____

Two good results if you follow rules 1, 2, and 3 of economics:

a. _____

b. _____

What economics is all about: _____

Note: Life is about much more than money—family, friends, commitments, achievements, helping people, and more—but if you get the money part of life managed well it helps the other parts of life go much better.

The rule of 72: Divide the rate of return, such as an interest rate or the rate at which an investment is growing, into 72 to calculate how many years are needed for money to double.

Use a rate of return of 8 percent in this Individual Retirement Account calculation:

2009	\$3,000	your age now:
2018	_____	your age then:
2027	_____	your age then:
2036	_____	your age then:
2045	_____	your age then:
2054	_____	your age then:
2063	_____	your age then:
2072	_____	your age then:

Question: So if you keep doing this with \$3,000 more in year 2010, 2011, and so on, what would the result be after several decades?

Actions get results. The extreme economics classroom is a very active place where results are plentiful, continuous, and required. The capitalist economic system thrives on designed, intentional, purposeful, ethical, legal actions. My students are taught that a proper work ethic is expected and will be demonstrated in daily classwork, in class discussions, in homework projects, in very high levels of participation and attention.

ECONOMICS: A STORY

Students sometimes respond well to stories. The following story was written for my eighth-graders to help convince them of the importance of establishing the habit of eagerly working hard. Work, work more, keep working is how the standard is sometimes communicated.

“I’ll Show You!”

“I know, I know. I could make better grades. It’s just no big deal. I could probably make all A’s and B’s. Honor Roll would be easy. It always was, but what’s the point? I’ll still get into college and I’ll do better then. There are other things to do now.” Shawn sounded very comfortable with his C grades and his C attitude. His twin sister, Tasha, was not convinced.

“Come on, Shawn. Get real. You always made the Honor Roll in middle school. I did my best then to keep up with you. Now, I make straight A’s or maybe a B now and then. You just get by. You do enough to stay out of serious trouble. C’s? Come on, Shawn, you can do better than that. It’s that group you hang out with. The ‘we hate school’ group or the ‘school is stupid’ group or whatever you call yourselves.” Tasha’s frustration and disappointment were genuine.

“Back off, Tasha. I do OK. Who asked you for a sermon? I’ll get into just as many colleges as you do. Why should I work so hard in high school? My friends and I have lots of fun. I never make a D grade. I’ve become the expert in making easy C’s. Ninth grade was great. People to meet and things to do. I’m not going to study all the time like some people do. Tenth grade is the same. Next year I’ll get a part-time job and buy a car. Then I’ll do really well on the SAT. Colleges will love me. And those friends of

mine who agree with me about school, we get together and design websites. We've made money doing that and it is so easy to do. Why study when I can make money?"

Tasha hadn't known about the money. "No way!" she replied with a slight hint of jealousy.

"Yeah, Jason's father pays us to update his company's website each day. Thirty minutes of work and we each get \$50 a week. How's that for success? While you study and make A's, we work, get paid, and make C's. Who needs grades when you have a job?" Shawn seemed quite pleased with himself.

Sometimes Tasha wondered about that question—Who needs grades when you have a job?—when she spent extra time studying. About a year later, in June of the summer after their junior year of high school, Tasha and Shawn got their SAT scores. Tasha's score put her in the top 10 percent of the country.

Shawn's score was—well, it was right in the middle. He made C grades and he scored in the middle on the SAT.

"Dumb test. Who cares about the scores? Maybe I don't need college after all. Who cares?" Shawn was not very convincing.

Tasha had heard enough from her brother. "You care. You've wasted three years of high school. You and Jason thought you'd get rich working on websites. Then Jason's father fired both of you for that silly stuff you put on the website one time. Then you quit your fast food job because you said the work was too hard. Now what are you going to do?"

Shawn began to argue. "Who put you in charge of me? I know what. . . ."

Tasha stopped him. "I put me in charge of you. I'm tired of people at school asking me what happened to Shawn. It's embarrassing to hear people ask why you goof off so much. Your loser friends keep coming over to the house or calling. I don't want to be seen with them. You let that group bring you down. Your grades. The SAT. Your jobs. Don't you get it, Shawn? You are better than that. Make something out of your senior year."

Shawn was thinking. "Like what? What can I do?"

"You used to run track in middle school. You worked on the yearbook and you did morning TV announcements at school then. Mom and Dad have taken your cell phone, your car they got for you, and your computer. They hired tutors for you. They gave you freedom and you blew that."

After a long moment of silence, Shawn asked, "Well, what can I do now? It's June. We'll be seniors in August. What can I do now?"

Tasha's answer was not what Shawn expected to hear. "Run. Start running today. I have to run on my own for soccer training. Some girls from the team and I run every night about 8:00. Start running with us and then get on the cross-country team. Go to school tomorrow and get your schedule changed. Take some real classes, not all of those play classes you signed up for. Check the websites to see what summer reading serious seniors will be doing and read—you know, open a book and read it."

Shawn was taking his sister's advice seriously. "How'd you learn all about this?" he asked.

"I pay attention, Shawn. I listen to teachers just like you used to. I listen to Mom and Dad. They are smarter than you think. I study. How long has it been since you did that?"

"Yeah, it's been a long time, I guess. You and I really did well in elementary school and in middle school. We won all kinds of awards. I guess I've been pretty dumb, huh?"

Tasha replied loudly. "Pretty dumb! You've been super dumb. To be as smart as you are, you've been crazy dumb. You wasted three years of high school, so our senior year is your last chance. Go to school right now and change your schedule. Be ready to run tonight with three soccer superstars you can't keep up with."

Shawn jumped up at that comment. "Sounds like a challenge to me. You're on. Think you and your soccer friends can keep up with me? I'll show you."

Tasha smiled and left Shawn's room. She turned around and made one final encouraging comment as only a confident, conscientious teenager could. "I'll outrun you tonight, but I'll be just as happy when you outrun me, if you ever do."

"If? If I ever do?" Shawn spoke with feelings this time. "I'll outrun you and I'll make better grades than you. I'll show you, Tasha." That was Tasha's hope.

One month later Shawn and Tasha ran in the local 10,000-meter race. Her time was 46:17 and his time was 47:23. One month later they ran in a 5,000-meter race. His time was 22:27 and her time was 22:37. One year later Tasha and Shawn both had senior year grade point averages over 3.8, with hers at 3.86 and his at 3.82. Shawn's SAT and ACT scores were now much better. Tasha had decided on a nearby university where she would study biology and after that go to medical school. Shawn had decided to attend a college about twenty-five miles away and become a high school teacher so he could help high school students avoid the mistakes he had made. Shawn had shown Tasha a lot, but he had shown himself a lot more.

ECONOMICS AND EDUCATION

Economics is all about money. Life is about much more than money. If you manage the money part of life well, the other parts of life can be greatly enhanced.

Our nation is setting a bad financial example for children and teenagers. National debt and personal debt are excessive. The nation is not saving money. Many individuals save little or no money. If these bad habits continue, financial difficulties or disasters will occur throughout our society, throughout our communities, in our families. Such financial failure is not necessary, but to prevent it serious, disciplined actions are needed.

Can education help? Yes, but education alone is insufficient. People have been educated about the health problems associated with tobacco for decades, but tobacco products are still consumed. People have been educated about the importance of physical exercise and eating healthy foods, but the percentage of seriously overweight Americans is alarming.

Yes, education can help. Effective education about economics can help. When that education is provided by and experienced through the extreme economics approach, the impact can increase because what is learned is real, is personal, and connects right here and right now to the life the person being educated is living.

Overall, the adults in the United States are setting a counterproductive example about money management, saving, and economics. The adults in this country are responsible for a national debt of \$11 trillion. The adults in this country are responsible for a Social Security system that overpromises and cannot be sustained. Far too many of the adults in this country are not saving money for retirement, for emergencies, or for the types of items that earlier generations saved for but recent generations borrow for.

Some adults set a superior example about saving, about money management, about economics. Some families use a budget and teach their children to use a budget. Those children experience the reality that no money in the entertainment fund means not going to the movies—so create a game, read a book, earn some money. Given the realities of our nation's financial irresponsibility and of our national savings rate being

low, the adults who are setting a good example must not be in the majority.

Education can play a vital role in solving economic problems. Schools are already asked to resolve many issues, educational and otherwise, that children and teenagers face. Adding the task of teaching extreme economics to the already crowded curriculum at schools may be difficult, but there are possibilities. In schools, school districts, and states that already have economics in the curriculum, make sure that what is taught and how it is taught results in students having the knowledge and the skills to manage money. Extreme economics is one way to get that result.

In all schools, existing subjects other than economics could connect with learning about money. Rather than enduring page after page and worksheet after worksheet of ordinary math problems, students could do money math. When learning about percentages, the math problems could include calculations about money saved when a product is discounted 20 percent, 40 percent, or 50 percent. Interest rates can be the topic of additional math practice math percentages. If students saw more practical application of math to their lives now, such as money math, they could make a stronger commitment to math, they could learn more math, and they could simultaneously learn economics.

History classes also provide many opportunities for connections with economics. American history includes debates about the banking system, purchase of land from other countries, taxation, paper money, the gold and/or silver standard, how to pay for war expenses, and other topics that relate to economics vocabulary, to economics concepts, and to money.

The operation of a school itself presents an economics case study that a school's computer class could use. A public school's budget—textbooks and other instructional supplies, athletics, various departments, fundraising projects, the cafeteria, vending machines, government funding for specific purposes, and other financial matters—is public information. This data could be organized by students in a computer class to master financial software, spreadsheets, and fundamentals of computer programs. Why use ordinary, generic data when real data from the students' school can make the learning experience much more meaningful and real?

We know what works. That statement of truth and of confidence is a fundamental idea in each book I have written about teaching. We know what works in education, in teaching, in the classroom. We know what causes learning. We know what highly effective teachers do.

In personal economics we know what works. We know what causes financial success. We know the benefits of save, save more, keep saving. We know the wise insights of financial lessons learned by the people who provided input to the research done for this book.

We know what works in teaching. We know what works in economics. Combine those conclusions to realize that we know what works in teaching economics.

Extreme economics presents a method, an approach, and a perspective on teaching economics. Extreme economics is based on ten years of research and writing about highly effective teaching. Extreme economics is based on classroom experiences during four years in which each student made a grade of A or B in eighth-grade economics classes. Extreme economics is also based on research that indicates what children and teenagers need to know about money. Extreme economics explains and demonstrates how to teach children and teenagers about money so that learning is caused.

About forty years ago my grandfather and I were taking a walk. We discussed several topics. During the discussion he said to me, "Keen, you need to save 10 cents every day so when you need new tires for a car you will have the money you need." My grandfather's wisdom is timeless. He grew up in a very thrifty household. His father was a circuit-riding Methodist minister in western Kentucky. The family income was quite limited, so the family faith had to be unlimited and the family frugality had to be continuous.

In 1939 my grandfather, Keen Johnson, became governor of Kentucky. He promised to be a "saving, thrifty, frugal" governor. The printed stationery of the previous governor was used by my grandfather, who simply drew a line through the name of his predecessor, "Happy" Chandler, and wrote in the name Keen Johnson.

During their terms in office—the Depression years of the 1930s and World War II years, Governors Chandler and Johnson eliminated Kentucky's budget debt so effectively that when Governor Johnson left office in 1943 the state had a financial surplus.

How was that done? One dime at a time—just as he advised me to save money for new tires one dime at a time. The mentality that each dime counts, so count each dime, leads to the action of saving every dime possible. My grandfather's first thought about money was to save. Unfortunately, saving money seems to be the last thought about money that our country has now and that many people in our country have now.

Debt can be destructive. Excessive debt can destroy an individual, a family, a business, an organization, a country.

The scope of this book has not included sophisticated stock market investment strategies or the intricacies of international currency fluctuations. There are many other books that properly address in precise detail the many subtopics within economics.

The scope of this book is to identify what children and teenagers need to know about money and to present a teaching approach that when used effectively by teachers or parents/guardians will help cause children and teenagers to learn about money.

We conclude with the three rules of economics. Follow these rules and you win financially. Of course, life is about more than money, finances, or economics, but getting the money part of life managed wisely will enhance the other parts of life.

Let's all chant together. The three rules of economics are "Save, save more, keep saving." Imagine the results that can be obtained by our country and by our citizens if as a society and as individuals we wisely save, save more, keep saving. My grandfather and his generation knew the necessity, the virtue, the wisdom, the benefits, and the discipline of saving. The future of this country and the futures of our children and teenagers will be enhanced by applying wisdom from the past that was confirmed by the research for this book: Save, save more, keep saving.

That may sound like a very extreme idea, which helps make it a perfect foundation for extreme economics.

FOR PARENTS AND GUARDIANS

When truth and wisdom are available, there is no excuse for ignorance or stupidity. As Proverbs 16:16 puts it, "How much better it is to get wisdom than gold!" Wisdom lasts forever. Money can come and go. Money

managed with financial wisdom is much more likely to come and to stay, than to go. Details follow.

The slogan, mantra, strategic emphasis, and dominant message of the 1992 Bill Clinton presidential campaign was the thoroughly documented and often repeated statement, “It’s the economy, stupid.” The word “stupid” is crass and harsh. Reality can be crass and harsh. The 2007, 2008, and 2009 economic reality in the United States has resulted in large part from completely unnecessary mistakes, from avoidable errors, from individual money mismanagement, from corporate money or business mismanagement, from unwise public policies and laws, and from a fantasy world where the established rules of sensible money management were repeatedly violated. Teach financial reality to your children and teenagers. Exemplify financial wisdom and discipline to your children and teenagers.

The new version of that statement could be “It’s the economic stupidity.” In recent years and, in fact, for several decades the economic mistakes made in the United States and by the United States have accumulated. Add to those mistakes the current combination of rising unemployment, unpredictable and wildly fluctuating fuel costs, rising house foreclosures, rising national government deficits, rising national debt, rising consumer prices, and the result is a recession—or worse.

The economy’s problems of 2008 and 2009 include many unforced errors and many self-inflicted errors. As a nation and as individuals, we have too much debt along with a debt mentality, habit, and lifestyle. As a nation and as individuals, we save too little. After three decades of deficit spending almost every year, of the 1980s savings and loan crisis, of the 1987 stock market crash, of supply-side economics never keeping its promise, of Social Security’s unfunded liabilities, of record-high national government deficits, of . . . you name it and we have been unsmart about it. It’s the economic stupidity that must be replaced immediately and completely by economic discipline and wisdom by individuals, by families, and by our nation.

Economic failure is avoidable. How? Let the debate begin with consideration of ideas that can take us from economic stupidity to economic wisdom. There is no reason to remain stuck in economic stupidity when economic wisdom is available. Why default to the unwise when the wise

is known? Here are two places to start: (1) get out of debt and then avoid debt and (2) save, save more, keep saving.

Why default to the common when you can ascend to the extraordinary? Too much debt is common. Credit card mismanagement is common. Budget-busting car payments and budget-busting mortgages have become common. The prevailing perception of financial literacy is that many Americans are financially illiterate. The prevailing perception of money management skills is that many Americans know much more about fashions worn by celebrities or statistics of professional and college sports teams than they know about money management techniques used to sensibly control finances or statistics of their own budget or their own bank accounts.

Before there were installment plans to let people buy now and pay later, before there were credit cards to let people buy more now and pay much more for years, there was the idea to save up for what you hoped to buy. No saving meant no purchase, which also meant no debt. Earlier generations lived by that wholesome discipline. Recent generations have strayed from that wholesome discipline and are wondering what went wrong, what will happen now—will the economy ever improve?

Why default to the common when you can ascend to the extraordinary? “But everyone charges too much on their credit card.” “But they said I could afford the payments. They talked me into it.” “But nobody really showed me what the payment would be if the mortgage rate got adjusted. Well, maybe they gave me some chart, but I was never very good at math.”

Math expertise and sophistication are not required for sensible money management. Basic arithmetic is sufficient, with addition, subtraction, multiplication, and division, along with good sense and abundant discipline. Expenses cannot exceed income, so add the current expenses and evaluate the proposed mortgage with the reality of numbers. Do not default to the common practice of taking on too much debt. Ascend to the extraordinary of living within your means now so you can live beyond your dreams later.

Why default to the common for your children and teenagers when you can teach them the skills and wisdom that enable them to ascend to the extraordinary? OK, how is this done?

For parents and guardians to fully teach the topic of this chapter, “Save. Save more. Keep saving” to your children and teenagers, begin by living the example you desire your children and teenagers to follow. In addition to that, create opportunities for your children and teenagers to learn about saving, by actually saving. For example, your fifteen-year-old son is given \$15 on his fifteenth birthday. The first place to go is the bank, so part or all of that money is saved. “But what’s the fun of getting the money if it has to be saved?” Check the research results of this book. How often did the research participants mention “save money”? How often did the research participants mention “fun”? The research results do not demand the lifestyle of a monk’s vow of poverty, yet the research results also show how to avoid the poverty that follows financial folly.

Now, create opportunities for your children and teenagers to talk with bankers, with financial advisors, with successful business owners so they hear your money management wisdom confirmed by other people whose financial credentials are confirmed.

Then, arrange opportunities for your children and teenagers to talk with people who are older, in the sixty-year-old and up age group. Your children and teenagers could ask those people the same questions that were asked in the survey research for this book. Then the research becomes more personal and then the research becomes more real.

After that, have your children and teenagers write everything they have learned from their research. That writing is followed by thinking about how to apply what they heard to their day-to-day life. “One really neat lady told me she never bought a present for anyone. She always wrote a poem or a story and decorated the pages. The presents she gave to friends and family were always unique and personalized. She said her presents never ended up at a garage sale like other presents that people don’t need or get tired of.” That insight needs to be followed with application and implementation. The child or teenager who heard about making unique gifts needs to make unique gifts for upcoming birthdays and holidays to personally experience the benefits of doing what the seventy-eight-year-old poem writer, story author, and gift designer described.

On January 12, 1917, my grandfather, Keen Johnson, was given a Bible by his mother to celebrate my grandfather’s twenty-first birthday.

These words were included to describe the gift Mrs. Johnson had chosen: “From the gifts of God above, she chose a goodly one; she chose for her beloved boy the source of life and light and joy.” Through words of wisdom and through the power of example, my great-grandparents taught my grandfather how to live in an honorable, ethical, moral, sensible way. Over ninety years later, that Bible and the inscription with it are still in our family, along with many words of wisdom from my great-grandparents and from my grandparents.

As a child and as a teenager, I shared much time with my grandparents. To the extent that I live by what they lived by, I live better. They did not default to the common. They ascended to the extraordinary. The truths they lived by are timeless.

Money management truths are timeless. It has always been wise to save money. It will always be wise to save money. Save. Save more. Keep saving. Control what you can control.

Parents, guardians, children, and teenagers have been informed through this book of many ideas and actions that reveal the truth and wisdom of sensible money management. The truth exists. The wisdom exists. Control what you can control, including gaining truth, gaining wisdom, and then putting truth and wisdom into action. Why default to the common when you can ascend to the extraordinary? You now have the truth, the wisdom, the tools that are the foundation of ascending to the extraordinary. The actual experience of ascending depends now and always on what you do.

EPILOGUE

The Extreme Economics Family and Their Future

At their fiftieth wedding anniversary, Brad and Linda Johnson celebrated with their dearest friends and with their family of three daughters, three sons-in-law, and eight grandchildren. The celebration day included a worship service at the same church where Brad and Linda were married fifty years ago. Vows were spoken anew. Fifty years of devotion to each other meant the vows had been experienced, lived, honored, and obeyed. The daughters, sons-in-laws, and grandchildren were inspired anew to live lives of love.

After supper was finished, each daughter paid tribute to her parents. Katy Johnson Clay, the oldest daughter, spoke last. Her sisters had spoken of family traditions, vacations, holidays, and other treasured memories. It was agreed that Katy would talk about lessons learned by the daughters who grew up in Brad and Linda Johnson's home.

"And there was one other lesson that our parents taught us: 'Manage money so money does not manage you.' There were times when it seemed that Mom and Dad repeated those words to me every time they spoke to me."

At that moment, young Janet Clay, nine-year-old daughter of Katy and Michael Clay, said to her father, "That's what you and Mommy always say to me—'Manage money so money does not manage you.' You got that idea from Nana and Granpa."

Michael smiled, “Good thinking, Janet. Nana and Granpa taught your mother. Now your mother and I teach you.”

The financial future has many uncertainties and many possibilities. What will gasoline cost? What will interest rates be? Will houses be affordable? Will college be affordable? Will the price of gold increase or decrease? What investments will bring the best return? These are no precise, flawless predictions about any specific part of the financial future. Still, there are truths about money management that have stood the test of time and will endure.

Save. Save more. Keep saving. Live within your means. Use a budget. Make saving a habit. These guidelines and the other words of wisdom from the research done for this book have stood the test of time and can help establish a solid financial foundation for families now and in the future. Teach your children and teenagers the timeless truths of wise money management and, despite national or international economic problems, your children and teenagers can live lives in which they take control of what they can control. That wisdom and the benefits of that wisdom are extremely good gifts to give to each generation.

ABOUT THE AUTHOR

Keen J. Babbage has twenty-five years of experience as a teacher and administrator in middle school, high school, college, and graduate school. He is the author of *911: The School Administrator's Guide to Crisis Management* (1996), *Meetings for School-Based Decision Making* (1997), *High-Impact Teaching: Overcoming Student Apathy* (1998), *Extreme Teaching* (2002), *Extreme Learning* (2004), *Extreme Students* (2005), *Results-Driven Teaching: Teach So Well That Every Student Learns* (2006), *Extreme Economics* (first edition, 2007), and *What Only Teachers Know about Education* (2008), all published by Rowman & Littlefield Education.

