

THE CLASSY CARD COMPANY

by Kathy Heyse (Indiana),
Terri Modlich (Colorado),
Zinaida Visotskaya (Belarus),
and Lile Zakauskiene (Lithuania)

LESSON DESCRIPTION

The students form the Classy Card Company to produce greeting cards. The company has orders for birthday cards from two different businesses. Because of scarcity, the Classy Card Company cannot produce enough cards to fill both orders. The workers at the Classy Card Company must make a decision about how to allocate the cards they produce.

AGE LEVEL

11-14 years old

CONCEPTS

Scarcity
Allocation

CONTENT STANDARD

Standard 1 – Productive resources are limited. Therefore, people cannot have all the goods and services they want; as a result, they must choose some things and give up others.

Standard 3 – Different methods can be used to allocate goods and services. People, acting individually or collectively through government, must choose which methods to use to allocate different kinds of goods and services.

BENCHMARKS

- **Benchmark 1 for 8th Grade:** Scarcity is the condition of not being able to have all of the goods and services one wants. It exists because human wants for goods and services exceed the quantity of goods and services that can be produced using all available resources.

- **Benchmark 2 for 4th grade:** There are different ways to distribute goods and services (by prices, command, majority rule, contests, force,

first-come-first-served, sharing equally, lottery, personal characteristics, and others), and there are advantages and disadvantages to each.

- **Benchmark 1 for 8th grade:** Scarcity requires the use of some distribution method, whether the method is selected explicitly or not.

OBJECTIVES

The students will:

- ◆ Define scarcity.
- ◆ Explain that scarcity makes allocation decisions necessary.
- ◆ Identify various allocation methods.
- ◆ Analyze benefits (who gains) and the costs (who loses) of different allocation methods.

TIME REQUIRED

45 minutes

MATERIALS

- Visuals 1 and 2
- One copy of Activity 1 for each student
- One large manila envelope for each group, with the following supplies in each envelope.
 - 15 sheets of colored paper
 - Two pairs of scissors
 - One ball of yarn
 - Three markers
 - One one-hole puncher
 - 12-inch ruler
 - One pencil

PROCEDURE

1. Introduce the activity by asking the students if they ever purchase greeting cards. *Answers will vary.* Ask the students what would be needed to produce greeting cards. *Paper, artists, designers, computers, ink and so on.*

2. Tell the students that they are going to produce greeting cards for the Classy Card Company. Explain that the company received an order for 70 birthday cards from two different greeting card distributors. “All Cards” ordered 40 cards, and “Buyers Unlimited” ordered 30 cards.

LESSON THREE

Point out that the students must produce the 70 cards.

3. Display Visual 1. Review the directions for making cards. While reviewing the production steps, demonstrate how to produce a card.

- ◆ Neatly fold a sheet of colored paper in half (hamburger fold) to create a card that is 8 1/2" wide by 5 1/2" long.
- ◆ On the folded side of the card, use the ruler and make two marks at 2 1/2" and 5 1/2" about 3/4" in from the fold.
- ◆ Use a hole punch to punch a hole at each of the two marks.
- ◆ Cut a piece of yarn, 18" long.
- ◆ Thread the piece of yarn through the holes and tie in a bow.
- ◆ Write "Happy Birthday" on the front of the card and create a decoration on the front.

4. Divide the students into small groups of four to five students each. Distribute an envelope of materials to each group.

5. Allow time for the students to organize group members for production.

6. Tell the students they will have 20 minutes to produce cards. Remind the students that any cards that are not neatly folded and decorated cannot be used to fill orders. Allow time for the students to work.

7. When time is up, tell the students to stop working and to count the number of completed cards.

8. Ask each group how many cards were produced and record the number for each group on the board. Discuss the following:

- A. How many cards did the whole class produce? *Answers will vary.*

B. Is this enough cards to fill both orders? *No*

C. Why wasn't the class able to produce 70 cards? *Our group ran out of time; our group didn't have enough hole punches, scissors, markers, papers or yarn.*

D. What problem does this create for the Classy Card Company? *The company doesn't have enough cards to provide each distributor with the number of cards ordered.*

9. Tell the students that this problem is called scarcity. Explain that **scarcity** is the condition of not being able to have all of the goods and services people want. It exists because people's wants for goods and services are greater than the number of goods and services that can be produced using all the available resources. Ask the following questions:

A. In this case, what did the distributors want? *70 greeting cards*

B. Why couldn't the Classy Card Company produce 70 cards? *Not enough hole punches, rulers, markers, scissors, workers and other supplies such as paper and yarn* (NOTE: Not having enough workers relates to the students' indication that they didn't have enough time.)

10. Point out that because of scarcity, the workers at the Classy Card Company have an allocation problem. **Allocation** means deciding how something will be used or who will get something that is available. In this case, the students must decide who will receive the cards that they have produced.

11. Ask the students to brainstorm ideas for allocating the cards they have produced. Record student suggestions on the board. Possible suggestions include the following:

- ◆ Have the teacher decide how many cards All Card receives and how many cards Buyers Unlimited receives.
- ◆ Give each company the same amount of cards, even though one ordered more than the other.
- ◆ Fill the first order received, and if cards remain, give those to the second company.
- ◆ Sell the cards to the company that is willing to pay the most for cards.
- ◆ Put the two companies' names on slips of paper, put the papers in a container and draw out one company name. That company will receive the cards.

12. Point out that people allocate scarce goods in a variety of ways. Display Visual 2 and discuss the following:

- ◆ *Lottery* is a method of allocation that involves chance. An example is drawing names from a hat to allocate an attendance prize. Ask the students for other examples of lottery allocation. *Organizations have a raffle or lottery to determine who will get a car. Universities often don't have enough dorm rooms for all students, so rooms sometimes are allocated based on a lottery.*
- ◆ *First-come, first-served* is a method of allocation in which those first in line or those who are the first to order receive the good or service. An example is standing in line to be the first to enter the store for a special sale. Ask the students for other examples of first-come, first-served. *People come to the city swimming pool early to get one of the limited number of poolside chairs. The first person to call into a radio show receives a prize.*
- ◆ *Authority* decides is a method of allocation in which a person in authority decides who receives the goods and services available. For example, a teacher decides who gets to use the computers in the classroom. Ask the students for other examples of authority deciding. *At camp, the camp counselor decides who will sleep in which tents.*
- ◆ *Personal characteristics* is a method of allocation in which people receive goods or services because of some need or characteristic. For example, handicapped drivers are given reserve parking spots close to a shopping area. Ask the students for additional examples. *At a baseball game, free baseball caps are given to those 12 years old or younger.*
- ◆ *Highest bidder* is a method of allocation in which the people who can afford to pay the most for the goods and services are the people who receive them. For example, a new car is on sale for \$23,000. Individuals who are willing and able to pay \$23,000 can buy the car. Ask the students for other examples of this method of allocation. *Answers will vary, but the students will be familiar with this method. They are consumers and know that to purchase something they must pay for it.*
- ◆ *Competition* and *force* are methods of allocation in which those who receive goods and services are those who win a competition. For example, in a hot dog-eating contest, the individual who can eat the most hot dogs wins a prize. Ask the students for other examples. *In school, the classroom that reads the most books gets a pizza party.*
- ◆ *Sharing* is a method in which the goods and services are divided equally. For example, there are three students

LESSON THREE

in the class who want to use the computer. There are only 30 minutes before the school day ends. The students decide to share the computer. Each gets 10 minutes. Ask the students for other examples of sharing. *A student brings four candy bars to class for a treat. There are 20 students in the class. She divides the candy bars equally among her classmates.*

13. Ask the students who loses (bears costs) and who gains (receives benefits) when using each allocation method to determine who will get goods and services.

- A. Lottery – *Gains: Everyone has an equal chance; Loses: Only one person or a limited number of people get the good or service – it depends on luck.*
- B. First-come, first-served – *Loses: People who don't have time to stand in line and who have to travel long distances to get in line; Gains: Those who have the time to stand in line or don't have to travel long distances to get in line.*
- C. Authority – *Loses: People who aren't friends with the one in authority may not get the item; Gains: Individual making the decision might give the goods or services to a friend or someone who doesn't need them. Individuals give up the responsibility of making decisions but must accept the decision of the individual in charge.*
- D. Personal characteristics or need – *Loses: Those who do not have the personal characteristic; Gains: Those who have the characteristic. However, giving a good or service to someone who truly needs it is difficult. It is a subjective decision, and not everyone will agree. Allocating based on a personal characteristic eliminates those*

who don't fall into the selected category.

- E. Highest bidder or pay for it – *Loses: Those who don't earn enough income to afford the good or service; Gains: Those who earn more income are able to afford more goods and services.*
- F. Competition or force – *Only those who are strong or possess the skills needed to win the competition have an opportunity to get the goods and services.*
- G. Share – *Loses: Some people receive goods and services they don't need; Gains: Everyone gets some goods and services, but often not enough of any one good or service. Some people receive goods and services they don't need.*

14. Ask the students if there is one perfect allocation method. *No* Why not? *Regardless of the method chosen, there are always tradeoffs – someone gains and someone loses.*

CLOSURE

15. Review the important content of the lesson with the following questions:

- A. What is scarcity? *Scarcity is when individuals or groups cannot have all the goods and services they want.*
- B. What was the scarcity problem at the Classy Card Company? *Not enough hole punches, rulers, yarn, pencils, markers, scissors, paper and labor time to produce the amount of cards ordered*
- C. Because of scarcity, what did the employees of Classy Card have to do? *Make a choice* Why? *There weren't enough cards to fill all of the orders.*
- D. What type of decision did Classy Card employees have to make? *An allocation decision*
- E. What does "allocation" mean?

Deciding how to use something or deciding who will get something.

- F. Name some methods of allocation.

Lottery; first-come, first-served; personal characteristics; share; highest bidder; authority; competition

- G. Select one allocation method and list the costs and benefits (who gains and who loses) of this method. *Refer to procedure step 12 for a summary of costs and benefits for each method.*

ASSESSMENT

Distribute one copy of Activity 1 to each student. Review the instructions and allow the students time to complete the activity.

Visual 1

Card Production Directions

- ◆ **Neatly fold a sheet of colored paper in half (hamburger fold) to create a card that is 8 1/2 inches wide by 5 1/2 inches long.**
- ◆ **On the folded side of the card, use the ruler and make two marks at 2 1/2 inches and 5 1/2 inches, about 3/4 of an inch in from the fold.**
- ◆ **Use a hole punch to punch a hole at each of the two marks.**
- ◆ **Cut a piece of yarn, 18 inches long.**
- ◆ **Thread the piece of yarn through the holes and tie in a bow.**
- ◆ **Write “Happy Birthday” on the front of the card and create a decoration on the front.**

Visual 2

Methods of Allocation

Lottery

First-come, First-served

Authority

Personal Characteristic or Need

Highest Bidder (Pay for it)

Competition

Share

Activity 1

Assessment

The local elementary school is having a talent show in the school auditorium. Five hundred teachers, students, parents and friends want to attend. The auditorium has seats for only 350 people. Because of the school schedule, the show can only be presented one time.

What is the problem?

How should the school allocate the seats?

Explain why you think this is the best allocation method to use.