



Schools of Economic Thought | Lesson Plan

How do different economic theories influence the way people view the role of government and individual responsibility in an economy?

Students will understand that various schools of thought shape economics, each offering unique perspectives on how economies function, including the role of government, individual choice, and the impact of policies on economic activity.

Learning Objectives:

- Analyze how each school of economic thought addresses economic challenges.
- Evaluate the roles of government intervention and market freedom across different economic theories.
- Apply concepts like aggregate demand, diminishing marginal utility, and monetary policy to real-life examples.
- Explain how different schools of thought impact personal financial decisions and government policies.

Key Vocabulary:

- **Aggregate Demand:** The total demand for goods and services within an economy.
- **Fiscal Policy:** Government spending and taxation used to influence the economy.
- **Market Economy:** An economic system based on free markets with minimal government intervention.
- **Monetary Policy:** Central bank actions that influence the money supply and interest rates.
- **Diminishing Marginal Utility:** The principle that the value of a product decreases as more of it is acquired.
- **Inflation:** An increase in the general level of prices.

Educational Standards: CCRA.R.7, CCRA.R.10, CCRA.W.2, CCRA.W.4, CCRA.W.7, CCRA.SL.1, CCRA.SL.2, CCRA.L.6

Academic Subject Areas: Economics, Financial Literacy, Decision Making, Personal Responsibility, Personal Finance

What You'll Need

- Video: *Ca\$h Cour\$e: Schools of Economic Thought* (Watch [Here](#))
- Worksheet: *Ca\$h Cour\$e: Schools of Economic Thought* (Click [Here](#))
- Classroom whiteboard and dry-erase markers (or use a technology solution if available).

Scan to watch episode:



Lesson Plan (45 mins.)

Warm-Up: (15 mins.)

1. Hand out note-taking sheets and explain that today's lesson will explore different schools of economic thought, each offering unique ideas on how economies should be structured and how people and governments make economic decisions.
2. Begin by asking students to imagine they're starting a business—maybe a food truck with a unique menu, a sneaker store, or a quilting shop. They have to figure out how to attract customers and keep their business growing. Ask, “*What factors would you need to consider?*” Let students share ideas like pricing, quality, competition, and possibly government regulations.
3. Write **Economic Schools of Thought** on the board and explain that economists have different ideas about the best way to run an economy, including how businesses and governments should interact. These ideas fall into “schools of thought” that guide how they believe businesses (like the ones they imagined) should be managed.
4. Under the heading, create four columns labeled **Classical**, **Keynesian**, **Monetarist**, and **Austrian**. Explain each school briefly with relatable examples:
 - **Classical:** This approach is about letting businesses compete freely, with the belief that supply and demand will balance the market without government interference.
 - Example: A food truck business improves its menu and prices by responding to customer preferences.
 - **Keynesian:** This view states that the government should step in to support businesses during slow times to boost demand and keep the economy stable.
 - Example: If the food truck is struggling, government programs could provide discounts or funding to keep it running.
 - **Monetarist:** Monetarists think the government should focus on managing the money supply to control inflation and spending in the economy.
 - Example: If people have more money, they might buy more from the food truck; if money is tight, they might save instead.
 - **Austrian:** This school holds that individuals' choices and preferences drive the economy, focusing on each person's values and freedom to choose.
 - Example: The food truck could emphasize unique, high-quality ingredients to attract customers interested in something special.
5. Next, introduce the key vocabulary by writing each term on the board and discussing its definition. As you explain each term, highlight its connection to the relevant economic school (e.g., aggregate demand with Keynesian economics, monetary policy with Monetarism, etc.) to reinforce these concepts.
6. Guide students in a brief discussion on why understanding these schools of thought matters for them:
 - Personal Finances: Each approach has different views on spending, saving, and government support, which can impact daily life, such as taxes or inflation.

- Consumer Choices: Economic theories influence the availability and cost of goods, like their favorite snacks or shoes, and help explain why prices and options change.
- Government and Voting: Understanding these schools of thought helps students make informed voting decisions in the future, as they'll be choosing leaders who base policies on these differing ideas.

Watch and Apply: (20 mins.)

1. Introduce the video *Ca\$h Cour\$e: Economic Schools of Thought*.
2. Instruct students to add to their notes by focusing on *how each school of thought might influence government policies, business strategies, and individual decisions*. Encourage them to look for specific examples in the video that connect with daily life and jot them down in their notes.
3. After the video, break students into small groups and distribute the worksheet. Students will answer questions on the vocabulary used in the lesson, review different schools of thought, and answer an application question.
4. When finished, review answers as a class. Clarify misunderstandings and ask students to share examples or real-life experiences that illustrate key concepts.

Wrap-Up: (10 mins.)

1. Give a quick recap of things learned in this lesson:
 - Economists have developed various schools of thought to address economic challenges.
 - Classical Economics: Emphasizes minimal government involvement, relying on competition and market forces.
 - Keynesian Economics: Supports government intervention to boost demand during economic downturns.
 - Monetarist Economics: Focuses on controlling the money supply to influence the needed changes in the economy.
 - Austrian Economics: Highlights individual choice and subjective value, with a preference for minimal government control.
 - Each theory offers different views on saving, spending, and the government's role in the economy, influencing real-world policies and personal financial decisions.
2. Exit Ticket: End the lesson by asking students to answer this question on an index card or the back of their worksheet:
 - Which economic school do you think has the most influence on policies in the United States today? Give an example to support your answer.
3. Collect the responses and completed worksheets as students leave to check their understanding and encourage them to reflect on the lesson.

Don't have time for the full lesson? Quick Activity (10-15 mins.)

Distribute the worksheet and allow students to complete it while they follow along with the video. Or, have students watch the video at home and use the worksheet as a quick quiz the next day in class.