

Unit 1 Lesson 1

Economic Reasoning: Why Are We A Nation of Couch Potatoes?

INTRODUCTION

Economics This lesson identifies the key principles that guide economic analysis. It introduces students to the basic economic problems of scarce resources, unlimited wants, the need to choose among alternatives, the consequences of cost, and the importance of incentives. While noting that nothing of value is free, the lesson explains how voluntary trade helps to provide more goods and services. While today is important, people are forward-looking in the decisions they make.

Reasoning Economic reasoning proceeds from basic assumptions about human activity. This lesson introduces students to these basic assumptions and uses them to model economic reasoning about an issue. It shows students how to apply the assumptions in the case of what seems to be a mystery: Why would people who admire a trim, slender appearance in others choose to eat too much and be inactive?

CONCEPTS

- Choice
- Economic system
- Future consequences
- Incentives
- Opportunity cost
- Voluntary trade

OBJECTIVES

Students will:

1. Identify basic principles of economic reasoning, including choices, costs, incentives, rules of the system, voluntary trade, and future consequences.
2. Apply principles of economic reasoning in an analysis of exercise and diet in the United States.

CONTENT STANDARDS

- 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. (NCEE Content Standard 1)
- Effective decision making requires comparing the additional costs with the additional benefits. Most choices involve doing a little more or a little less of something; few choices are all-or-nothing decisions. (NCEE Content Standard 2)

- 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. (NCEE Content Standard 3)
- People respond predictably to positive and negative incentives. (NCEE Content Standard 4)
- Voluntary exchange occurs only when all participating parties expect to gain. This is true for trade among individuals or organizations within a nation, and among individuals or organizations in different nations. (NCEE Content Standard 5)

LESSON DESCRIPTION

Students examine visuals to identify an economic mystery regarding exercise and diet. They use the **Guide to Economic Reasoning** to analyze the costs and benefits of decisions about diet and exercise. They discover that human behavior is influenced by choices, costs, incentives, rules, voluntary exchange, and future consequences, even in decisions about diet and exercise.

Time Required: 45 minutes

MATERIALS

- A transparency of Visuals 1, 2, and 3
- Activity 1

PROCEDURE

1. Welcome the class to the world of economic reasoning. Explain that economics is sometimes thought to be a dry, remote subject. This economics course will be different. It is designed to provide young people with a new way to look at issues and questions. It asks students to consider problems in a mature, real-world sort of way. It even invites students to have fun in doing economics.
2. Explain that the purpose of this lesson is to show how economic reasoning can be applied in the analysis of a wide range of human behavior. Specifically, this lesson uses economic reasoning to examine why it is that America is becoming a land of couch potatoes.
3. Explain that exercise and diet have recently become an important issue in the United States. Display Visual 1. Ask:
 - Which well known people do Americans tend to admire?
(The trim, slender people depicted in the media.)

ECONOMIC REASONING: WHY ARE WE A NATION OF COUCH POTATOES?

- How are Americans' exercise and diet habits changing?
(Americans appear to be exercising too little and eating too much.)
 - What is the mystery?
(Why do an increasing number of Americans, the same ones who admire the trim, slender people often featured in the media, exercise too little and eat too much?)
4. Display Visual 2. Ask the students to speculate about whether each statement is true or false.
- Few Americans know that exercising more and eating less can help many people become healthier. *(False)*
 - Exercise and a healthful diet are free. *(False)*
 - In jobs that involve physical work, exercise is like a fringe benefit. *(True)*
 - The price of food has been increasing. *(False)*
 - Passive modes of entertainment — like television and video games — are popular with many Americans. *(True)*
 - Common jobs in the past — in mining, farming, and manufacturing, for example — were much safer than today's jobs in technology, law, and finance. *(False)*
5. Refer the students to Activity 1 and ask them to read it. Then ask:
- A. What is the economic view of choice?
(People strive to choose the best combination of costs and benefits in making decisions.)
- B. How do choices influence people in respect to exercise and diet?
(The level of exercise people maintain and the diet they favor reflect their personal choices.)
- C. What is an opportunity cost?
(The opportunity cost is the second-best choice.)
- D. How does opportunity cost influence people in their decisions about exercise and diet?
(The opportunity cost of exercising used to be much lower when many occupations involved more physical effort.)
- E. What is an incentive?
(A reward.)
- F. Why is money such an attractive incentive?
(Money can be exchanged for many other things that people desire.)
- G. What incentives influence people in their decisions about exercise and diet?
(The incentives that influence decisions about exercise include forms of passive entertainment, like television and computer games. One incentive influencing decisions about diet is the reduced cost of food.)
- H. Why are the rules of the economic system important?
(Economic behavior occurs in a climate of formal and informal rules. These rules often act as incentives and influence the choices people make.)
- I. How do the rules of the economic system influence people in their decisions about exercise and diet?
(The American economy responds to changes in technology. Many of these changes have eased the physical demands of working. Consumer demand also has encouraged the development of work-saving products.)
- J. What is voluntary trade?
(Voluntary trade is a cooperative activity in which people exchange something they value less for something they value more.)
- K. How does voluntary trade influence people in their decisions about exercise and diet?
(Many people today are exchanging their labor for service jobs in which they are less likely to be injured and more likely to live longer.)
- L. What does it mean to say that people's choices have future consequences?
(People strive to make decisions they hope will benefit them in the future.)
- M. How do future consequences influence people in their decisions about exercise and diet?
(Many Americans have in effect decided to be less thin today in order to live longer and healthier lives by working in a service-based economy that demands little in the way of physical work. However, this choice comes with costs; losses in physical fitness may spur people to search out new ways to exercise.)

N. Solve the mystery.

(The analysis in this lesson suggests that Americans are gaining extra weight not because they are lazy or because of a sudden increase in the desire to eat fatty foods. Instead, many Americans have accepted the new jobs created in a changing market system — jobs that involve less exercise than the jobs of an earlier era. In an economic sense, American employees have traded thinness and some of the health benefits that came with strenuous, dangerous work for other values and work-related benefits that enable them, in the aggregate, to live longer and healthier lives. Outside the workforce, some Americans have benefited from engagement with new forms of passive entertainment. The opportunity cost of physical activity has gone up, prompting people to make new choices regarding exercise.)

market system have resulted in less exercise. Many Americans have traded thinness and some of the health benefits that came with strenuous, dangerous work for other values and work-related benefits that enable them, in the aggregate, to live longer and healthier lives. Outside the workforce, some Americans have benefited from new forms of passive entertainment. The opportunity cost of physical activity has gone up, prompting people to make new choices regarding exercise.)

- What are some ways to change the incentives associated with exercise and diet?

(Suggestions might include increasing health education, finding ways to reward exercise on-the-job, imposing a “calorie” tax on certain foods, and so forth.)

Source note: This lesson is based in part on Philipson, T.J., and Posner, R. A. (1999), The Long-Run Growth in Obesity as a Function of Technological Change. Working Paper 7423, National Bureau of Economic Research, www.Nber.org/papers/w7423.

CLOSURE

Review the key points of the lesson. Ask:

- What are the principles of the **Guide to Economic Reasoning**?
 1. People choose.
 2. People's choices involve costs.
 3. People respond to incentives in predictable ways.
 4. People create economic systems that influence individual choices and incentives.
 5. People gain when they trade voluntarily.
 6. People's choices have consequences that lie in the future.
- What are some of the costs associated with failure to exercise enough and being overweight?

(Many health risks are associated with obesity and the failure to exercise, including heart disease, diabetes, and cancer.)
- What incentives might influence people to exercise less and eat more?

(People used to get exercise “on-the-job.” Today’s service economy has enabled people to choose occupations that involve less physical effort. These jobs are much less dangerous than were jobs in mining, farming, and manufacturing. Other incentives include the reduced cost of food and the increased attractiveness of passive entertainment.)
- How might you solve the mystery?

Display Visual 3 to reinforce the solution.

(Americans are gaining extra weight not because they are lazy or because of a sudden increase in the desire to eat fatty foods. Instead, the new jobs created in a changing

MULTIPLE-CHOICE QUESTIONS

(CORRECT ANSWERS SHOWN IN BOLD)

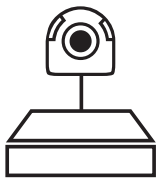
1. Recent evidence suggests that Americans are not exercising enough and are eating too much. Using economic reasoning, how would you explain this behavior?
 - A. Americans are lazy.
 - B. Americans cannot resist fatty foods.
 - C. No one has ever told Americans about the advantages of exercise and a healthy diet.
 - D. The overall benefits associated with working in service jobs outweigh the costs of reduced physical activity.**
2. Claire decided to try out for the soccer team last season even though she had a serious knee injury. Her parents and friends have decided that she is crazy. Her friend Linda told Claire that she obviously did not care one bit about her future health. Using economic reasoning, how would you explain Claire's action?
 - A. Claire had no respect for her health.
 - B. Claire's parents and friends must not care for Claire.
 - C. Claire is prone to make irrational decisions.
 - D. Claire thought that the benefits associated with playing soccer outweighed the costs.**

ECONOMIC REASONING: WHY ARE WE A NATION OF COUCH POTATOES?

ESSAY QUESTION

Molly received a grade of D in economics because she did not complete enough of the homework assignments. She asked her teacher: "How could I complete all those assignments when I have so many things to do? I have a job after school. On Saturdays I am supposed to babysit while my mother goes to the grocery store. On Sundays, half the day is tied up at church. Who has time to do school work?" What would an economics teacher tell Molly?

(Molly made a choice regarding her economics homework. She assumed that the benefits of not doing her homework were worth the costs. The opportunity cost of a good grade was the combination of all the other things she chose to do rather than doing homework. Molly traded off getting a good grade in economics in order to gain the benefits of employment and family obligations, which were of greater value to her.)

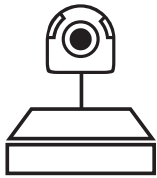


Unit 1, Lesson 1

Visual 1

WHY ARE WE A NATION OF COUCH POTATOES?

- Surf the television channels, glance at any news stand, or open a clothing catalog, and it becomes clear: Americans admire people who look slender and physically fit.
- Yet, according to the Center for Disease Control and Prevention, only about 25 percent of Americans are getting enough exercise and about 35 percent of American adults are overweight.
- The percentage of children who are overweight has doubled since the early 1970s.
- *Why do an increasing number of Americans, the same people who admire the trim, slender look so often featured in the media, exercise too little and eat too much?*

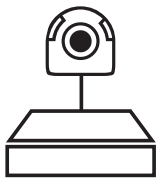


Unit 1, Lesson 1

Visual 2

TRUE/FALSE CLUES

- Few Americans know that exercising more and eating less can help many people become healthier.
True or False?
- Exercise and a healthful diet are free.
True or False?
- In jobs that involve physical work, exercise is like a fringe benefit.
True or False?
- The price of food has been increasing.
True or False?
- Passive modes of entertainment — like television and video games — are popular with many Americans.
True or False?
- Common jobs in the past — in mining, farming, and manufacturing, for example — were much safer than today's jobs in technology, law, and finance.
True or False?



Unit 1, Lesson 1

Visual 3

SOLUTION TO THE COUCH POTATO MYSTERY

THE MYSTERY

Why do an increasing number of Americans, the same ones who admire the trim, slender look so often featured in the media, exercise too little and eat too much?

THE SOLUTION

- Americans are not gaining extra weight because they are lazy or because of a sudden increase in the desire to eat fatty foods.
- Instead, they are choosing new jobs created in a changing market system — new jobs that have resulted in less exercise.
- Americans have in effect traded thinness for other values and work-related benefits enabling them to live longer and healthier lives.
- Some Americans enjoy new forms of passive entertainment; for them, the opportunity cost of physical activity would include giving up time they now spend watching TV or playing video games.