An Economics and Literature Lesson, Grades 4-6

Homer Price (The Doughnuts)
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Economics:
capital resources, increasing productivity, law of demand, quantity demand

Language Arts:
using reference materials, oral expression, organizing and sequencing information

Synopsis:
The book, Homer Price, consists of six stories. In "The Doughnuts," Homer's Uncle Ulysses's newest capital resource, the doughnut machine, goes on a rampage making hundreds of doughnuts. In the process of figuring out how to sell the doughnuts, Homer helps a woman find her bracelet which she lost in the doughnut machine.

Materials:
Capital Invention worksheet (below) for each student.

Procedure:

1. Initiate a discussion about capital resources. Define capital resources as machines and tools used in producing a good or service. Capital resources can be used over again and are not consumed or used up in the production process.

2. Discuss:
   a. What types of machines do you or your family use at home? (dishwasher, vacuum cleaner, garbage disposal, food processor, blender)
   b. What problems have you experienced with these machines? (some break down or jam, don't know how it works)
   c. How have you solved the problems using these machines? (called a repair person, read directions, return to store)

3. Explain students will read story about Homer Price, who had a problem using a machine. Read "The Doughnuts" from Homer Price.

4. Discuss:
   a. What was Homer's problem? (The doughnut machine would not shut off.)
   b. What other capital resources did Uncle Ulysses have in his coffee shop? (automatic toaster,
automatic coffee maker, automatic dishwasher

c. Why do you think Uncle Ulysses liked all these machines? *(They saved him time. He liked new labor-saving devices.)*

5. Explain increasing productivity means increasing the amount (output) produced using the same amount of resources or producing the same amount with fewer resources. Productivity also increases if more output can be produced with fewer resources. For example, an automatic dishwasher washes more dishes with fewer people working. This is an increase in productivity.

6. Discuss:

a. How did Uncle Ulysses's equipment help to increase the coffee shop's productivity? *(produce more coffee in less time and with fewer people)*
b. What did Uncle Ulysses do with his extra time? *(played cards at the barber shop)*
c. What else could he have done with this time? *(spend more time running his business)*

7. Ask students to describe what happened when Homer lowered the price of fresh doughnuts? *(People wanted to buy more doughnuts.)* Explain the law of demand states that as price decreases, the quantity demanded *(amount people want to buy)* increases. At higher prices, consumers will buy less. For example, if the price of computer games decreases, more people will want to buy computer games *(quantity demanded increases).*

Note: This lesson focuses on the law of demand. In the story, advertising and the $100 prize do not change the quantity demanded. They change demand. Only a change in price changes the quantity demanded.

8. Distribute Capital Invention (below) to each student. Read the directions and provide time for students to use the library for their research. Schedule oral presentations.

9. *(Optional)* Instruct students to select a tool or appliance and write step-by-step instructions how to use it. Students should bring the tool or appliance to school. Have students exchange appliances or tools with the instructions. Tell students to read the instructions and demonstrate how each appliance or tool works.

**Capital Invention worksheet:**

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NAME_____________________________

**Capital Invention**

**Directions:** Think of a capital resource someone has invented that increases productivity. Using reference books to research details about this invention, use the following note cards to organize information for a two-to-three-minute oral report.

**Note Card #1**