# Economic Game Changers: David Ricardo | Lesson Plan

What are the merits of voluntary trade versus restricting trade?

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Students will understand that David Ricardo built on Adam Smith's foundation to formalize classical economics, contributing key ideas about rent, comparative advantage, and the labor theory of value.

**Learning Objectives:**

- Explain how the Corn Laws restricted trade and raised the price of grain in Britain.
- Distinguish between absolute advantage and comparative advantage.
- Analyze how specialization and free trade benefit both trading partners.
- Evaluate Ricardo's labor theory of value and his contribution to classical economics.

**Key Vocabulary:**

- **Industrial Revolution:** The shift from agricultural economies to mass production in factories that began in 18th-century Britain.
- **Corn Laws:** British tariffs that restricted the import of foreign grain to protect the aristocracy.
- **Rent:** In Ricardo's sense, the extra value gained by owners of fertile land when scarcity drives food prices higher.
- **Absolute Advantage:** The ability of a country to produce more of a good than another country using the same resources.
- **Comparative Advantage:** A country specializing in what it produces most efficiently and trading for the rest.
- **Labor Theory of Value:** The idea that the value of a good is determined by the labor required to produce it.
- **Classical School of Economics:** The tradition of free-market economic thought formalized by Smith and Ricardo.

**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, U.S. History, Civics, Political Philosophy

## What You'll Need

- Video: *Ca$h Cour$e: Economic Game Changers: David Ricardo* (Watch Here)
- Worksheet: *Ca$h Cour$e: Economic Game Changers: David Ricardo* (Link Here)
- Whiteboard for writing and a TV / Monitor to show video

*Scan to watch episode:*

## Lesson Plan (45 mins.)

Warm-Up: (10 mins.)

**Teacher Note on the Historical Context:** Before introducing the lesson, briefly set the historical stage for your students. David Ricardo lived in Great Britain in the late 1700s and early 1800s — a time of upheaval. The American Fight for Independence and the French Revolution had just shaken Europe. Britain was rapidly transforming during the Industrial Revolution: people were leaving the countryside to work in factory cities such as Manchester, Birmingham, and London. Goods could be produced faster and more cheaply than ever, but cities were crowded, food was expensive, and the British government protected the aristocracy through tariffs known as the Corn Laws (Grain Laws). Food prices were so high that ordinary people took to rioting in the streets. David Ricardo, a wealthy stockbroker-turned-economist, saw the problem clearly and made the case for opening the market.

1. Ask students: Have you ever spent a lot of time and effort making something — a drawing, a project, a piece of writing, even a sandwich — and then had someone else look at it and not value it the way you did? (Take a few quick responses.) Acknowledge that this is a real and frustrating experience, and let students know that today's economist, David Ricardo, thought hard about exactly this question: where does the value of something really come from?
2. Have students do a quick Think-Pair-Share with this question:
    - Think of the last time you traded something with another student — a video game for a different one, a snack at lunch, a hoodie, anything real.
    - Why did you agree to make the trade? Why did the other person agree? Did one of you "lose" on the trade, or did you both walk away happy with the trade?
    - Let a couple of students share. Most will land on "we both wanted what the other one had, so the trade made sense" — which is exactly Ricardo's point about voluntary trade.
3. Write each Key Vocabulary term and its definition on the board. Ask students to take notes.
4. Introduce today's *Cash Course* video by explaining that students are going to hear more about David Ricardo, the economist who built on Adam Smith's free-market ideas and showed exactly why voluntary trade — whether it's between two students, two businesses, or two nations — tends to leave both sides better off.

Watch and Apply: (25 mins.)

1. Watch the video "*Ca$h Cour$e: Economic Game Changers: David Ricardo*" as a class.
2. After the video, discuss the following questions:
    - What were the Corn Laws, and why did Ricardo argue they were harmful?
    - What was Ricardo's definition of rent?
    - What is the difference between absolute advantage and comparative advantage?
    - Why does specialization lead to higher output and lower prices?
    - Explain Ricardo's Labor Theory of Value (how is value determined)?

3. Talk through the central ideas Ricardo introduced. Emphasize that he built directly on Smith's work and gave classical economics its best argument for free trade. Restricting trade may protect one group, but it does so by raising costs for everyone else.
    - **Corn Laws → Protected the aristocracy by raising grain prices.**
    - **Comparative Advantage → Voluntary trade leaves both sides better off than before.**
    - **Labor Theory of Value → Goods carry value based on the labor that produces them.**
4. Hand out the worksheet. Students can work independently or in pairs, depending on class needs.

<u>Wrap-Up</u>: (10 mins.)

1. Recap the lesson objectives. Go over the worksheet as a class. Review responses.
2. Connect the concepts to students' lives. Ask: Think about a local auto repair shop. The owner could try to mine his own metal, refine his own oil, manufacture his own brake pads, and build his own diagnostic computers. Instead, he buys all of those from companies that specialize in producing them. Why does Ricardo's idea of comparative advantage say this makes his shop more successful, not less?
3. Exit Ticket (Door Check): Ask students to respond to this question on the back of their worksheets before handing in:
    - In your own words, explain what comparative advantage means and why it matters.
    - Explain the benefits of voluntary trade.
4. Collect the worksheets as a formative assessment or assignment completion.

## Optional Extension Activity

For teachers with a 60-minute block, or for those who want a hands-on simulation to anchor the lesson. Students experience the difference between voluntary trade and restricted trade firsthand.

**Materials:**

Index cards with item names written on them, organized in three value tiers. Each student receives one card from each tier (three cards total). Suggested items:

- *Tier 1 (everyday items):* movie ticket, fast food gift card, paperback book set, trendy water container, mechanical pencil set, coffee shop gift card, school t-shirt.
- *Tier 2 (bigger-ticket items):* concert ticket (general admission), new trendy sneakers, video game, gaming headset, sports jersey, trendy hoodie.
- *Tier 3 (high-value items):* new phone, new camera, gaming console, laptop, season tickets to your favorite sport/team, week vacation package, e-bike or scooter, clothes shopping spree.

**Round 1 — Free Trade (7 mins.):**

- Hand each student one card from each tier (three cards total). Tell them: "Your goal is to end up with cards you value more than what you started with. Any trade must be voluntary — both sides have to agree."
- Open trading for 5 minutes. Students may trade with anyone, any number of times.
- Call time. Ask:
  - Who ended up with cards you value more?
  - Who decided not to trade something?
  - Anyone unhappy with the results?

**Round 2 — Restricted Trade (7 mins.):**

- Reset by handing out a new set of three cards (one from each tier). This time, announce the restrictions before trading begins:
  - You may only trade with students sitting in your own row.
  - If you want to trade across rows, you must give one card to the teacher as a tariff first, and that means you'll lose one card for trading.
  - Students in the back row are "protected" — they may not trade at all.
- Open trading for 5 minutes.
- Call time. Ask:
  - Who ended up with cards they prefer?
  - Who feels frustrated?
  - Who feels like they got a worse deal than in Round 1?
  - (If the teacher ends up with a stack of cards, point out where they came from and who is really benefiting from the tariff; those who trade, or those who set the rule?)

**Debrief (6 mins.):**

- Round 1 showed voluntary exchange/mutual benefit in action. When people trade voluntarily, both sides walk away better off. Trades that don't benefit both sides simply don't happen.
- Round 2 showed what happens with restrictions. Trades that would have made both students happier were blocked. The "protected" back row didn't actually gain anything — they just got stuck with what they started with.
- Surface the subjective-value insight. Ask: Did anyone trade a higher-tier card for a lower-tier one? Why? Were you satisfied with that trade? (Some students may have done this and felt good about it. Use this to point out that value is in the eye of the trader.)
- Briefly acknowledge the flip side. Ask: Did anyone regret a trade after the fact? Voluntary trade leaves both sides better off in their own judgment at the time of the trade, but that doesn't mean every trade is wise. Thinking carefully about long-term value still matters.

Connect it to the episode. This is exactly what the Corn Laws did on a national scale. They "protected" the British aristocracy by restricting grain imports, but the result was higher food prices for everyone, including the very workers the protection was supposed to help. Voluntary trade leaves both sides better off.

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

Distribute the worksheet and have students complete it as 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.