

The paradox of value: why is water cheap and diamonds are expensive?

1. A simple choice?

Discuss the following scenarios with a partner. What would you choose and why?

1. **Scenario A:** You are a contestant on a game show and have just won the grand prize. You can choose one of the following: a one-carat diamond or a lifetime supply of bottled water.
2. **Scenario B:** You have been lost in the desert for three days with no water. A helicopter appears and offers you one of the following: a one-carat diamond or a single one-litre bottle of water.

Discussion: Why does the value of these items change depending on the situation? What does the word "value" really mean?

2. Essential vocabulary

Read the text below and fill in the gaps with the correct words from the box. These words will help you understand the video.

paradox

dehydrated

circumstances

utility

valuable

pioneering

The fact that water, which is essential for life, is cheap while diamonds are incredibly expensive is a famous economic _____(1). This concept was famously discussed by the _____(2) economist Adam Smith. To understand it, we must consider that an item's worth is not fixed.

Something that isn't very _____(3) in one situation can become priceless in different _____(4). For example, if you are severely _____(5), a bottle of water has immense _____(6), meaning it is incredibly useful and satisfies a critical need.

3. Video: The paradox of value explained

Watch the video and answer the questions below.

1. According to the video, what are the two types of value that Adam Smith considered?
2. What is "opportunity cost"? How does it apply to the desert scenario?
3. How do modern economists try to unify these different ideas of value?
4. Explain the "law of diminishing marginal utility" using an example from the video (or your own).
5. What does the video say is the "ultimate source of value"?

[Watch the video on YouTube](#)

4. Key economic concepts: A deep dive

Match the economic terms from the video with their correct definitions.

1. Exchange value	a. The satisfaction or usefulness a person gets from something.
2. Use value	b. The principle that the more you have of something, the less satisfaction you get from each additional unit.
3. Opportunity cost	c. What an item is worth in terms of what you can trade it for (e.g., money).
4. Utility	d. What you lose by choosing one option over another.
5. Marginal utility	e. How helpful or necessary an item is in a particular situation.
6. Law of diminishing marginal utility	f. The benefit gained from consuming one additional unit of a good or service.

5. Grammar focus: Hypothetical situations

To discuss the scenarios in the video, we use the **second conditional**. It describes unreal or hypothetical situations in the present or future.

Structure: If + past simple, ... would + base verb.

- "If you **were** in the desert, you **would choose** the water."
- "It **wouldn't matter** how much the diamond was worth if you **never made** it out of the desert."

Complete the following sentences using the second conditional.

1. If I _____ (win) a million dollars, I _____ (buy) a house.
2. What _____ (you/do) if you _____ (be) in the desert scenario?
3. The diamond _____ (be) useless if there _____ (be) no one to sell it to.
4. If water _____ (be) as rare as diamonds, it _____ (be) incredibly expensive.
5. Most people _____ (not/choose) the diamond if their life _____ (depend) on the choice.

6. Useful phrases for weighing options and value

Study these phrases for discussing value and making choices in different contexts.

Discussing context:

- "In this specific context/scenario,..."
- "From a purely practical standpoint,..."
- "Under normal circumstances, I would choose..."
- "The value is entirely dependent on the situation."

Comparing value:

- "On the one hand, X has a high exchange value, but on the other hand, Y has greater use value."
- "There's a clear trade-off between immediate needs and long-term gain."
- "In terms of survival, water is invaluable."
- "The perceived value of... is much higher than its practical utility."

Considering consequences:

- "The opportunity cost of choosing the diamond would be my life."
- "We have to weigh the potential benefits against the risks."
- "In the long run, the better choice would be..."

7. Discussion: Modern paradoxes of value

In small groups, discuss the value of the following items using the concepts and phrases from this lesson. Consider their **use value**, **exchange value**, and **marginal utility**.

Items for discussion:

- A university degree
- A smartphone
- Clean air in a polluted city
- An hour of free time
- Social media followers

Use these questions to guide your discussion:

1. Which has higher use value vs. exchange value?
2. Does the "law of diminishing marginal utility" apply? How?
3. What is the opportunity cost of acquiring or spending time on this item?
4. If you were in a crisis, how would its value change?

Be prepared to share your group's most interesting conclusions with the class.

--- ### **Lesson Assessment** **1. Appropriateness for C1 Level:** * **Topic:** The topic of economics and the paradox of value is abstract and requires critical thinking, making it highly suitable for C1 learners who

need to engage with complex ideas. The vocabulary. The lexical items introduced (paradox, utility, opportunity cost, diminishing marginal utility*) are specific, sophisticated, and align perfectly with the C1 level. They are not typically learned at lower levels. * **Grammar:** The focus on the **second conditional** is a good review and application of a structure that C1 students should master. The exercises require them to apply the form accurately in contextually relevant situations. * **Tasks:** The tasks progress from comprehension to analysis and finally to application and discussion. The final discussion task requires students to apply abstract economic concepts to modern life, demanding a high level of cognitive and linguistic skill. **2. Structure and Flow:** * **Warm-up (Ex. 1):** The lesson starts with an engaging and accessible scenario that directly introduces the central theme without needing complex vocabulary. It effectively activates students' prior knowledge and prepares them for the video. * **Pre-teaching Vocabulary (Ex. 2):** This is a well-placed exercise. It pre-teaches key vocabulary from the video script, which lowers the cognitive load during the listening task and increases comprehension. * **Comprehension (Ex. 3 & 4):** The video questions move from general understanding to specific details. The follow-up matching exercise (Ex. 4) reinforces the key concepts in a structured way, ensuring students have a solid grasp of the terminology before moving on. * **Grammar Practice (Ex. 5):** The grammar focus is directly linked to the content of the lesson (hypothetical scenarios). The explanation is clear and concise, and the gap-fill exercise provides controlled practice. * **Functional Language (Ex. 6):** The "Useful Phrases" section is excellent. It provides practical, high-level chunks of language that students can immediately use in the final discussion task. This directly addresses the goal of focusing on the practical use of English. * **Freer Practice (Ex. 7):** The final discussion task is a strong, communicative activity. It requires students to synthesize all the language and concepts from the lesson (vocabulary, grammar, phrases) and apply them to new contexts, which is the hallmark of a successful C1-level task. **3. Overall Assessment:** The lesson plan is **excellent**. It is well-structured, thematically coherent, and perfectly pitched for the C1 level. It successfully uses the YouTube video as a springboard for a deep dive into sophisticated vocabulary and nuanced grammar. The focus remains practical, culminating in a task that requires students to use English to discuss complex, real-world ideas. The exercises are varied and build upon each other logically. The HTML formatting is clean and follows the provided template and rules. This lesson would be engaging and highly effective for an advanced ESL class.