Objective: Students will gain a better understanding of the concept of economics, through the principles of scarcity, opportunity costs and tradeoffs, and resources as well the applications in their daily lives. Through the activities and following discussion, the students will be able to recognize scarcity, opportunity costs and tradeoffs, and resources as they are in the world around them. Students should be able to understand that every decision involves opportunity costs and tradeoffs.

Materials:  
Vocabulary Sheet  
Mini-quiz  
Big Post It Note  
Fruit Snacks  
Marshmallows  
Graham Crackers  
Hershey’s Chocolate

Definitions:  
Economics- The study of how and why people make choices  
Resources- A supply of goods or services that a country uses. 4 Types: land, labor, capital and materials.  
Scarcity- The idea that there are unlimited wants but limited resources.  
Tradeoffs- What we sacrifice when we choose one thing over another  
Opportunity Cost- The most desirable thing we give up when we choose one thing over another.

Warm-up: We will tell all the students to take out a piece of paper or a notebook. They will have 3-4 minutes to write down words or sentences that come to mind when they answer the question we are going to give them. On a giant post it note, we will have the question: What do you think of when you think of economics? After they have finished writing, we will take 3-4 minutes to go over their answers and write them on the board. Most of the students will predictably say “money” and we will expand upon this definition. (6-8 Minutes)

Activity: After doing the warm-up, we will pass out the vocabulary sheet. We will ask the students to look at the definitions and keep them handy as we go through the exercise.

1.) RESOURCE EXERCISE
• For this exercise, we will show the students a bottle of Coca-Cola and ask them how it was made. We will explain that there are many different resources that go into making the soda. The resources can be broken down into three categories. We will draw three categories on the board, and have at least one example for each category.
• First, Land. Where was the coke produced? In a factory, with some air, on some land, etc.
• Second, Labor. Did the soda make itself? People to sell the soda, work the machines, etc.
• Third, and most importantly, materials. Sugar, water, plastic, syrup, paper, caramel coloring, etc.
• Fourth, let’s think about capital. How does the coke get bottled? Machines, etc.
• Then we will go over they all combine together to make the Coca-Cola product, each individually will not produce the good.
• Pick a student, ask them to give us an example of a resource in their life that we haven’t gone over.
• 8-10 Minutes

2.) SCARCITY EXERCISE
• For this exercise, we are going to build a smore (pre-made).
• We will review as we are making the smore, all the ingredients that go into the production. Then we will explain to them that we don’t have enough to make 25 smores so that each one can have one.
• When we are finished making the smore, we will ask them who would like to eat it? Of course all of the students will want the smores, but we don’t have enough.
• Then we will explain, read the definition of scarcity. We will ask a student to read the definition, which will be displayed on a giant post it note as well as their vocabulary sheets. After the definition is read we will explain the meaning.
• We will also ask them for examples of things in their life that there are not enough of. For example, have you ever gone to the store and they have been out of something that you wanted? It’s because the store has limited amounts of resources, and everyone wants the goods. That’s another example of scarcity.
• Next, we will try to go over some other examples of scarcity that are not physical existence. Fiesta Texas, for example. On a busier day, you cannot ride as many rides because the lines are longer. If you choose to ride a less fun ride with a shorter line, you may get in twice as many. Obviously, if you choose the fun ride with the longer line, you have to give up two of the shorter rides (leading to tradeoffs). You cannot ride all of the rides, because the park closes!
• 10 minutes

3.) TRADEOFF EXERCISE
• After the discussion is finished, we will bring out the smore again. We will show it to the class, but this time also presenting the students with another option.
• We will have fruit snacks available to the students! There will be enough for each student to have one package individually. However, we cannot just give the students the fruit snacks. We will offer them two options. First, they can have the smore (split 25 ways) or they can have one package of fruit snacks. We are assuming that the students will want the fruit snacks, since they will get more.
• Then we will pass out the fruit snacks to the students and ask them why they choose that option. (Because they got more and had to give up less!)
• Then we will explain to them that this is the principle behind a tradeoff. We will again have one of the students read the definition and we will explain it to the class.
• We will ask them of other examples of things they have had to give up. For example, what did you get for Christmas? You may have had to give up an a video game to get a movie? Pick their answers and use them for examples of tradeoffs.
• What do you buy with your allowance? You can’t buy everything you want, so you have to make a choice and give one up.
• 5 minutes

4.) OPPORTUNITY COST EXERCISE
• For this we will ask the students what they want to do when they go home. We will write some of the examples on the board.
• This is will be done in small groups with all of us having one group, to keep the students engaged!
• After the students give us all the options, we will ask them if they have the time to do everything they want for as long as they want.
• Then we will ask them about studying and doing homework?
• Then after they say that they cannot do everything they want, we will explain the idea behind opportunity cost. We will once again have a student read the definition and then explain it to the class.
• Opportunity Cost is Opportunity Lost; we will emphasize that!
• Then we will ask them for examples from their lives of things they have given up. Such as; what do you give up doing so that you can eat dinner? Playing with your friends? That’s an opportunity cost!
• We will emphasize that opportunity costs helps students make better decisions, and is your decision worth what you have to give up?
• HOMEWORK: Go home and think of an example of opportunity cost! We will ask you for the example the next time we come back, so maybe write it down on a piece of paper and be ready!
• 10 minutes

5.) VOCABULARY EXERCISE/ MINI QUIZ!
• Then we will tell the students to look at their vocabulary sheets again, this time we are going to give them a mini-quiz. We will hand them a sheet that has four mini-scenarios, as well as the four definitions of concepts we have gone over. They will try to match the scenario to the vocabulary word with them.
• We will then go over the answers as a class!
• 10 minutes

**Summary/Review:** After the vocabulary and mini-quiz, we will make sure all the students understand the definitions. We will go over each one an additional time as well as the examples we used in class.

**Accordion Fold:** We will use this time to give more examples of what we learned. Such as, what is the opportunity cost of “x?” Why? Is economics just about money?
MINI-QUIZ!

Match each situation to the economic term below!

1.) You and all of your friends want a brand new Playstation 3! You go to BestBuy, but they only have one Playstation 3 left. There are unlimited wants (all of you) but limited resources (only 1 Playstation).

2.) You want to make a table. To make this, you need someone to do the work, a hammer, nails, wood, a place to make it (room). These are known as materials, labor, and land.

3.) If you go home and study then you will not get to play with your friends. You want to study but will have to lose the opportunity to play with your friends.

4.) You have to make a choice between snickers and skittles. You choose skittles and give up the snickers.

ECONOMIC TERMS!

SCARCITY

OPPORTUNITY COST

RESOURCES

TRADEOFFS
VOCABULARY!

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Resources
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Scarcity
- The idea that there are unlimited wants but limited resources.

Tradeoffs
- What we sacrifice when we choose one thing over another

Opportunity Cost
- The most desirable thing we give up when we choose one thing over another.