

# To Choose Is to Refuse

## LESSON DESCRIPTION AND BACKGROUND

By participating in a readers' theater activity, the students learn about opportunity cost as a key factor in decision making. They use the concept of opportunity cost in a related simulation activity, deciding which wants to satisfy with limited income.

Making informed decisions about spending requires a clear understanding of alternatives. To learn how to use resources wisely, children must learn to make choices among alternatives. People always face the condition of scarcity; they must therefore make choices and use income carefully to obtain the goods and services that they value most highly.

It is important for students to learn that when people choose, they also refuse. In any choice, the opportunity cost is the highest-valued alternative that is not chosen. Prioritizing wants, a critical consumer skill, is made meaningful by an understanding of opportunity cost.

Lesson 7 correlates with national standards for English language arts, mathematics, and economics, and with personal finance guidelines, as shown in Tables 1-4 in the introductory section of this publication.

## ECONOMIC AND PERSONAL FINANCE CONCEPTS

- Economic wants
- Income
- Opportunity cost
- Scarcity
- Wages

## OBJECTIVES

At the end of this lesson, the student will be able to:

- Define **economic wants**, **opportunity cost**, **income**, **scarcity**, and **wages**.
- Use the concept of **scarcity** to explain the need to make **choices**.
- Identify the **opportunity cost** of a decision.
- Use the concept of **opportunity cost** in making thoughtful choices among alternatives.

## TIME REQUIRED

Two 45-minute periods

## MATERIALS

- A transparency of **Visual 7.1** and **7.2**
- Copies of **Visual 7.1** for the students playing parts in the Readers' Theater
- A copy of **Exercise 7.1** from the *Student Workbook* for each student
- Drawing materials, catalogs, and newspapers

## ADDITIONAL RESOURCES



To download visuals, find related lessons, correlations to state standards, interactives, and more visit <http://fffl.councilforeconed.org/3-5/lesson7>

## PROCEDURE

1. Tell the students that this lesson will focus on two main topics: Decision making and opportunity costs. To learn more about these topics, the students will participate in a readers' theater activity based on *Amy's Story*. It is a story about decisions and opportunity costs. Assign one student to read each of the following roles: Narrator, Mom, and Amy.

2. Project a transparency of **Visual 7.1**. Explain that, while the readers read their parts, others in the class should follow along. (Note to the teacher: Amy's Story is divided into four parts. At the end of each part, stop the reading and take up questions and activities listed in corresponding Procedure steps. Also, you may wish to change readers for each new part of the story.)
3. After Part 1 of Amy's Story, ask:
- What things do the high school students and teachers want? (**Lights for the baseball/softball field, and new science equipment.**)
  - What are the students and teachers doing to raise the money that will be needed to pay for these items? (**Selling raffle tickets.**)
  - What is a raffle? (**A lottery or game in which people buy chances to win a prize or prizes.**)
  - What are the prizes in this case? (**\$2,000; \$1,000; dinner, symphony tickets, and a hotel stay.**)
  - How did Amy get distracted? (**She started thinking about all the things she would buy if she won the \$2,000 prize.**)
4. Point out that the students, the teachers, and Amy all wanted things. Explain that, in economics, there is a special name for such things: They are called "economic wants." An economic want is a desire that can be satisfied by consuming a good or a service. The desire for a lighted athletic field, for example, can be satisfied by buying and using lights for the athletic field.
5. Then turn to Amy's wants. Ask:
- Did Amy want many things or few things? (**Many.**)
  - Is it unusual for someone to want many things? (**No. Most people could think of many things they'd like to have.**)
  - What were some of Amy's wants? (**A bicycle, computer games, CDs, snack foods, new clothes, skating, renting movies.**)
  - Which of the things Amy wanted were goods? (**The bicycle, computer games, CDs, snack foods, clothes.**)
  - Which of the things Amy wanted were services? (**Skating, renting movies.**)
6. Move on to Part 2 of Amy's Story. At the end of Part 2, ask:
- What did Amy mean by "Wish List?" (**Answers will vary. As necessary, guide the students to understand that the Wish List was a list of the goods and services that Amy dreamed of having but could not afford to buy at the time.**)
  - Can you give an example of a good or service that you would put on your wish list? (**Answers will vary.**)
7. Tell the students to imagine that they've just received a gift card as a birthday present. Ask them to make a wish list of items that they would like to buy for themselves, using the gift card, as well as things they might buy for other members of their family. Provide each student with a copy of **Exercise 7.1** from the *Student Workbook*. Read the directions with the students, and ask them to complete Part 1: My Wish List. Allow time for them to generate ample wish lists. It will be helpful to have catalogs, newspaper ads, or other resources on hand to prompt the students' thinking about possibilities. If the students need help getting started, elicit suggestions from the class and list these on the board or on a transparency.
8. When the students have completed their Wish Lists, call on volunteers to tell about some of the items on their lists. Then continue the lesson by reading Part 3 of Amy's Story.
9. At the end of Part 3, ask:
- Do you think Amy should get more prize money than other members of her family? (**Answers will vary.**) Why? (**Answers will vary.**)
  - If the family shares the \$2,000 equally, how much money will each person have to spend? Can you show an equation that answers this

question? (**\$2,000/4=\$500**)

10. Refer the students to Part 2 of **Exercise 7.1** from the *Student Workbook*. Explain that they are faced with the same problem Amy faces. They now have gift card money to spend, but each of them must select only one item to buy. Ask:

- Why can't you buy everything on your Wish List? (**Not enough money.**)
- Because you can't buy everything on your list, what will you have to do? (**Make choices.**)

11. Tell the students to review their Wish Lists from **Exercise 7.1** and select five items to be recorded on Part 2: My Top Five Choices.

12. Then introduce the need to make a final choice. Ask: If you could choose only one item from your Top Five Choices, how might you make a final choice? Discuss responses briefly.

13. Write the following statement on the board: "Each time you choose, you also refuse." Ask: What do you think this statement means? (**Answers will vary. As necessary, guide the students to understand the point that when a choice is made, something is given up.**)

14. Explain that this phrase can help people to identify the "opportunity cost" of a decision. An "opportunity cost" is the highest-valued alternative that is given up when a choice is made.

15. Explain that when students chose among the alternatives on their wish lists, they incurred an opportunity cost. When they had to choose five items, they gave up placing a sixth item on the list.

16. Now get back to the choice at hand. Turn to Part 3 of **Exercise 7.1**. Tell the students to make a choice from their Top Five Choices. Each of them should select one item from their Top Five lists and mark that chosen item with a star. Then ask each student to identify his or her second choice and mark it with a check mark. Explain that this second-choice item is their opportunity cost. It is what they give up, what they do not choose, in making their first choice. (Teachers

may wish to note that in reality, when somebody has a gift card, he or she may be able to choose more than one item from a personal wish list—or may be unable to purchase a first-choice item. The example in **Exercise 7.1** has been simplified to allow students to select one item from their wish lists regardless of its price.)

17. Ask the students to reflect carefully on their opportunity cost. Ask: Would you now, on second thought, change the order of the items on your list, after considering your opportunity cost? (**Answers will vary.**) As necessary, remind the students that their opportunity cost is their second choice—the item they give up when selecting a first-choice item. Have the students complete the sentence at the bottom of **Exercise 7.1**.

18. Ask the students to turn from their consideration of this classroom example to real decisions they may have made. Call on volunteers to describe examples of recent decisions they have made about spending. With the class, discuss these examples, highlighting opportunity costs associated with each choice.

19. Conclude by reading Part 4 of Amy's Story. At the end of Part 4, ask:

- Can you give examples of times when you have earned income for work you have done? (**Answers will vary.**)
- What did Amy's mom mean when she said that once Amy has income, she'll have lots of decisions to make? (**As she earns more income, Amy will have to decide what to do with her money.**)

20. Project a transparency of **Visual 7.2**. Read through the directions and the example with the students. Tell the students that you want to create a "Choose and Refuse" display board in the classroom. Distribute drawing paper, pencils, scissors, and art supplies. Have each student write a short story, following the directions on **Visual 7.2**, and draw a picture or a diagram to represent their alternatives, their choice, and their opportunity cost.

21. Display the stories and drawings in your classroom. Ask the students to continue adding to the display when they make other decisions.

### CLOSURE

Use the following questions to review the lesson:

- What is an economic want? (**A desire that can be satisfied by consuming a good or a service.**)
- Why do people have to make choices? (**Because of scarcity; they can't have everything they want.**)
- What is opportunity cost? (**The highest-valued alternative given up when a decision is made.**)
- If you could have a banana, an orange, or an apple for lunch, which would you choose? (**Answers will vary.**) What would your opportunity cost be? (**The piece of fruit a student would have chosen if she or he had not chosen the other piece. Note: The opportunity cost is not both remaining pieces of fruit; it is the next-favorite item—the item a student would have chosen next. One way to remember this point: It's not an opportunity cost if you don't want it, or if you don't want it very much.**)
- What is income? (**Payment people receive for providing resources in the economy.**)
- What type of income do most people earn? (**Wages for providing human resources to businesses—that is, for working.**)

### ASSESSMENT

At the end of the **Spending and Credit** Theme, select appropriate assessment questions for this lesson.

### EXTENSION

- Divide the class into groups of four students; appoint a recorder for each group. Tell the students that their tasks in the groups are (a) to think of times when they have had to choose among alternatives, (b) to identify the choice they made in each case, and (c) to identify the opportunity cost linked to each choice. For example, if they chose to wear a football jersey on Thursday, the opportunity cost might be that they cannot wear it to the game on Friday because it will not be clean. Following discussion, have the reporter for each group share an example from the group's list.
- Have an Opportunity Cost Day. On this day, the students should record on a long sheet of paper several of the choices they have made that day—noting also what was given up with each choice. Teachers should participate, too, recording choices they have made. Conclude this activity by discussing with the class other evidence of opportunity costs in their daily lives.
- Suggest to the students that they plan a shopping trip to the store with someone in their family. After the shopping trip, they should record the spending choices they made and the opportunity costs linked to those choices.
- Read one or more of the following books to the class. Each book tells a story about choice, providing an opportunity for discussions of opportunity cost. *Erandi's Braids*, by Antonio Hernandez Madrigal. *Tops and Bottoms*, by Janet Stevens. *Letting Swift River Go*, by Jane Yolen.