

# Limited Resources – Thinking about Choice and Scarcity

**SUBMITTED BY:** Michael Ryan Moore, University of Pennsylvania, GSE

**SUBJECT(S):** Economics, Personal Finance

**GRADE LEVEL(S):** 9, 10, 11, 12

## ≡ OVERVIEW:

This lesson provides a brief introduction to formal economic theory. Using the article “How the U.S. Government Has Mismanaged the Country,” students will think about limited resources from the perspective of a national government. Students will make choices about welfare programs, national defense and consumer spending. Throughout the lesson, students will think about economics as the study of choice under scarcity.

## ≡ NBEA STANDARD(S):

- Economics, I. Allocation of Resources
- Personal Finance, I. Personal Decision Making

## ≡ RELATED ARTICLES:

- [“Exploring the Economics of Everyday Life”](#)
- [“Are We Sinking into an Economic Recession?”](#)

## Common Core Standard(s):

Mathematics (N-Q), “Reason quantitatively and use units to solve problems.”

**Objectives/Purposes:** The purpose of this lesson is to introduce students to the basics of economic theory. By definition, economics is the study of choice under scarcity. Before moving on to more complex topics, students must firmly grasp the concept of scarcity and the relationship between scarcity and business decisions.

- Students will understand how limited resources affect decision-making.
- Students will compare multiple decisions, providing rationale for each.
- Students will be able to define *scarcity*, and describe the relationship between economics and scarcity.

**Knowledge@Wharton Articles:** [“How the U.S. Government Has Mismanaged the Country”](#)

### **Other Resources/Materials:**

For Teachers:

- Internet Access (Outside of the Classroom)
- Printer/Copier
- Access to Chalkboard/Whiteboard

For Students:

- Pen
- Paper

### **Activity:**

The lesson is divided into five parts: (1) Introduction, (2) Guided Reading, (3) Role play (4) Class Discussion, and finally (5) Closing

#### *1. Introduction (1-5 mins)*

At the beginning of the lesson, ask students if they've ever heard the term *economics*. By a show of hands, how many students have taken an economics class? By a show of hands, how many students know what supply and demand are? Ask a volunteer to define *economics* for you. What do economists study? Use probing questions to encourage students to think about economics in terms of *choice*.

Once students start thinking about choices — whether the choice to buy something, or the choice to sell something, etc. — provide student with a formal definition of economics. *Economics is the study of choice under scarcity.* Again, ask students what they think this definition means. What is scarcity? What does it mean to make choices under scarcity?

### 2. Guided Reading (5-10 mins)

After this short class discussion, tell students that we will be looking at choice and scarcity from a business perspective. Have students read the first few paragraphs of the article [“How the U.S. Government Has Mismanaged the Country.”](#) As the students read, provide them with a few guiding questions: (1) What are the scarce resources that the government must take into account? (2) How does this affect citizens? (3) How does it affect legislators?

### 3. Role Play (15-20 mins)

Once students have finished reading, ask a volunteer to summarize the article. After a short summary, repeat the guiding questions. What are the scarce resources? How does scarcity affect citizens’ daily lives? How does it affect government decisions?

Next, tell students that they will be splitting into small groups. Each group will try to make decisions about allocating resources at the governmental level. Limit each group to three to four members. Explain to each group that they each have a limited budget, and they must decide what to spend it on. At the end of class, each group will give a short presentation, showing their decisions, and offering an explanation for each one.

Give each group a copy of [Worksheet 1: Government Goals](#)

### 4. Class Discussion (5-10 mins)

Once groups finish their worksheets, invite each group to present to the class. Encourage each group to explain how they came to their final decisions. Make sure groups not only explain why they made a certain choice, but also why they chose *not* to take other courses of action.

### 5. Closing (1-5 mins)

After all the groups have presented, ask student for feedback on the role-play scenario. Was it easy to make these decisions? How did they know what the “right” decision would be? How is government like a business?

## Assessment & Extension

During the role play time, teachers can listen in on group conversations. This is a good time to listen for misunderstandings. Make sure each team recognizes that their budget is limited, and that they must make trade-offs. The group presentations should provide an excellent means of assessing how, and to what degree, students came to terms with *scarcity*, and mutually exclusive decision-making

### **Practice Outside of the Classroom:**

Encourage students to look for examples of scarcity outside of the classroom. What products and services are abundant? What are hard to find? What distinguishes the two?

### **What Worked and What I Would Do Differently:**

During the introduction to this lesson, be sure to get students thinking about the “actors” in our economy. I opened the lesson by asking students what came to mind when they heard the word, “economy.” After listing their answers on the board, I grouped answers into three categories: people, businesses and government. Having these three categories provides a good foundation for the group work on government budgets.