

## Section 1—General Personal Financial Literacy

**Title of Lesson/Subject:** *Scarcity with Opportunity Cost*

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### Contact Information

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**Time Allotment:** 45 minute class period

**Grade Level or Target Audience:** 3<sup>rd</sup> grade

**ND Standards Competencies:** 4.3.1 Understand the relationship between supply and demand

**Key Economic Concepts:** Choice, Costs, Opportunity Cost, Scarcity, and Wants

**Brief Description:** In the poem “Toys for Me,” Scarcity does not understand that the words is “this or that” not “this and that”. In other words, when you make a choice, you have to give up something else, which is the cost of the choice. Scarcity is limited to one toy as a gift from Mother for her birthday. Then, Scarcity is limited to one toy as a gift from Mother for Christmas. But Scarcity does not believe it is fair to have to choose. She does not want to pay the cost of having to give something up when she makes a choice. She wants every toy that she can see.

**Learner Objectives:** Students will explain why they cannot have everything they want because of scarcity. Students will describe why scarcity is characterized by “this or that” and not “this and that”. Students will define opportunity costs and explain how all choices have cost. Identify five choices we make every day in preparing to go to school and identify the opportunity costs associated with each choice.

**Lesson Outline/Introduction:** To know what economics is about, you have to understand supply and demand, thus scarcity. Scarcity means that you always want more than you can have. Every person—child and adult, rich and poor, U.S. citizen and non U.S. citizen—had to deal with scarcity every minute of the day, because no one can have everything they want. This is called opportunity cost.

### Materials Needed:

Poem “Toys for Me” by C.D. Crain

- ✓ Interactive version - <http://www.econedlink.org/lessons/em517/popupActivity2.html>
- ✓ Printable version - <http://www.econedlink.org/lessons/EM517/poem.swf>

Tree visual with two gifts for each student attached (each gift has a toy written on the back)

**Audio/Visual Equipment Needed:** Computer-if using interactive version of the poem

**Resources:** “Toys for Me” by C.D. Crain

Lesson plan adapted from “Toys for Me: A Lesson on Choice” Econ EdLink

Glossary for economic terms: <http://www.AmosWEB.com>

### Activities:

- Define opportunity cost. You cannot have all the time you want. You cannot have every toy you want. You cannot have more of anything you want without having less of something else. All choices have costs. Not only do you have to make a choice because of scarcity, but also the cost of making that choice means you give up the chance to get something else.

- ❑ Define scarcity. You always want more than you can have. No one can have everything they want. You have to choose what you want. The choice you make is very important. You have to make a choice because of scarcity; therefore, you have to choose to give up something.
- ❑ Read the poem “Toys for me” by C.D. Crain
- ❑ Pick two gifts off a tree. Choose one of the two gifts and write about the opportunity cost of this choice.

**Application/Assignment:** Discussion:

- ❑ Scarcity does not understand the difference between “this and that” AND “this OR that”. What is the difference? Discuss the meaning of the words “and” and “or”. Discuss why Scarcity cannot have everything in life that she wants. She cannot have every toy, every piece of candy, or every pet that she wants.
- ❑ Why does Scarcity want every toy on the magic tree? Discuss that she does not understand scarcity, because she cannot have it all. We cannot have it all because of limitations like time and money.
- ❑ What opportunities did Scarcity give up (costs) by choosing to spend the night picking toys off of the magic tree? (May be not eating dinner, not sleeping, not playing with a friend or pet, or brushing her teeth.)
- ❑ Here is a tree with 10 gifts. You can select only two gifts. Mother says it’s OK to get one of the two gifts, but not both. You must choose between the two gifts. Write your gift choice and the opportunity cost of the choice. (May be giving up all the gifts on the tree, playing with a friend, riding a bike, or eating candy.)

**Evaluation Plan:**

- ✓ Identify five choices you made today getting ready for school. For each choice, list the opportunity cost (the next best choice you did not choose to do). (Should I wear the red or blue sweater, eat cereal or toast, ride the bus or walk.)
- ✓ Answer: Why does Scarcity believe she wants/needs every toy? (She does not understand scarcity and we cannot have everything we want.)