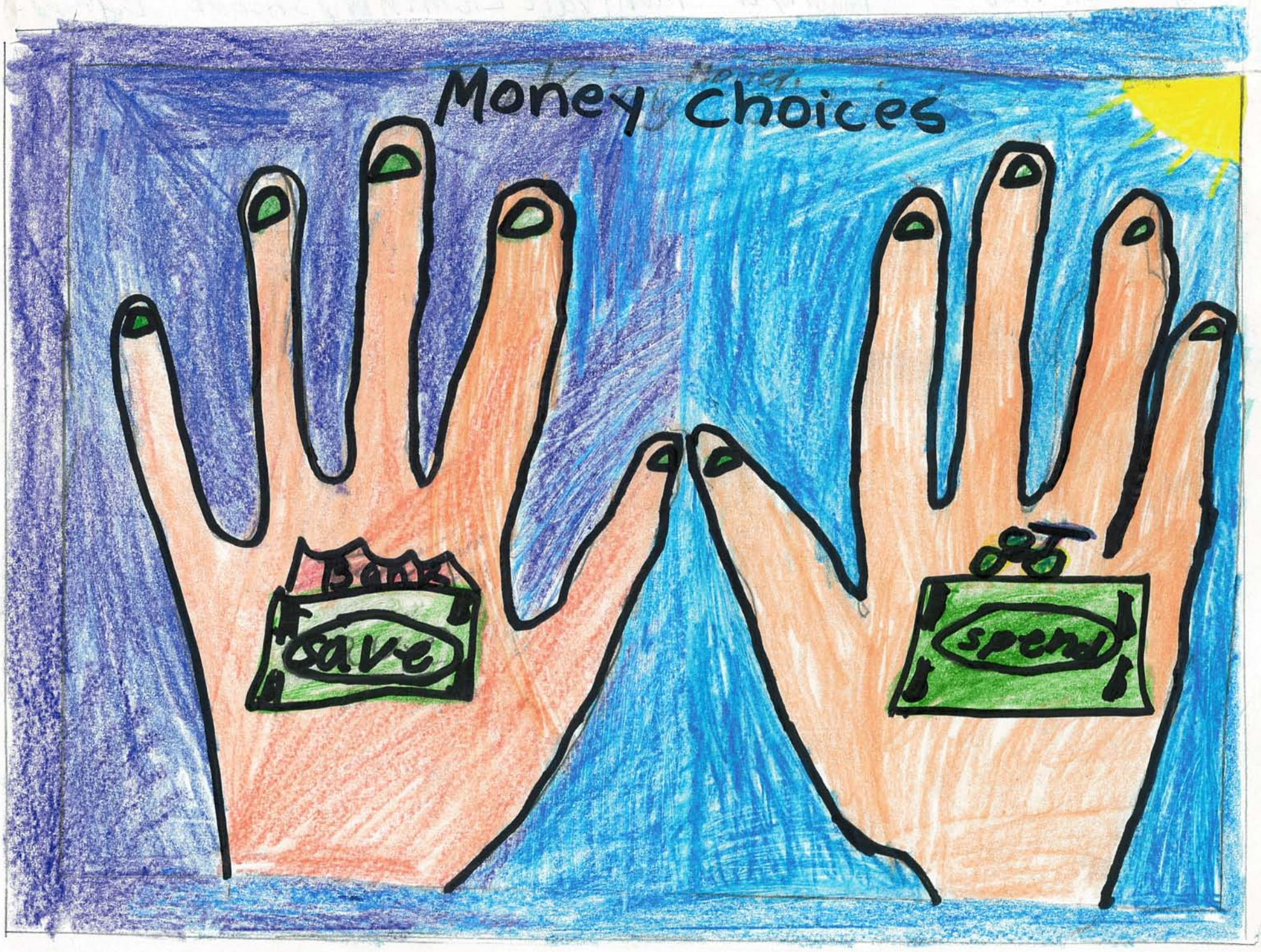

Artist: Jonathan Shepperd, 5th Grade
Teacher: Cynthia Meyer
School: Montvale Elementary School
School Division: Bedford County

Choices

Because of scarcity, people cannot have everything they want. They must make choices; all choices have costs.

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

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CHOICES

Definition/Background

As human beings and consumers, we have unlimited wants. Limited productive resources and scarcity require people to make choices because we simply cannot have everything we want. Whenever a choice is made, something is given up. What we give up when we make a choice is called our opportunity cost. The choices that we consider are called our alternatives. The priorities that we use to assess our alternatives are called criteria. Choices that are well-thought out are likely to have more desirable consequences.

Students face many choices every day. Is watching TV the best use of their time? Is working at a fast-food restaurant better than the best alternative job or some other use of their time? Identifying and systematically comparing alternatives enables people to make more informed decisions and to avoid unforeseen consequences of choices they or others make.

Some students believe that they can have all the goods and services they want from their family or from the government because goods provided by family or by governments are free. But this view is mistaken. Resources have alternative uses, even if parents or governments own them. For example, if a city uses land to build a football stadium, the best alternative use of that land must be given up. If additional funds are budgeted for police patrols, less money is available to hire more teachers. Explicitly comparing the value of alternative opportunities that are sacrificed in any choice enables citizens and their political representatives to weigh the alternatives in order to make better economic decisions. This analysis also makes people aware of the consequences of their actions for themselves and others, and leads to a heightened sense of responsibility and accountability.

Choices made by individuals, firms or government officials involve trading off the expected value of one opportunity against the expected value of its best alternative. The choices people make have both present and future consequences that can partially or entirely offset the initial effects of the decision. The evaluation of choices and opportunity costs is subjective; such evaluations differ across individuals and societies.

Teaching Ideas

1. Students make choices every day. Help students to focus on their choices, alternatives, and criteria by using a decision grid or decision tree to determine what game they would like to play at recess or which novel the teacher should read to the class.
2. Sometimes students make choices that result in undesirable consequences. Ask students to rethink a recent poor choice. For example, Julie decided to stay up late and watch a movie on TV instead of studying for the test and getting a good night's sleep. Consequently, she scored poorly on the test. Ask Julie what her alternatives were and what criteria she used for making her choice.
3. Many children's books highlight the choices made by young people and the consequences of those choices. Read stories to help illustrate the decision-making process. Ask students to guess what choice the character will make and what choice they would make themselves. Would they, for example, barter the family cow for a handful of magic beans?

Lessons and Resources

Print Lessons

Master Curriculum Guides in Economics: Grades K-2, Lesson 13: We Decide
Chocolate Economics, Lesson 2: Decisions! Decisions! Decisions! (elementary)
Spotting Economics, Lesson 8: Frances Makes a Hasty Choice (elementary)
The Great Economic Mysteries Book: A Guide to Teaching Economic Reasoning, Grades 4-8, Chapter 3: Lesson 4 - The Homework Mystery

Online Lessons

Economics in The Tale of Desperaux: Choices and Consequences (elementary)
http://www.powellcenter.org/uploads/EconomicsInTaleofDespereauxChoices.pdf
You Decide! (elementary)
http://www.econedlink.org/lessons/index.php?lesson=EM396&page=teacher
Dynamic Decision Making (middle)
http://www.econedlink.org/lessons/index.php?lesson=EM489&page=teacher
Economic Systems and Choice (middle)
http://www.powellcenter.org/uploads/EconomicSystemsandChoice.pdf

Fed Resources

Something for Nothing
http://www.stlouisfed.org/education_resources/lesson_plans_k-5.cfm
So Few of Me
http://www.stlouisfed.org/education_resources/lesson_plans_k-5.cfm
Piggy Bank Primer (elementary)
http://stlouisfed.org/education/resourcetools

Literature

- **You Never Heard of Sandy Koufax?!** by Jonah Winter. Random House Children's Books, 2009. This picture book biography tells about the choices Sandy Koufax made during his amazing baseball career. [Grades K-3]
- **Sam and the Lucky Money** by Karen Chinn. Lee and Low Books Inc, 1995. Sam receives money as a present for Chinese New Year. When faced with scarcity, he makes an interesting choice. [Grades K-3]
- **Blizzard: The Storm that Changed America** by Jim Murphy. Scholastic Press, 2000. When an unexpected March blizzard hits New York City citizens must make some serious choices as their supplies start to run out. [Grades 4-8]

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

VCEE is a nonprofit organization providing Virginia's K-12 teachers with professional development, quality curriculum and other resources to promote economic and financial education. Visit www.vcee.org or contact VCEE or one of its affiliated centers for economic education to learn about specific opportunities.

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The **Virginia Council on Economic Education**, in cooperation with The **Federal Reserve Bank of Richmond**, is pleased to provide this poster featuring a winning entry from the **2009-2010 Color the Economic Concepts Contest**.

Teachers in Grades K-8: Give your students the opportunity to illustrate their knowledge of economic concepts in a creative and fun way. They may be selected for a poster next year! Winning students also receive a $50 U.S. Savings Bond.

Entries must be received by April 29, 2011. See www.vcee.org for more details.

For more resources on teaching economics and the Federal Reserve System go to **www.richmondfed.org/educational_info**. You'll find free and easy to use resources such as lesson plans, workshop information and publications.

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