

SOCIAL STUDIES  
Economics  
Grade 4  
Making Decisions About Economics

**Lesson Components:**

Benchmarks

- E-1A-E1 recognizing that limited resources require people to make decisions
- E-1A-E2 identifying what is gained and lost when individuals or groups make decisions
- E-1A-E3 demonstrating how economic wants affect decisions about using goods and services
- E-1A-E4 discussing and determining the process for making economic decisions

Key Concepts

Scarcity (limited resources), wants/needs in economic contexts, choices/decisions, trade-offs, opportunity cost, budget

Lesson Duration

One-two days

Purpose/Introduction

See lesson attached.

Objectives

1. Identify examples of scarcity (limited resources) at the individual or societal level. (E-1A-E1)
2. Demonstrate that limited resources require choices and decisions, or explain what is gained and what is lost in a given choice made by an individual or group. (E-1A-E1)
3. Demonstrate that limited resources require choices and decisions, or explain what is gained and what is lost in a given choice made by an individual or group. (E-1A-E2)
4. Explain how “economic wants” (i.e., desires that can be satisfied by consuming a good or service) affect individual or group decisions about allocating limited resources. (E-1A-E3)

5. Explain or analyze trade-offs (i.e., getting a little more of something in exchange for a little less of something else). (E-1A-E4)
6. Identify what is gained and what is lost (given up) in choosing one of several alternatives (e.g., skating with friends versus bowling with parents). (E-1A-E4)
7. Weigh the factors involved in a choice or decision (e.g., discuss the choices and decisions involved in developing a personal budget). (E-1A-E4)

### Prior Knowledge/Pre-requisites

Basic knowledge of spending, goods and services, wants and needs, and decision-making

### Materials/Resources

Student notebooks, student LEAP folders

### Teacher Preparation

The teacher should have a firm grasp on basic economic principles involved in decision-making, and be able to impart information to students on the impact of scarcity of limited resources on wants and needs, economic trade-offs, opportunity costs, budgeting, and making basic economic decisions.

### Body of the Lesson

See lesson attached.

### Assessment

See "Evaluation" section of lesson attached.

## Lesson 1:

Benchmarks: E-1A-E1, E-1A-E2, E-1A-E3, E-1A-E4

Lesson Outline:

Wants and needs (E-1A-E3)  
Scarcity of limited resources and economic decision-making (E-1A-E1)  
Economic trade-offs (E-1A-E4)  
Opportunity costs—gains and losses (E-1A-E2)  
Making economic decisions (E-1A-E4)  
Making a personal budget (E-1A-E4)

Objectives:

1. Students will be able to differentiate between wants and needs. (E-1A-E3)
2. Students will be able to explain the impact of scarcity of limited resources on economic decision-making. (E-1A-E1)
3. Students will be able to explain economic trade-offs and gains and losses that occur in the making of economic decisions. (E-1A-E2, E-1A-E4)
4. Students will be able to create a personal budget. (E-1A-E4)

Procedures:

Whole class discussion of economic trade-offs, opportunity costs, making economic decisions, and making a personal budget

Students will be divided into groups of three and will create a personal budget revolving around the spending of an allowance of \$5.00 per week involving various scenarios of expenses during a month.

Students will complete a LEAP review handout.

Materials:

Student notebooks, student LEAP folders

Evaluation:

Whole class review of the process involved in making economic decisions

Students will place the following handout in their LEAP folders and answer the questions for homework. They will be discussed in class the following day.

1. Which of the following would be considered a want and **not** a need:
  - A. food
  - B. clothing
  - C. shelter
  - D. toys
  
2. If you decided to spend your allowance of \$5.00 per week on a movie, which of the following would you **not** be able to do:
  - A. play with your friends during the week
  - B. go to two movies during the same week
  - C. visit your relatives in a nearby town
  - D. rent one movie during the next three weeks
  
3. If you had \$10.00 to spend on a video or computer game that cost \$15.00, what would the scarcity be:
  - A. the video game
  - B. available money
  - C. the computer game
  - D. time to watch the game

4. Suppose that you had an allowance of \$20 each month and had to pay for gifts, movies, and refreshments out of that money. Your parents also expect you to save part of this money for your future needs. Answer the following questions:

A. Divide your \$20 among the following areas:

Gifts:                \$ \_\_\_\_\_                Movies:    \$ \_\_\_\_\_

Refreshments:    \$ \_\_\_\_\_                Savings:    \$ \_\_\_\_\_

B. In 5 months, you would have received a total of \$100 in allowance. Suppose you did not spend any of this money and continued to place the same amount of your allowance in gifts, movies, refreshments, and savings as you did in question A. At the end of the 5 months, how much money would you have placed in each category?

Gifts:                \$ \_\_\_\_\_                Movies:    \$ \_\_\_\_\_

Refreshments:    \$ \_\_\_\_\_                Savings:    \$ \_\_\_\_\_

- C. Looking at your totals in question B, which area would be your largest expense and which would be your smallest expense?
- D. Select one of three categories (gifts, movies, or refreshments). Explain how you could have received more for your money by spending more wisely.