

What happens when there's not enough for everyone?

One thing all people have in common is that we all want things. And there is no end to our wants. Imagine if your class took a field trip to a toy store. As you and your classmates walk through the store, you all look around at the toys surrounding you. You see aisle after aisle of toys and think about how much fun you could have playing with that ball, game or science kit. It seems there is no end to the toys you want from that toy store.

We are all surrounded by wants every day. While there is no end to the things we want, our money supply to pay for the goods and services that satisfy our wants is limited. All people want more than they can have. No one ever has enough time to do or money to buy everything he wants, not even Bill Gates, the richest person in the world. .

No one can have everything she wants because there are not enough supplies in the world that can be used to meet everyone's wants. We call this scarcity.

Choice and Opportunity Cost

Because people can't have everything they want, they must choose what they want the most. When people spend their money to buy a good or service, they give up the chance to use that money to buy a different good or service. When they choose to spend their time doing one thing, they give up the chance to spend that time doing something else. That is the hard part about making choices. When people choose one thing, they have to give up other things. The second best choice that they do not choose is called their opportunity cost. All choices have an opportunity cost. Every time a choice is made, something else is given up.

Suppose Anne was invited to her friend Tonya's house after school. On the bus on the way home from school, Anne's neighbor Aubrey asked Anne if she would like to come over and see the seashell collection she got from her vacation at the beach. Anne would like to see Aubrey's seashell collection, but she also would like to go to her friend Tonya's house, too. She knows she can't do both so she will have to choose. She chooses to go to Tonya's house. Her opportunity cost is the chance to see Aubrey's seashell collection.



Think about it...

Can you think of a time when you really wanted something but there wasn't enough for everyone who wanted it? What happened? Were you able to get what you wanted?

Suppose you were given \$25.00 as a birthday gift from your grandparents. What would you choose to do with the money you received? What opportunity cost would you give up?