

How Do People Make Choices?

Because resources are scarce, or limited, people cannot have everything they want. There are not enough resources in the world to provide people with all of the goods and services they want. Scarcity requires us to make choices about how to best meet our wants with the alternatives available to us. **Alternatives** are opportunities from which people choose.

People have a better chance of making choices that best satisfy their wants when they identify all of the possible alternatives available to them. For example, John has one hour before his piano lesson and is trying to decide how to spend his time. It's a beautiful day outside and he's been wanting to fly the new kite he recently got for his birthday. He also wants to play his favorite video game. His mom wants him to clean his room, and he wants to please his mom. John also knows he hasn't practiced the new song his piano teacher taught him last week like he should have, and he wants to be able to show his teacher that he can play the song well. These are just some of the alternative ways that John can choose to spend his time to satisfy his wants.

To help John decide how to best spend his time, he creates a decision-making grid. John thinks about and lists all of the ways he could spend the next hour that would satisfy his wants. This is called "alternatives."



Think about it...

Students have choices for how they spend their recess time. On the back of this paper, complete your own decision-making grid to consider how you might best spend your recess time. Identify as many alternatives as you can think of. Then, list the benefits and costs of each alternative. Next, use the cost-benefit information to narrow your alternatives down to the top two. Then, identify your choice and your opportunity cost.

Alternatives	Benefits (good things) 	Costs (bad things) 
Alternative #1: Fly kite	New kite – will be fun to try	What if there is not enough wind?
Alternative #2: Play video game	Just learned a new way to get to the next level	No friends are available to play with
Alternative #3: Clean room	Bedroom will be clean and mom will be pleased	It's not fun to clean your room
Alternative #4: Practice piano	Will be able to play the new song well	LOTS of time spent on piano between lesson and practice

Next, he lists the benefits, or good things, about that alternative and the costs, or bad things, about it. John uses the benefit and cost information he recorded on the grid to narrow his choices down to his top two alternatives: flying his kite and cleaning his room. He has decided that these two alternatives will give him the greatest benefits and have the least costs.

Because John does not have time before his piano lesson to do both, he must choose between these two options. He decides to fly his new kite. He gives up the opportunity to clean his room, so that is his opportunity cost. Opportunity cost is the next best alternative that is not chosen.

Name _____

Recess Time Choice

Use the decision-making grid below to evaluate alternatives for ways you could best spend your recess time.

Alternatives	Benefits (good things) 	Costs (bad things) 
Alternative #1:		
Alternative #2:		
Alternative #3:		
Alternative #4:		
Alternative #5:		
Alternative #6:		

Once you've completed your chart, use the information in the benefits and costs columns to narrow your choice to the top two alternatives and circle them. Because you cannot use the same recess time to do both activities, make your decision from your top two alternatives. Place a star to the left of the alternative you choose. Place a check mark to the left of the alternative you did not choose. That is your opportunity cost.