



Governments and opportunity cost



This sequence is intended as a framework to be modified and adapted by teachers to suit the needs of a class group.

Resources needed

- Tax spending cards (2 cards for each student)
- Environment cards (one for each student)

Suggested activity sequence

Part A: Making government decisions

- 1 Place 2 sets of *tax spending cards* on a table at one end of the classroom and 2 sets of different cards on a table at the other end.
 - a. Table 1 (Education and Health cards)
 - a. Table 2 (Defence and Welfare cards)
- 2 As students enter the classroom, direct them to the tables so that half the class confronts the choice on table 1 and the other half the choice on table 2.
- 3 Students take on the role of the government and choose one tax spending card from the table.
- 4 Students record the opportunity cost of their individual choices.

- 5 Define or revisit the definition of opportunity cost for students (the next best or forgone alternative).
- 6 Review:
 - 'Things' have no cost, only actions do.
 - All costs lie in the future. The anticipation of future benefits or costs shapes government decisions.
- 7 Conduct a discussion. Possible discussion prompts include:
 - What were your alternative choices?
 - If someone made a different choice (different service or no service) than you did, did one person make the right choice and one the wrong choice?
- 8 Invite students to swap their card with an *Environment card* if, as the government, they think this is a better use of taxpayers' money.

Part B: Class or group discussion

- 1 For this part of the lesson you might want to select a discussion strategy, such as think-pair-share or group dialogues to ensure participation and collaboration.
- 2 Ask:
 - a. What is the opportunity cost for someone who sticks with their original choice when the environment is included in the alternatives?
 - b. What if the environment is their second-best alternative? Does the opportunity cost of their decision change?



- c. If you chose to swap your card with an environment card, what is now your opportunity cost?
 - d. Suppose the 'rules of the game' had been that 'the class' could choose one service, and the choice was education. Does this situation change the opportunity cost? If so, in what way and for whom?
 - e. Suppose all 5 services had been on one table and everyone could select from that table.
 - f. Would that change your opportunity cost? Why?
 - g. Is the availability of a greater number of alternatives likely to increase or decrease opportunity costs? Why?
- 3** Students write a quick response to the question: How does this activity demonstrate the concept of opportunity cost for governments?
 - 4** Invite students to read what they have written and add any points that students did not address, but that are essential.