

Lesson Plan

NEUROHEADWAY

Neuroscience Into Education

Economics - Allocation of Scarce resources

The issue for economics is Scarcity. In all societies Individuals, Governments and producers are concerned with the allocation of scarce resources. Our planet can only produce a certain amount, not enough for everyone.

Economist refer to this situation as:

“Unlimited demand in the face of finite resources”

Three kinds of allocation:

1. Government
2. Barter
3. Market

3 10 minute exercises demonstrating how each kind of allocation works:

Government: Have a desk on which all the scarce resources are to be allocated, could be tins of food or whatever.

Elected a prime minister from the class. He or she then sets about allocating the scarce resources to the rest of the class – make sure there are not enough resources to go round.

Question the Class afterwards as to whether this is an efficient allocation of resources – Answer should be no.

Barter: Class has all got an item to trade and MUST exchange it for another item possessed by another child. The children spend 5 minutes exchanging items. What they need to record is the item they started out with and the one they exchanged it for. Unknown to the children all of the items have a monetary value. This is then revealed and the children can compare whether there exchange had been profitable.

Question the Class afterwards as to whether this is an efficient allocation of resources – Answer should be no.

Market: have several items to be sold in an auction. Issue the children with different amounts of monopoly money and get them to bid for the items one at a time – there should not be enough items for everyone to buy.

Question the class afterwards as to whether this is an efficient allocation of resources – Answer should be Yes with reservations. Questions of Fairness. The UK is a society with a market system regulated by the Government – a mixed economy.