

Scarcity and the Why of Economics

Simulation 1

Imagine- Your class has been engaged in various fund-raising projects during the past several years, and you now have a total of \$8000 to spend on a big bash - your last school dance. You may not spend more than this amount on the dance, but you do not have to spend all of it on the dance. Any money "left over" can be used for a class project, designed to help your school or community.

You have decided that there are three categories of expenditures for the dance. 1) hiring a band, 2) renting a place to hold the dance, and 3) providing refreshments and decorations. A committee has provided the following information:

Bands Available:	
Cost	
\$1,000	Plain, Loud, and Cheap, a local rock and roll band.
\$2,500	Busting Gourds, rock with an English twist
\$4,000	Granite - good hard rock
\$5,000	The National Debt - "getting bigger every day" - a popular new group.
\$6,500	Philadelphia Transit Authority (the PTA) - nationally known, 2 gold albums.
\$7,000	The Rolling Rocks - well known touring group from England

Places Available:	
Cost	
\$200	School Gym
\$600	American Legion Hall
\$1,500	The Inn on the Hill
\$2,000	The Two Seasons Hotel
\$3,000	The Valley Country Club

Refreshments and Decorations:	
Cost	
\$500	Home Economics classes fix sandwiches and make decorations
\$1,000	Catered - snacks and decorations
\$3,000	Catered - fancy snacks and fancy decorations
\$5,000	Package deal -snacks and decorations at dance; and an after-dance meal at a restaurant.

Key Terms

Scarcity:

Economy:

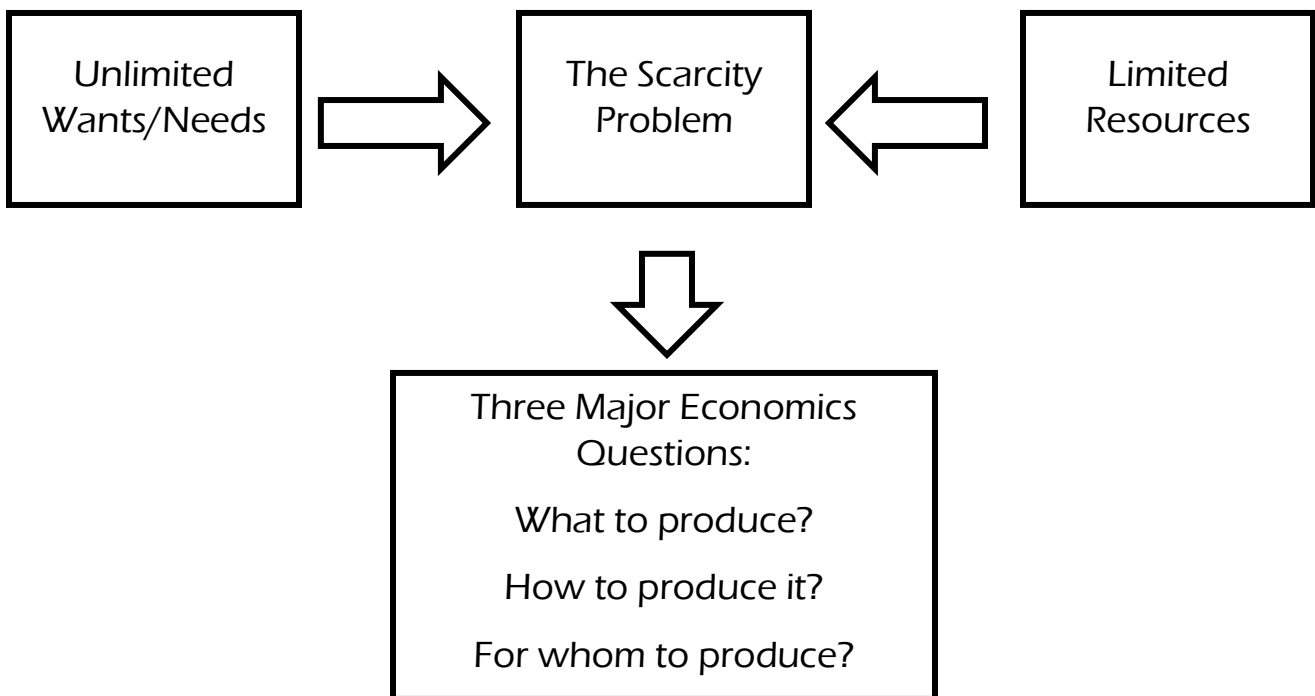
Economics:

Market:

Goods and Services

Good:

Service:



Current Event Examples

Instructions: Use this worksheet to analyze recent situations where scarcity required the careful allocation of resources. You'll analyze 3 situations, one each for an individual, company and government.

Individual

Describe the circumstances of the decision:

What resource(s) was(were) scarce? _____

Business

Describe the circumstances of the decision:

What resource(s) was(were) scarce? _____

Government

Describe the circumstances of the decision:

What resource(s) was(were) scarce? _____

Check for Understanding

Why would scarcity be the first thing discussed in an economics course?