The Costs of Making Choices

The necessity for making choices runs through all parts of our lives. Should we take a particular high school or college course or not? Should we take a part-time job or not? Should we save for a car or bicycle — or neither? To make a good choice, we have to understand what is important to us and what the choice costs — both in terms of money costs and in terms of the lost opportunity to do something else once a choice has been made. We are required to set priorities.

In economics, too, choices must be made and priorities must be set. Because goods and services are scarce, we can’t have everything we want and we must decide what is most important to us. Many teachers may be familiar with “value clarification” activities — helping students decide what is important to them — and so may be familiar with the importance of setting priorities.

A helpful classroom tool in setting economic priorities is the auction simulation, described in the box to the right. The auction simulation allows students to recognize and identify with priorities, and the auction can be used to increase understanding about what is involved in economic decisions, on both a consumer and government level.

On the level of consumer economics, students could bid on items which they might personally need or a family might desire. In discussion, the variety — and validity — of reasons for choosing, for example, a motorcycle over a used car, or a vacation over a new couch could be analyzed.

An auction of government goods and services might serve to illustrate the necessity for economic priorities in government projects.

Government inaction in an area of social concern may not mean that there is no concern for action, but rather that there is greater concern for action in a different area. If we decide, for example, that health care or other services should be provided by the government, it means not simply that a service will be provided, but also that we, the taxpayers, will have to make a payment to the government for that service — a payment in the form of increased taxes or in a cut of other government services.

An auction of government goods and services can force the setting of priorities and directly involve the students in the kinds of decisions and choices which government budget makers are forced to make. The auction will clearly illustrate that once students spend their allotted cash on one item, they can’t spend it on another. So in choosing one item, the students pay both the money cost of the item and the lost opportunity to spend their money on another item. Continued on page 4

Sold to the Highest Bidder!

An auction simulation in your classroom can help students to better understand the necessity for setting economic priorities both on a consumer and a government level. An auction can be tailored to your goals and might proceed as follows:

- The teacher prepares a list of items for auction. Suggestions may be solicited from students. (In fact, students may want to organize the auction entirely themselves and choose one student to serve as auctioneer.)

- Each student in the class receives a list of items and a limited amount of “cash” — say $1000 in $100 bills.

- The auctioneer describes each item in turn, takes bids and takes money. Bids may be made in increments of $100.

- Students may bid as individuals or pool all or some of their resources with other students to share an item. (Pooling of resources for social and governmental goods and services which will be shared serves to illustrate the pooling of tax monies to purchase government goods and services.)

- The item is “purchased” by the highest bidder or pool of bidders.

- The auctioneer (or assistant) records the amount of cash spent for each item and, after the auction, lists the item in order, according to the total amount of cash paid out by class members for each item.
New England Update

CONNECTICUT

"Utilizing Economic Understandings to Explore Bi-Centennial Themes" will be the focus of a summer workshop sponsored by the Connecticut Joint Council on Economic Education, at the West Hartford branch of the University of Connecticut. The course will run July 7-July 25 and will include teachers of grades K-12. For information, contact Edward Hamblin, Box U-32, University of Connecticut, Storrs 06268, (203) 486-3323.

The Connecticut Joint Council on Economic Education will have an assistant director this fall. Ronald Daigle, formerly director of the Center for Economic Education at John Carroll University in Cleveland, Ohio, will be concentrating on economic education in the Hartford area.

MASSACHUSETTS

A summer economic education workshop will be offered at the Center for Economic Education at the Lincoln Filene Center of Tufts University. The course will run from June 25-July 11 and applications are still being taken.

Participants in the Sixth Annual Northeast Regional Conference, sponsored by the National Council and the Massachusetts Council for the Social Studies and held April 2-5 at Boston's Statler Hilton Hotel, could attend seven clinics and section meetings directly dealing with economics, an appreciable increase over last year's two economic offerings. The sessions this year dealt with public policy decision making, teaching with case studies, career education, teaching money and banking using a simulation game (Mr. Banker), productivity, using the news media to teach economics, and using Economics in Society materials produced by Addison-Wesley Publishing Company.

Dr. Gregory R. Anrig, Massachusetts Commissioner of Education, spoke on the topic "Equalizing Educational Opportunity" at the annual meeting of the Economic Education Council of Massachusetts, May 29.

NEW HAMPSHIRE

Applications are still being accepted from elementary and junior high school teachers for the summer economic education workshop sponsored by the New Hampshire Council on Economic Education. The workshop, titled "Coping With the Real World," will run July 29-August 8 and will be held on the University of New Hampshire campus. To apply, contact: Lawrence Cole, Whittemore School of Business and Economics, University of New Hampshire, Durham, NH 03824, (603)862-1983.

RHODE ISLAND

The Center for Economic Education at Rhode Island College has prepared a checklist of materials available in their reference center. The checklist is slated to be mailed to teachers who have taken in-service courses at the center and to supervisors concerned with economic and consumer education throughout Rhode Island.

The Rhode Island Legislature passed a resolution in the past session requesting that the State Board of Regents for Education develop a comprehensive program of consumer education in the secondary schools. Courses should devote "adequate attention to the benefits, intricacies, pitfalls and perils of credit financing," the resolution stated.

Readers are invited to use The Ledger as a forum to share news about their experiences in economic education. Write: Mary Jane Coyle, Editor, The Ledger, Public Services, Federal Reserve Bank of Boston, 30 Pearl Street, Boston 02106 or call: (617) 426-7100 X462.

MAINE

Thirty teachers have been chosen out of 150 applicants to attend the summer workshop sponsored by the Maine Council on Economic Education this summer at the University of Maine at Orono. The workshop, which will run June 23-July 11, will cover economic, career, and consumer education and will include two follow-up meetings held in the fall.
A teaching guide accompanying the filmstrip suggests questions for discussion, activities and supplementary materials available for study. To borrow without charge, write or call: Bank and Public Information Center, Federal Reserve Bank of Boston, 30 Pearl St., Boston 02106, (617)426-7100 X656.

**Inflation and Scarcity**, special issues, numbers 2 and 3 of *Skeptic Magazine*, *The Forum for Contemporary History*, (H-C), 66 pages each, 1974, contain a series of interesting and readable articles and excerpts by such writers as Kenneth Boulding, Robert Heilbroner, Gunnar Myrdal and Eliot Janeway. $1.25 each. Write: Social Studies School Service, 10,000 Culver Blvd., Culver City, CA 90230 or *Skeptic*, 812 Ana capa St., Santa Barbara, CA 93101.

**Notch a Stick. Scratch a Stone**, (J-H), by Elbert E. Garcia and Gerhard N. Rostvold, illustrated by Fritz Alseth, 20 booklets with read-along cassettes help prepare students to "live and work in our social and economic world." The booklets are clearly written and generously illustrated with stone-age cartoon characters which enliven and reinforce the material. The booklets come in two sets. Set one titles include "Business Must Fill Human Needs," "Your Personal History Sheet: How to Write One," "Your Rights Concerning Wages, Hours, and Working Conditions," and "Choosing a Career." Set two titles include: "Your Credit Rating: Establishing and Protecting It," "Budgeting Your Income," "The American Economic System: How It Works," and "Money: Saving and Investing It." The booklets can be ordered as a set of ten different booklets or as ten of one particular booklet. A set of ten booklets costs between $9.95 and $12.50. Five read-along cassettes with ten different booklets recorded on them cost $35. Write: Leswing Press, Inc., 750 Adrian Way, San Rafael, CA 94903.

**The Adventures of Primero Dinero and Teacher's Guide**, (J-H), by Steve Jackstadt and Yukio Hamada, 43 pages, a comic-book story of the adventures of Primero Dinero, as he and his friends, stranded on a desert island, deal with the problems of what to produce, how to produce it and who will get the products. The island economy is compared to the American economy when Dr. Milton Freeman arrives on the scene. Application questions at the end of each of four episodes supply provocative activities and discussion starters. The Teacher's Guide supplies some answers and lists further sources of information. *Primero Dinero* covers in a lively way such concepts as scarcity, alternative costs, resource allocation, economic organization, and market (including the basics of supply, demand and price). 1971. Write: Center for Economic Education, Dept. of Curriculum and Instruction, University of Hawaii, 1776 University Ave., UA 4, Rm. 5, Honolulu 96822, 96 cents for *Primero Dinero*, 69 cents for Teacher's Guide.
Making Choices
Continued from page 1

In addition, allotting a certain amount of cash to desired government goods and services may help put to rest the notion that government goods and services are "free." The student may not, for example, pay to drive on a particular superhighway and yet, someone has paid taxes to build that road. Thus, even if we don't pay directly for a government good or service, someone has paid. On the other hand, we may pay (through taxes) for government goods and services which we do not enjoy personally, but someone else does. Government goods and services are not free — they are paid for by taxes or money which the government has to borrow. If tax money must be used to pay interest on government debt, then that tax money can't be used to pay for other desired goods and services.

An auction simulation might focus on local government spending, including such items as: a new town road, a new snow plow, higher salaries for municipal employees, a new park or recreation center or more police. Students might read local papers and cull the items at issue in their town. They might examine the town budget to see how the town funds are divided among various services and recommend a possible shifting of priorities.

After an auction of local government projects, discussion might focus on the consequences of some of the choices. For example, if a new town road is given high priority, what will happen to the value of nearby homes? Will higher salaries for municipal employees necessarily mean higher taxes?

On a federal level, students might consider bidding in an auction simulation to fund projects for cleaner air, nuclear power research, food stamps for additional needy persons, foreign aid, farm price supports, health care, and job training programs. And by bidding, priorities will be set by the students. Then, the students should be called upon to defend their choices in class discussion of auction results. The benefits, costs and implications of each program should be examined carefully so that students realize what is involved in the choices they have made.

Post-auction class discussion might focus on job training programs, for example. How effective are job training programs? Who do they reach? Who bears the cost of the programs — is that cost more or less than the cost of paying unemployment compensation? What are the long run costs to society of idle manpower? How is job training best accomplished? At federal job-training centers? On the job? At already-established technical schools? Would vocational education at the high school level interest the potential high school drop-out and train that person so that he does not leave school without a skill? All these questions and more can be asked about the issue of job training. Each issue contains the seeds for a necessary examination of the costs and benefits involved in that choice.

Identifying priorities in an auction simulation and then discussing the choices made, can help students better understand the choices made every day by individual consumers and government alike.

Datelines - Economic Education

FALL ECONOMIC EDUCATION WORKSHOPS

(For further information and for information where a workshop has not yet been announced, contact a nearby center or council.)


Economic Education Council of Massachusetts, Thomas Curtin, Lincoln Filene Center, Tufts University, Medford 02155, (617)628-5000, courses as listed for Massachusetts Centers for Economic Education.

Center for Economic Education, Salem State College, Henry A. Lucas, Salem, MA 01970, (617)745-0556, three courses.

Center for Economic Education, Stonehill College, Robert Hardina, Easton, MA 02356, (617)238-2052, one course for secondary teachers titled "Understanding Economics" and one course for elementary teachers titled "Exploring Everyday Economics for Kids."

Center for Economic Education, Tufts University, George Watson, Lincoln Filene Center, Medford, MA 02155, (617)628-5000, two courses.


Rhode Island Council on Economic Education, Rhode Island College, John Sapinsley, Providence 02908, (401)591-6600, two workshops - one titled, "The Real World of Business as a Medium for Economic Education," taught at Rhode Island College; a second course, as yet untitled, will be taught in Woonsocket.

This auction simulation is based on an auction technique used successfully at the Human Environment Institute of Boston University at Sargent Camp, New Hampshire, where value clarification of environmental issues was stressed. With permission of HEI, we take advantage of the open-ended-ness of the auction technique and here use it to stress economic priority setting.