

Activity 3:



Read the following story

Mike Milne is in year 11 at Warton Academy. In his spare time, he plays a lot of sports. His favourite is tennis which he has played since he was 7, although he has recently joined a local judo club to try and develop his skills in another area and to further enhance his fitness. Despite his initial keenness, Mike has not bought any kit for judo yet, the suit costs around £30. The tennis schedule is quite gruelling. Training usually starts in late February and runs up until October of each year. There are two sessions each week. Judo takes place on a Friday evening in the hall at a local bowling centre, just near Mike's house. It does not have a season, with classes running each week and further slots available if he wants to join the squad that enters competitions. Usually one of Mike's parents is available to take him to tennis practice. When they aren't, he is able to get a lift with his friend Amy, but he must first get a bus to her house, which is a 10-minute ride away.

For the last two years, Mike has entered tennis tournaments and has recently seen success. At his latest competition, he won a prize, £50. His parents, due his good performance, gave him 1/2 of the value of his prize fund as a top up and told him to put it towards something that he has wanted.

A few weeks have passed since Mike's success and he has a number of dilemmas on his mind. He wants to buy a new video game and a new tennis racket. The tennis racket costs £50 but the game costs £75. Furthermore, the issue of time has been playing on his mind. He has final exams approaching and these are due to start in 6 weeks' time. Mike has carefully planned out a revision timetable but feels a little burnt out after 1 week on plan...

1. Explain how the problem of Scarcity applies to Mike
2. If Mike buys his video game, what must he give up?
3. If you were Mike, what decision would you make?
4. Explain how Mike is affected by opportunity cost

Activity 4

Decision Dilemmas

Scarcity and opportunity cost affect us all. Every decision has an alternative foregone action and there is a cost in this trade off. In the table below, think about some recent decisions that you have made. These could be decisions based around how you spend your time, or they could be monetary, in other words a spending decision. What did you choose and what did you give up?



Decision Dilemma	What did you choose?	What did you give up and why?

Economics Theorists

Activity 5 - Research the following Economists:

Adam Smith
 Friedrich Hayek
 Karl Marx
 John Maynard Keynes

For each find out:

- The year they born and the year they died
- Their nationality
- What was their most famous book
- Give some examples of their more important economic theories and beliefs.

