



POWELL CENTER FOR
ECONOMIC LITERACY

Lesson Plan

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What's the Cost?

A Look at the Opportunity Cost of War

Time Required

20 minutes

Grade Level and Subject

Middle and High School; History

Keystone Principle

Principle #7 – Economic Thinking Is Marginal Thinking

Economic Concepts

Benefit – *The advantage(s) of a particular decision or course of action broadly measured; anything that aids or promotes well-being in a monetary and non-monetary sense.*

Cost - *The value of everything a consumer must give up to obtain a good or service. The effort, loss or sacrifice necessary to achieve or obtain something.*

Opportunity cost - *The opportunity given up when choosing between two alternatives, with the decision in favor of one opportunity being at the cost of the other. The opportunity lost or given up.*

Overview

Every war in history has its costs. This activity will help students understand the costs and benefits of war, and why governments make certain choices. The activity was done as a review for a unit on WWII, but could be used with any war.

Objectives

- Students will understand the definition of opportunity cost.
- Students will be able to take a specific event from a war and understand the personal, political, financial, and societal costs and benefits of war.

Materials and Handouts

Handout #1 – “What’s the Cost” worksheet example

Handout #2 – “What’s the Cost” worksheet for students to fill out

Teaching Activity

This lesson was used during our class unit on World War II and was a great 20 minute activity to go along with our study.

1. Review the definition of opportunity cost with your students.
2. Using the handout example, explain how the ability to identify opportunity cost can help students understand why governments make choices and to evaluate both the costs and benefits of those decisions. The example considers the issue of rationing during World War II. Rationing was the means by which the government transferred the country’s productive resources from the making of consumer goods to the making of military goods. Encourage students to realize that knowing the number of dollars spent on the war effort is only part of the story. Discuss the personal, governmental, financial, and societal costs and benefits of this decision.
3. Have each student select a different event that occurred during WWII and fill in the appropriate answers. This will help students understand that the cost/benefit equation is different depending on the prism through which it is viewed.
4. Have your students present their answers to the class. This will provide a good review of the unit because with all the students it covered most of the events we studied. This handout is well-suited for use with the study of any war in a history class

What's the Cost?

Era	WORLD WAR II
Event	Rationing consumer goods in order to produce war goods
People Involved	Consumers and government
Dates	Entire war
Objective	Increase production of war goods (tanks, missiles, ammunition, etc.)
Opportunity Cost	
Personal	Having to sacrifice consumer goods (food, clothing, other essentials and luxuries)
Government	Increased government spending (deficit spending)
Financial	Short term deficits that can lead to larger future debt. Increase in price levels due to limited supplies.
Society	Sacrificing goods, quantity of goods, career opportunities, etc.
Benefits	
Personal	Creation of jobs, feelings of nationalism, patriotism (everyone does their part)
Government	Economic growth (GDP), lower unemployment, investment in capital goods (goods for tomorrow)
Financial	Increase in consumer incomes, financial security, etc.
Society	Sacrifice seen as a necessity in order to win a war (future generations benefit by having a larger stock of capital.)

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Objective				
Opportunity Cost				
	Personal			
	Government			
	Financial			
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Benefits				
	Personal			
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	Financial			
	Society			