



Lesson Plan: "Opportunity Cost and Marginal Analysis: Making Tradeoffs"

Objective:

Students will analyze opportunity cost and marginal analysis by exploring how individuals and organizations make tradeoffs when resources are limited. They will apply these concepts to real-world decisions and evaluate their implications, including situations where decisions involve choosing the least bad of two poor options.

Materials Needed:

- [Game of Thrones clip or summary from Season 5, Episode 8, where Jon Snow decides to ally with the Wildlings.](#)
- Handouts defining opportunity cost, tradeoffs, and marginal analysis.
- Examples of decisions in personal finance, business, and public policy that involve these concepts.

Lesson Steps:

1. Introduction (10 minutes):

- Define **opportunity cost**: The value of the next-best alternative forgone when making a decision.
- Define **marginal analysis**: Comparing the additional benefits and costs of a decision.
- Provide real-world examples:
 - Choosing between studying and working part-time.
 - A company deciding to produce more units of a product.

2. Viewing Clip (5 minutes):

- [Show or summarize the Game of Thrones scene where Sam explains Jon Snow's decision to ally with the Wildlings to defend against the White Walkers.](#)
- Highlight the tradeoff Jon makes: sacrificing alliances with some Night's Watch members to gain the strength of the Wildling army.

3. Group Discussion (15 minutes):

- Divide students into small groups to discuss:
 - What was the opportunity cost of Jon Snow's decision?

- How did Jon use marginal analysis to weigh the benefits and costs of his decision?
- What would have happened if Jon chose the alternative (not allying with the Wildlings)?

4. Concept Application (20 minutes):

- **Case Study Analysis:**
 - Provide examples of tradeoffs in different contexts, emphasizing that opportunity cost can involve choosing between the least bad options:
 - **Example 1:** A city government allocating funds between repairing outdated infrastructure or addressing an immediate public health crisis. Neither option is ideal, but resources must be prioritized.
 - **Example 2:** A business choosing to lay off workers or significantly reduce salaries across the board to remain operational. Both options have negative consequences, but one must be chosen.
 - **Example 3:** Two rival political candidates who ally to defeat a third candidate.
 - Ask students to come up with real-world examples of each example, and then analyze:
 - The opportunity cost of each decision, emphasizing that it can stem from sacrificing the "less bad" alternative.
 - How marginal analysis helps identify the best course of action, even when neither option is ideal.
 - The long-term implications of each choice, particularly when balancing short-term sacrifices against future benefits.
- Discuss how opportunity cost isn't always about gaining something good but minimizing losses or mitigating risks.

5. Wrap-Up and Reflection (10 minutes):

- Summarize key takeaways:
 - Opportunity cost is inherent in every decision.
 - Marginal analysis helps prioritize resource use for maximum benefit.
 - Tradeoffs require careful evaluation of what is gained and lost, especially in situations where all options have drawbacks.
- Pose a reflective question: How can understanding opportunity cost and marginal analysis help you make better decisions in your own life?

6. Activity or Homework (15 minutes):

Tradeoff Simulation: Stranded on a Deserted Island

- Present students with the scenario of a castaway stranded on a deserted island. The castaway has limited time and energy to allocate among critical survival tasks.

- Tasks to allocate time and resources to include:
 - Gathering food.
 - Collecting fresh water.
 - Building or maintaining shelter.
 - Searching for a way to signal for rescue.
- In small groups, students will:
 - Identify the opportunity costs of prioritizing one task over another (e.g., collecting water means less time for building shelter).
 - Use marginal analysis to decide how much time and effort to allocate to each task based on immediate survival needs and long-term goals.
 - Present their allocation plan and reasoning to the class.
- Facilitate a class discussion:
 - How did they decide which tasks to prioritize?
 - How did marginal analysis and opportunity cost influence their choices?
 - What tradeoffs were the most challenging, and why?