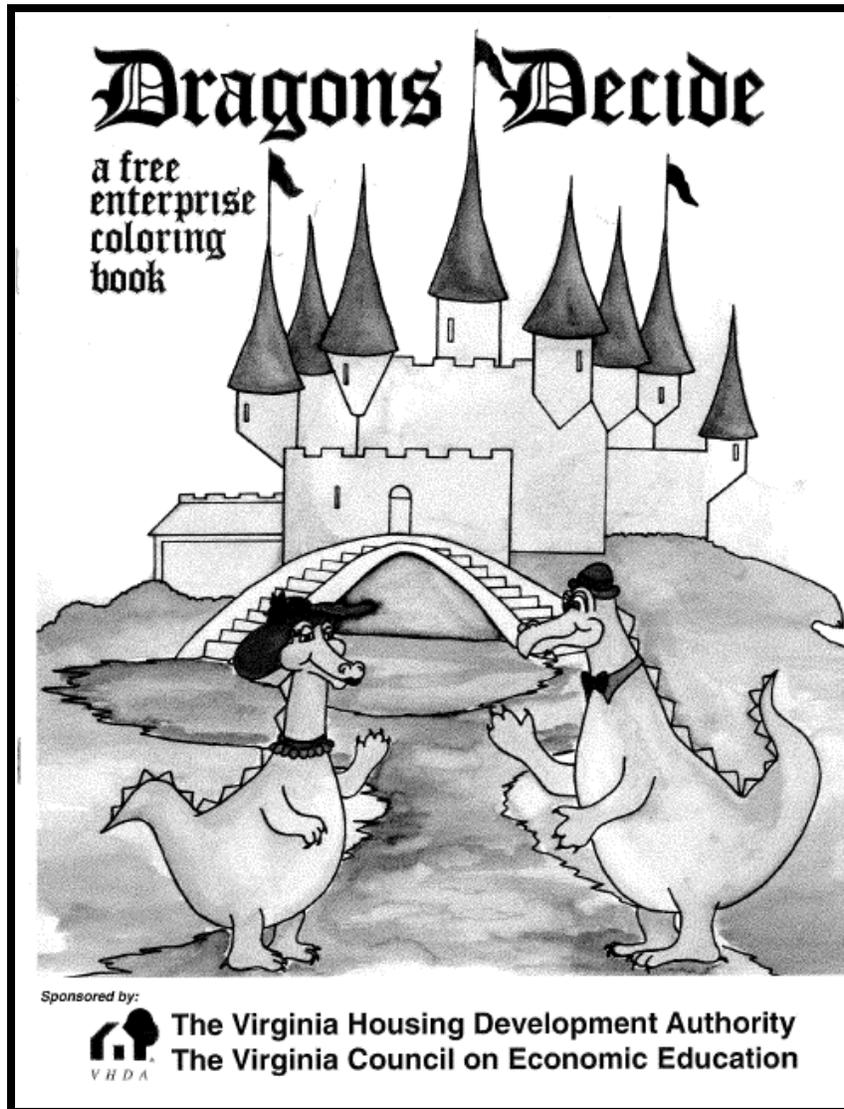


Dragons Decide

A Free Enterprise Coloring Book



The Virginia Housing Development Authority

The Virginia Council on Economic Education

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Dragons Decide
A Free Enterprise Coloring Book

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Dragons Decide Teachers' Guide

Lesson Plans

Introduction: *Dragons Decide: A Free Enterprise Coloring Book* is designed for children in kindergarten through third grade. It is an excellent resource for either introducing or reviewing economic concepts with the students. Concepts such as economic wants, scarcity, choice, decision-making, opportunity cost, saving, producers, goods and services, resources, specialization and interdependence are more readily understood when the students can apply them to the situations members of the Dragon family are encountering.

Story Synopsis featuring Economic Content: After Dilroy and Diana Dragon's family begins to grow they experience **unlimited wants** and **limited resources** which is called **scarcity**. **Scarcity** requires that **choices** or **decisions** be made. Dilroy and Diana found that their **wants** were growing also. And, they could not buy everything they wanted. Dilroy and Diana had to make important decisions about which wants they would satisfy and what they would give up (**opportunity cost**) A person needs to make careful choices in order to get maximum satisfaction from his resources.

When deciding on which wants to satisfy, the Dragons had to keep in mind that unexpected emergencies could come up, like illnesses. And they wanted to save for later expenses such as training for the future (education). These situations must be planned for. It's important to **save** some of today's money for the future.

The Dragon family decided to become **producers** and used **natural, capital, and human resources** to build a new castle to live in. Since they didn't know how to do all of the different kinds of work, they used division of labor. Through **specialization**, they were able to make more efficient use of time, materials, and skills. Specialized workers depend upon others to produce what they cannot, and this makes them **interdependent**. This economic concept of **interdependence** is illustrated in the way the Dragon family built their home. Dilroy and Diana told their children that although each family member could help with the work of building the new home, the family alone could not do all of the work. The Dragons had to depend on other workers for some of the skills they themselves did not have. For example, they could get someone who specialized in building to build their castle home, and they could hire a plumber to put in the kitchen sink and bathroom.

Lesson Plans Explained: These lessons can be used to teach most of the economics related concepts in Virginia's Social Science Standards of Learning for grades K-3. Each lesson stands alone, and is designed to be taught in one class period, and requires few resources. To successfully complete the activities in these lessons the students should be familiar with the story in *Dragons Decide*. After the story has been read to the children, the various concepts can be brought out through questioning, discussion, and student activities. (It is best if each student has their own book for reference and has had an opportunity to color the pictures. Copies are available through the Virginia Council on Economic Education 804-828-1627)

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Materials provided by: The *Dragons Decide: A Free Enterprise Coloring Book* is made possible by funding from the Virginia Housing Development Authority. The lesson plans and activities were developed by the Virginia Council on Economic Education. If you would like to contact either of these organizations to write a thank you letter or share any questions or concerns their addresses are:

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Discussion Guide

Based on Virginia Standards of Learning

Wants (Making Choices):

K.7a The student will recognize that people make choices because they cannot have everything they want.

1.8 The student will explain that people make choices because they cannot have everything they want.

1. The Dragon family had many wants. Why did their wants change over the years? *[Possible answer: Their wants changed because they had children and their family grew.]*
2. What are some examples of some of things that the Dragon family wanted? *[Possible answers found on pages 2-9: They wanted more food, clothing, sporting goods, medical care, music and dancing lessons, gym training, football equipment and a bigger castle to live in.]*

Goods & Services:

1.7	The student will explain the difference between goods and services and describe how people are consumers and producers of goods and services.
2.9	The student will explain that scarcity, limited resources, requires people to make choices about producing and consuming goods and services.

3. People often purchase goods and services to satisfy their wants. Goods are tangible things that satisfy people's wants. Services are activities that are performed by workers to satisfy people's wants. Which of the Dragon's family's wants were goods and which were services? *[Possible answers: The goods are food, clothing, sports equipment, medicine, a larger castle, and musical instruments. The services they wanted are doctor visits, music lessons, dancing classes, and training at the gym.]*
4. It is important to prioritize wants (i.e. deciding which things are more important.) Do you think some of these goods and services were more important than others? If so, which ones and why? *[Possible answers: The doctor services and medicine for Dana were important because she was sick and they wanted her to get well. It was also important that Dudley get training for his future. And the family was really getting big so they wanted a larger castle to live in.]*

Scarcity:

2.9	The student will explain that scarcity, limited resources, requires people to make choices about producing and consuming goods and services.
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5. The concept of scarcity recognizes that productive resources (natural, human and capital resources) are limited. Therefore people can't have all the goods and services they want; as a result they must choose some things and give up others. The Dragon family could not have everything they wanted. Why can't everyone in the world have everything they want? *[Possible answer: There are not enough resources in the world for everyone to get everything they want. For example, there is not enough land in the US for every family to have a 1,000 acre ranch. There are not enough teachers for every student to have their own teacher. There are not*

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enough beaches for everyone in the US to live on a beach. Trees are scarce. Trees that are used to make paper cannot be used to build houses. A worker's labor is scarce; he cannot use the same hour painting a house and fixing the plumbing. Because resources are scarce, choices must be made about how to use them. Students may say that money is a resource. Money is not a resource; money is used to pay for resources.)

Opportunity Cost:

3.9	The student will identify examples of making an economic choice and will explain the idea of opportunity cost (what is given up when making a choice).
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6. Since people can't have everything they want, they have to make choices. What they give up when they make the choice is called their opportunity cost. Suppose Donald wanted to be on both the football team and the golf team, but, they both practice at the same time. He can't do both. If he chooses football, what is his opportunity cost? *[Answer: Being on the golf team would be Donald's opportunity cost. Opportunity cost is what we give up. It is our next best choice.]* When the Dragon family builds their new castle, their opportunity cost will be quite high; they will be giving up all of the things they **would** have bought with the money they spent building the castle and all of the things they **would** have done while they were working on the castle.
7. Did you ever make a choice? What was your opportunity cost? [Answers will vary: Note- Remind the students that when they make a choice their opportunity cost is the **next best thing** they give up, not every other thing they might have selected.]

Money :

K.7b	The student will explain that people work to earn money to buy the things they want
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8. People often use money to buy the goods and services they want. People work to earn money. What was one of the jobs that Dilroy did to earn money? *[Possible answer: He helped to keep the valley heated in the winter.]* What were some of the goods that Dilroy wanted to buy? *[Possible answers: a golf club or a motor for his boat (page 2).]*

Savings:

1.9	The student will recognize that people save money for the future to purchase goods and services.
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9. Dilroy and Diana Dragon had saved some money from last winter. What does saving mean? *[Possible answer: Saving is putting aside money in the present to use in the future.]*
10. When people choose not to spend so much money, they are able to save more. How did the Dragon family do this? *[Possible answers: They decided to use the same refrigerator, stove, and furniture that they had in their first castle, instead of buying new ones. They decided to reuse the old stones so that they would not have to buy as many new ones.]*

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Producers & Consumers (Jobs):

K.6	The student will match simple descriptions of work that people do with the names of those jobs.
K.7b	The student will explain that people work to earn money to buy the things they want.
1.7	The student will explain the difference between goods and services and describe how people are consumers and producers of goods and services.

11. Dilroy Dragon was a worker, or producer, who earned money for his family to buy the things they want. What job did he do to earn the family income? Did he produce a good or a service? *[Possible answers: Dilroy kept the valley heated with his fire-breathing ability. He supplied a service to the people in the valley.]*

Productive Resources:

2.7	The student will describe natural resources (water, soil, wood, and coal), human resources (people at work), and capital resources (machines, tools, and buildings).
2.9	The student will explain that scarcity (limited resources) requires people to make choices about producing and consuming goods and services.

12. Workers must have resources in order to produce goods and services. Natural resources are the “gifts of nature” –that exist in nature--and can be used to produce goods and services. Capital resources are goods such as tools, machines, equipment, and buildings that are made by people, and are used to produce goods and services. Human resources include the effort and abilities of people, used in the production of goods and services. What productive resources did the Dragon family use to build the castle? *[Possible answers: Their resources included natural resources, such as the stones; capital resources, such as paint brushes, shovels, and wheelbarrows; and human resources, such as members of the Dragon family, and other workers, like builders and plumbers.]*

Specialization:

3.8	The student will recognize that because people and regions cannot produce everything they want, they specialize in producing some things and trade for the rest.
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13. What were some of the jobs that the Dragon family did to produce the new castle/house? *[Possible answers: They cleaned the old stones and painted them. Also, Diana made curtains.]*
14. Some people have special skills and do only one special part of a whole job. How did Dilroy and Diana decide who would do what job when building the new castle? What special skills did the Dragon family have? *[Possible answers: They let everyone do what they knew how to do, or the special things they did best. Dilroy could lift stones since he was very strong. Diana could make curtains, since she knew how to sew. The children also had special jobs to do.]*
15. Why did they want other special workers to help build the home? Who were the other workers that Dilroy said they wanted? Can you think of more workers that they might want? *[Possible answers: They planned to hire other workers when these people had specialized skills the family did not have. Dilroy said they would want to hire builders and plumbers. They might also want to hire electricians, roofers, etc. It takes many workers doing many specialized jobs to produce a house.]*

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Economic Wants, Choice and Scarcity

Lesson I

The Dragon Family Makes a Choice

Lesson Description: People cannot have all of the goods and services they want because the world’s resources are limited (scarcity). In this lesson, students are presented with various situations in which the Dragon family cannot have everything it wants. In groups, students collectively help the Dragons decide how to prioritize their wants.

Grade Level: 2-4

Time Required: 30-35 minutes

Economic Concepts:

- **Choice-** Making a single selection among all available alternatives.
- **Decision Making-** The act of making an opinion or judgment after consideration.
- **Opportunity Cost-** the next best choice that is given up when a decision is made
- **Productive Resources-** The natural, human, and capital resources used to produce goods and services.
- **Scarcity-** not being able to meet all wants because resources are limited. People must make economic choices because resources and goods and services are scarce (limited).
- **Wants-** things people would like to have; wants include basic needs such as food, clothing, and shelter. People cannot have everything they want.

Virginia Standards of Learning:

K.7a	The student will recognize that people make choices because they cannot have everything they want.
1.8	The student will explain that people make choices because they cannot have everything they want.
2.9	The student will explain that scarcity, limited resources, requires people to make choices about producing and consuming goods and services.
3.9	The student will identify examples of making an economic choice and will explain the idea of opportunity cost (what is given up when making a choice)

Objectives:

- The student will define scarcity and opportunity cost.
- The student will participate in a group decision-making activity that allows them to understand that people cannot have everything they want so choices must be made.
- The student will articulate the reason a specific choice was made.

Materials:

- Copy of the *Dragons Decide* coloring book for reference
- Visual-*The Dragon Family Makes a Choice*
- Decision Card for each group of students (run off on card stock and cut out)
- Activity sheet for each group
- Writing tools

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Procedure:

1. Prepare and collect materials prior to class.
2. Begin the lesson by reading *Dragons Decide: A Free Enterprise Coloring Book* to the students. (Even if this is an extension lesson, and the students have already heard the story, you may wish to read it again. Reviewing the story's contents will help the students and reading it out to them only takes three minutes.)
3. Introduce the main concept in the lesson by defining scarcity as the inability to satisfy all wants at the same time. Remind students that, throughout the story, the Dragon Family members can't have everything they want; thus they have to make decisions along the way. Ask for examples and identify the wants, limited resources, and the decisions made. Example: They wanted a new stove but decided to keep the old one to save money.
4. Display the visual. Review its contents with the students. Inform the students that they will be creating a similar document using a different situation.
5. Divide the class into pairs or small groups. Pass out a decision card, writing tools, and an activity sheet to each group. Each group will need a recorder and presenter. Remind students to work as a team and make the economic choice by consensus.
6. Encourage each group to share their decision card with the class, along with the completed decision grid. What is limited in each of the eight decision cards is suggested as follows:

Decision #1 – savings

Decision #2 – time

Decision #3 – space

Decision # 4- tools/capital

Decision #5 - stones

Decision #6 - labor

Decision #7- material

Decision #8- time

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Content Connections:

- **Children’s Literature-** Read *Almost Zero: A Dyamonde Daniel Book* (Nikki Grimes, G.P. Putnam, 2010) to the students. In this story outspoken third-grader Dyamonde Daniel is involved an agonizing lesson about true needs. Award-winning author Nikki Grimes has built an engaging story around relatable characters experiencing economic life lessons.

- **Online Resources-**An interactive lesson based on Jan Brett’s book *The Mitten* can be found on the EconEdLink website. This folktale is about a little boy whose grandmother knits him a pair of snow-white mittens. While the boy is outside playing, he loses one of the mittens and some animals find it and move in thinking that it looks warm and would make a good home. The events of the story illustrate the concept of scarcity of space.
<http://www.econedlink.org/lessons/index.php?lid=726&type=educator>

- **Music-** Make a visual of the “Oh Scarcity” song and display it in the classroom. Teach the lyrics to the students and sing it as a class when waiting in line to go to lunch, recess, the library, etc.

Oh Scarcity!

(Tune: *Oh, Christmas Tree*)

Oh, Scarcity! Oh, Scarcity!
We can’t have all the things we want.
Oh, Scarcity! Oh, Scarcity!
We cannot have it all.
We really want a lot of stuff.
But sometimes there’s just not enough.
Oh, Scarcity! Oh, Scarcity!
We cannot have it all.

From: The Econ Song Book: Old Tunes with an Economics Twist © 1997
Martha C. Hopkins, James Madison University Center for Economic Education

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Visual-

The Dragon Family Makes a Choice

Sample Decision Card



The Dragon family is growing and their old castle is too small. They would like to buy a bigger home but do not have enough savings.

What should they do?

What does the Dragon Family want? A bigger castle

What is the problem? How to get a home with more space.

Ideas for Solving the problem	Benefits (advantages)	Costs (things given up; disadvantages)
1. The Dragon family could build a new castle with recycled materials and reused appliances.	They would save the money needed to buy new materials and appliances.	They would have to and give up the benefits of new appliances.
2. The Dragon family children could all get afterschool jobs to help earn more money.	More money would enable them to build a bigger castle	They would have to give up their after-school activities and their grades may fall because they do not have time to study.
3. Dilroy and Diana could borrow the money from the bank to build a bigger castle.	They would have the money needed for a new castle.	They would have to pay the bank back plus even more money than they borrowed. (This is called "interest".) While they were paying the loan back they would have to give up buying other things they wanted.
4. Send the children to live with their grandparents.	There would be fewer people living in the castle.	Splitting the family up is not a good idea because they would miss each other too much!

What are your favorite two ideas?

IDEA 1 -Reusing and Recycling & IDEA 3- Borrowing money from the bank

Which one is the very favorite? *(The economic choice)*

IDEA 1 -Reusing and Recycling

Which is the second favorite, the one given up? *(The opportunity cost)*

IDEA 3- Borrowing money from the bank

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Activity Sheet-

The Dragon Family Makes a Choice

Name(s): _____

Date: _____

What is the want on the Decision Making Card?

What is the problem? What is limited?

Ideas for Solving the problem	Benefits (advantages)	Costs (things given up; disadvantages)
1.		
2.		
3.		
4.		

What are your favorite two ideas?

1. _____
2. _____

Which one is the very favorite? (*The economic choice*)

Which is the second favorite, the one given up? (*The opportunity cost*)

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The Dragon Family Makes a Choice

Decision Cards

Decision 1



Dolly Dragon has been invited to a birthday party and wants to buy a new dress. The dress she wants costs \$20, but she has only saved \$10.

What should she choose to do?

Decision 2



Dilly Dragon wants to learn how to play the guitar and drums. Both guitar and drum lessons are offered at the same time after school – 4:00 p.m.

What should he choose to do?

Decision 3



The Dragon family has just moved into their new castle and would like to have a housewarming party for their family and friends. Their new home only holds 15 people comfortably, but they want to invite 30 people.

What should they choose to do?

Decision 4



Dana Dragon and her brother Donald are both working on an art project for school at the same time. The family only owns one pair of scissors and one box of crayons.

What should they choose to do?

Decision 5



The Dragon family wants to build its new castle from real stones rather than metal stones. The town mayor announced that the town's stone supply has run out because of all the new castles recently built.

What should the family choose to do?

Decision 6



Dudley Dragon has been trained as both a fire-giver to warm the village houses and a firefighter to help put out fires.

He loves both types of work and can't decide which one to do.

What should he choose to do?

Decision 7



Diana Dragon wants to sew the curtains for all the windows in the new castle. She would like the curtains to be long and go all the way to the floor. Unfortunately, she does not have enough material.

What should she choose to do?

Decision 8



Dilroy Dragon would like to play golf with his friends on Saturday afternoon. However, this is the only time all week that his wife and all of his children can get together for a family picnic.

What should he choose to do?

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Choices and Opportunity Cost

Lesson II

Dragons' Decisions

Lesson Description: The Dragon family can't have everything they want and must make choices about what wants to satisfy. The thing they want the most is a bigger castle. They are going to have to give up some other goods and services to have enough money to purchase a larger castle. Using the Dragon family's dilemma, students discover that when a decision is made, an opportunity cost is incurred. They understand that the opportunity cost is the next best alternative that must be given up when making a choice.

Grade Level: K-3

Time Required: 20-30 minutes

Economic Concepts:

- **Choice-** The chance to select or decide. The thing that is chosen.
- **Opportunity Cost-** - the next best choice that is given up when a decision is made
- **Scarcity** –not being able to meet all wants because resources are limited. People must make economic choices because resources and goods and services are scarce (limited).
- **Wants** – things people would like to have; includes basic needs such as food, clothing, and shelter. People cannot have everything they want.

Virginia Standards of Learning:

K.7a	The student will recognize that people make choices because they cannot have everything they want.
1.7	The student will explain the difference between goods and services and describe how people are consumers and producers of goods and services.
1.8	The student will explain that people make choices because they cannot have everything they want.
1.9	The student will recognize that people save money for the future to purchase goods and services.
2.9	The student will explain that scarcity, limited resources, requires choices to be made because resources are limited.
3.9	The student will identify examples of making an economic choice and will explain the idea of opportunity cost (what is given up when making a choice).

Objectives:

- The student will understand that the condition of scarcity requires choices to be made because resources, including how we use our time, are limited.
- People make choices because they can't have everything they want.
- The student will be able to identify the opportunity cost of a choice.

Materials:

- Visual – Making a Choice
- Activity sheets – (three on the page- will need to be cut)
- Opportunity Cost Cards- (run off on card stock)
- Envelopes for Opportunity Cost Cards (standard size works well)
- Student assessment worksheet
- Transparency marker
- Copy of *Dragons Decide: A Free Enterprise Coloring* book for reference

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Procedure:

1. Prepare the visual and opportunity cost cards ahead of time. The cards work well when run off on card stock. Card sets may be placed in envelopes to facilitate ease of distribution and organization.
2. Display the visual. Read the introduction to the students. Then ask them to vote, using show of hands, as to what they think Dilly might do with his hour of free time. Tally the results and record them on the transparency. Stress to the students that the most voted on option is Dilly's choice and that the option that came in second is his opportunity cost. Define opportunity cost as *what is given up when a choice is made. When deciding how to spend a resource it is one's second best alternative; the alternative given up.* In other words this is the thing he would choose to do if the he could not do the one that came in first.
3. Distribute prepared activity sheets and opportunity cost cards. Students may work in pairs or small groups.
4. Review information required for the completion of the activity sheets. Instruct students to open their envelopes, read the information on the cards, and select the card that they think is the most appropriate. The students are then to fill out the activity sheets.
5. Discuss the choices the students recorded on their answer sheets. Stress to the students that there are no right or wrong answers as they were pretending to be Dilly and making a choice for him. Encourage students to defend their decisions as this reinforces the concept of choice.
6. Check for understanding by either using the Opportunity Cost Worksheet as a homework assignment or assessment tool. Possible answers include: 1. A. *Watching a cartoon.* B. *No, In this case Dolly is giving watching a cartoon on TV, which is her second choice.* 2. *Rankings will vary.* 3. *Answers will vary.* 4. *Probably the answers will be different because Dolly is not making the choices and she is a fictional character.* 5. *Opportunity cost is the best alternative you give up when you make a choice.*

Content Connections:

Art: Duplicate pages 5 & 6 (front-to-back) of the pictures of Dilly and Dolly in the *Dragons Decide: A Free Enterprise Coloring Book*. Distribute copies, along with crayons, to the students. (Do not use makers as they may bleed through the paper.) Instruct the students to color the dragons to the best of their ability. When the students are finished, inform the students they must choose one of their dragons to cut out for display. Explain that the side that is destroyed is their opportunity cost. Display the students' art work on a bulletin board titled "Art-Choice-Opportunity Cost".

- **Children's Literature:** *So Few of Me* (Peter Reynolds, Candlewick, 2006) is a lighthearted fable that tells the tale of young Leo and his overscheduled life. It seems there never is enough time! The Federal Reserve Bank in St. Louis has developed a lesson based on this book where students learn about scarcity, alternatives, choices, and opportunity cost and in which the class participates in an activity to help with the scheduling at summer camp. The lesson can be found at this address:

http://www.stlouisfed.org/education_resources/assets/lesson_plans/SoFewOfMe.pdf

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- **Music:** Display a visual of the song below and review the words and their meanings with the students. Inform the class that any student or group of students who would like to sing the song in front of the class will get to pick a prize from the class prize box. Be sure to reinforce the featured economic concept by asking the students to identify their opportunity cost when they select their prize.

Oh Give Me a Choice

(Tune: *Home on the Range*)

Oh give me a choice,
Oh, a difficult choice,
And I'll think about what I could use.
I'll have to decide,
With my eyes open wide,
What I'll give up and what I will choose.
Opportunity cost!
It's the thing you give up when you choose.
It's the price that is paid
When a choice must be made.
It's the thing that I surely will lose.

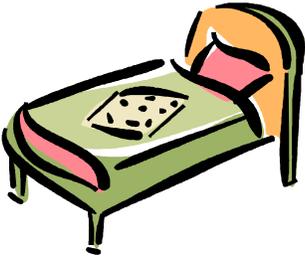
The Econ Song Book: Old Tunes with an Economics Twist © 1997
Martha C. Hopkins, James Madison University Center for Economic Education

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Visual-

Making a Choice

Dilly has an hour of free time.
What do you think he should do?

Choice	Tally
 <p data-bbox="548 842 886 884">Practice the Guitar</p>	
 <p data-bbox="618 1283 816 1325">Take a Nap</p>	
 <p data-bbox="581 1696 854 1738">Listen to Music</p>	

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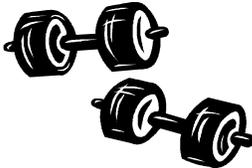
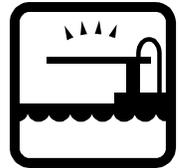
Opportunity Cost Cards-

The Dragon Kids Make a Choice Activity Cards

What would Donald do with his football?

<p style="text-align: center;">What would Donald do with his football?</p> <div style="text-align: center;">  </div> <p style="text-align: center;">Use it to play football with his friends.</p>	<p style="text-align: center;">What would Donald do with his football?</p> <div style="text-align: center;">  </div> <p style="text-align: center;">Sell it at a yard sale.</p>	<p style="text-align: center;">What would Donald do with his football?</p> <div style="text-align: center;">  </div> <p style="text-align: center;">Trade it for a book.</p>
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What would Dudley do for 20 minutes at the gym?

<p style="text-align: center;">What would Dudley do for 20 minutes at the gym?</p> <div style="text-align: center;">  </div> <p style="text-align: center;">Lift weights.</p>	<p style="text-align: center;">What would Dudley do for 20 minutes at the gym?</p> <div style="text-align: center;">  </div> <p style="text-align: center;">Walk on the treadmill.</p>	<p style="text-align: center;">What would Dudley do for 20 minutes at the gym?</p> <div style="text-align: center;">  </div> <p style="text-align: center;">Swim in the pool.</p>
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What one type of music would Dolly select for her dance recital?

<p style="text-align: center;">What one type of music would Dolly select for her dance recital?</p> <div style="text-align: center;">  </div> <p style="text-align: center;">Jazz</p>	<p style="text-align: center;">What one type of music would Dolly select for her dance recital?</p> <div style="text-align: center;">  </div> <p style="text-align: center;">Classical</p>	<p style="text-align: center;">What one type of music would Dolly select for her dance recital?</p> <div style="text-align: center;">  </div> <p style="text-align: center;">Choir</p>
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Activity Sheet-

Name(s): _____

Making a Choice--Opportunity Cost

The question on your cards is: _____.

The choice you think would be made is: _____.

You think the opportunity cost would be: _____.

Extra credit: Can you think of another alternative you could make concerning the question on your card?

Name(s): _____

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Student Assessment -

Opportunity Cost Worksheet



1. Dolly Dragon has 30 minutes to do something fun with the small dragons she is babysitting before she puts them to bed. She can read them a favorite story from a book, turn on the TV and watch a cartoon, or play tag in the backyard. She decides reading a book would be the best thing to do before bedtime. Her second choice was watching TV and the third choice was playing tag outside.

A. What is the opportunity cost of her decision to read a story from a book?

B. Can Dolly's opportunity cost be watching TV and playing tag? _____
Why or why not? _____



2. Dilly Dragon received \$10.00 from his favorite aunt for his birthday. He loves music. Each of the following items costs \$10.00. Rank these items in the order. Putting 1 in front of the first one, 2 in front of the second one, and 3 in front of the third one.

____ Download ten songs
____ Some new strings for his guitar
____ A pair of drum sticks that are on sale for a very good price

3. According to your list, what is Dilly's opportunity cost for his first choice?

4. Might other students in your class make other choices for Dilly? _____

Why is this so? _____

5. In your own words, write what opportunity cost means.

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Saving
Lesson III

The Dragon Family Saves and Earns

Lesson Description: The Dragon Family doesn't have enough income and savings to buy all of the things they want. As a result, they have to make choices. In this activity, students discover that making choices is difficult. Deciding when to save and when to spend can take some serious thought.

Grade Level: K-3

Time Required: 15-20 minutes

Economic Concepts:

- **Decision Making-** The act of making a choice or judgment after consideration.
- **Money-** What people use to buy the things they want. Paper bills and coins are examples of money. Paper bills and coins are used to pay for goods and services. Coins, paper bills, and checks used in exchange for goods and
- **Income** – People work to earn money.
- **Opportunity Cost-** the next best choice that is given up when a decision is made
- **Savings-** money not spent now so it can be spent in the future. People save to buy something later when they have enough money.
- **Wants-** things people would like to have; includes basic needs such as food, clothing, and shelter. People cannot have everything they want.

Virginia Standards of Learning:

K.7a	The student will recognize that people make choices because they cannot have everything they want.
K.7b	The student will explain that people work to earn money to buy the things they want.
1.8	The student will explain that people make choices because they cannot have everything they want..
1.9	The student will recognize that people save money for the future to purchase goods and services.

Objectives:

- The student will define money and saving.
- The student will participate in a decision-making classroom activity.

Materials:

- Save or Spend Cards- Run off on card stock and cut out
- Chart paper or display board
- Copy of *Dragon's Decide: A Free Enterprise Coloring Book* for reference

Procedure:

1. Prepare the materials prior to class.
2. Introduce the lesson by reminding students that people work to earn income. The money from their income is not enough to buy all of the things they want right away. People often save

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money to buy something big like a house, or in this case a castle. If they find ways to save on the cost of building the castle or earn more money, they may be able to afford to build the bigger castle they want. The Dragon family made some choices so the bigger castle didn't cost as much. They used their same refrigerator, stove and furniture. They also reused as many of the old stones as they could. The Dragon family also saved enough of their income to buy the other things they wanted. (If necessary, reread the book. This will only take three minutes.)

3. Divide the students into nine groups. Give each group a Save or Spend card. Tell the class to pretend that the Dilroy Dragon has received a bonus check from his place of work and the family must decide what to do with it. They also have an opportunity to earn extra money as a family working in the community park. Instruct them to discuss what is occurring on the card and decide if the Dragon family should save or spend money in this situation.
4. Draw a quick chart with the headings "SAVE" and "SPEND."
5. Ask groups to volunteer the information on their cards with the class and state if they think it would be better to save or spend in this situation. Record their solution on the chart. Total the possible amount of savings and spending. While the students' solutions may differ, the completed chart might look like this:

SAVINGS PLUS EXTRA EARNINGS		SPEND	
#1 Dilly's guitar lessons	\$30.00	#2 Food	\$100.00
# 3 Park Work (earning)	150.00	#5 Medicine	25.00
# 4 Gym Membership	80.00	#6 Electric Bill	120.00
#7 Football Equipment	50.00	# 9 Dolly's Glasses	75.00
# 8 Movie Tickets	70.00		
TOTAL SAVING:	\$380.00	TOTAL SPENDING:	\$320.00

6. Discuss the fact that families always have to make choices. If the Dragon family chooses to buy all of the things on their list, they may end up with a smaller castle than they want. They can either earn more money (park work) or give up some of the things they want. There are no right answers. Families may weigh their priorities and make different choices. Most people would likely give high priority to food, medicine, electricity and glasses. On the other hand they might choose to cut back on food and their use of electricity next month and save. They might think that football equipment is important to get that football scholarship for Donald. And if Dilly turned out to be the next American Idol, spending money for his music lessons would prove to be a great investment. Again, families weigh the costs and benefits of each choice and decide. People have different priorities.

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Content Connections:

- **Children’s Literature-** Students may enjoy reading *The Pickle Patch Bathtub* (Frances Kennedy, Tricycle Press, 2004) which takes place in 1925 and tells the tale of young Donna Delle who would like to replace the family’s old washtub with a “real” bathtub. Her hardworking parents are too busy making ends meet on the farm so it’s up to Donna Delle to find a solution. After months of hard work she earns and saves enough money to accomplish her goal. The Federal Reserve Bank has an online lesson based on this book. In this lesson, students learn about opportunity cost, saving, savings goals and a savings plan. Students will develop savings plans that lead to their own savings goals.
<http://www.philadelphiafed.org/education/teachers/lesson-plans/pickle-patch-bathtub.pdf>
LibrarySparks also has an online economics lesson based on *The Pickle Patch Bathtub*.
http://www.highsmith.com/pdf/librarysparks/2007/lsp_mar07_lessons.pdf
- **Music:** Teach the students the following songs to reinforce the importance of saving.

Spending and Saving

(Tune: *On Top of Old Smoky*)

Keep spending your money; get something this way.
The value is small but you’ll have it today!
Start saving your money; get something this way.
The value is great and you’ll get it some day!

The Econ Song Book: Old Tunes with an Economics Twist © 1997
Martha C. Hopkins, James Madison University Center for Economic Education

~-----~

Saving Song

(Tune: *Sailing, Sailing, Over the Bounding Main*)

Saving, saving
To pay for our heart’s desires.
We really tried
To put aside
The money it requires.
Saving, saving
To pay for emergencies.
When things get tough
We’ll have enough
To pay for lots of these.

The Stock Market Song Book: Old Tunes with an Economics Twist
Suzanne Gallagher and Martha Hopkins © 2006 EconFun, LLC www.econ-fun.com

- **Online Lesson-** In this interactive lesson, published by EconEdLink, the students are asked if they have ever wanted to buy something but didn’t have enough money. The students will identify the steps to being a successful saver and learn how saving for tomorrow requires giving something up today. <http://www.econedlink.org/lessons/index.php?lid=414&type=educator>

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Activity-

Save, Earn, or Spend Cards

<p>1. Dilly wants to take a guitar lesson that cost \$30.00.</p> <p>What do you think the family should do?</p> <p><i>Spend the money for Dilly's music lesson?</i> or <i>Save the money for the new castle?</i></p>	<p>2. There is very little food in the castle.</p> <p>What do you think the family should do?</p> <p><i>Spend \$100.00 for food to eat?</i> or <i>Save the money for the new castle?</i></p>	<p>3. The family has a chance to earn \$150.00 cleaning up the community park.</p> <p>What do you think the family should do?</p> <p><i>Spend their time working?</i> or <i>Spend their time having a picnic in the park?</i></p>
<p>4. Dudley wants to buy a membership at a new gym for \$80.00.</p> <p>What do you think the family should do?</p> <p><i>Spend the money for Dudley's membership?</i> or <i>Save the money for the new castle?</i></p>	<p>5. Dana is very sick. The medicine costs \$25.00</p> <p>What do you think the family should do?</p> <p><i>Spend the money for Dana's medicine?</i> or <i>Save the money for the new castle?</i></p>	<p>6. The Dragon Family's electric bill for \$120.00 is due. What do you think the family should do?</p> <p><i>Spend the money to pay the electric bill?</i> or <i>Save the money for the new castle?</i></p>
<p>7. Donald wants new football equipment that costs \$50.00.</p> <p>What do you think the family should do?</p> <p><i>Spend the money for Donald's equipment?</i> or <i>Save the money for the new castle?</i></p>	<p>8. The family would like to go to the movies. The tickets will cost \$70.00</p> <p>What do you think the family should do?</p> <p><i>Spend the money for the movie?</i> or <i>Save the money for the new castle?</i></p>	<p>9. Dolly's glasses are broken and she needs new ones. They will cost \$75.00</p> <p>What do you think the family should do?</p> <p><i>Spend the money on Dolly's new glasses?</i> or <i>Save the money for the new castle?</i></p>

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Productive Resources

Lesson IV

Natural, Human, and Capital Resources

Lesson Description: The Dragon family is ready to build a bigger castle. They are going to use productive resources to accomplish this task. Remind students that the world’s resources are scarce, so it is important to use them wisely. One way of doing this is by recycling. The students will learn how to identify natural, human, and capital resources as they participate in a sorting activity.

Grade Level: K-3

Time Required: 20-30 minutes

Economic Concepts:

- **Capital Resources** - goods made by people and used to produce other goods and services (hammers, computers, trucks, lawn mowers, factory buildings, machines, tools)
- **Human Resources** – people working to produce goods and services (farmers, miners, builders, teachers, firemen, cooks, doctors, painters)
- **Natural Resources** – materials that come directly from nature (water, soil, trees, coal)
- **Productive Resources**- The natural, human, and capital resources used to produce goods and services
- **Scarcity** - not being able to meet all wants at the same time because resources are limited. People must make economic choices because resources and goods and services are scarce (limited).

Virginia Standards of Learning:

2.7	The student will describe natural resources (water, soil, wood, and coal), human resources (people at work), and capital resources (machines, tools, and buildings).
2.9	The student will explain that scarcity,limited resources, requires people to make choices about producing and consuming goods and services.

Objectives:

- The student will be able to define productive resources as natural resources (water, soil, wood, and coal), human resources (people at work), and capital resources (machines, tools, and buildings).
- The student will be able to place specific productive resources in the correct category.
- The student will be able to explain that recycling is important because the world’s resources are scarce and recycling saves resources.

Materials:

- Resource Poster Cards
- Student Resource Game Cards (Run off on card stock and cut out)
- Tape
- Copy of *Dragons Decide: A Free Enterprise Book* for reference

Dragons Decide

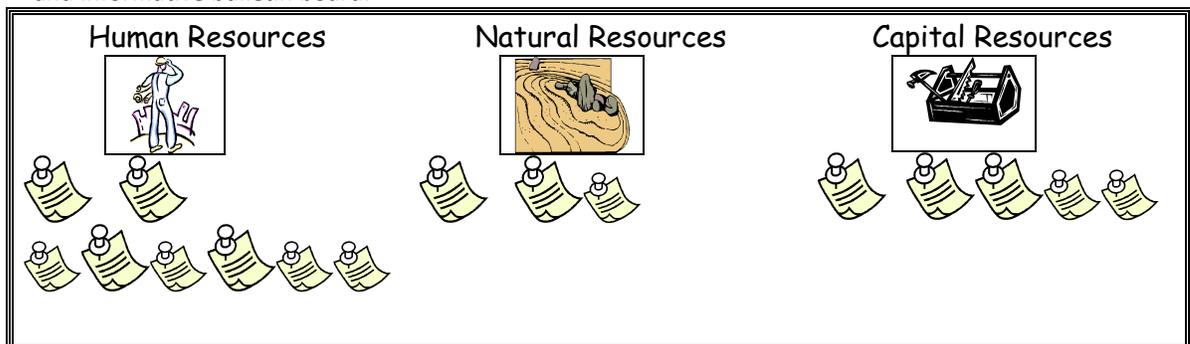
A Free Enterprise Coloring Book

Procedure:

1. Prepare materials prior to class.
2. Introduce the lesson by reviewing the story in *Dragons Decide*. Ask the students what resources the Dragon family will use to build their new castle. [Possible Answers: workers, tools, building supplies] Explain to the students that, while the Dragon family may not be the typical human family, they still use the same productive resources to build a new house. Hold up each resource card and ask the students to define, using the pictures as clues, what each productive resource is. **Human Resources-** people who work, **Natural Resources-** gifts from nature, **Capital Resources-** Tools, buildings and machines.
3. Explain that resources are used to make all the things we use. Look at examples in the classroom. Resources are scarce—that means they are limited. When they are used for one thing, they cannot be used for something else. There are not enough resources for everyone to have everything they want. Thus we want to use resources wisely. How did the Dragon family save resources when they used stones in their house? (Answer: They recycled stones from the old house.) Explain that the purpose of recycling is to save resources. Take each of the Resource Poster Cards and tape them in various sections of the classroom.
4. Distribute a resource game card to each student. Ask them to think about what productive resource their small card represents.
5. Instruct the students to move to the displayed resource card poster that best defines their card. Once there, they are to consult with the other members of their group to make sure that they are in the correct resource group. If they are in the wrong group, they should quickly relocate.
6. Inform the students that once each group is confident that the cards in their area are correct, they may shout the type of resource they have and then quickly sit down near their poster. (Thus turning the activity into a competition.)
7. Check for understanding by asking each to explain what their resource game cards have in common.
8. Ask the students to return their cards to you as they go back to their seats. If time allows consider introducing one of the following Content Connections.

Content Connections:

- **Art-** The Resource Poster Cards and student drawn examples of productive resources make a creative and informative bulletin board.



- **Children’s Literature-** Students will enjoy reading *Strega Nona’s Harvest* (Tomie dePaola, Putnam, 2009) as they learn how Strega Nona (human resource) uses her garden tools (capital resources) to create an exceptional crop of vegetables (natural resources). The story provides

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silliness when Big Anthony tries to copy Strega Nora's planting style and unforeseen events occur.

- **Extension Card Activities- (Using multiple sets of the Productive Resource Game Cards)**
Concentration: Students play a matching game with a partner. Each pair receives a double pack of cards which they are to shuffle together and spread face down on the table or floor. The first player turns over two cards. If they match, the cards are kept and the player takes another turn. If they do not match, the cards are turned back over in the same place. Using the same procedure, the second player takes a turn. Play continues until all the card pairs have been collected. The player with the most cards is the winner.
Categories: Students sort cards into various categories. Each student or group receives a set of cards and sorts them into preselected categories. Allow students to compare their selections and discuss their decisions for card placement. Possible categories include:
 - **Economics** – Natural, Human, and Capital Resources
 - **Size**– Small, Medium and Large
 - **Reading Comprehension** – Things used to build the new castle and things used by the Dragon family
- **Music**-The students will enjoy learning the following song. They may wish to practice and sing it for another class. Thus, they will be using their human resources to teach others economic concepts.

We've Been Working on Production

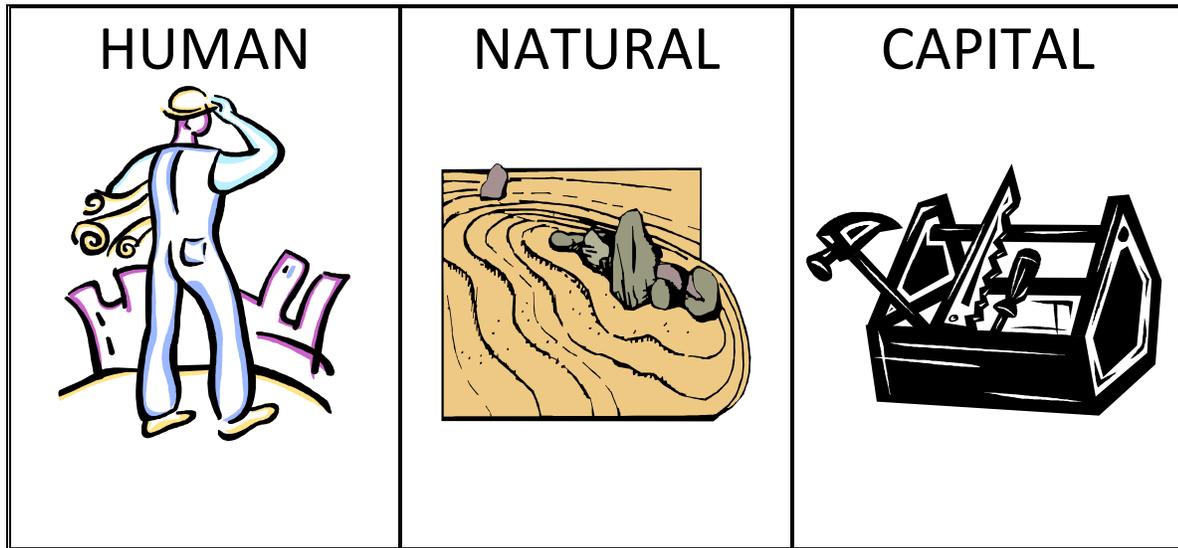
(Tune: *I've Been Working on the Railroad*)

We've been working on production,
All the livelong day.
We've been working on production,
Just to make some goods this way.
We use natural resources,
Such as land, and oil, and trees.
We use capital resources,
Such as tools and factories.
Now we will work!
Now we will work!
When we use our human resource.
Now we will work!
Now we will work!
We use our human resource.

The Econ Song Book: Old Tunes with an Economics Twist © 1997
Martha C. Hopkins, James Madison University Center for Economic Education

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Productive Resource Posters



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Student Resource Game Cards

 <p>Plumber</p>	 <p>Sewing Machine</p>	 <p>Flowers</p>
 <p>Builder</p>	 <p>Wheelbarrow</p>	 <p>Water</p>
 <p>Doctor</p>	 <p>Paint Brush</p>	 <p>Tree</p>
 <p>Dancer</p>	 <p>Shovel</p>	 <p>Stones</p>
 <p>Music Teacher</p>	 <p>Hammer</p>	 <p>Sun</p>

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Specialization

Lesson V

The Dragon Family Makes a Choice

Lesson Description: The Dragon family has skills. Diana is a seamstress, Dilroy is a builder, Dilly is a budding musician, and Dolly can dance. They specialize in the things that interest them. Students will learn about specialization and goods and services as they complete a grid in a group activity.

Grade Level: K-3

Time Required: 25-30 minutes

Economic Concepts:

- **Goods** – things that people make or use to satisfy needs and wants.
- **Interdependence**- Relying on others in an economic system, rather than being self-sufficient.
- **Services**- activities that satisfy people’s needs and wants.
- **Specialization**- Specialization occurs when people focus on the production of selected kinds of goods and services. Specialization encourages trade because people want goods and services that they do not have.

Virginia Standards of Learning:

K.6	The student will match descriptions of work that people do with the names of those jobs.
1.7	The student will explain the difference between goods and services and describe how people are and producers of goods and services.
3.8	The student will recognize that because people and regions cannot produce everything they want, they specialize in producing some things and trade for the rest.

Objectives:

- The student will define and understand the economic concepts of goods, services, interdependence, and specialization.
- The student will demonstrate understanding of these concepts by completing a grid activity sheet.

Materials:

- A Copy of *Dragons Decide: A Free Enterprise Coloring Book* for reference
- Visual- Specialization and Interdependence
- Activity sheet- The Dragon Family Specializes
- Writing tools
- Transparency maker

Procedure:

1. Prepare and collect materials prior to class.
2. Introduce the lesson by reminding the students that in the *Dragons Decide* story the Dragon family wants to build a bigger castle. (You may wish to reread the story; it only takes three minutes.)
3. Explain that interdependence is when people rely on each other because they cannot produce all the goods and services they want. When workers specialize they concentrate on creating

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specific goods or services. NOTE: You may wish to refer to page 13 of *Dragons Decide*. Here Dilroy speaks about specialization when he is talking about hiring a builder and a plumber.

4. Display the visual. Review and discuss the information on the grid. Fill in the answers. [**Possible responses:** 1. *The auto mechanic fixes maintains and fixes cars.* 2. *The chef cooks delicious food.* 3. *The auto mechanic works hard and wants to eat good food.* 4. *Yes, The chef wants to have a car that works well.* 5. *Answers will vary, but usually include the teacher who helps educate students.*]
5. Distribute the Interdependence and Specialization activity sheets and writing tools. Read the instructions at the top to the students. Students may work individually or in small groups.
6. Check for understanding. The correct answers are underlined and in bold. [*Fill in the blank answers:* 1. *Dudley* 2. *Dilroy* 3. *Dana or Dolly* 4. *Diana* 5. *Donald*]

Dragon	Job Title	What is Produced?	Good or Service?	What do consumers want?
Dilroy	Builder	<u>A Castle</u>	<u>Good</u>	Shelter
Diana	Seamstress	Dresses	<u>Good</u>	<u>Clothing</u>
Dilly	<u>Musician</u>	Rock-n-Roll Music	<u>Service</u>	Entertainment (The Arts)
Dolly	Physical Education Teacher	<u>Exercise Classes</u>	Service	Physical Fitness
Dudley	Heating Specialist	New and Improved Heaters for Homes	Good	<u>Warmth</u> <u>(Protection from Cold Weather)</u>
Donald	<u>Football Player</u>	Football Games	<u>Service</u>	Entertainment (Sports)
Dana	Doctor	Care for Sick People	<u>Service</u>	<u>Health</u>

7. Review the idea that the Dragon family members are specialists who depend on each other for specific goods and services.

Content Connection:

- **Music-** Make a visual of the “Buying and Selling” song and display it in the classroom. Teach the lyrics to the students and sing it as a class when waiting in line to go to lunch, recess, the library.

Buying and Selling

(Tune: *Row, Row, Row, Your Boat*)

Goods, goods, goods are things
That we make and use.
We’re buying and selling
And buying and selling
Any goods we choose

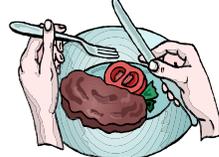
Services are things we do
That other people use.
We’re buying and selling
And buying and selling
Services that we choose.

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Visual

Specialization & Interdependence

Directions: Study the chart below and then answer the questions that follow.

Job Title	What is Produced?	Good or Service?	What do their consumers want?
Restaurant Chef 	Tasty Food 	Good 	Nutrition 
Auto Mechanic 	Car Repairs 	Service 	Safe Transportation 

The restaurant chef and the auto mechanic are professional workers, specializing in a particular job.

1. What does the auto mechanic do very well? _____
2. What does the chef specialize in? _____
3. Why might the auto mechanic want to consume the goods that the chef makes?

4. Would the chef ever depend on the auto mechanic services? _____
If so, how? _____
5. No one can produce all of the goods and services he wants to consume. Can you think of a specialist on whom you and your parents depend?

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Activity Sheet-

The Dragon Family Specializes

Pretend that the Dragon family has been living in their new castle for ten years. Diana and Dilroy have new jobs and the Dragon children have all gone to college and are specialists in jobs they really like.

PART I

Directions: Use the words in the word box below to fill in the blanks in this grid. The words “good” and “service” will be used several times.

Dragon	Job Title	What is Produced?	Good or Service?	What do their consumers want?
Dilroy	Builder			Shelter
Diana	Seamstress	Dresses		
Dilly		Rock-n-Roll Music		Entertainment (The Arts)
Dolly	Physical Education Teacher		Service	Physical Fitness
Dudley	Heating Specialist	New and Improved Heaters for Homes	Good	
Donald		Football Games		Entertainment (Sports)
Dana	Doctor	Care for Sick People		

Word Box		
Good	Warmth (Protection from Cold Weather)	Exercise Classes
Service	Health	Musician
Castles	Football Player	Clothing

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PART II

Use the information in the completed grid in Part I to answer these questions:

1. Dana depends on which specialist to help her keep her house warm?

2. Dilly depends on which specialist when he wants to build a new house?

3. Donald depends on which specialist to help him keep healthy?

4. Dolly depends on which specialist when she wants a new dress?

5. Dilroy depends on which specialist when he wants to watch a football game?
