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Summer Institute

Teaching Microeconomics Using Current Events

Presented by Amanda Stiglbauer
Blythewood High School
Blythewood, SC

July 12, 2022

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Objectives

- I can:
  - describe factors that cause changes in demand and supply.
  - evaluate how the COVID-19 pandemic and current economic conditions have impacted decision making and markets.

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DEMAND

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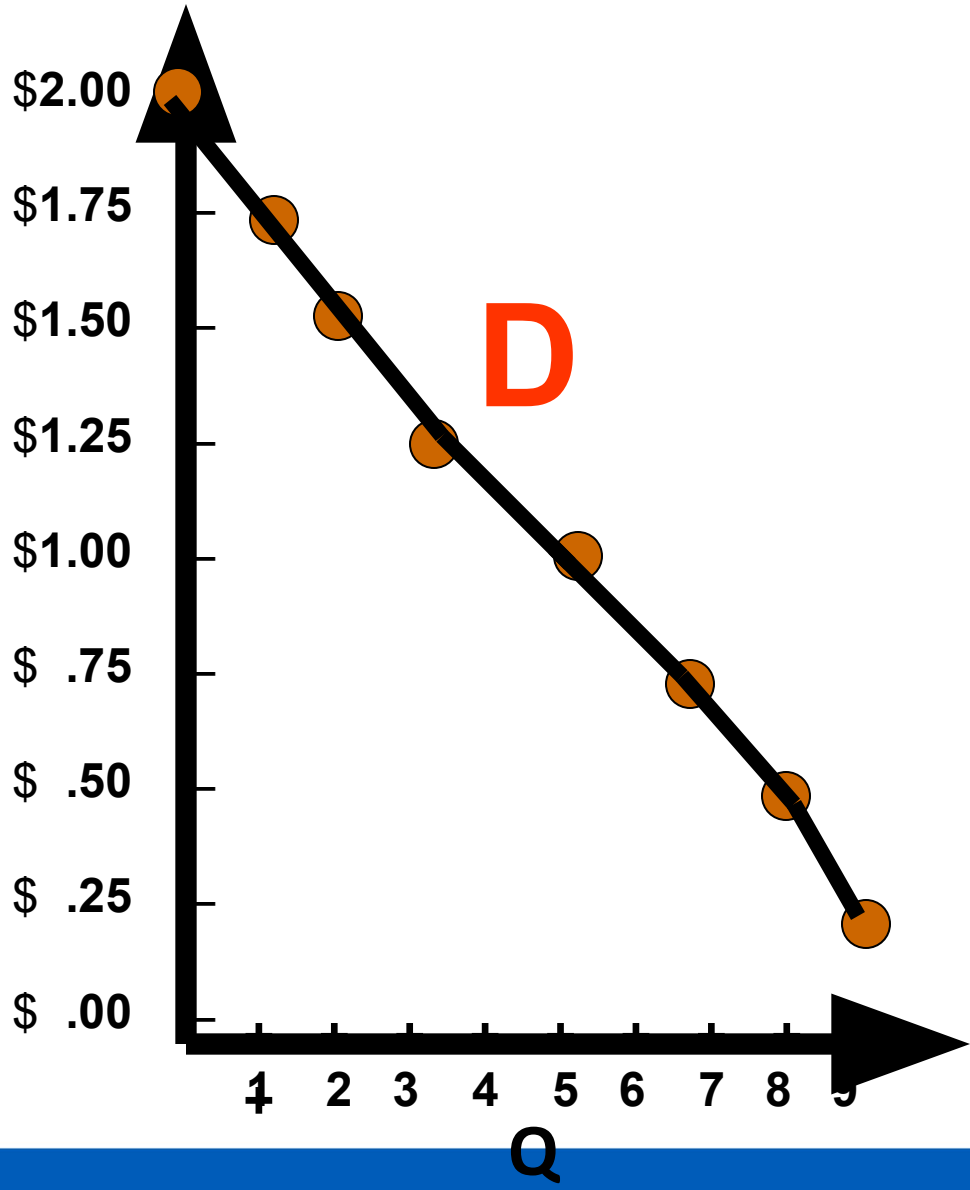
- **DEMAND**: The **WILLINGNESS** and **ABILITY** to buy a product at a given price.

- **THE LAW OF DEMAND**: The quantity demanded of a product varies **INVERSELY** with its price.



Concept Building

- **What would happen to the price and quantity of sunblock if summer suddenly became winter?**
- https://www.youtube.com/watch?v=y_w105aWPNY

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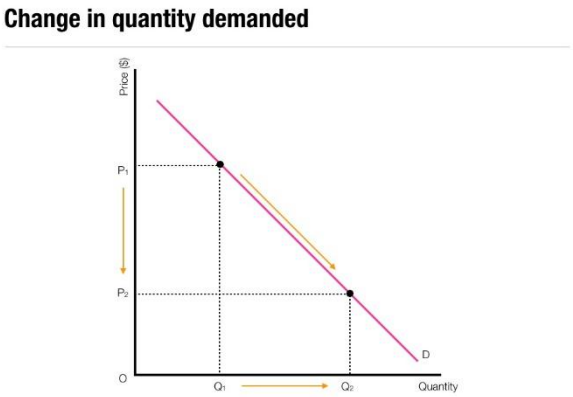
Changes in QUANTITY Demanded and Demand

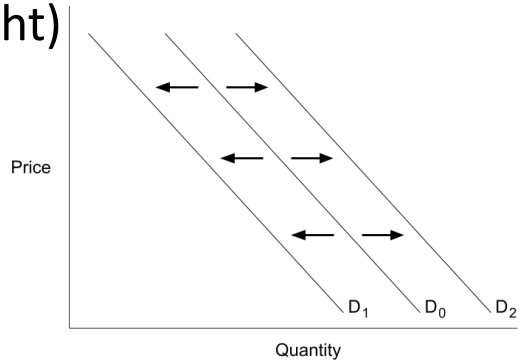
Quantity Demanded

- Only a change in PRICE can alter
- Movement along the SAME demand curve



Change in Demand

- caused by an outside factor, such as:
  - **T**astes, **I**ncome, **M**arket Size, **E**xpectations, **R**elated Goods (**TIMER**)
- shifts to a NEW demand curve (to the left or right)



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Alcohol Sales

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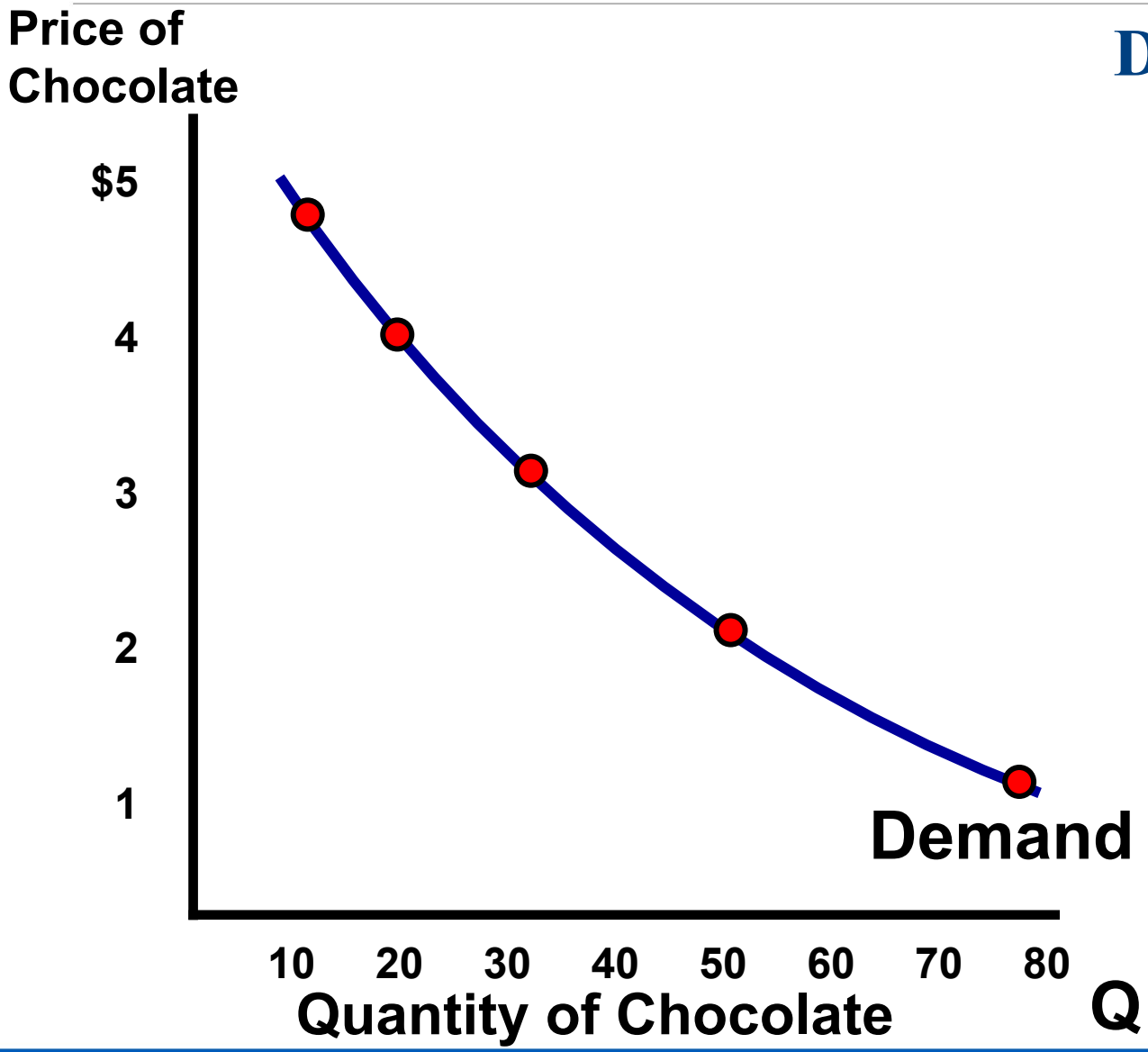

Demand Schedule

Price	Quantity Demanded
$5	10
$4	20
$3	30
$2	50
$1	80

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Change in Demand

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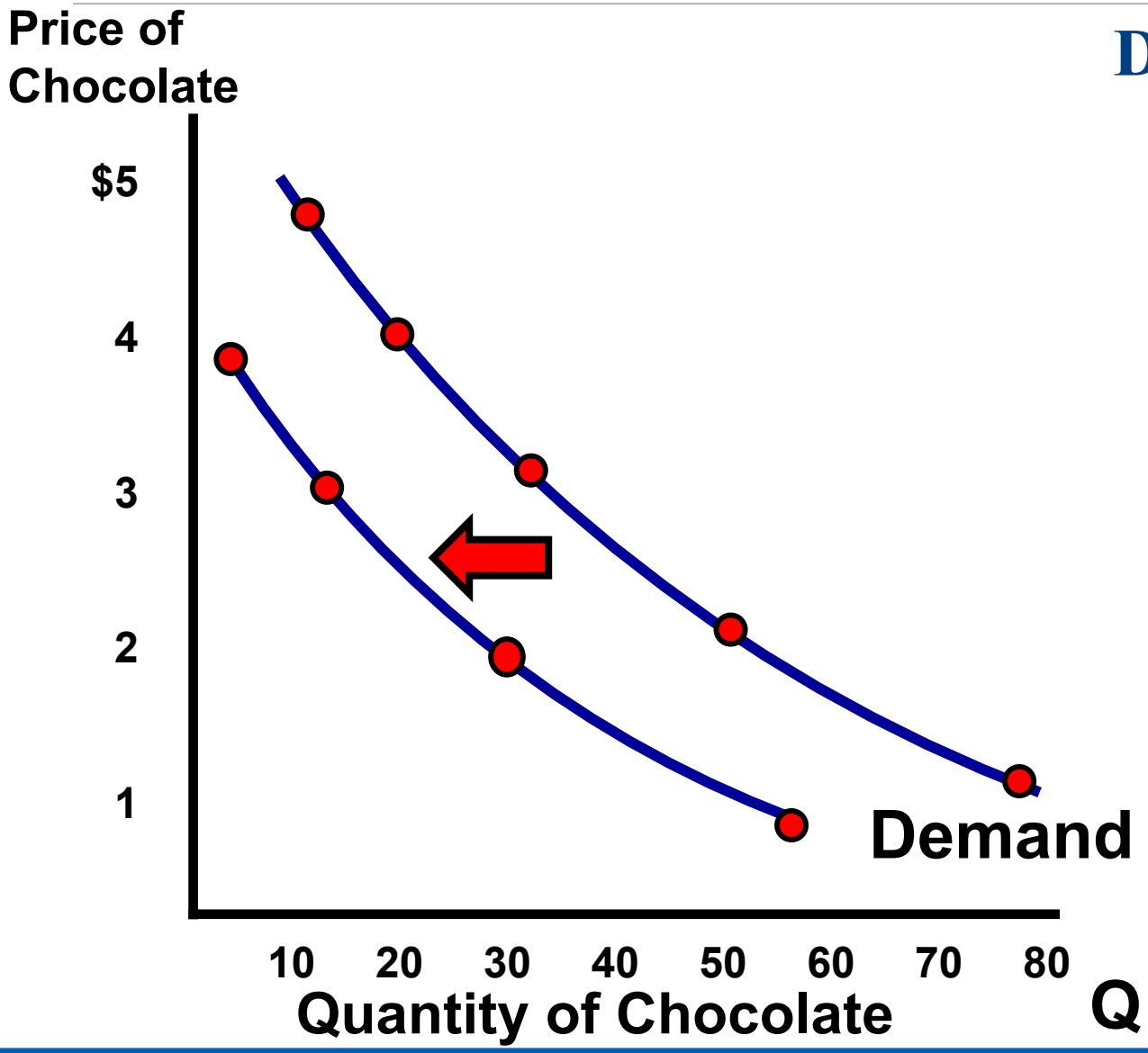

Demand Schedule

Price	Quantity Demanded
$5	~~10~~ 0
$4	~~20~~ 5
$3	~~30~~ 20
$2	~~50~~ 30
$1	~~80~~ 60

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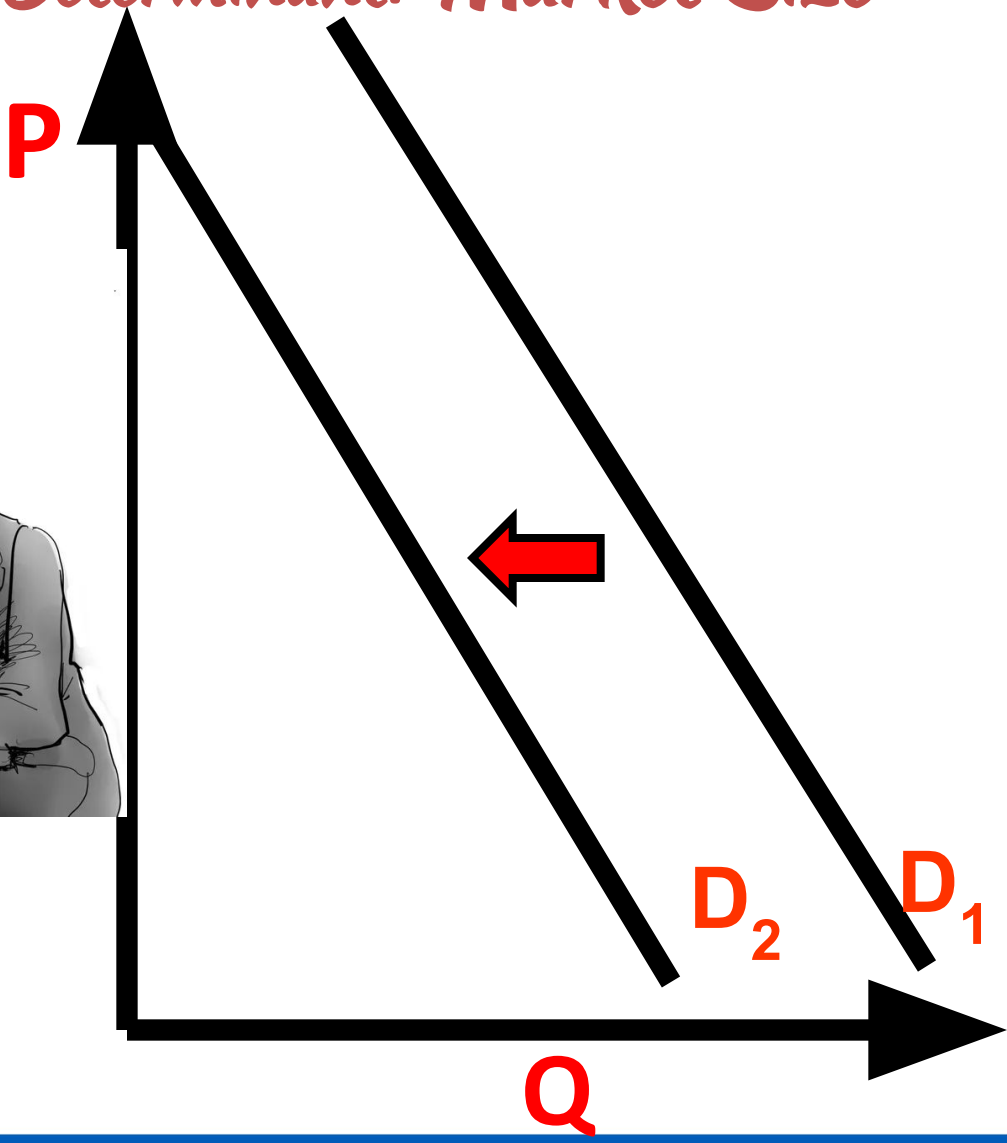
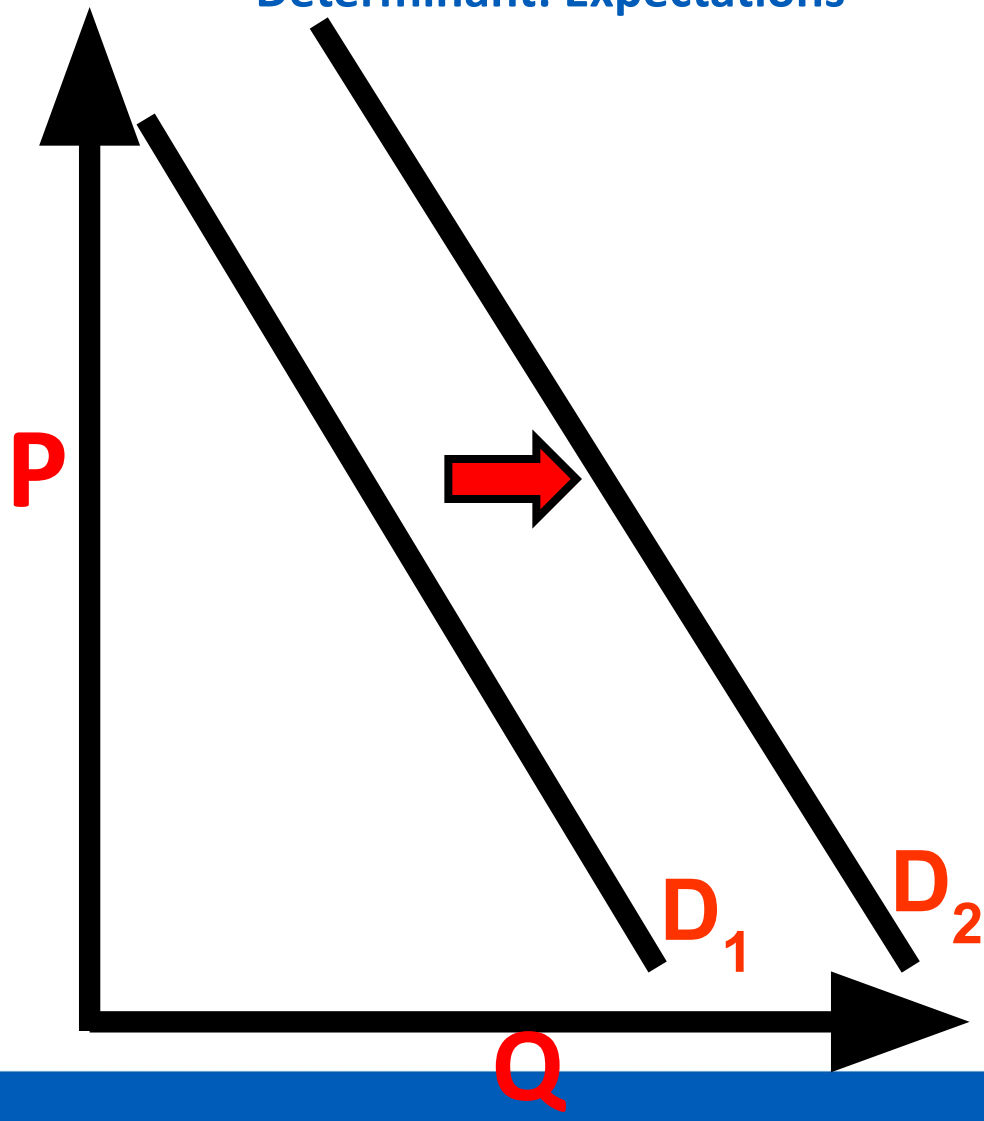
Product: Normal Goods

Determinant: Market Size



Product: Masks

Determinant: Expectations




SUMMERS ©2010 TRIBUNE CONTENT AGENCY
NUCLEAR FACILITY
THERE'S A SHORTAGE OF THESE SUITS. THEY'RE BEING SCOOPED UP BY TEACHERS.

Graph it!

What happens to demand for suits as a result of this change? Which determinant caused the change?

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Demand Cartoons

- Go to cartoonstock.com or any other political cartoon site.
- Find cartoons that illustrate THREE (different) determinants of demand (you should have a total of three cartoons, one for each determinant).
- Copy and paste the cartoon to a Google Slides presentation (one slide per cartoon)
- Show *which* determinant shifts the demand curve and tell what the product is.
- Draw graph to show *how* the demand curve shifts.
- Presentation should be three slides total (one slide for each cartoon, graph, explanation)
- Here are some examples….. (Your product should look very similar to this).

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SUPPLY

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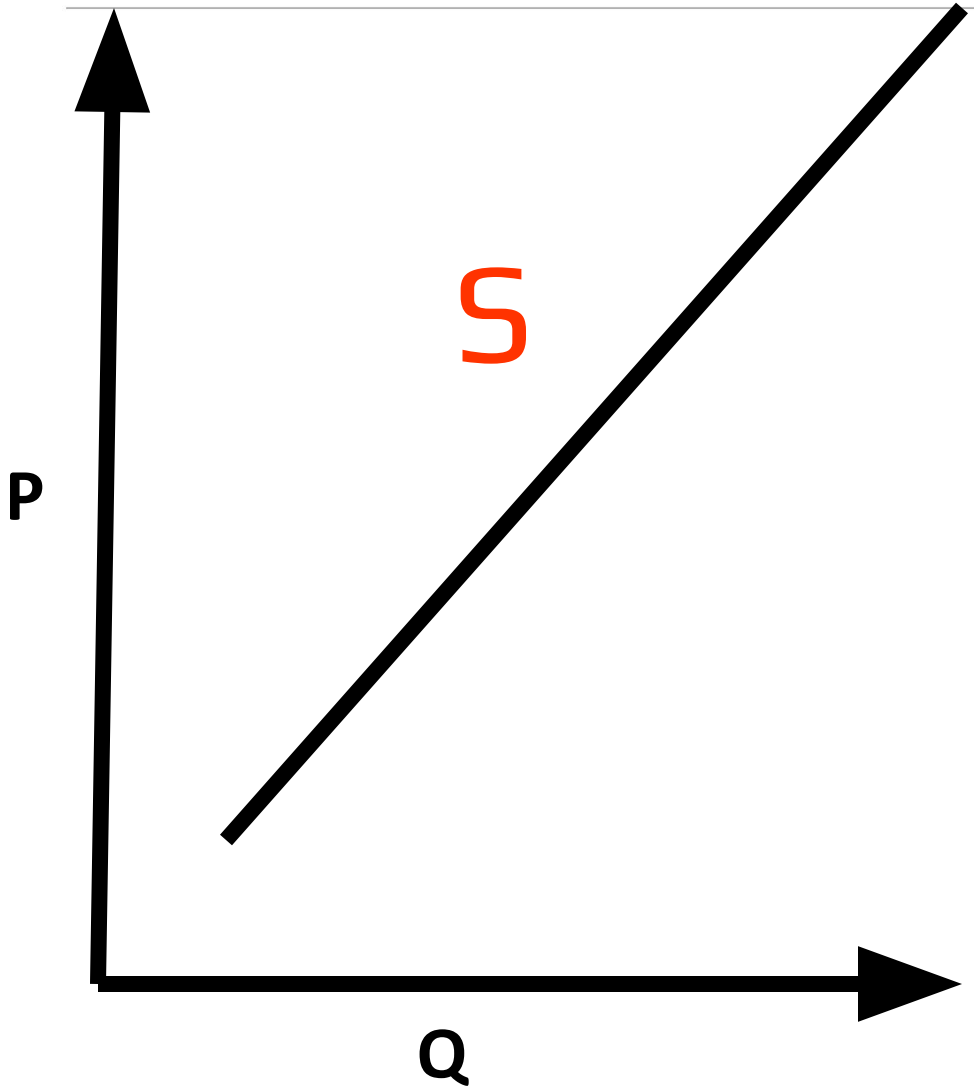

- **THE LAW OF SUPPLY**: quantity Supplied of a Product Varies Directly with Its Price.
- **SUPPLY**: The Willingness and Ability to Supply a Product at a Given Price.

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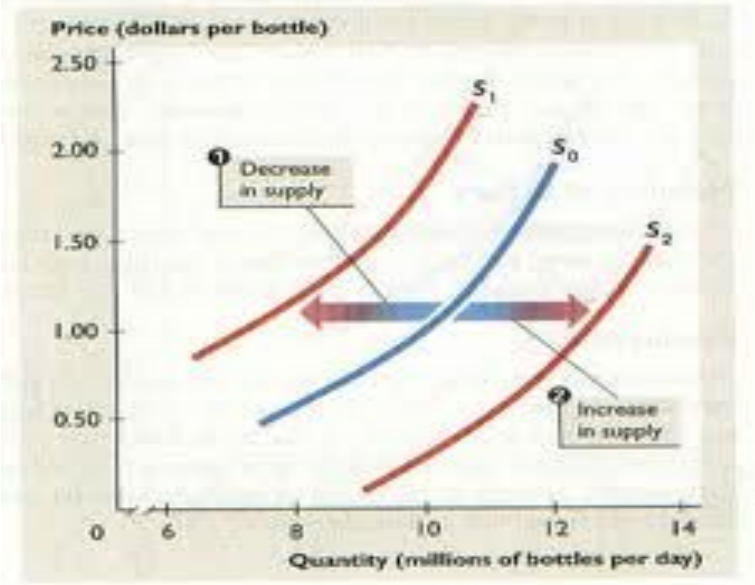
Changes in QUANTITY Supplied and Supply

Quantity Supplied

- Only a change in PRICE can alter
- Movement along the SAME supply curve

Supply

-outside factors such as: Government tools, Other goods, Input prices, Competition, Expectations, & Technology (GO ICE-T)
-shifts to a NEW supply curve (to the left or right)



Supply Chain Issues

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Economics Current Event Dive - One Pager

Students will select a Planet Money or Indicator Podcast to summarize in a ***one-pager***. The purpose of this one-pager is to display your understanding of a concept in the news and how it relates to one of the 4 units we have studied this semester. A ***one-pager*** is a single-page response that shows your understanding of a piece of text. It is a way of making a representation of your individual, unique understanding. Creativity is encouraged and required in order to earn full credit!

For the one-pager: Using the Planet Money website or app, choose a current event, topic, or concept in economics and create a **hand-written** response. Use unlined white paper and follow this format:

1. **Title the One-Pager to reflect the content.**
2. **Include the title, author, publication and date.**
3. **Make a connection in the article to at least one topic from our class and state it on your display.**
4. **Connect to at least one of the Economic Reasoning Propositions (ERPs) listed below. State the proposition and how the podcast connects.**
5. **Must have 2 or more quotes from the podcast. These are passages that give the reader a brief overview of the podcast/article and that you think are important.**
6. **Must have a 3-4 graphic representations (a graph, picture, drawing, or symbol)**
7. **Must include a personal response: a comment, opinion, connection, or interpretation. Be sure to answer - Why does this matter? Why should we care?**
8. **List 1-2 questions that come to mind as you read the article.**
9. **Must fill the entire page – but only one page as it will be displayed.**
10. **Use colored pens, pencils to make it visually appealing, and make sure your name (and period) is on the lower right corner.**

Website: https://www.npr.org/sections/money/

...ts of ...oduction

As a result of the growing demand for land (one of the factors of production) birds are losing their wetland habitats in California.

1. Is there other wildlife or habitats that we could help save with similar methods used for the wetlands and birds?

2. What are the other benefits that rice farmers get for helping?

Bird Economics

"Saving birds with economics (Indicator favorite)
-npr / Darian Woods and Stacy Vanek Smith
[December 28, 2021]

"The wetland habitats in California are crucial to millions of birds and hundreds of bird species during the annual migration process. But more and more wetlands in California have been converted into farms."

QUOTES

"Eric found a solution to this increasing shortage of wetland for birds: A reverse auction for rice farmers to flood their fields."

I personally find it interesting about how economics relates to so many different aspects of our life and beliefs like the conservation of birds and other wild animals. Even though the two topics (birds and economics) seem to have nothing in common, they do.

This relates to the economic reasoning because once understanding importance of the wetlands, than the economic decision birds make taken to save the more sense.

Economic Reasoning Proposition #5

Wetlands

CALIFORNIA

Farm

Rice

Wetlands

---

the Indicator from Planet Money

THE U.S. Time Paid OFF all its DEBT

Published: Dec 27, 2021

written by Stacey Smith and Darian Woods

People choose, and individual choices are the source of social outcomes, for example President Andrew Jackson's decision to get rid of national debt caused the Panic of 1837

"Jackson's actions and the zeroing out of the US debt contributed to the Panic of 1837, one of the worst recessions in American history"

"President Andrew Jackson was a staunch opponent of the existing banking system"

How can paying off the national debt cause a recession?

BANK!

Connecti... I feel as... national d... inflation ... necessary ... the paying ... national d... caused a r... and the ... rate goin... also leads to...

IS NATION... NECE...

Res... In my ... national ... somethin... necessary ... inflation: alt... should be minimize... still exist ... so a rece... sion doesn't ... occur

"National...

How do you start a company with limited financial resources and supply of labor?

The Semiconductor Founding Father

HOSTED BY: DARIAN WOODS + ADRIAN MA

12/21/21

WOODS ON THE PRODUCTION ON CHIPS:

"YOU CANNOT BUILD A FACILITY WHERE THERE'S ANY DUST THAT CAN FALL ON YOUR CHIPS. IT HAS TO BE x1000 CLEANER THAN A HOSPITAL OPERATING THEATER"

How hard would it be to start a tech company in today's global market?

Economic Reasoning Proposition #4

Institutions are the "rules of the game" that influence choices. This is represented in the podcast since Morris Chang realizing how much of a hassle it was to hire talented engineers who knew how to design chips so decided to utilize their skilled labor source for manufacturing since it would save them tons of money in the long run. This is how he built the 11th largest company...

How do the factors of production apply to TSMC?

1. Land: In Taiwan
2. Capital
3. Labor
4. Entrepreneurs: Morris Chang + C.C. Wei

TSMC MAKES UP 53.9% of foundry market

Morris Chang fled three wars and constantly endured poverty. He was also fortunate to go to Harvard + MIT but his hard work and dedication to...

Interesting FACT

"In Taiwan, incomes were only about a tenth of American incomes. And Morris supercharged the company's growth by pioneering new ways of pricing computer chips..."

TICKETS PLEASE!

Supply Chain
the sequence of processes involved in the production and distribution of a commodity.

Charli XCX sold tickets at a lower price. Demand for the tickets were very high however the supply of the tickets was low. Scalpers took advantage of the low priced tickets and bought them up quickly and resold the tickets for a greater price people are willing to pay the outrageous price.

Questions
- Does the Artist ever profit from the scalpers?
- What are the legal restrictions within the markets Secondary & primary? How do they effect each other?

Free Market
an economic system in which prices are determined by unrestricted competition between privately owned businesses.

Selling tickets at a price set by a private business with unrestricted competition (scalpers) (secondary Market)

Response: I think the use of scalpers is in a way a necessary evil because they create competition with in the two markets by creating a secondary one. But again, they are also evil because they make it harder for the lower class to have access to commodities such as influencers, creating a divide.

CHARLI XCX

Quotes

"We just knew there would be ers and their bots waiting to up those tickets and put them it into the resale market."

"priced Tickets)..." artists want to risk playing to a half-room because their tickets were ensive. And secondly, the artists want to be seen as ripping Fans."

ERP 3

people respond in predictable ways. All of the decisions to the pricing to the amount of tickets sold are all based on the predictable nature of people. In the music industry most artists and business rely on consumers being predictable predictability factors in on the price of products amongst whether that product are tickets or merchandise.

When we were young
You ... my heart inside of you
I must ... and a thousand times
Never mind I'll find someone like you

Other Ideas

U.S. Faces Tampon Shortage As Companies Struggle With Supply Chain Issues

A growing number of items have been affected by supply chain problems.

By Ben Blanchet

Jun 11, 2022, 10:02 AM EDT

SAVE

/ TREN

New I
Trump
Crazy

Elon Musk Says He Is Terminating Twitter Deal

Elon Musk says he is terminating his agreement to buy Twitter because the company "is in material breach of multiple provisions of that agreement" and appears to have made "false and misleading representations" when entering into the agreement, according to a regulatory filing Friday.

Abbott reopens Michigan baby formula plant after flooding

July 10, 2022 · 8:09 PM ET

SHAUNEEN MIRANDA

Abbott's Sturgis, Mich., plant has reopened following its closure in June due to flooding.

Jeff Kowalsky/AFP via Getty Images

Kit Collab- What is it?

It is a tool that students can create and submit questions to help them review.

Pros

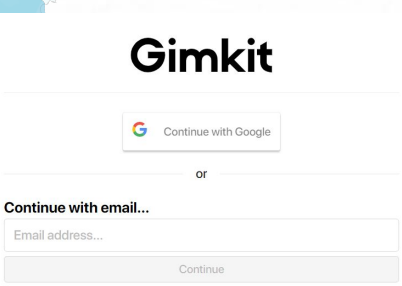
- You review each question
- Students reflect on their learning by creating questions
- Students are often great question writers!
- You can use it as a review during the creation and after its been created

Cons

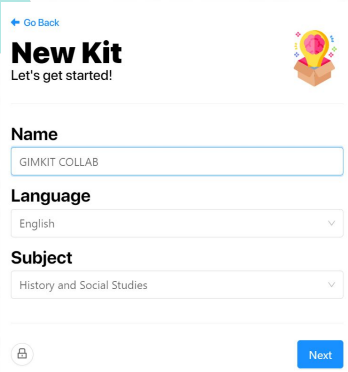
- Students can submit questions without answer choices
- Can't create true/false questions
- Each gimkit can only have 400 terms
- Fill in the blank questions are tough.

HOW TO

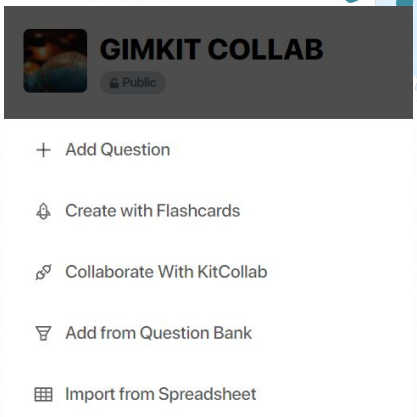
01 LOG IN



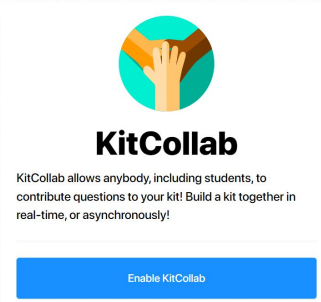
02 Create a New Kit



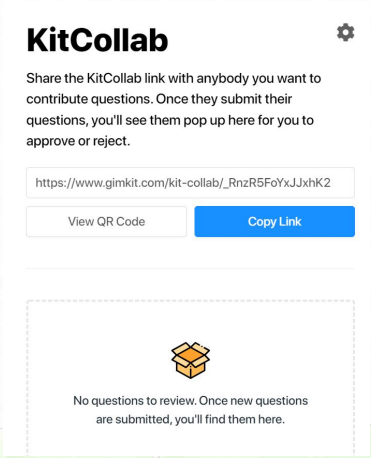
03 Collaborate with KitCollab



04 Enable KitCollab



05 Share!



Let's
Practice!

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Market Equilibrium & Disequilibrium

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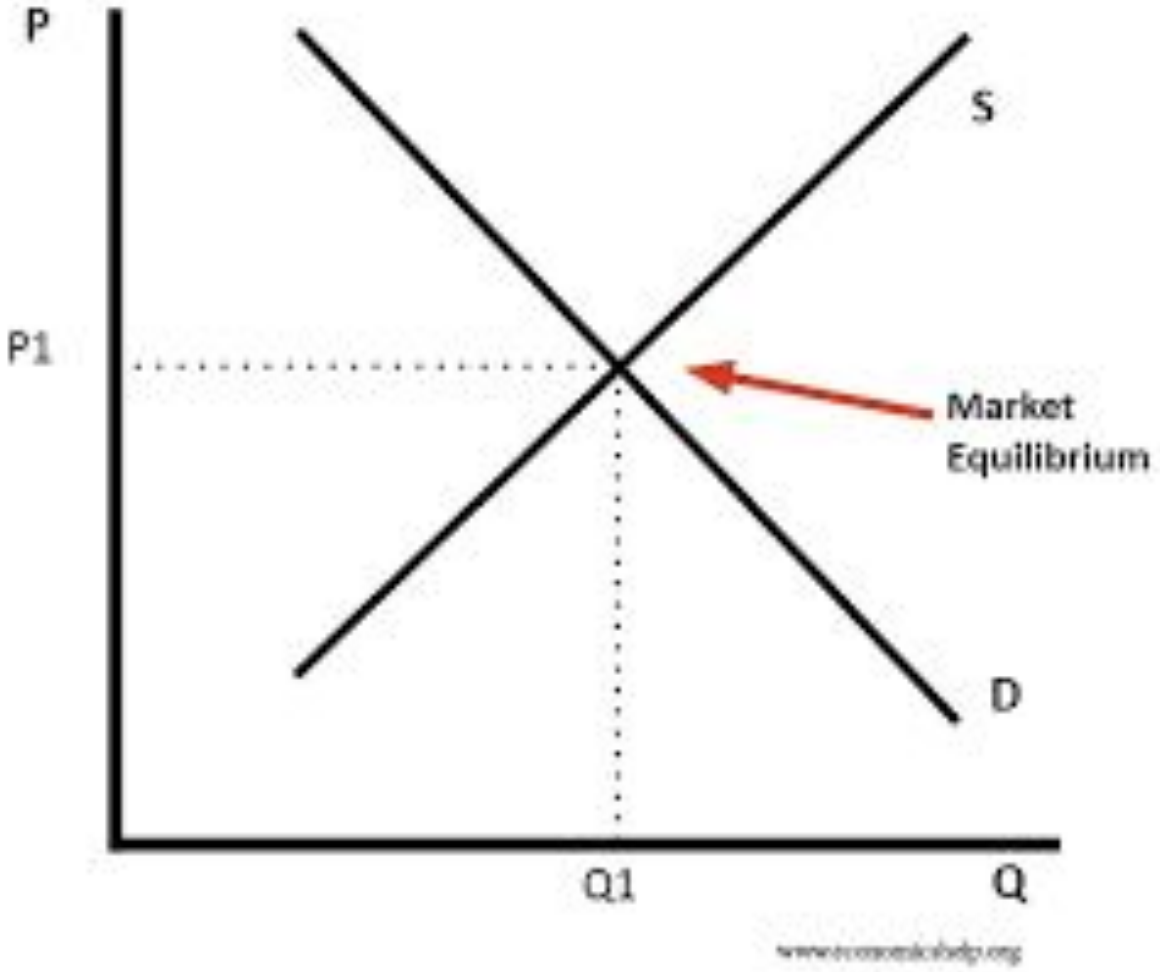

Market Simulations

- The Handshake Market
- The Bread Market
- Pearl Exchange

Buyers: Black Cards

- Buyers want to pay the **lowest price** possible.
- The amount the are willing and able to pay is determined by the number on the **black** cards.
- After you make a transaction, return your card and randomly pick a new one.
- Buy as many handshakes as you can in each round.

Sellers: Red Cards

- Sellers want to get the highest price possible.
- How much they are willing and able to sell handshakes for is determined by the numbers on the red cards.
- After you make a transaction, return your card, randomly pick a new one, and report the transaction price.
- Sell as many handshakes as you can in each round.

Rules

- Randomly pick ONE card at a time.
- You must pick a different card after each transaction.
- Buy and sell to different people.
- If you want a new card, you must leave the market.
- Sellers=RED; Buyers=BLACK

Leaving the Market: To leave the market a buyer or seller must sit down in their chair for 20 seconds and then hit the "leave the market sign." Write "left the market" on your score sheet.

Score

Your goal is to have the highest score. Keep track on your score sheet.

- Example for Buyer: If your card is a 7 and you negotiate a price of 5, your score is 2.
- Example for Seller: If your card is a 4 and you negotiate a price of 5, your score is 1.
- If the transaction price is equal, your score is 0.

You cannot buy or sell your handshakes for a loss. If you are having a hard time, leave the market.

Rounds

Round 1: Unregulated competitive market.

Round 2: The government sets a price ceiling on handshakes at $3.

Round 3: The price ceiling is removed, but the price of a substitute (high fives from the teacher) has fallen from $10 to $3.

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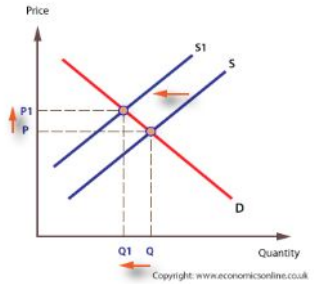
Coronavirus News Headlines Scavenger Hunt

The news has been abuzz with everything COVID-19 related since March, but how do these headlines relate to supply and demand? Think about the most drastic changes you have witnessed in the market as a result of the Coronavirus pandemic. Then, find FIVE headlines from selected news sources that highlight these changes in demand OR supply. If the good/service is not explicitly listed, please place it in parentheses after the headline and ***underline*** *it. Then describe if the situation will affect demand or supply, the determinant, graph the change, and state the impact on price and quantity. Please seek to find a healthy mixture of both demand and supply.Be sure to provide the link to the article in the "headline" section! I have completed an example for you below.*

Headline	Curve Affected and Determinant	Graph (labeled completely)	Which direction? (left or right)	Effect on Price (rise or fall)
New Jobs Fall Two-Thirds Despite Higher Demand for Health Workers (New Jobs)	*Supply* *Number of Sellers/Producers*		*Left*	Rise

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The Economics Market Showdown

U.S. homeownership rate tumbles to 1980s levels

Economy And Jobs, Inflation, Real Estate

Posted on AllSides July 6th, 2022

Save for Later

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From The Center

AFP/GETTY IMAGES

High prices for everything from groceries to gas aren't the only things making this year feel like a throwback to the 1980s.

After almost a decade of gains, homeownership in the U.S. also has slipped back to levels seen about four decades ago (see chart below), when former Federal Reserve Chairman Paul Volcker was waging a battle against high inflation that pushed the American economy into a recession.

Fed Chairman Jerome Powell repeatedly said he seeks to avoid sparking a recession while fighting inflation near a 40-year high, but also recently said...

MarketWatch

L L C R R

AllSides Media Bias Rating: Center

agree disagree

See full bias rating for MarketWatch →
Learn about media bias →

Related Coverage

HEADLINE ROUNDUP

US Economy Added 372,000 Jobs in June

PERSPECTIVES BLOG

How Will the US Combat Inflation?

Draw a graph that depicts this market change.

Students, draw anywhere on this slide!

Inflation is changing the grocery shopping habits of 95% of Americans as they turn toward discount stores, cheaper private labels, and frozen foods

Mary Meisenzahl Jun 18, 2022, 7:00 AM

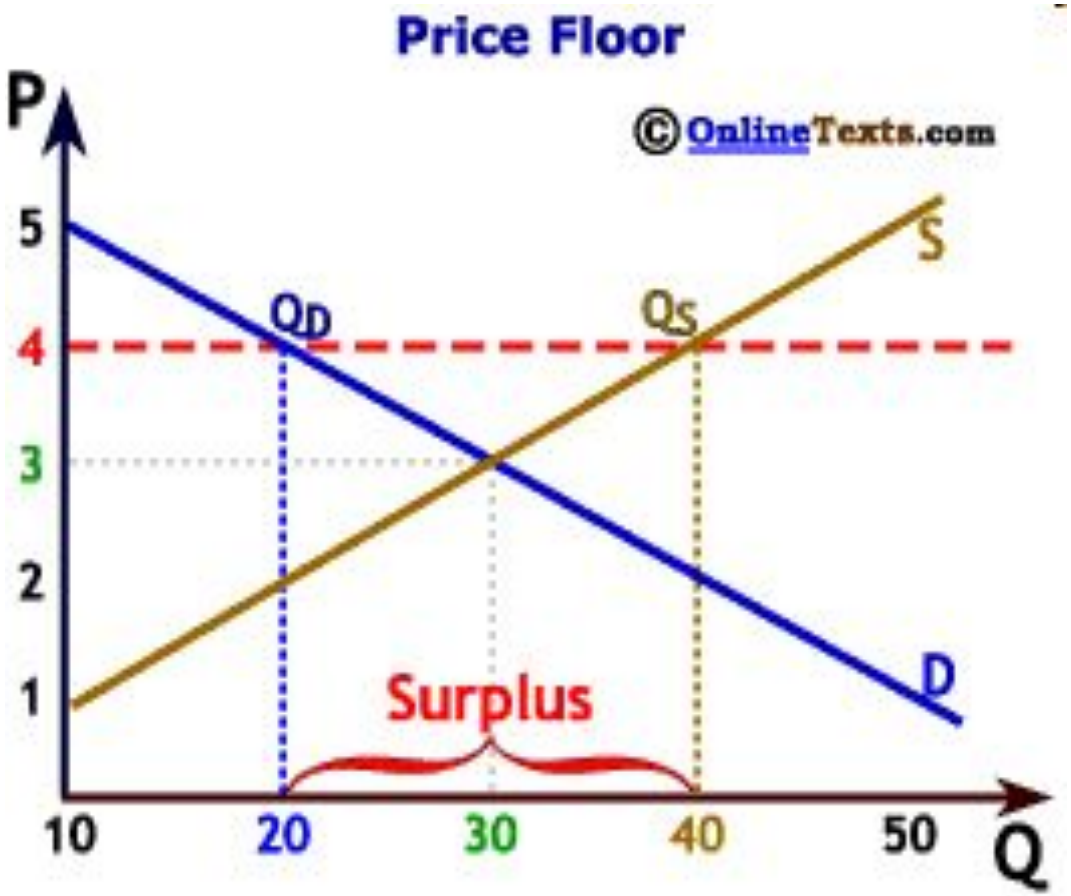
Business Insider/Hayley Peterson

- **Grocery inflation is at its highest point since 1979, causing shoppers to change their habits.**

Draw a graph that shows the change in terms of normal goods.

Students, draw anywhere on this slide!

Price Floors



- EFFECTIVE price floor must be set ABOVE equilibrium price.
- Result: Surplus
  - Qs > Qd
- Ex: agriculture, minimum wage
- Results?

Price Ceilings

- EFFECTIVE price ceiling must be set BELOW equilibrium price.
- Result: Shortage
  - Qs < Qd
- Ex: apartments in NYC
- Results?


DEV ECON
MRU
NOTICE
TO THE OCCUPANTS/ VISITORS/PASSERS
BY OF GANGA BHAVAN BUILDING
RENT CONTROLS
Mumbai, India
OWNERS

Evaluate

What are the consequences of rent controls in Mumbai, India?

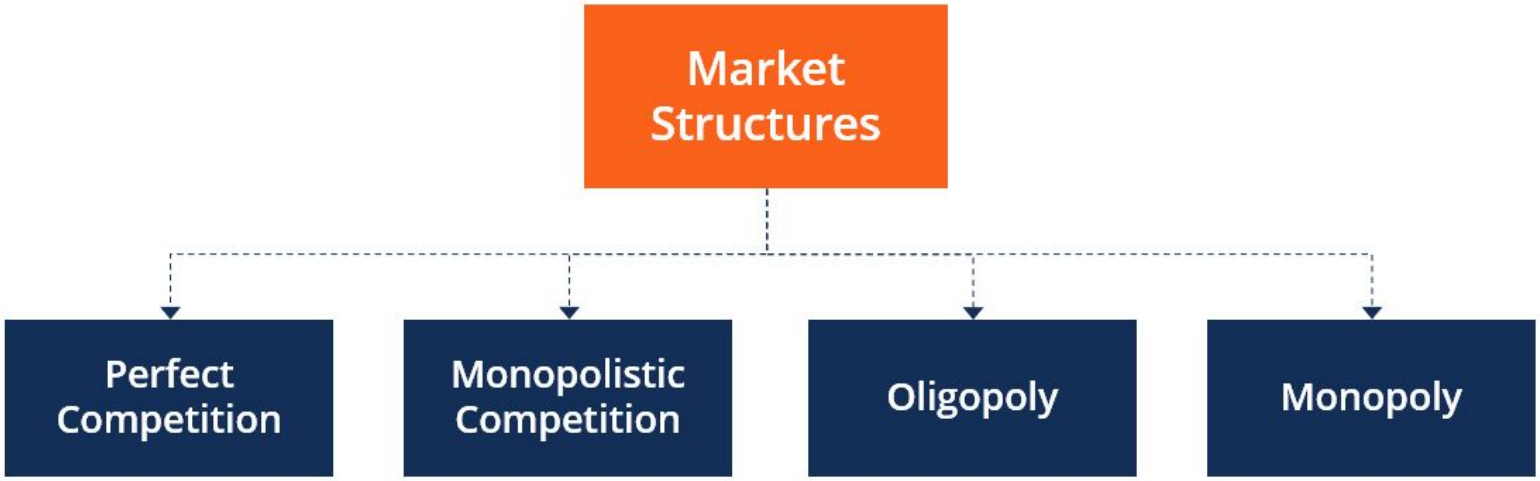
EXCAVATE AND EXPAND

Students, write your response!

Debrief

- If price ceilings and floors cause market inefficiencies, why does the government implement them?
- What inefficiencies result from price controls?

Part II: Market Structures



Objectives

- *I can differentiate the characteristics of perfectly and imperfectly competitive market structures.*
- *I can evaluate monopoly power during the COVID-19 pandemic.*

Characteristics of Perfect Competition

- Many sellers— "price takers"
  - Price taken from market
  - Sell all they supply at market price
  - Buyers/sellers too small to have impact
  - No incentive to lower price
- identical product
- Free entry and exit
- Zero **economic profits** (long run)**
  - Same as earning a **normal profit**

  (return equivalent to opportunity cost of their time)

  Still may earn ACCOUNTING profit

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Examples

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Monopoly

Pure Monopolies

- Single Seller
- No close substitutes
- "Price Maker"
- Blocked Entry

Examples:

- De Beers diamonds
- Professional sports teams
- Utilities
- Cable
- Taxis*
- lottery
- Patents on prescriptions
- Small, isolated communities
- Natural monopolies – downward sloping ATC (economies of scale)

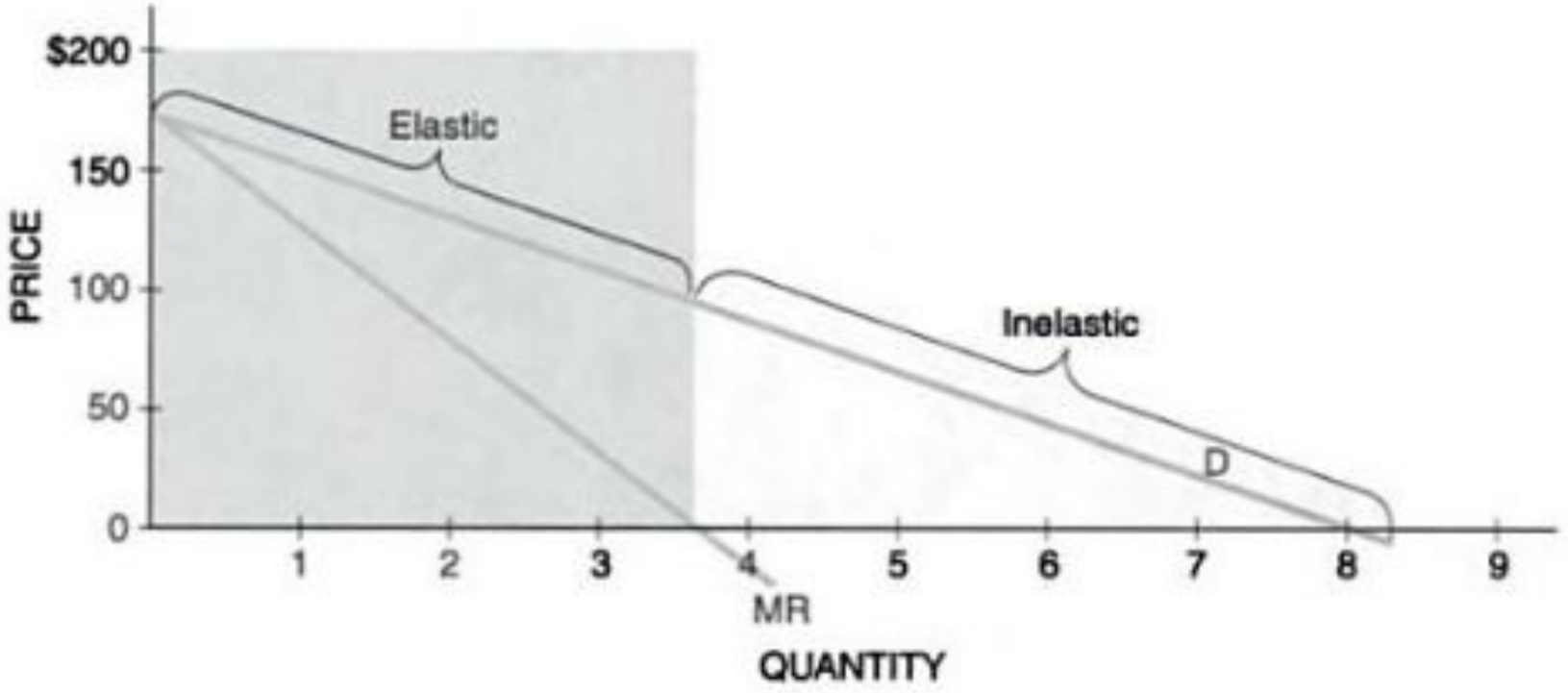

RIP MR.DARP
October 30 - Today

Monopolist's MR<D

- Because monopolist must set a lower price to obtain greater sales, marginal revenue is less than price for every level of output except the first.
  - Lower price applies to all units sold.
  - Think about it this way: MR decreases for all units sold previously because you must charge same price for all.

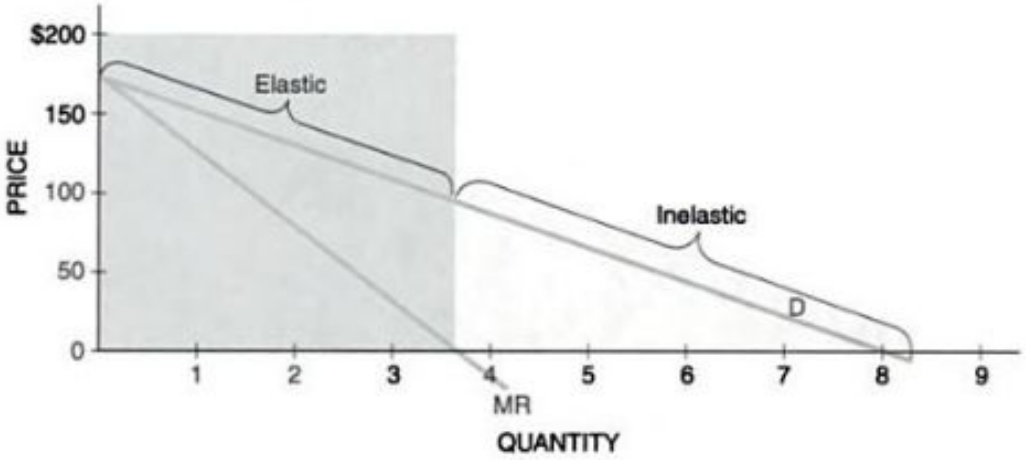
Price and Marginal Revenue for a Monopolist

Demand and Marginal Revenue Curves

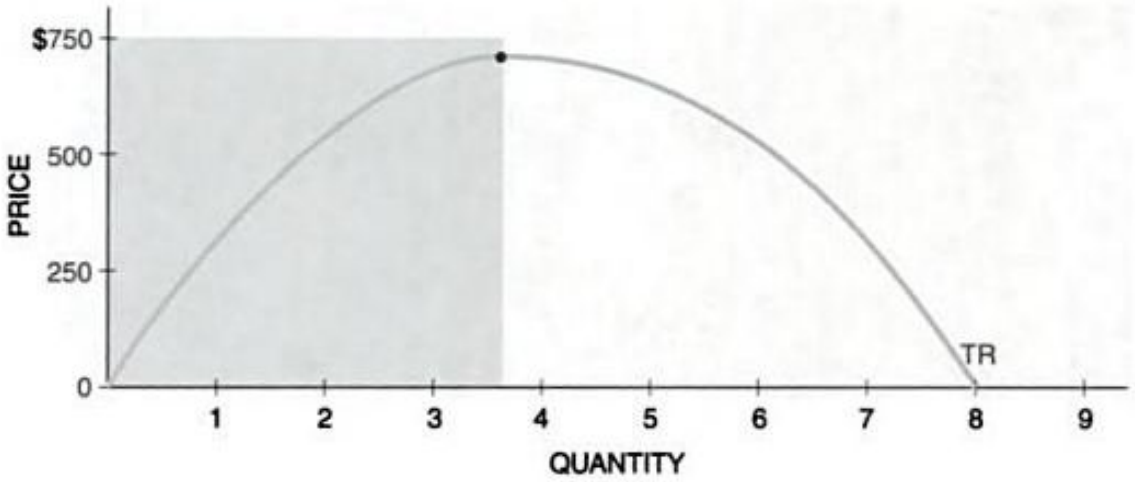


Price and Marginal Revenue for a Monopolist

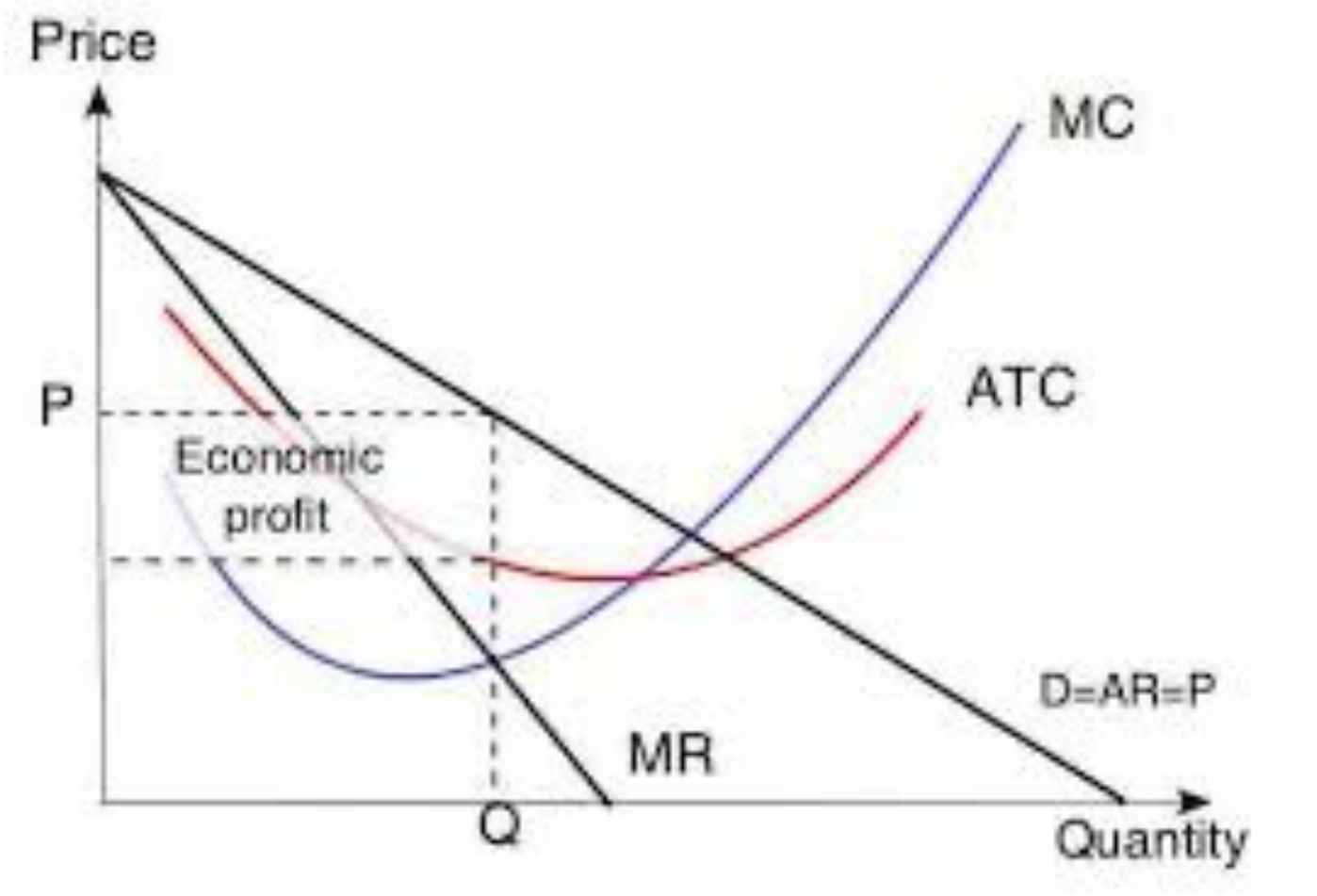
Demand and Marginal Revenue Curves



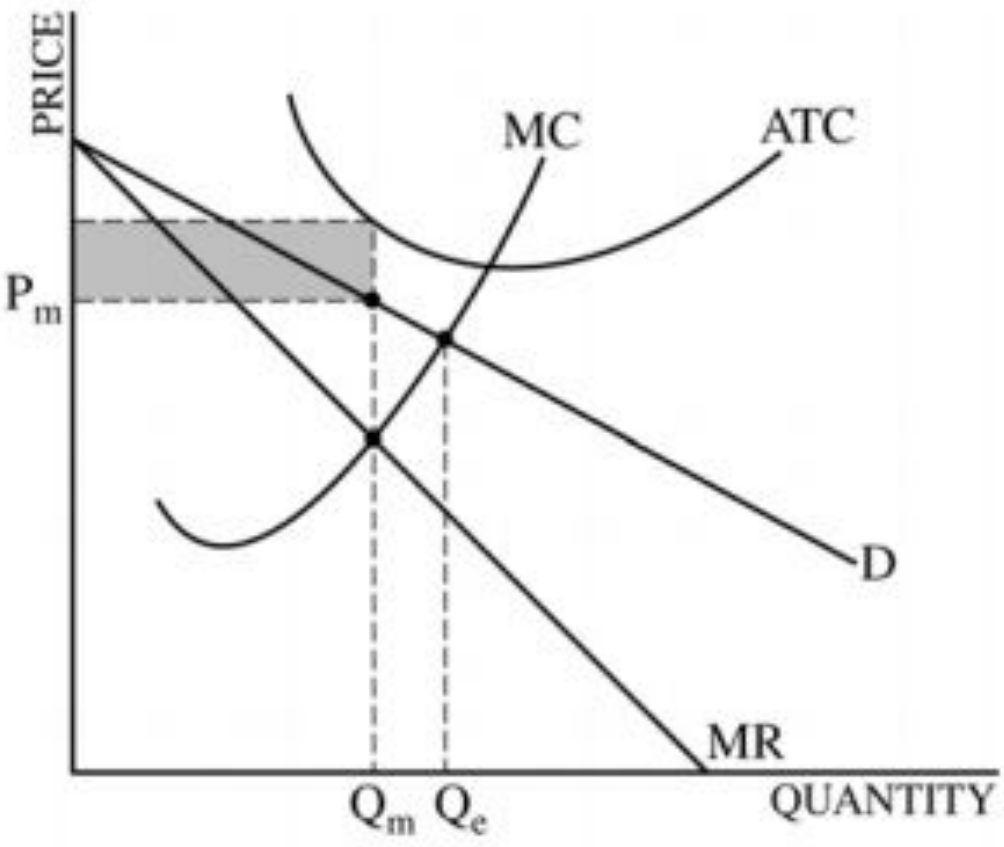
Total Revenue Curve



Monopoly → Profit



Monopoly → Loss



Ways to Deal With Monopolies

- **Do Nothing**
- **Break Up Using Anti-Trust Regulation**
- **Publically own**
- **Price Regulation**
  - Price ceiling
  - Socially optimal price/fair return price

How the intellectual property monopoly has impeded an effective response to Covid-19

Published: February 14, 2022 1.13pm EST

A shipment of Covid vaccines sent to Sudan by the COVAX vaccine-sharing initiative, are unloaded in the capital Khartoum, October 6, 2021.
Ebrahim Hamid / AFP

Amazon, Target, and other big box retailers might pay you to keep your returns, experts say: here's why

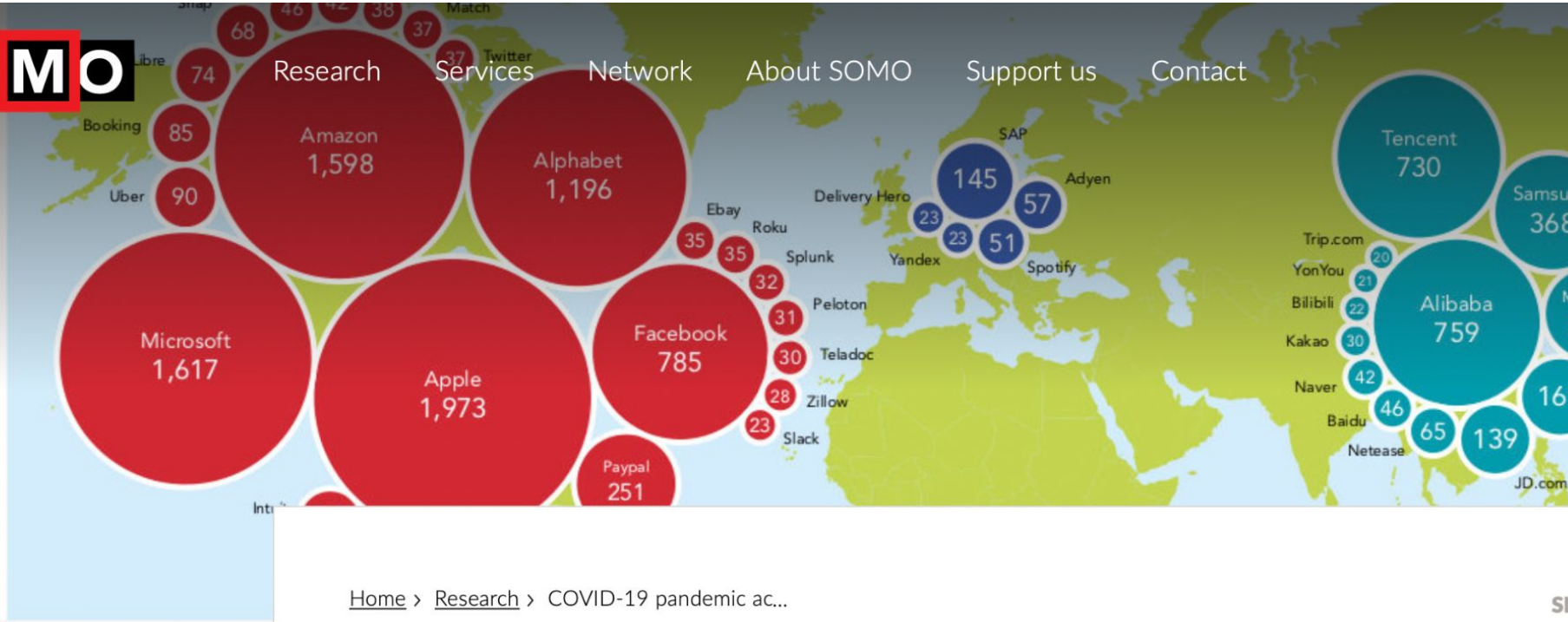
Published Fri, Jul 1 2022 • 7:00 AM EDT • Updated Fri, Jul 1 2022 • 11:30 AM EDT

Aditi Shrikant
@ADITI_SHRIKANT

Trending Articles

My 4 passive incor streams bring in ov $2,500 a month: H my top tips for get started

78% of workers ar ignoring 'the great money-making ass retirement saving, CPA



Contact

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NEWS / December 17, 2020

COVID-19 pandemic accelerates the monopoly position of Big Tech companies

Author(s)

Rodrigo Fernandez
Ilke Adriaans
Tobias J. Klinge
Reijer Hendrikse

The covid-19 pandemic will be yet another powerful catalyst that will deepen the power of Big Tech companies. Research on the business models of Alphabet (Google), Apple, Amazon, Facebook, Microsoft, Alibaba and Tencent shows how the 2008 financial crisis already accelerated the trend towards market consolidation. The present crisis is likely to do the same, say researchers in this new

Additional Resources for Monopoly

- Market Structure Simulation – Mr. Clifford
- Monopoly Overview – MR University
- Price Discrimination – MR University
- Monopoly and Imperfect Competition – Crash Course
- AP Micro – Monopoly Lesson Plan - EconEdLink

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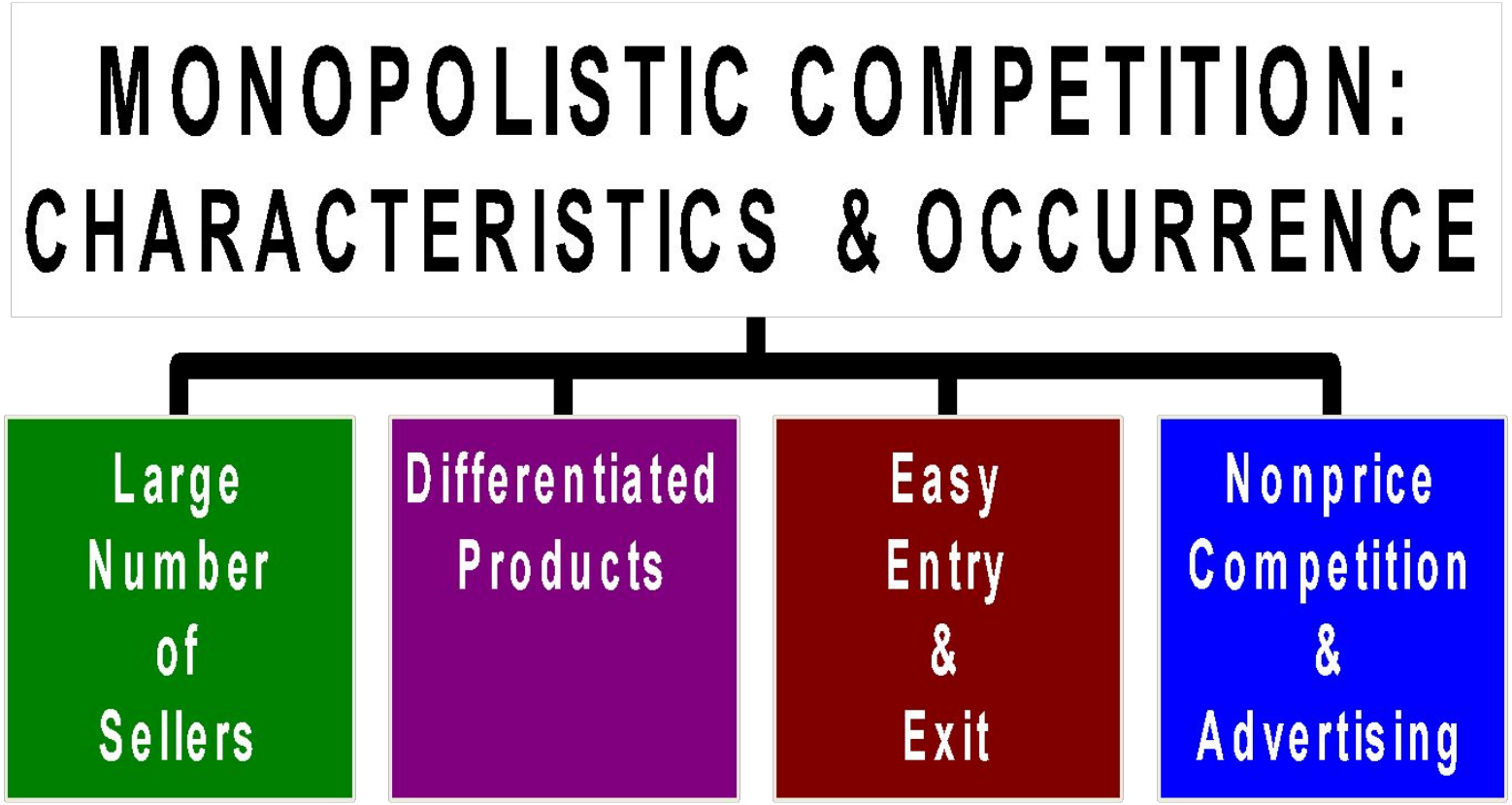
Monopolistic Competition


MONOPOLISTIC COMPETITION:
CHARACTERISTICS & OCCURRENCE
Large Number of Sellers
Differentiated Products
Easy Entry & Exit
Nonprice Competition & Advertising

Monopolistic Competition

Like Monopoly	Like Perfect Competition	Unique
-Downward sloping demand and marginal revenue -some control over price	-normal profits in the long run -Easy entry and exit -large number of sellers	-non price competition and advertising -differentiated products

Drawing!

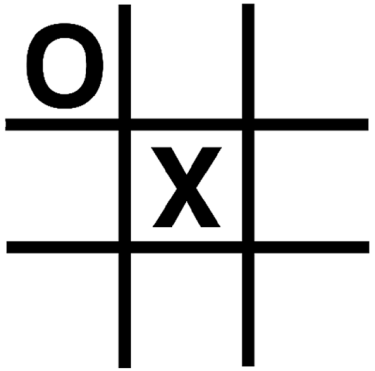
What's your favorite monopolistically competitive firm? Draw its logo!

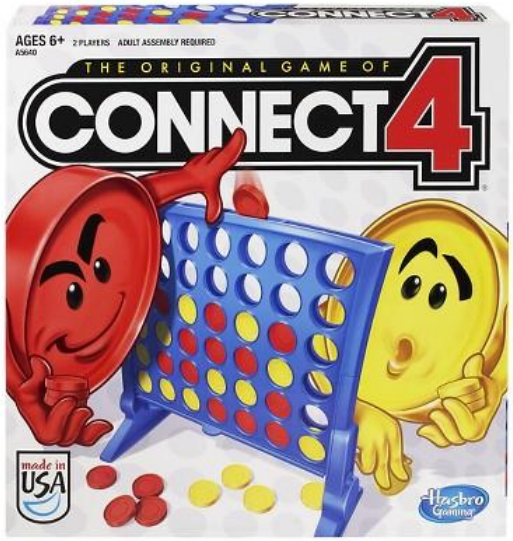
Students, draw anywhere on this slide!

Let’s Add!

Activities to Introduce Oligopoly

- Play Tic-Tac-Toe with a partner
- Play Connect 4





Oligopoly

Characteristic	In Oligopolies….
# of Firms	Few large producers
Products	Homogeneous or differentiated
Barriers to Entry	Yes--significant Economies of scale (requires large capital expenditures to enter)
Profit Potential (SR and LR)	Yes -supernormal profits possible in SR and LR
Price Setting Power	Price maker BUT must consider possible reaction of rivals (interdependence)
Non-price competition	Some use advertising
Efficiency	No!
Examples	Airlines, Banks, Cigarettes, Beer, Household appliances, Breakfast Cereal

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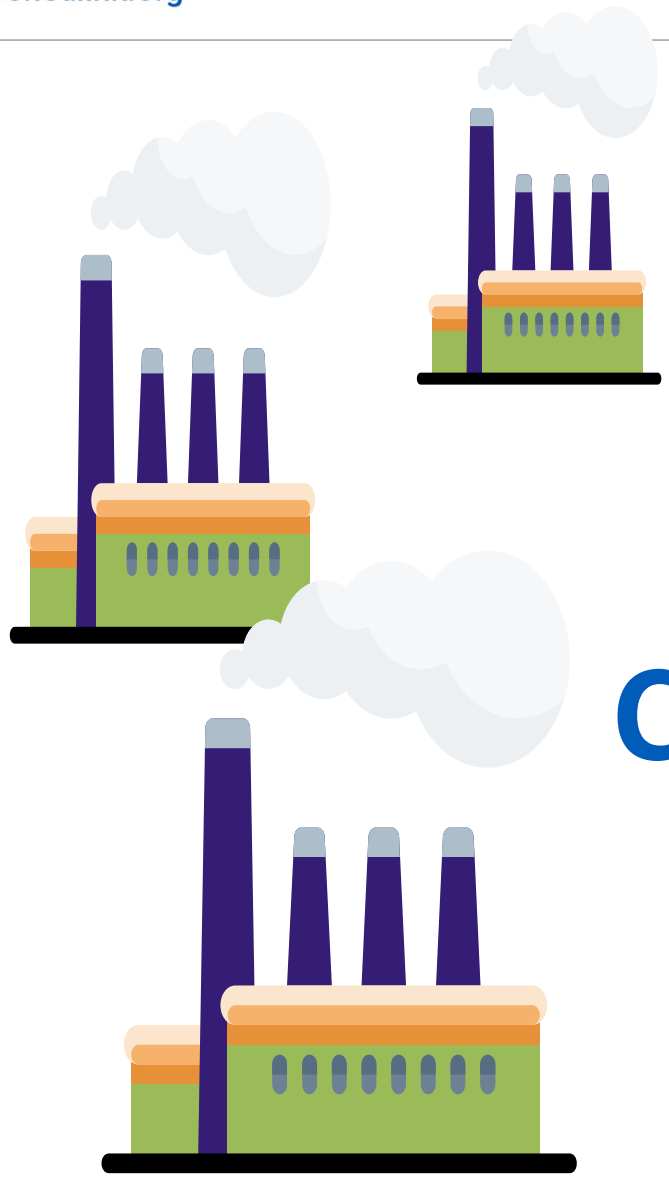

Cartels & Competition

FTE Activity

FOUNDATION FOR TEACHING ECONOMICS · FTE ·

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Meet Your Team

1. Come up with a Team Name
2. Choose a Captain that will submit your production decisions

3. Choose an accountant to screen share the balance sheet.
4. Practice the screen share
5. Enter team member names on balance sheet

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Welcome Back

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Team Captains: Submit your team name and captain on your mobile device in this format:

Team 1: Invisible Hands
Team 1 Captain: Sammy

(Team number is your breakout room number)

Students, write your response!

Pear Deck Interactive Slide
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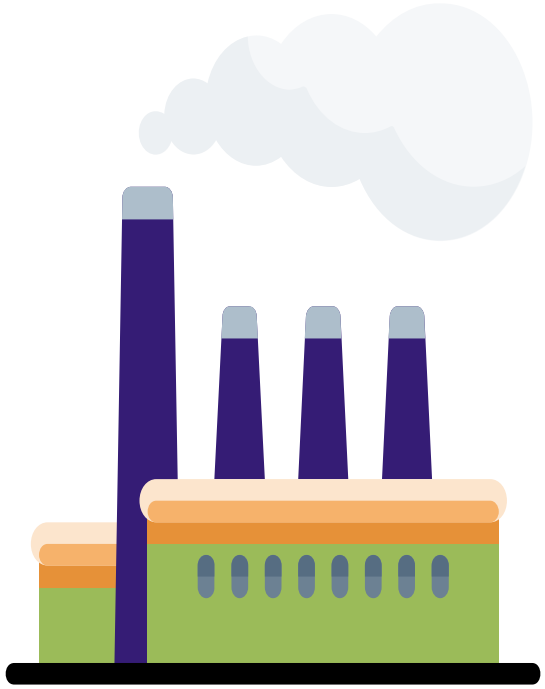
The Producers…

- 6 companies…

- Do 98% of the business in this industry.

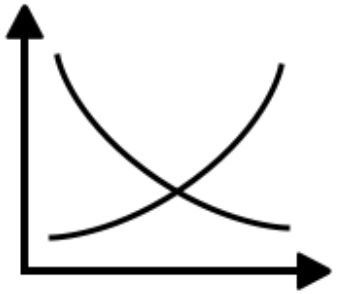


The Incentive

- Your goal: make as much profit as possible
- Prizes for ALL companies that earn MORE than $200 profit!
  - **$1 Stiglbuck per person**
- Additional prize for company that earns the MOST profit!
  - **$5 Stiglbucks per person**

Directions

- The interaction of market demand and market supply will determine the market-clearing price, the price at which the units you produce will sell.
- In each round, a forecast of market demand will be displayed. Remember that this is only a forecast, and actual demand may vary from the forecast somewhat.



Demand Forecast

Market Demand (QD)	Price
0-6	$125
7-13	$100
14-19	$75
20-26	$50
27-32	$30
33-40	$25
41-50	$20

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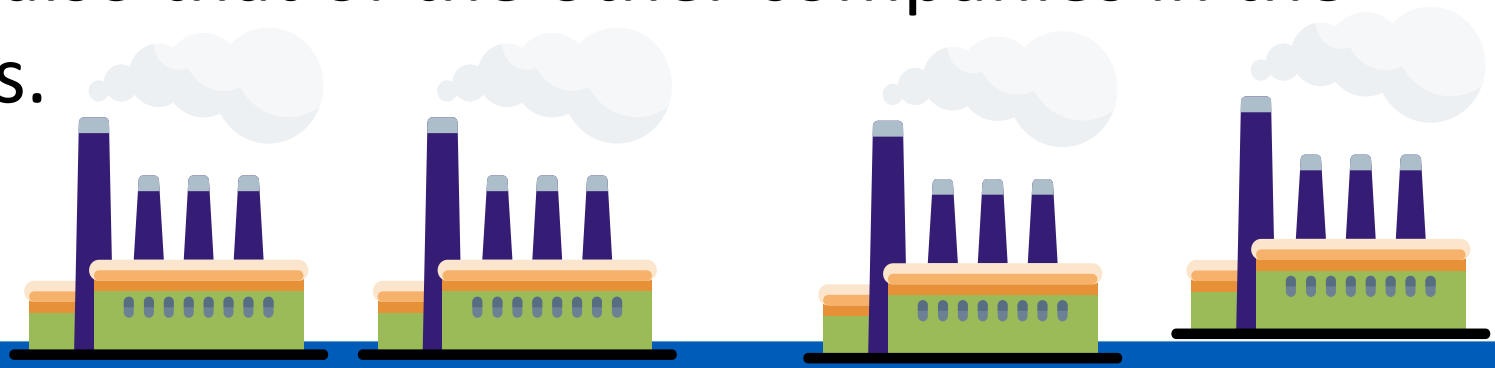
Directions

- You will have to make your own forecast, or prediction, of **market supply**. You will know how many units your own company will produce, but the TOTAL market supply will include not only your own production, but also that of the other companies in the class.



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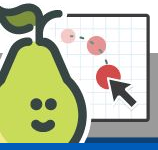
Example

- If you produce **1 unit** and so do all the other companies, the total supply will be **6 units**.
- According to the demand forecast, what will the market price be? Drag your dot...

Market Demand (QD)	Price
0-6	$125
7-13	$100
14-19	$75
20-26	$50
27-32	$30
33-40	$25
41-50	$20



Students, drag the icon!

Example (continued)

- Your decision must also take into account your production cost.
- Suppose your cost is $25 per unit and you sell that unit for $125:

$125 total revenue

- $25 total cost

$100 profit

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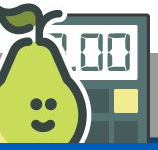
Now you try...

Suppose your company produces 3 units, total market supply is 19 units, and your production cost is $25 per unit.

1. Cost of production x #units produced = Total cost of production.
2. Units sold x price = Total Revenue
3. Total Revenue - Total cost = profit or loss

Market Demand (QD)	Price
0-6	$125
7-13	$100
14-19	$75
20-26	$50
27-32	$30
33-40	$25
41-50	$20

Enter profit/loss number on your mobile device.



Students, enter a number!

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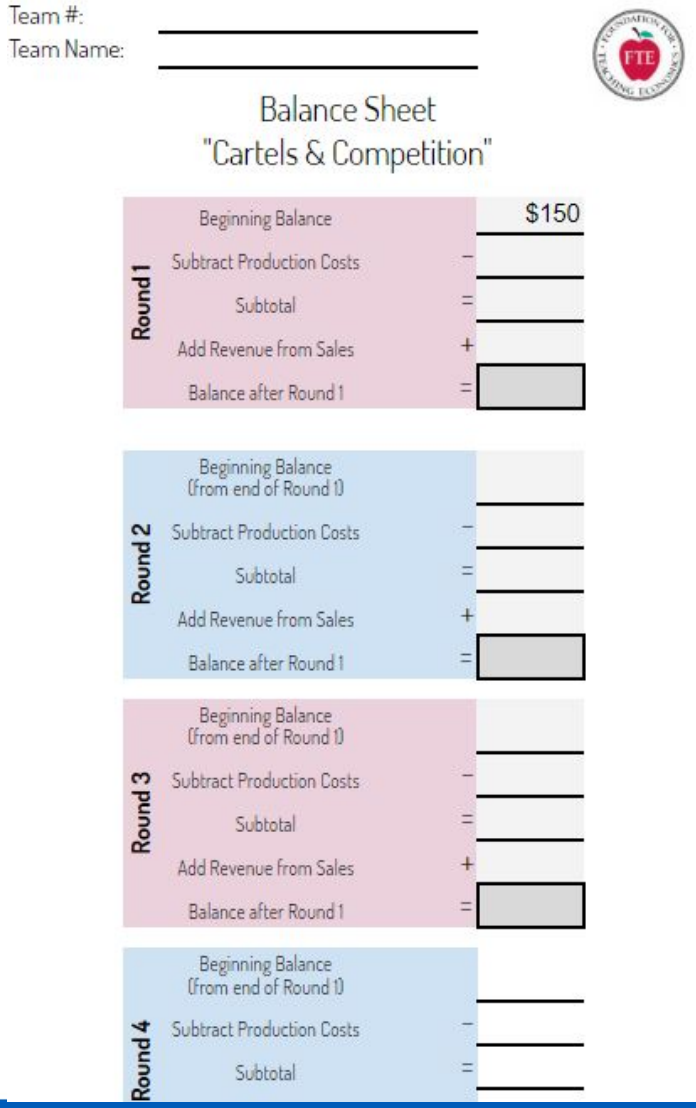
Production Decision Worksheet

Open the Balance Sheet using the link shared in the Zoom chat.

Make a copy for yourself so you can edit.



Economics for Leaders

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Production Decision Worksheet

Open the Balance Sheet using the link shared in the Zoom chat.

Make a copy for yourself so you can edit.

Team #: _____

Team Name: _____

Balance Sheet
"Cartels & Competition"

Round 1	Beginning Balance		$150
	Subtract Production Costs	−	
	Subtotal	=	
	Add Revenue from Sales	+	
	Balance after Round 1	=	

Round 2	Beginning Balance (from end of Round 1)		
	Subtract Production Costs	−	
	Subtotal	=	
	Add Revenue from Sales	+	

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Team #:
Team Name:

Production Decision Worksheet

- Notice Balance is $150 to start.
- What must your balance be at the end to have $200 profit?

Balance Sheet
"Cartels & Competition"

Round 1	Beginning Balance	$150
	Subtract Production Costs	−
	Subtotal	=
	Add Revenue from Sales	+
	Balance after Round 1	=

Round 2	Beginning Balance (from end of Round 1)	
	Subtract Production Costs	−
	Subtotal	=
	Add Revenue from Sales	+

Enter number on your mobile device.

Students, enter a number!

Economics for Leaders

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Team #: _____

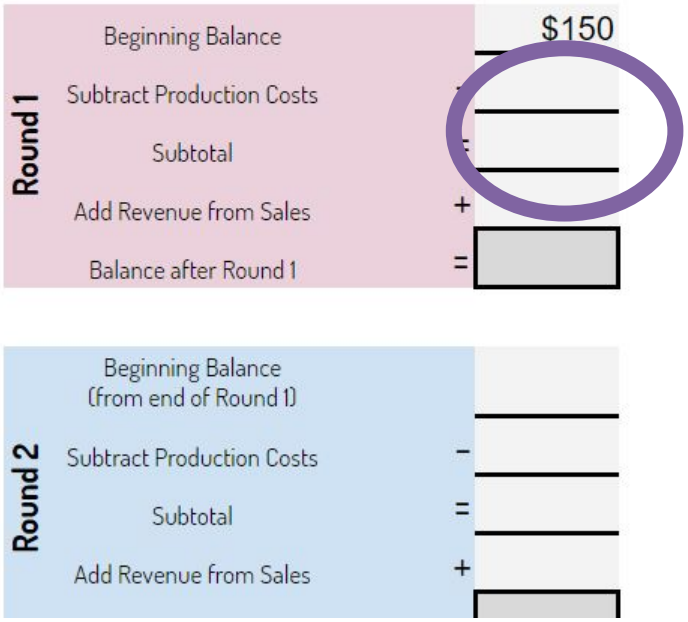
Team Name: _____

Production Costs

- You must pay your production costs up front (from your balance).
- Production costs for all rounds will be **$30**.
- What is the **most** any team could produce in round 1?

Enter number on your mobile device.

Balance Sheet
"Cartels & Competition"



Students, enter a number!

Economics for Leaders

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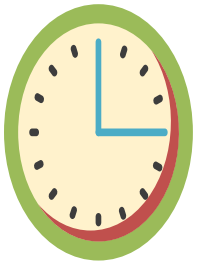
Round 1

Breakout Rooms: About 4 minutes

- Make your production decisions.
- Team captains submit to me by **Pear Deck.**
  - *"Team 1: # Produced"*
- Return to the main room after you have submitted your production decision.
- Use the Zoom "ask for help" button if you have a question.



Market Demand (QD)	Price
0-6	$125
7-13	$100
14-19	$75
20-26	$50
27-32	$30
33-40	$25
41-50	$20

Students, write your response!

Round 1 Results

- Market supply is…..
- So price is….

Market Demand (QD)	Price
0-6	$125
7-13	$100
14-19	$75
20-26	$50
27-32	$30
33-40	$25
41-50	$20

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Round 1 Results

- When you return to breakout rooms.
- Calculate your revenue from Round 1 sales. (price x # produced)
- Calculate your new balance going into Round 2.
- Questions?

Team #: _____

Team Name: _____

Balance Sheet
"Cartels & Competition"

Round 1	Beginning Balance		$150
	Subtract Production Costs	−	
	Subtotal	=	
	Add Revenue from Sales	+	
	Balance after Round 1	=	

Round 2	Beginning Balance (from end of Round 1)		
	Subtract Production Costs	−	
	Subtotal	=	
	Add Revenue from Sales	+	

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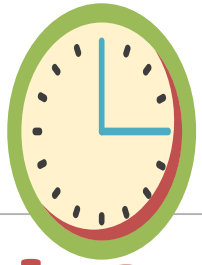

Breakout Rooms:
About 4 minutes

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Round 2

- Calculate your revenue from Round 1 sales. (price x # produced)
- Calculate your new balance going into Round 2.
- Make production decision for Round 2.
- Team captains submit by **Pear Deck**.
  - *"Team 1: # Produced"*
- Return to the main room after you have submitted your production decision.
- Use the Zoom "ask for help" button if you have a question.

Market Demand (QD)	Price
0-6	$125
7-13	$100
14-19	$75
20-26	$50
27-32	$30
33-40	$25
41-50	$20

Students, write your response!

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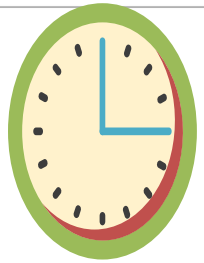
Round 2 Results

- Market supply is…..
- So price is….
- Update Balance Sheet back in break-out rooms

Market Demand (QD)	Price
0-6	$125
7-13	$100
14-19	$75
20-26	$50
27-32	$30
33-40	$25
41-50	$20

Round 3



- Update Balance Sheet.
- Discuss production decision for Round 3.

Market Demand (QD)	Price
0-6	$125
7-13	$100
14-19	$75
20-26	$50
27-32	$30
33-40	$25
41-50	$20

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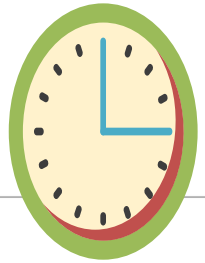

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Round 3

Exciting News!

- Trade Convention for Industry Executives.
- Each company can send 1 person (does not have to be team captain)
- Round 3 production decisions will not be made until they return.
- To attend: Leave the breakout room and return to the main room.

Market Demand (QD)	Price
0-6	$125
7-13	$100
14-19	$75
20-26	$50
27-32	$30
33-40	$25
41-50	$20

Round 3

Executives Returning….

- Make production decision for Round 3.
- Team captains submit by **Pear Deck**.
  - *"Team 1: # Produced"*
- Everyone return to the main room after you have submitted your production decision.
- Use the Zoom "ask for help" button if you have a question.

Market Demand (QD)	Price
0-6	$125
7-13	$100
14-19	$75
20-26	$50
27-32	$30
33-40	$25
41-50	$20

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Round 3 Results

- Market supply is…..
- So price is….
- Questions?

Market Demand (QD)	Price
0-6	$125
7-13	$100
14-19	$75
20-26	$50
27-32	$30
33-40	$25
41-50	$20

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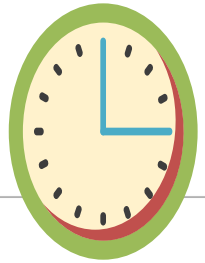

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Round 4

Exciting News!

- Trade Convention for Industry Executives.
- Each company can send 1 person (does not have to be team captain)
- Round 3 production decisions will not be made until they return.
- To attend: Leave the breakout room and return to the main room.

Market Demand (QD)	Price
0-6	$125
7-13	$100
14-19	$75
20-26	$50
27-32	$30
33-40	$25
41-50	$20

Round 4

Executives Returning….

- Make production decision for Round 3.
- Team captains submit by **Pear Deck**.
  - *"Team 1: # Produced"*
- Everyone return to the main room after you have submitted your production decision.
- Use the Zoom "ask for help" button if you have a question.

Market Demand (QD)	Price
0-6	$125
7-13	$100
14-19	$75
20-26	$50
27-32	$30
33-40	$25
41-50	$20

Students, write your response!

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Round 4 Results

- Market supply is…..
- So price is….
- Questions?

Market Demand (QD)	Price
0-6	$125
7-13	$100
14-19	$75
20-26	$50
27-32	$30
33-40	$25
41-50	$20

And the winners are...

Profit = Current Balance - $150 (your starting balance)

Accountants calculate your company's profit and be prepared to submit via **Pear Deck** at the end of the session.

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Debrief

- What happened?
- Why did you want to talk to the other companies?
- Did it work?
- What motivated you to collude?
- What motivated you to cheat on that collusive agreement?

Students, write your response!

Debrief

- Whose voice isn't represented in this conversation?
  - Consumers!
- How would consumers they perceive this outcome?
- People respond to incentives…
  - Buyers, sellers, business executives… even high school students!
- There's an incentive to collude.

Oligopoly Resources

- Cartels & Competition - FTE Lesson
- EconMovies – The Dark Knight
- Oligopoly and Game Theory – Crash Course
- The Evolution of Trust-https://ncase.me/trust/

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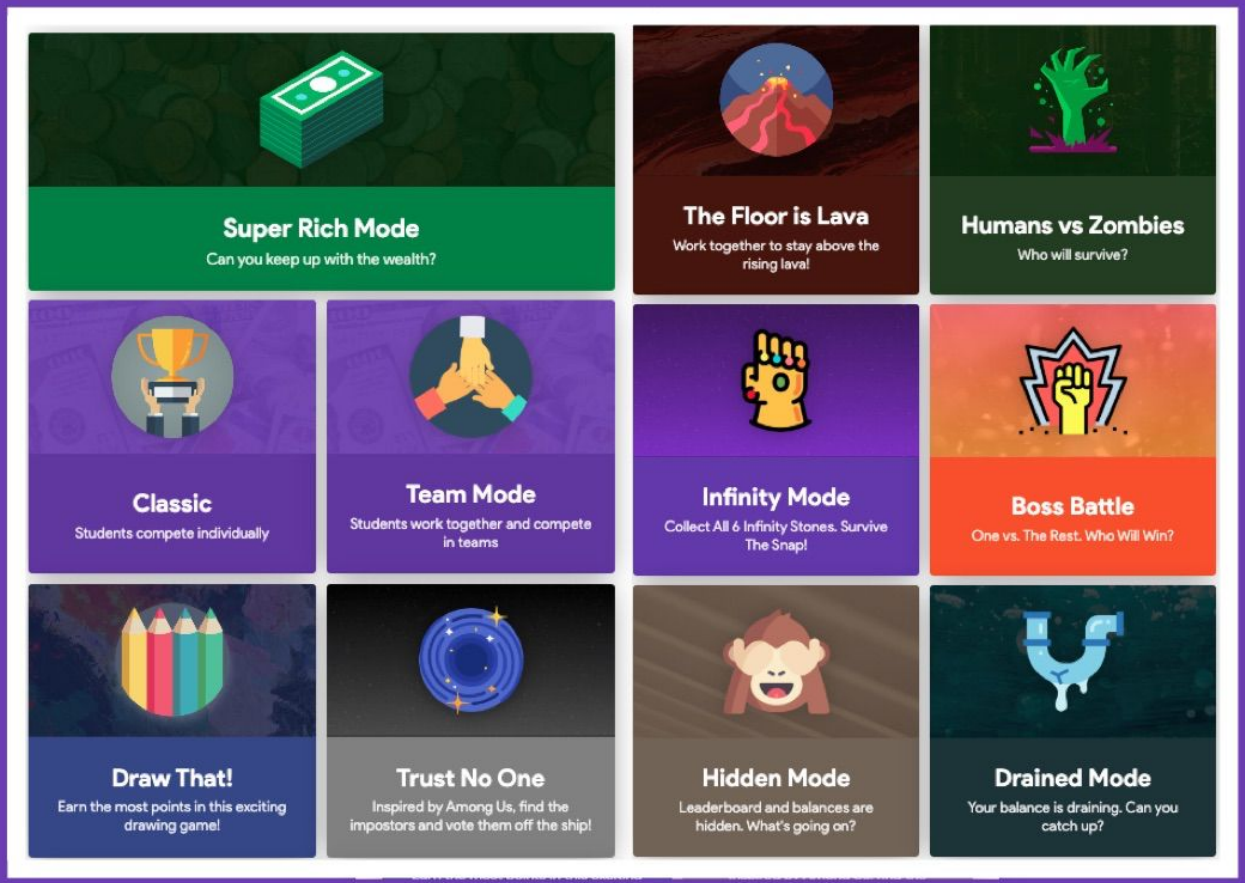
Let's Play Our Gimkit!



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Summer Institute

Teaching Microeconomics Using Current Events

Presented by Amanda Stiglbauer
Blythewood High School
Blythewood, SC

July 12, 2022

astiglbauer@richland2.org