

Teaching Plan

Title	Price Elasticity of Demand
Instructional Objectives	<ul style="list-style-type: none"> ➤ As an introduction of the concept of elasticity ➤ To discover the formula of price elasticity of demand
Keywords and Concepts Illustrated	<ul style="list-style-type: none"> ➤ Price Elasticity of Demand ➤ Elastic demand ➤ Inelastic demand ➤ Unitary elastic demand
Needed Time	➤ A double-period lesson, 80 minutes in total

Sessions	Details	Time Spent
Activity/ Announcement	<ol style="list-style-type: none"> 1. T: What do you mean by elasticity? Can you name me something that has elasticity? 2. T: I have brought several balls here. Do you think their elasticity is the same? How can we test their elasticity? Group yourself into groups of four and try to think of a way to measure their elasticity. I will give each group a basketball, volleyball and a ruler to measure. You will have 10 minutes. 3. Teacher distributes Worksheet 1 to each group and asks them to complete it themselves. Guide students when necessary. 4. After 10 minutes, ask 3 to 4 groups to present their findings. 5. Students should be able to come up with a formula to measure the elasticity of the balls. <i>(The formula should be a ratio with the starting height as a denominator and the re-bouncing height as a numerator. The rationale behind this formula is similar to the one behind the price elasticity of demand.)</i> Teacher can introduce the definition, meaning and the calculation of price elasticity of demand (PED) after the students have got some ideas of measuring elasticity. 6. Distribute one Worksheet 2 to each group of students to calculate the PED and make suggestion if the firm should increase/decrease price to raise sales revenue (each group should just calculate the point corresponding to their group number to save time). 7. Teacher projects worksheet 2 and ask a representative from each group to complete it with their findings & plot them on a graph. 8. Encourage students to find out, from observing the graph: <ol style="list-style-type: none"> a) Different elasticity along a straight demand curve b) Elasticity is higher at higher prices c) Price should be lowered with elastic demand in order to maximize the revenue and vice versa. 	<p>5 mins</p> <p>10 mins</p> <p>10 mins</p> <p>20 mins</p> <p>5 mins</p> <p>10 mins</p> <p>20 mins</p>
Tools	<ul style="list-style-type: none"> ➤ 10 pairs of basketball & volleyball; long rulers (teacher may use tennis balls and table-tennis balls instead). ➤ Photocopy Worksheet 2 on transparency 	

	<ul style="list-style-type: none"> ➤ Transparency pen ➤ Photocopy enough worksheet 1 and 2 for the class 	
Definitions	<ul style="list-style-type: none"> ➤ Price Elasticity of Demand – is the measurement of the responsiveness of the quantity demanded of a good to a change in its price, other thing remains constant. (Parkin, 1996) ➤ Elastic demand – the percentage change in the quantity demanded exceeds the percentage change in price. (Parkin, 1996) ➤ Inelastic demand – the percentage change in the quantity demanded is less than the percentage change in price. (Parkin, 1996) ➤ Unitary elastic demand – the percentage change in quantity demanded is the same as the percentage change in price. (Parkin, 1996) 	
References	<p>Source:</p> <ul style="list-style-type: none"> ➤ Ms Ngai Fai Shuet of The China Holiness Church Living Spirit College. <p>Definition:</p> <ul style="list-style-type: none"> ➤ Li, W., S., 1997. <i>New Introductory Economics</i> 1 2nd ed. HK: Longman Asia Ltd. ➤ Parkin, M., 1996. <i>Economics</i> 3rd rd. USA: Addison-Wesley Publishing Company, Inc. 	

Appendix Teacher’s materials

Worksheet 1 What is elasticity?

Worksheet 2 When will the company earn profit?

Acknowledgement:

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