

Teaching Plan

Title	Demand, Supply & Equilibrium
Instructional Objectives	<ul style="list-style-type: none"> ➤ To demonstrate how equilibrium is reached. ➤ To discover different ways to solve the problems of surplus & shortage
Keywords and Concepts Illustrated	<ul style="list-style-type: none"> ➤ Demand ➤ Quantity demanded ➤ Supply ➤ Quantity supplied ➤ Equilibrium price & quantity ➤ Surplus ➤ Shortage
Assumptions	➤ Students know about price, quantity demanded & the law of demand.
Needed Time	➤ 40 minutes

Sessions	Details	Time Spent
Activity/ Announcement	<ol style="list-style-type: none"> 1. Teacher, the supplier of snacks, brings in different quantities of different snacks to class. 2. T: Today, I want to sell you snacks that you like. I will call out the price first. Those who are interested to buy please raise up your hand. If the no. of hand equals to the no. of snack I intended to sell, that would be the deal. Of course, you have to pay me the price I ask for. For example, I have 3 packs of potato chips here. One potato chips costs \$10. Then I will see who wants to buy it. I will not sell these 3 packs until I see 3 hands raised up. 3. Starts with snack A and asks for a relatively low price. 4. T: At this price, the quantity demanded is a lot higher than the quantity I supply! Ok, I will increase the price and see how this affects the quantity demanded. 5. Teacher asks for a relatively high price. 6. T: It seems that when I increase the price, it reduces the quantity demanded. But it is now less than the quantity I supply. Maybe I should reduce the price a little bit. 7. Teacher keeps adjusting the price until an equilibrium point is reached. 8. Teacher sells snack B and ask for a relatively high price. Keep adjusting the price until an equilibrium point is reached. 9. Teacher recaps with students on the concepts of surplus, shortage & equilibrium price and quantity. 10. Teacher sells snack C and asks for a low price. This time, the price cannot be adjusted. Teacher can facilitate students to discover other methods to solve the shortage problem if the price has to keep unchanged. 11. Teacher sells snack D. Asks for a high price. Also, the price cannot be adjusted and teacher should facilitate students to discover other methods to allocate the surplus if the price has to keep unchanged. 12. Discussion: 	<p>10 mins</p> <p>5 mins</p> <p>10 mins</p> <p>5 mins</p> <p>5 mins</p> <p>5 mins</p>

	<p>a) What happens if the market price is set above the equilibrium price? Can you suggest some ways to solve this problem?</p> <p>b) What happens if the market price is set below the equilibrium price? Can you suggest some ways to solve this problem?</p> <p>c) Just now in our game, we allowed the market to freely adjust itself to reach its equilibrium. This is an example of _____? (<u>Market economy</u>).</p>	
Tools	➤ 4 different types of snacks	
Definitions	<ul style="list-style-type: none"> ➤ Demand – the amount of good or service that customers are willing and able to buy at different price levels. ➤ Quantity demanded – is the amount of that good or service that consumers plan to buy during a given time period at a particular price. ➤ Supply – the amount of good or service that producers are willing and able to sell at different price levels. ➤ Quantity supplied – the maximum amount that producers are willing to sell at a given price and in given conditions. ➤ Equilibrium price – is the price at which the quantity demanded equals the quantity supplied. ➤ Equilibrium quantity – is the quantity bought and sold at the equilibrium price. ➤ Surplus – a situation in which quantity supplied is more than quantity demanded. ➤ Shortage – a situation in which quantity demanded is more than quantity supplied. 	
Recommendation for teachers	➤ In a 40 mins lesson, you can only use 4 types of snacks for students to play 4 different rounds. Should you want to let students play several more times until they have really understood the concept, a double-period lesson is required.	
Source & References	<ul style="list-style-type: none"> ➤ Source: Based on the teaching experience of Ms Ngai Fai Shuet of the China Holiness Church Living Spirit College. ➤ References: <ul style="list-style-type: none"> ➤ Bergstrom, T. C. and Miller, J. H., 2000, <i>Experiments with Economic Principles: Microeconomics 2nd edition</i>: McGraw-Hill. ➤ Parkin, M., 1996. <i>Economics 3rd rd.</i> USA: Addison-Wesley Publishing Company, Inc. 	

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