

Teaching Plan

Name of the Experiment	Seats Auction
Instructional Objectives	<ul style="list-style-type: none"> ➤ To explain the problem of distribution of resources caused by scarcity ➤ To introduce the method of ‘價高者得’ (the person offers the highest bid is awarded) to allocate resources ➤ To highlight the importance of the existence of Property Right to assurance of the operation of market forces
Keywords and Concepts Illustrated	<ul style="list-style-type: none"> ➤ Scarcity ➤ Property right ➤ Opportunity cost ➤ English auction
Needed Time	➤ A double-lesson period, 80 minutes in total

Sessions	Details	Time Spent
Activity/ Announcement	<ol style="list-style-type: none"> 1. T: Class, are you happy with the seat arrangement? I think some are but some are not. Let’s rearrange the seats by using the ‘English auction’, it means that ‘the person offers the highest bid is awarded’ (價高者得). During the game, every student can make a bid. The student who offers the highest price for a seat, he/she can get the seat. It is also a current practice for the land auction in Hong Kong. 2. T: Now, assuming that I am the owner of the seats in this classroom. If you offer the highest price for a seat, you will get it and sit there for the economics classes afterward. 3. T: In the auction, I will be the one who is in-charge. I will decide which seat you are going to bid first according to my own preference. The basic price for each seat is \$0.5, and for every bid, the minimum-offering price is \$0.5. Whenever you make a bid, please raise your paper plate. (Before the auction, teacher will distribute each student a paper plate with his/her own student number written down). Once a student makes a successful bid, he or she should pay for the price as stated. 4. T: Each student can bid for more than one seat, no upper limit is set. Meanwhile, students can re-sell their seat(s) to their classmates. Inside the classroom, the property rights of the seats belong to the teacher. However, I will let you use the floor in the classroom freely. At the end of the 	5 mins

	<p>game, any student who cannot get a seat can choose to stand or sit on the floor during lessons.</p> <p>5. Post the Sitting Plan (Fig. 1), the Record Sheet of auction (Table 1) and the Final Sitting Plan (Fig.2) on board. If computer is available, an excel file can be used to project the record.</p> <p>6. Start the auction. For each transaction, the student number and his/her offering price should be recorded in the Record Sheet (Table 1). The auction will continue until nobody wants to bid for the seats.</p> <p>7. Afterward, teacher introduces the concept of scarcity: although there are enough seats for all the students to sit in class, the good seats are scarce. For example, there is a keen competition for the seats under the fans. It demonstrates the concept of competition caused by scarcity.</p> <p>8. Discuss with students the following questions:</p> <p>8.1 Which of the following ways can replace the ‘English Auction’ to distribute the seats?</p> <ul style="list-style-type: none"> ◇ First come first serve ◇ Teacher assigned ◇ Others... <p>What are the advantages and disadvantages of each method? Guide students to think about the issues of equity and efficiency.</p> <p>8.2 In the auction, do students want to have more than one seat to bid for? What do you give up when you bid for your most favorite seat? [Teacher introduces the concept of opportunity cost]</p> <p>8.3 If there were no owner of the seats, would the seats still be distributed by the auction? Why? Is there any other way to allocate the seats? Is the practice of ‘first-come-first-served’ feasible? [Teacher introduces the concept of property right].</p> <p>8.4 Ask students to make a vote about the use of the revenue obtained from the auction. The process demonstrates how the government distributes the public expenditure on different aspects. For instance, 1) evenly distributed; 2) tax return; 3) redistribution</p>	<p>50 mins</p> <p>5 mins</p> <p>20 mins</p>
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	<p>from rich to poor. Also, guide students to compare the different methods of allocation of resources in terms of equity and efficiency.</p> <p>9. Collect all the money gained from the auction and spend it according to the students' voting result.</p>	
Roles of Teachers	<ul style="list-style-type: none"> ➤ Host of the English auction ➤ Facilitator of group discussion 	
Tools	<ul style="list-style-type: none"> ➤ Paper plates—with students' class number written on ➤ Sitting plan—refer to Figure 1. Teacher can adjust it if necessary and try to number all the seats if possible. ➤ Record sheet or an excel file 	
Definitions	<ul style="list-style-type: none"> ➤ Scarcity—a situation which the amount of resources is insufficient to satisfy all our wants (Tang, Sham, Siu, Chung, 1995) ➤ Property right — property rights are socially enforced rights to select the use of an economic good. It can be seen as rules or criteria of competition which must exist to solve conflict. (Leung, 1989) ➤ Opportunity cost—the highest-valued option forgone. Whenever we choose one among alternatives, opportunity cost exists. (Tang, Sham, Siu, Chung, 1995) 	
Past Experience	<ul style="list-style-type: none"> ➤ Students are devoted to this kind of activity. At the early stage of the game, not many students will participate in the game. But in the middle of the game, all students will get involved. ➤ When students make a bid, they may consider the following things: <ol style="list-style-type: none"> 1. if their friends are sitting nearby; 2. if it is in the middle of the class; 3. how much money he or she has. ➤ Few students will re-sell their seats to make profit. ➤ Suggestions made by the students to allocate the money gained from the auction: <ol style="list-style-type: none"> 1. Lucky draw; 2. Evenly distributed in terms of person; 3. Evenly distributed in terms of seat; 4. Refund the money according to the proportion they have paid; 5. Refund the money according to their 	

	<p>saving, base on the rule of redistribution from rich to poor;</p> <p>6. Donate the money to the charity.</p> <p>→ Finally, they choose to get back the money according to the proportion they have paid.</p>	
References	<ul style="list-style-type: none"> ➤ Chung, W.T., Shum, C.L., Siu, L.P. and Tang, S.K.(1995) 'Economics in Life 1' Hong Kong, Pilot Publishing Company Ltd. ➤ Mateer, G. Dirk. Selling Seats Through An English Auction, Classroom Expernomics, 6(2), Fall 1997, pp.3-4 ➤ Leung, M. P., 1989, <i>Hong Kong Advanced Level Examination Microeconomics</i>: Hung Fung Book Co.Ltd. 	

Appendix Materials for Teacher

Figure 1 Sitting Plan (reference only, teacher can adjust it if necessary)

Figure 2 Final Sitting Plan

Table 1 Record Sheet of Auction