

## Tenth Grade: Economics

### Unit 2: Microeconomic Challenges

<p>Overarching Question:</p> <p style="text-align: center;">How do market forces affect the decisions of individuals, organizations, and societies?</p>		
<p>Previous Unit:</p> <p style="text-align: center;">Fundamentals of Economics</p>	<p>This Unit:</p> <p style="text-align: center;"><b>Microeconomic Challenges</b></p>	<p>Next Unit:</p> <p style="text-align: center;">Macroeconomic Challenges</p>
<div style="text-align: center;"> <p><b>Microeconomics is about</b></p> <p><b>Interactions in the Market between</b></p> <p><b>Buyers/Consumers</b> Law of Demand Determinants of Demand Elasticity of Demand</p> <p><b>Sellers/Producers</b> Law of Supply Determinants of Supply Elasticity of Supply</p> <p><b>resulting in</b></p> <p><b>Market Clearing Price</b></p> <p><b>Market Distortions</b></p> </div>		
<p>Questions To Focus Assessment and Instruction:</p> <ol style="list-style-type: none"> <li>1. How does information about the market influence the decisions of individuals and organizations?</li> <li>2. How does price provide information that influences the behavior of consumers and producers in a market?</li> <li>3. How can the study of microeconomics enable people and organizations to make rational decisions in the allocation of resources?</li> </ol>		<p><u>Types of Thinking</u></p> <p>Cause and Effect Compare and contrast Description Identifying perspectives Issue analysis</p>

### Unit Abstract:

This unit introduces students to the study of microeconomics. Students explore market behavior of individual consumers and firms in an attempt to understand the decision-making process of households and businesses. They examine the interaction between individual buyers/consumers and sellers/ producers and the factors that influence the choices they make. Through case studies and scenarios, students apply the Law of Demand and Law of Supply. In doing so, they analyze the interactions of buyers/consumers and sellers/producers when a market condition such as income, technology, size of the market, or price of complement or substitute goods changes. Using a simulation, students discover how competitive pressures in a market economy resolve the differences between the goals of buyers and the goals of sellers. These competitive pressures, in the absence of any outside interference, result in a market clearing price (equilibrium). Students investigate how a variety of changes in the marketplace affect quantity demanded, quantity supplied, and the market clearing (equilibrium) price. In addition, students consider how changes in price affect the behavior of buyers and sellers (elasticity). Next, students analyze how incentives affect choices of individuals and organizations. Students then explore and assess the intended and unintended consequences of market distortions such as price floors and price ceilings in a market economy. The unit concludes with students engaging in substantive discourse about microeconomics in theory and practice.

### Focus Questions

1. How does information about the market influence the decisions of individuals and organizations?
2. How does price provide information that influences the behavior of consumers and producers in a market?
3. How can the study of microeconomics enable people and organizations to make rational decisions in the allocation of resources?

### Content Expectations

- E1.2.2:* Price in the Market – Analyze how prices send signals and provide incentives to buyers and sellers in a competitive market.
- E1.3.1:* Law of Supply – Explain the law of supply and analyze the likely change in supply when there are changes in prices of the productive resources (e.g., labor, land, capital including technology), or the profit opportunities available to producers by selling other goods or services, or the number of sellers in a market.
- E1.3.2:* Law of Demand – Explain the law of demand and analyze the likely change in demand when there are changes in prices of the goods or services, availability of alternative (substitute or complementary) goods or services, or changes in the number of buyers in a market created by such things as change in income or availability of credit.
- E1.3.3:* Price, Equilibrium, Elasticity, and Incentives – Analyze how prices change through the interaction of buyers and sellers in a market including the role of supply, demand, equilibrium, elasticity, and explain how incentives (monetary and non-monetary) affect choices of households and economic organizations.

- E1.4.1:* Public Policy and the Market – Analyze the impact of a change in public policy (such as an increase in the minimum wage, a new tax policy, or a change in interest rates) on consumers, producers, workers, savers, and investors.
- E1.4.2:* Government and Consumers – Analyze the role of government in protecting consumers and enforcing contracts, (including property rights), and explain how this role influences the incentives (or disincentives) for people to produce and exchange goods and services.

### **Key Concepts**

determinants of demand  
determinants of supply  
elasticity  
incentive  
Law of Demand  
Law of Supply  
market  
market clearing price/equilibrium  
microeconomics  
price  
price controls/market distortions  
shortage  
surplus

### **Duration**

3 weeks

### **Lesson Sequence**

Lesson 1: Demand - Ability and Willingness to Buy  
Lesson 2: Determinants of Demand  
Lesson 3: An Introduction to Supply  
Lesson 4: The Ideal State of Equilibrium  
Lesson 5: Responding to Price Changes (Elasticity of Demand and Supply)  
Lesson 6: Prices Send Signals  
Lesson 7: Microeconomic Behavior

### **Assessment**

Selected Response Items

Constructed Response Items

Performance Assessments

## Resources

### Equipment/Manipulative

11x17 paper  
Chart paper or poster board  
Computers with Internet Access  
Construction paper  
Markers for chart paper  
Scissors, 1 pair  
Stapler  
Overhead projector or document camera

### Student Resource

*TicketMaster*. 28 Nov. 2009 <[www.ticketmaster.com](http://www.ticketmaster.com)>.

Stubhub. 28 Nov. 2009 <[www.stubhub.com](http://www.stubhub.com)>.

Ticketsnow. 28 Nov. 2009 <[www.Ticketsnow.com](http://www.Ticketsnow.com)>.

Ticketliquidator. 28 Nov. 2009 <[www.TicketLiquidator.com](http://www.TicketLiquidator.com)>.

The Ticket is Right. 28 Nov. 2009 <[www.theticketisright.com](http://www.theticketisright.com)>.

### Teacher Resource

Arnold, Roger A. *Economics in Our Time (Teacher's Edition)*. Grand Rapids: West Educational, 1999.

*Market Basics: Demand, Supply, and Price Determination*. The Right Start Institute. Foundation for Teaching Economics: Committed to Excellence in Economic Education. 28 Nov. 2009 <<http://www.fte.org/teachers/programs/rightstart/curriculum/topic3/marketbasics.php>>.

*In the Chips*. Foundation for Teaching Economics: Committed to Excellence in Economic Education. 28 Nov. 2009 <<http://www.fte.org/teachers/programs/efl/lessons/tues/efltue1.htm>>.

Mankiw, Gregory. *Principles of Microeconomics Study Guide, Third Edition*. New York: Holt Rinehart & Winston, 2003.

McConnell, B. *Economics: Principles, Problems, and Policies* (16th Edition). New York: Mc-Graw Hill, 2005.

McEachern, William A. *Contemporary Economics*. Mason, Ohio: Thomson South-Western, 2005.

Morton, John S., and Rae Jean B. Goodman. *Advanced Placement Economics Teacher Resource Manual*. Upper Saddle River, NJ: National Council on Economic Education, 2005.

*Debating the Minimum Wage*. Finance and Economics. The Economist.com. 28 Nov. 2009  
<<http://www-personal.umich.edu/~kathrynd/minimumwage.pdf>>.

Resources for Further Professional Knowledge

Lindstrom, Martin. *Buyology: The New Science of Why We Buy*. New York: Currency Doubleday, 2008.