



## Supply & Demand | Lesson Plan

How does supply and demand shape the market and affect our everyday choices?

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Students will learn about supply and demand, factors such as scarcity and surplus, and how these components work together to shape the free market.

### Learning Objectives:

- Define supply and demand and its implications.
- List the factors that influence supply and demand.
- Assess the need for price controls and artificial production in relation to a free market.
- Formulate a plan to meet demand for a certain product or service.
- Apply knowledge of supply and demand to make predictions regarding prices and personal purchasing decisions.

### Key Vocabulary:

- **Supply:** The total amount of products available for sale.
- **Demand:** The consumers' desire to buy products at a specific price.
- **Surplus:** More products are supplied than demanded.
- **Scarcity:** Resources or goods limited in relation to demand.
- **Shortage:** More products demanded than supplied.
- **Producer:** Those who create or supply goods and services.

**Educational Standards:** CCRA.R.7, CCRA.R.10, CCRA.W.2, CCRA.W.4, CCRA.W.7, CCRA.SL.1, CCRA.SL.2, CCRA.L.6

**Academic Subject Areas:** Financial Literacy, Economics, Investors

### What You'll Need

- Video: Ca\$h Cour\$e: Supply & Demand (Watch [Here](#))
- Worksheet: Ca\$h Cour\$e: Supply & Demand (Click [Here](#))
- Marketplace simulation supplies (index cards, paper money or tokens)
- Timer or stopwatch

### Lesson Plan (45 mins.)

Warm-Up: (15 mins.)

1. Set up a marketplace simulation. Split the class into Producers (Group A) and Consumers (Group B). The ratio should be approximately equal, but you can have more consumers than producers to mimic real market scenarios.



2. Distribute the resources. Producers (Group A): Each producer receives a set number of index cards. These cards represent different products they can sell. Write the names of different products on each card (e.g., laptop, shoes, coffee, etc.).
3. Consumers (Group B): Each consumer receives an equal amount of paper money or tokens to spend in the marketplace.
4. Directions:
  - Round 1 (5 minutes): Setting initial prices. Producers set initial prices for their products and display them along with the product (index card).
  - Consumers browse the products and decide which ones to purchase based on their preferences and their money.
  - Transactions are made, and money changes hands. Producers can adjust prices as they see fit based on consumer interest.
  - Round 2 (Market Change: 3 minutes): Introduce a market event by drawing a card and announcing a scenario (e.g., resource shortage, technological breakthrough, celebrity influence, etc.). This event should impact supply and demand, prompting producers to adjust their prices or production strategies.
    - i. Examples: A new technology has made it cheaper to produce laptops; producers of laptops can now sell for less.
    - ii. There is a sudden increase in the demand for shoes because of celebrity influence. Producers raise their prices as a result.
  - Debrief and Discussion (5 minutes): Discuss what happened during the simulation. Ask producers why they adjusted their prices and how they felt about the market event. Ask consumers about their purchasing decisions and how price changes affected them.
  - Highlight concepts of supply and demand and how external factors can influence the market.

Watch and Apply: (20 mins.)

1. Introduce the video *Ca\$h Cour\$e: Supply & Demand* and watch it as a class.
2. After watching the video, engage students in a conversation about real-life examples of supply and demand they noticed in the video and how those examples relate to the perspective of the market economy.
  - Discuss how government policies affect concepts of supply, demand, scarcity, and market equilibrium concepts.
  - Consider how consumer preferences, global events, or technological advances affect supply, demand, scarcity, and market equilibrium.
3. Hand out the worksheet to each student and have them complete sections individually or in groups.

Wrap-Up: (10 mins.)

1. To wrap up, correct the worksheet as a class. Consider collecting as a formative assessment grade.

2. Encourage students to think critically about how the free market can more readily adjust to supply and demand compared to a socialist market.
3. Optional extension: Students can pick a country to study, such as Venezuela, to see what happens when the free market is squelched. PragerU's [Around the World: Venezuela](#) can offer more insight.

### **Don't have time for the full lesson? Quick Activity (5-10 mins.)**

- Distribute the worksheet and allow students to complete it while they follow along with the video.
- Or, have students watch the video at home and use the worksheet as a quick quiz the next day in class.