



Supply and Demand: Lesson Plan

Topic	
<p>Supply is the number of units of a certain product that a company wants to sell. Demand is the total number of units of a certain product that customers want to buy. Here's a very simplified understanding of supply and demand: the more of something there is, the less it's worth, and the more people want something, the more it's worth. When the market is left without any outside regulation, an unseen force called the "invisible hand" will guide it towards the <i>equilibrium point</i>, the price at which the amount of product that companies want to sell perfectly equals the amount of product that customers want to buy.</p>	
Possible subjects/classes	Time needed
Economics, Marketing/Business, Civics	30-45 minutes
Video link:	
https://academy4sc.org/topic/supply-and-demand-i-want-it-i-got-it/	
Objective: <i>What will students know/be able to do at the end of class?</i>	
<p>Students will be able to...</p> <ul style="list-style-type: none"> • Define supply and demand as well as how they each influence the price of an object. • Explain Adam Smith's concept of the "invisible hand." • Predict the prices of real-life products using concepts of supply and demand. 	
Key Concepts & Vocabulary	
Equilibrium point, Laissez-faire	
Materials Needed	
Worksheet	
Before you watch	



Poll the class: Ask students to list the type of cereal they normally eat/ have eaten before. Point out trends of popular brands. Make note of how many “off brand” or “knock off” cereals are listed compared to name brands.

While you watch

1. Give a brief explanation of supply and demand.
2. Define equilibrium point in terms of Adam Sander’s concept of the “invisible hand.”
3. Name one other field supply and demand affects beyond economics.

After you watch/discussion questions

1. Think about a vintage, limited edition toy that collectors are desperate to find. Estimate how much a third-party seller would sell the toy for. How do supply and demand impact the price of the toy?
2. Think about a time when the price of a product was either more or less than you expected. Why might the company be selling the product at that price rather than the price you imagined in your head?
3. Do you agree with Adam Smith’s idea of *laissez-faire* economics? If yes, explain why. If no, how should the economy be regulated instead?

Activity Ideas

- **Deal or No Deal:** Choose a category of objects. For this example, it’ll be jackets. Start with a “knock off” or low cost brand. List a potential price and ask students to raise their hands if they think it’s a reasonable market price or if they themselves would buy it. Change the price a few times, checking if the students think it’s marketable each time. Try changing the brand name to something more recognizable and/or high end, and repeat the process. For example, you could start a jacket from a thrift store for \$5, \$15, \$25, \$50, \$75 and then a Levi’s or Peridot’s for similar prices.
- **Worksheet:** Have students complete the Worksheet individually. Then review answers in groups or as a class.

Sources/places to learn more

1. *Controlling Cocaine: Supply Versus Demand Programs* - C. Peter Rydell, S. M. Everingham, Susan S. Everingham - Google Books.
<https://books.google.com/books?hl=en&lr=&id=abFfOtUet2AC&oi=fnd&pg=PR3&dq=supply+and+demand&ots=jobOLaxEDO&sig=rXIJZYFC7GmqIAFZy>



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2. Fisher, Marshall L., et al. *Making Supply Meet Demand in an Uncertain World*. p. 14.
 3. *Global Agricultural Supply and Demand: Factors Contributing to the Recent ...* - Ronald Trostle - Google Books.
<https://books.google.com/books?hl=en&lr=&id=lCtFH1n5vycC&oi=fnd&pg=PP1&dq=supply+and+demand&ots=ggOdEfjjat&sig=eYo3QPuown6pRMvTOnQQAVH24Nk#v=onepage&q=supply%20and%20demand&f=false>. Accessed 12 Aug. 2019.
 4. *Iron Supply and Demand in the Upper Ocean* - Fung - 2000 - *Global Biogeochemical Cycles* - Wiley Online Library.
<https://agupubs.onlinelibrary.wiley.com/doi/abs/10.1029/1999GB900059>. Accessed 12 Aug. 2019.