



Children's Museum of Houston

Pre/Post Classroom Activities

Supply and Demand

Rationale:

It is common for primary students to visit banks with their families and see actions that involve money. They witness the effects of supply and demand at stores and places of business. They are often consumers of goods and services that are affected by these economic forces. When children have an opportunity to engage in putting a value to items relative to their own interest, they get a sense of how the value of items can go up and down. By engaging in this activity, students will become familiar with basic aspects of supply and demand and the effects of scarcity on a desired item.

TEKS Objectives

Economics:

3.6 (A) identify ways of earning, spending, and saving money

3.8 (B) explain how supply and demand affect the price of a good or service

3.7 ((A) define and identify examples of scarcity;

Math

3.14 (A) identify the mathematics in everyday situations

3.14 (D) use tools such as real objects, manipulatives, and technology to solve problems

Background:

When there isn't enough of something to go around, we say the **supply** is **low**. When lots of people want to buy the same thing, we say the **demand** is **high**. When this happens, stores can charge more for items. In general, when supply is low and demand is high, prices go up. When supply is high and demand is low, prices go down. In this activity, students experience purchasing power using a fixed 'fake' money budget for buying in a classroom economy. With the help of the teacher leading an auction market, students will recognize the change in value of items auctioned when supply is increased. Children will later be able to further explore concepts of spending and saving in the *Kidropolis* exhibit

Vocabulary:

Supply: is how much of an item is available for people to buy.

Demand: is how many people want to buy of something at that price.

Quantity: tells the number of items there are.

Value: how much an item is worth in dollars or how interesting people think the item is.

Materials

- Monopoly /Xerox copied play money - Monopoly game board resources
Math department resources
- Choices of classroom appropriate items for purchases -see black line master icons for ideas
- Discussion sheet - see black line master.

Procedure:

Set up:

- Give each student a budget of \$10 spending 'fake' money to be used for buying.
- Set different prices for each item depending on your perceived value in the classroom.
- Explain that students will be allowed to purchase 1 item only and that all are required to participate in buying.
- Explain that if the child does not get to make a purchase today, no loss. (All students will keep the \$10 fake budget money after the activity).

Process:

Modeling demand:

1. Display only 1 of the items. Tell students that today this item will sell for \$5.
2. Ask for a show of hands of those who would like to buy the item. Choose 1 buyer and exchange the 1 item for the cash.
3. Tell the students that '*demand*' was displayed by the amount of hands that were raised. .
4. Now, display an additional (5) more of the same item that sold for \$5 and ask for display of hands for those who want to buy the same item but don't chose buyers yet.
5. In response to the number of hands raised, announce that you have decided to change the price to \$8. Allow for responses and choose the buyers.
6. Explain that you raised the price of the item in response to the demand, and to make more money.

Modeling supply:

7. Now display a second item that you believe to be of lower value to the classroom. Tell students that today this item will sell for \$5
8. Ask for a show of hands for those who want to pay \$5 for this item. Allow for purchases and exchange of money.
9. Now, display (10) of this same items and tell students that these will now be sold for \$3 dollars each. Explain that because you have so many of these you will allow them to be sold.
10. Return all cash and supply a random number of icons that represent items for purchase to each table. (Don't allow trading to occur between tables)
11. Ask one student to act as the seller at each table to lead the selling process, using the same rules that applied in the demonstration.
12. Ask students to complete the supply and demand activity page in response to their independent practice.

(Hint) Try using magazine pictures of items that are of interest to students in the age group.

Questions to ask:

- What was the item that was in highest 'demand' at your table?
- Which item was in higher supply at your table?
- How do you think this applies to new video games that you see advertised around December?
- How do you think this applies to pencils at the store?
- What do you think would happen to the supply of pencils if using trees as a resource was prohibited?

Resources

Homer Price by Robert McCloskey – This book consists of six stories. In "The Doughnuts," Homer's Uncle Ulysses's newest money making idea, the doughnut machine, goes on a rampage making hundreds of doughnuts. While trying to figure out how to sell the doughnuts Homer helps a woman find her bracelet which she lost in the doughnut machine.

The Everything Kids' Money Book: Earn it, save it, and watch it grow! - by [Brette McWhorter Sember](#) – from the Everything Kids series, this book covers a multitude of money, spending, concepts, including the history of banking. This is an excellent classroom resource for teaching, sharing, and referencing.

Can I Have Some Money?: Max Gets It! By [Candi Sparks](#) - Max is a realistic character that shares his experience with making, saving, and spending money with ids.

The Penny Pot by Stuart J. Murphy – Chester the cat and Jessie engage students in counting coins to make spending decisions at the local school fair.

Websites

www.lemonadegame.com _An interactive game that allows students to use math skills to determine what is supplies need to run a lemonade stand and remain within a budget_

<http://www.orangekids.com> _An interactive game that allows two characters to lead students into an "outerspace" economic environment where spending decisions must be made in a rapid pace.

<http://www.internet4classrooms.com/> provides a variety of interactive activities in multi disciplines. Choose a grade level and specific math skill to provide fun interactive exercises to reinforce addition and subtraction skills

http://www.practicalmoneyskills.com/games/ed_bank - Students help character 'Ed' to save money for his favorite things.

Pick a sticker!



Front of the line for the day



Extra computer time!



No shoes in class for 1 day!



Homework pass!





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Supply and demand, High or Low?

- 1) You go to the store to buy apples for a pie. You need 6 apples for the pie, but the store only has 3 left. Circle the statement that is true:

Supply is high

Demand is low

Supply is low

- 2) A movie theater holds 200 people. There are 300 people in line to buy tickets to see the movie's first viewing ever! Circle the statement that is true:

Demand is high

Supply is high

Demand is low

- 3) Nintendo just came out with the fastest, coolest game system that allows you access on your IPOD, but the manufacturer will only make 100 of the systems a year! Circle the statement that is true:

Demand is high

Supply is high

Demand is low

4. Higher demand will happen when _____
(give 1 example)

5. Supply is low when _____
(give 1 example)