Activities for Relatability & Connection

Dirk Mateer & Lucy Malakar
Activity Ideas for

- Incentives
- Production Possibilities Curve
- Unemployment
- Inflation

- Productivity
- Game Theory
- The National Debt
- The Tragedy of the Commons
The Ultimate Guide to
TEACHING MACROECONOMICS
Solutions Manual, In-Class Activities, Media Clips, and More for Coppock and Mateer's Principles of Macroeconomics

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First stop:

- Incentives
Would you pick up a penny?
Next stop:

• Production Possibilities Curve
Do with less—so they’ll have enough!

Rationing gives you your fair share
Need two volunteers

Push ups

Paper widgets
Demonstration

2 doers
2 counters

unlimited cheering section
Timer, paper & staplers, Excel

https://www.online-stopwatch.com/countdown/

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Results & extensions

- Actually get it!
- On curve, inside curve, outside curve
- Tradeoffs, increasing opportunity cost
- Electric stapler vs. more time
- Comparative advantage, specialization
TIP #67 PPF Game

Materials
- Four student volunteers:
  - Two who are willing to do push-ups and willing to text
  - Two who will count push-ups
- Stopwatch
- Whiteboard or projector for tallying results and showing the PPF

Class Time: 10–15 minutes
Class Size: any
Difficulty: easy

Procedure
1. Explain that you have two people producing two goods. The two goods are push-ups and texts. The push-ups are easy to account for as you have student volunteers count the push-ups. As for the texts, you have a few options:
   - If you are comfortable with students having your cell phone number, you can give them your number and have them text you a phrase such as “I <3 Econ.”
   - If you do not have a text plan or do not wish to give your phone number out to students, you can use the Web site www.polleverywhere.com.
   - You may also have your volunteer counters give their cell phone numbers to the participants and have the participants text the counters directly. This is usually the easiest plan.
   - On the website www.polleverywhere.com, you can have students text in a number with a phrase, and you can project it with a computer.
2. Have the two student volunteers who are counting push-ups receive the text messages and count those as well. Just be sure to mention this at the beginning so the volunteers know what they are getting into.
3. Next, explain that the students will be using the resource of time. They are given 30 seconds as their resource.
4. Start off making the students do push-ups for 30 seconds. Record how many for each. Plot that point on the PPF. Explain how this point intersects the “push-ups axis,” meaning that if all of the resources are dedicated to one activity, it ends up there. This shows the student the idea of producing one good while ignoring the other.
5. Next, make the students text for 30 seconds. Record how many texts for each. Again, plot that point, explaining the idea of allocating resources to a single activity.
6. Next, have the students do push-ups for 20 seconds and text for 10 seconds. Plot this point, explaining how in order to get some text messages, you had to give up some push-ups. This helps explain both trade-offs and opportunity costs. You can also tie this into a quick math review about how every point on an x–y plane represents a bundle of two variables.
Full Circle

- Guns vs butter
- Centrally planned vs market based
Connection:

- Unemployment
Unemployment is Like a Swimming Pool

Panel 1
Waaaay too crowded. An unemployment catastrophe!

Panel 2
Not too crowded…but be careful….

Panel 3
This picture is the same as Panel 2. If the same people are in the pool every day the long-term duration of unemployment is a serious concern.

Panel 4
Finally, low unemployment!
Change planes:

• Inflation
Inflation in **Austin Powers**

Your turn!

1967 = 33

1997 = 160

2019 = 256
Big Question: What Problems Does Inflation Bring?

TIP #322 Inflation in Austin Powers: International Man of Mystery

The Austin Powers series is a hilarious spoof of the James Bond films. In International Man of Mystery, we are introduced to British secret agent Austin Powers, who was cryofrozen at the end of the 1960s. Thirty years later, Austin Powers is thawed to help capture his nemesis, Dr. Evil, who has stolen a nuclear weapon and is holding the world hostage.

Like Powers, Dr. Evil was also frozen from the late 1960s to the late 1990s. Being frozen for 30 years causes Dr. Evil to underestimate how much ransom he should ask for: “Gentlemen, it’s come to my attention that a breakaway Russian Republic called Kreplachistan will be transferring a nuclear warhead to the United Nations in a few days. Here’s the plan. We get the warhead, and we hold the world ransom for . . . ONE MILLION DOLLARS!”

There is an uncomfortable pause. Dr. Evil’s Number Two speaks up: “Don’t you think we should ask for more than a million dollars? A million dollars isn’t that much money these days. Virtucon alone makes over nine billion dollars a year.”

Dr. Evil responds (pleasantly surprised) “Really? That’s a lot of money. Okay, then. We hold the world ransom for . . . ONE HUNDRED BILLION DOLLARS!”

International Man of Mystery takes place in 1997, and Dr. Evil was frozen in 1967. How much did the price level rise over those 30 years? The CPI was 33.4 in 1967 and 160.5 in 1997. Dividing 160.5 by 33.4 yields a factor of 4.8, so if Dr. Evil thought that $1 million was a lot of money in 1967, an equivalent amount in 1997 would be $4.8 million. Dr. Evil does not let that stop him from asking for more!

Ask your students to imagine that they were cryogenically frozen and then revived 30 years later. Advances in technology, culture, and higher prices would all be shocking. After viewing the film scene, you can encourage students to think about demand-pull and cost-push inflation. In the time period while Dr. Evil was frozen, demand-pull inflation occurred (as a result of an increase in population), as did cost-push inflation (resulting from the oil embargoes in the 1970s), which also caused prices to rise.

FIND IT: 00:22:00–00:22:50.
The Barenaked Ladies

If I Had a Million Dollars

1992 = 140.5
Next stop:

• Production cost activity
Production Costs & Diminishing Returns
The aim is to transfer as many tennis balls as possible from one bucket to the other in 30 seconds. From this we will calculate the marginal and average products and profits.

Rules:
- No throwing of tennis balls.
- Each of the balls must be placed in the 2nd bucket
- Only one person may take balls out of the 1st bucket and only at a rate of one at a time
- Each student must handle every ball on each run, the balls should be passed from hand to hand.

Important:
- Every tennis ball that is moved from the 1st to the 2nd bucket $400 in participation points is earned. However, $200 is charged per worker and there is a $500 fixed cost for playing.

Cast your vote by predicting the number of workers (2, 4, 6, or 8) that will earn the highest profit. Each dollar of profit equals one participation point.
California, here we come:

- Game theory
Captain America vs. Iron Man
Heroes in a Prisoner’s Dilemma

<table>
<thead>
<tr>
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Iron Man
Next stop, DC:

- National Debt
Deficit

Debt
Demonstration

- Blow ALL of the balloons in small puffs.
- Compare the size of the national debt with the size of the overall economy.
- Blow up the balloons until some pop.
- How can the remaining balloons be deflated?
Landing:

- The tragedy of the commons
Fishing Game
### 1st Round

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### 2nd Round

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*Don’t capture the white fish! You get fined $300 for each one!*
Many other easy-to-run activities

• Play Doh Experiment
• Externalities Experiment
• There are dozens more activities and experiments highlighted in *The Ultimate Guide*
Where will you go from here?