

Explore- Understanding how our economy works



**Why don't
cookies
cost \$100 a
bag?**

Think About It:

What determines what people buy and what they are willing to pay for it?



The Hula Hoop: A True Story

Watch the video clip. When it finishes, be prepared to answer some main idea questions.

<http://www.youtube.com/watch?v=Ng3XHPdexNM>



Think About It:

- 1. Why does the business owner lower the price when the hula hoops are not selling quickly?*
- 2. Why did the business owner raise prices?*
- 3. What does an increase in price for a product communicate to consumers about the demand for that product?*

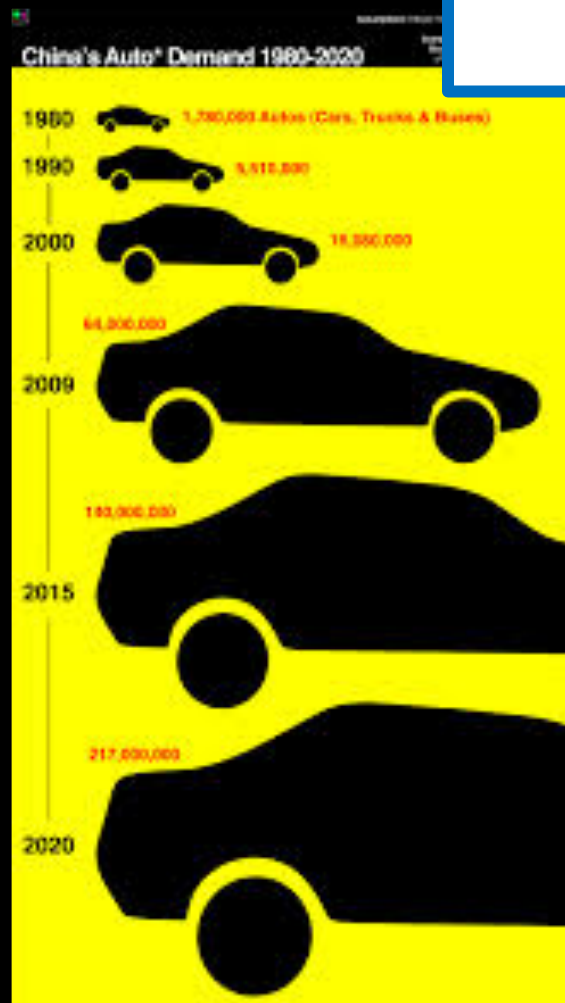
1. Supply

The amount of a good or service available.



2. Demand

The desire to obtain a good or service.



3. Capital

Any human-made object that is used to make other goods or perform services

**EX: tools, brochures, money
computers, machinery, etc.**

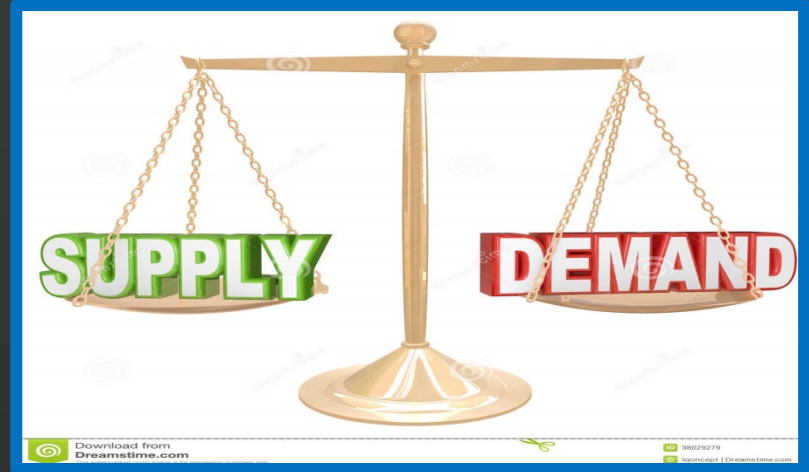


Think About It:

What happens to the price when...

**Supply is high,
demand is low?**

**Ex: Old model I-
Phones**



**Supply is low,
demand is high?**
**Ex: The newest
I-Phone model**



SpongeBob SquarePants: "Chocolate with Nuts"

A case study in economy



As you watch the episode, answer the questions on the handout. The questions do go in order.

<http://watchcartoonsonline.eu/watch/spongebob-squarepants-s3-ep12a-chocolate-nuts/>

1. Spongebob received a magazine in the mail. What did he mean when he said, " How do these people achieve a higher standard of living?"

2. What is an entrepreneur? Who are the entrepreneurs in the episode?

3. What are some examples of capital they used to help them become better salesmen?

4. What are some ways they tried to raise demand for their product?

5. What are some problems they encounter along the way?

6. How could SpongeBob and Patrick have improved their business?