

# 1. The crossword trading game

- Activity:** The crossword trading game
- Length:** 50 minutes for the game + 20-30 minutes debrief
- Purpose:** Introduce markets and the market mechanism

## Instructions to students

- Each student (or group) is provided with the same amount of \$\$\$\$ each.
- You must spend 15-20 minutes working on the crossword alone (closed book for the first 10 minutes and open book thereafter!!)
- When 'the market' opens (i.e. after 15-20 minutes) you can commence trading for words that you need to complete the crossword.
- The price of any trade is determined purely by the market participants (i.e. the buyers and sellers) and will ultimately depend on the 'value' placed on each word being traded. If a team is close to completing the crossword, then the value they place on a word will be high. This provides an opportunity for sellers to demand 'top dollar.'
- When trading, all players 'supplying' a word must ask those 'demanding' a word - how many words are required to complete the crossword. Honest responses from those demanding words must be provided and this ensures that the market operates with 'perfect information'
- The teacher is the banker and can sell words at any time and at whatever price. The banker will also regulate the market and provide players with the service of checking if words are correct. This service will attract a fee.
- The banker may conduct discounted 'sales' or 'auctions' at any time.

There are two category winners in the game.

**Category 1:** The first person/group to correctly complete the crossword; and

**Category 2:** The person/group who ends up with the highest amount of money

## Teacher notes

Concepts to explore upon completion of the game. This will usually occur at the start of the next lesson via a brainstorming session.

1. How the game was an example of a market
2. Initial trading power (supply of words) determined by reward for labour input (like a wage)
3. The relationship between price and demand
4. The relationship between demand and price
5. The relationship between price and supply
6. The relationship between supply and price
7. How prices of words were determined in the market place
8. Scarcity and the role of prices
9. Excess demand (shortages) and prices
10. Excess supply (surpluses) and prices
11. The importance of changes in relative prices (e.g. resource allocation)
12. Specialisation and trade (comparative adv)
13. Development of market power
14. The importance of achieving 'perfect information' in the market (advanced - the notion of asymmetric information and market failure)
15. 'Unfair' or 'inefficient' market behaviour and the need for 'regulation' or 'government intervention'. Some examples to consider include:
  - Insider trading (e.g. buying words knowing someone else needs it)
  - Mergers/takeovers (e.g. two groups pooling resources)
  - Collusion (e.g. two groups agreeing not to trade with a rival)
  - Misleading and deceptive conduct (e.g. selling incorrect words)
  - Corporate fraud/theft (e.g. stealing words)
  - Criminal behaviour (e.g. robbing the bank)
  - Predatory pricing (e.g. selling words below cost to ensure that a rival cannot compete)

An example of a crossword to use appears on the following pages.

# Economics

## The crossword trading game



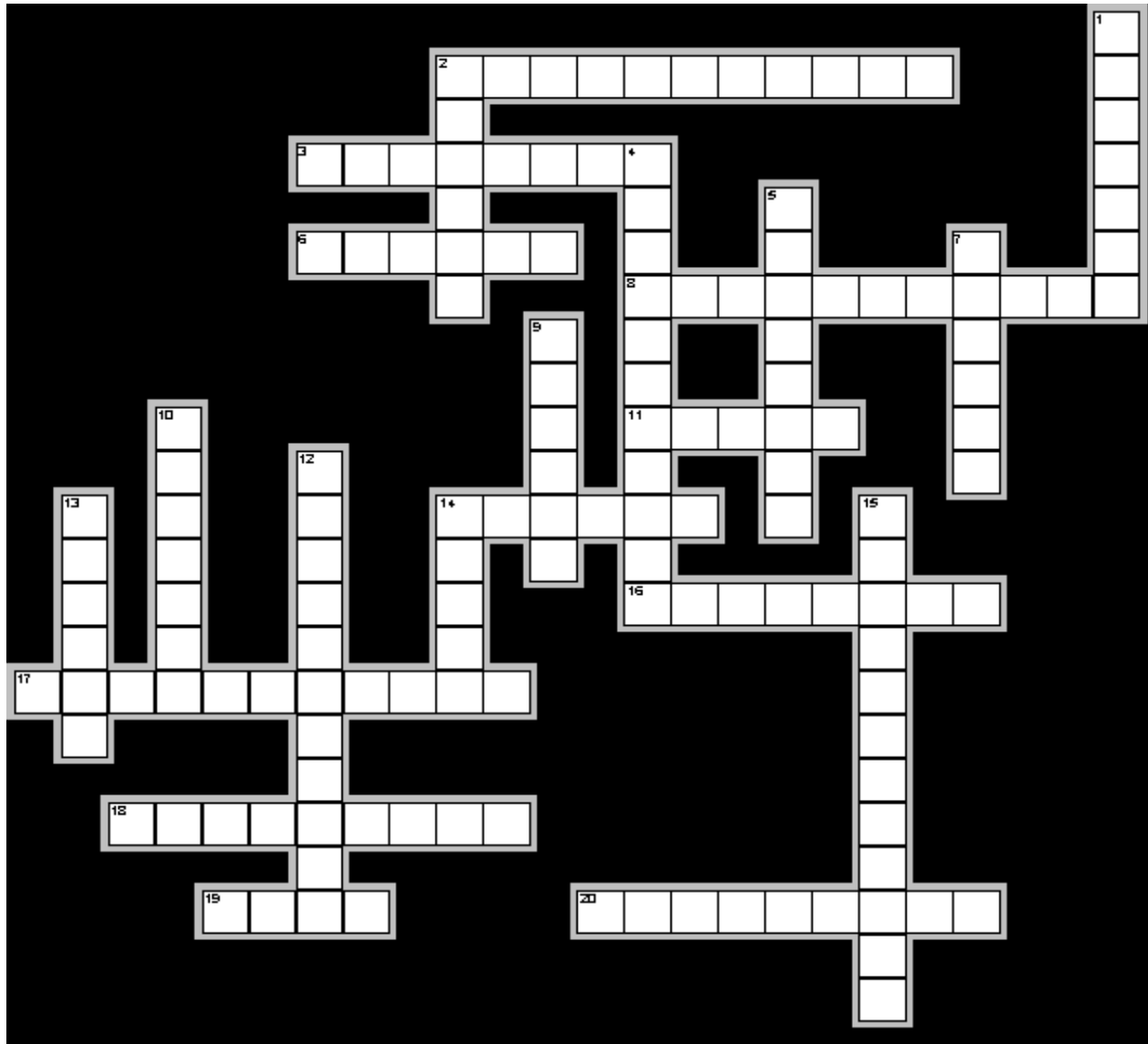
### Instructions to students

- Each student (or group) is provided with \$\_\_\_\_\_ each.
- You must spend 15-20 minutes working on the crossword alone (closed book for the first 10 minutes and open book thereafter!!)
- When 'the market' opens (i.e. after 15-20 minutes), the bell will ring and you can commence trading for words that you need to complete the crossword.
- The price of any trade is determined purely by the market participants (i.e. the buyers and sellers) and will ultimately depend on the 'value' placed on each word being traded. If a team is close to completing the crossword, then the value they place on a word will be high. This provides an opportunity for sellers to demand 'top dollar.'
- When trading, all players 'supplying' a word must ask those 'demanding' a word - how many words are required to complete the crossword. Honest responses from those demanding words must be provided and this ensures that the market operates with 'perfect information'
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**ACROSS**

- 2. BREAD AND BUTTER ARE EXAMPLES OF THESE
- 3. WHEN THERE IS EXCESS DEMAND IN THE MARKET
- 6. THIS MARKET INVOLVES THE SALE OF GOODS AND SERVICES TO FOREIGN BUYERS
- 8. AN INCREASE IN THESE WILL REDUCE DISPOSABLE INCOME AND ALSO RESULT IN MORE MONEY FOR THE GOVERNMENT (2 WORDS)
- 11. THE MARKET WHERE ILLEGAL GOODS AND SERVICES ARE BOUGHT AND SOLD
- 14. THE MAJORITY OF ENTREPRENEURS ARE MOTIVATED BY THIS
- 16. THIS TYPE OF PRODUCER CAN RAISE PRICES WITHOUT MUCH CONCERN ABOUT LOSING CUSTOMERS
- 17. COFFEE AND TEA ARE EXAMPLES OF THESE
- 18. CASH OR OTHER BENEFITS GIVEN BY GOVERNMENTS TO BUSINESSES IN ORDER TO HELP IT PRODUCE A PARTICULAR PRODUCT
- 19. A TYPE OF RETURN OFFERED IN THE PROPERTY MARKET
- 20. MINERALS AND AGRICULTURAL PRODUCTS ARE SOLD IN THESE MARKETS

**DOWN**

- 1. WHEN THERE IS EXCESS SUPPLY IN THE MARKET

- 2. THIS TAX THAT WAS INTRODUCED IN 2012 CAUSED A REALLOCATION OF RESOURCES TO THE PRODUCTION OF CLEANER ENERGY ALTERNATIVES
- 4. WHEN THE MARKET IS IN A STATE OF REST, WITH NEITHER EXCESS DEMAND NOR EXCESS SUPPLY GOODS OR SERVICES
- 5. A PLACE OR SITUATION WHERE BUYERS AND SELLERS OF GOODS OR SERVICES COME TOGETHER IN EXCHANGE
- 9. THE PRICE OF THIS PRODUCT HAS INCREASED SIGNIFICANTLY OVER RECENT YEARS, AND HELPING TO INCREASE INVESTMENT IN ALTERNATIVE FORMS OF ENERGY
- 10. THIS MARKET INVOLVES THE PURCHASE OF GOODS AND SERVICES FROM FOREIGN SELLERS
- 12. AN INCREASE IN THIS WILL HAVE THE EFFECT OF REDUCING PRICES
- 13. THIS MARKET INVOLVES THE DEMAND FOR AND SUPPLY OF WORKERS
- 14. THIS IS DETERMINED BY THE INTERACTION OF DEMAND AND SUPPLY
- 15. WHEN THIS INCREASES, IT WILL TEND TO REDUCE BUSINESS COSTS AND DRIVE THE PRICE DOWN AS BUSINESSES HAVE BECOME MORE EFFICIENT

Answers

