

ACTIVITY 4.1**Buyer Cards**

<p>You want to buy a unit of cocoa. You are willing and able to pay _____ for this unit, but you want to pay the lowest price you can. The lower the price you negotiate, the greater your gain.</p>	<p>You want to buy a unit of cocoa. You are willing and able to pay _____ for this unit, but you want to pay the lowest price you can. The lower the price you negotiate, the greater your gain.</p>
<p>You want to buy a unit of cocoa. You are willing and able to pay _____ for this unit, but you want to pay the lowest price you can. The lower the price you negotiate, the greater your gain.</p>	<p>You want to buy a unit of cocoa. You are willing and able to pay _____ for this unit, but you want to pay the lowest price you can. The lower the price you negotiate, the greater your gain.</p>

ACTIVITY 4.2

Seller Cards

<p>You want to sell a unit of cocoa. This unit cost you _____ to produce, but you want to sell it for the highest price you can. The higher the price you negotiate, the greater your gain.</p>	<p>You want to sell a unit of cocoa. This unit cost you _____ to produce, but you want to sell it for the highest price you can. The higher the price you negotiate, the greater your gain.</p>
<p>You want to sell a unit of cocoa. This unit cost you _____ to produce, but you want to sell it for the highest price you can. The higher the price you negotiate, the greater your gain.</p>	<p>You want to sell a unit of cocoa. This unit cost you _____ to produce, but you want to sell it for the highest price you can. The higher the price you negotiate, the greater your gain.</p>

ACTIVITY 4.3**Score Sheet**

Instructions:

1. Record the amount listed on each card you get in Column A.
2. Record the price you negotiate in each transaction in Column B.
3. After each round, determine your gain on each transaction made and record it in Column C. Buyers: Determine your gain by subtracting the amount in Column B from Column A. Sellers: Determine your gain by subtracting the amount in Column A from that in Column B. If this is negative, it means you had a loss on the transaction.
4. At the end of all rounds, add gains in Column C and subtract the sum of all losses. This is your net gain.

Transaction Number	Column A: Amount on Card	Column B: Price Negotiated	Column C: Gain or Loss (if Negative)
1			
2			
3			
4			
5			
6			
7			
8			
9			

(score sheet continued)

ACTIVITY 4.3 (Continued)

10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

Net gain: _____

ACTIVITY 4.4**Supply and Demand****SUPPLY**

The following table shows the number of sellers (Column B) who had each of the costs shown on the Seller Cards (Column A). Based on this and your knowledge that sellers are willing and able to produce and sell a unit of cocoa as long as the price they get is greater than or equal to their cost, determine (in Column C) the total quantity that would be supplied by sellers if each of the amounts in Column A were the actual price in the market.

Column A Card Amount (Cost)	Column B Number of Sellers	Column C Quantity Supplied
\$18	2	
\$20	6	
\$22	4	
\$24	4	
\$26	4	
\$28	4	
\$30	4	
\$32	2	
\$34	2	

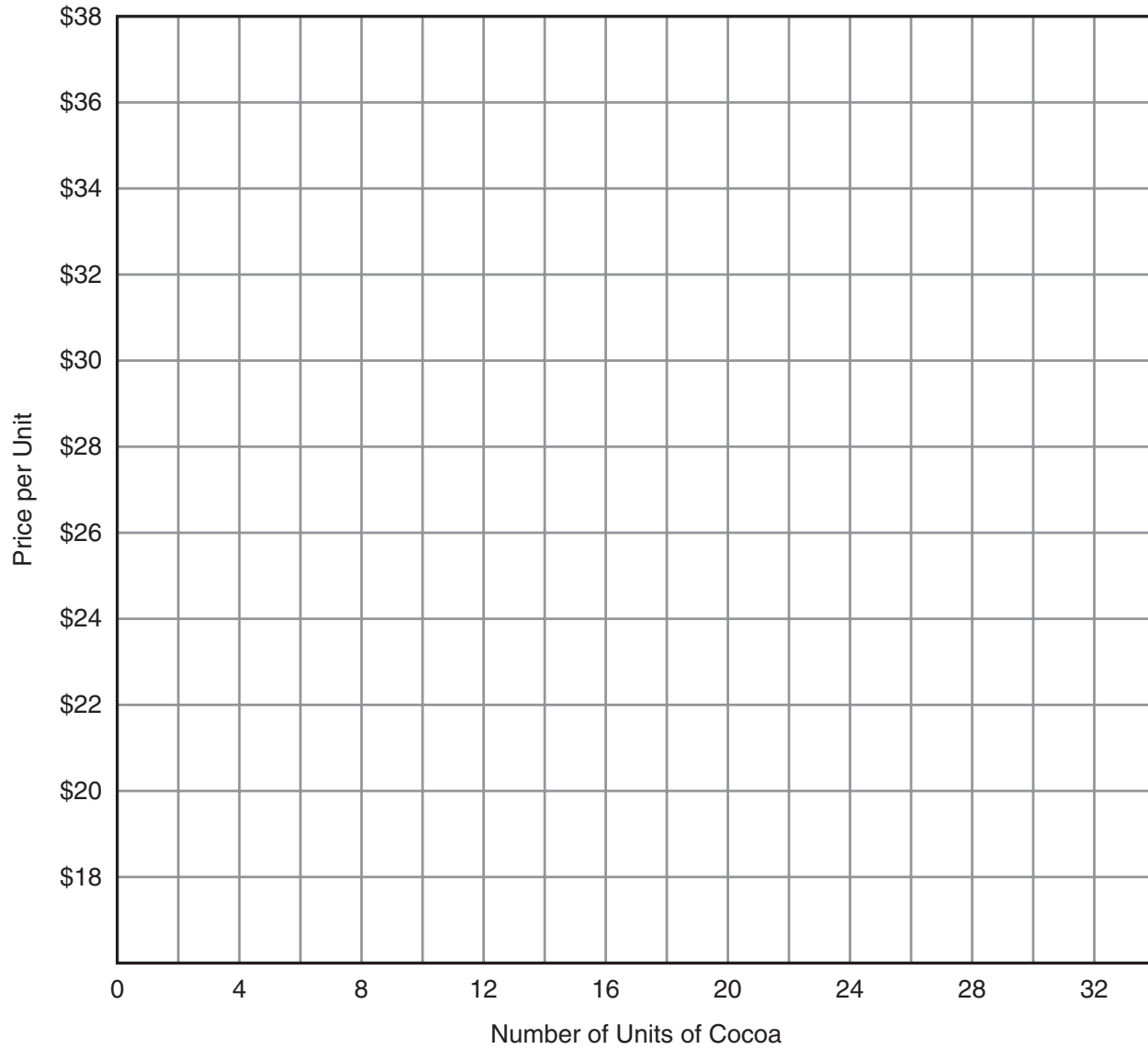
DEMAND

The following table shows the number of buyers (Column B) who had each of the value (or willingness and ability to pay) amounts shown on the Buyer Cards (Column A). Based on this and your knowledge that buyers are willing and able to buy a unit of cocoa as long as their value is greater than or equal to the price, determine (in Column C) the total quantity that would be demanded by buyers if each of the amounts in Column A were the actual price in the market.

Column A Card Amount (Value)	Column B Number of Buyers	Column C Quantity Demanded
\$38	2	
\$36	2	
\$34	2	
\$32	2	
\$30	4	
\$28	4	
\$26	4	
\$24	4	
\$22	4	
\$20	4	

ACTIVITY 4.5

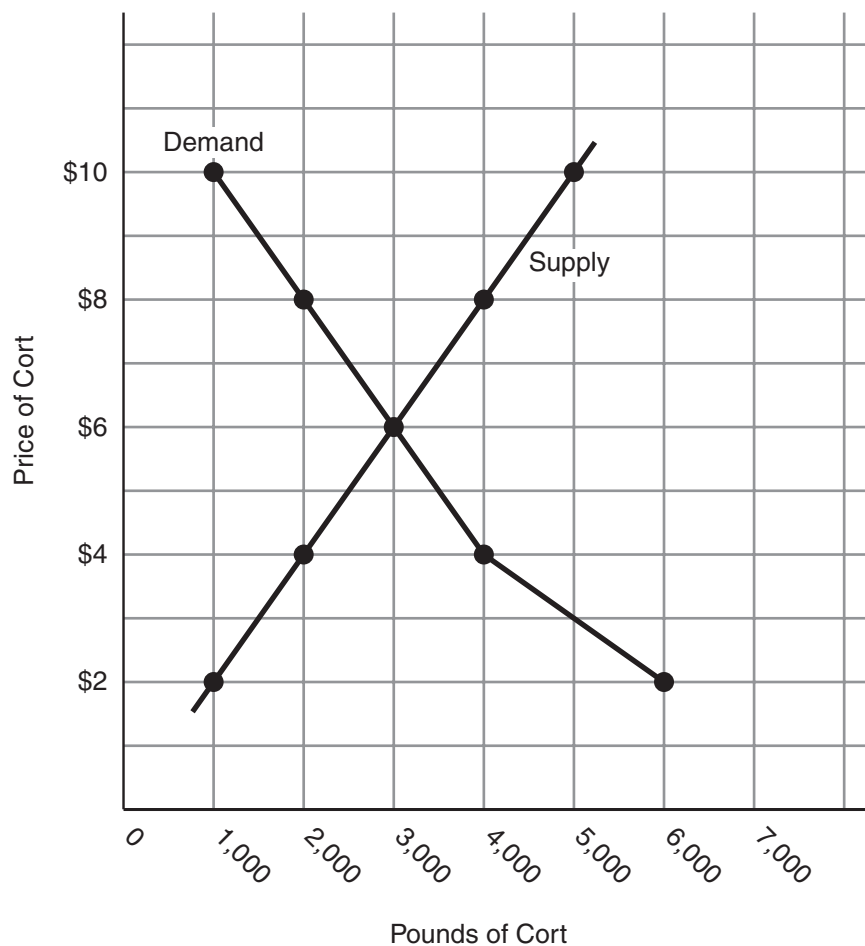
Supply and Demand in the Cocoa Market



ACTIVITY 4.6

The Market for Cort

Consider the following diagram in answering the following questions.



1. What is the quantity demanded by buyers and supplied by sellers at each price?

Price	Quantity Demanded	Quantity Supplied
\$10		
\$8		
\$6		
\$4		
\$2		

ACTIVITY 4.6 (Continued)

2. State a price at which there would be a surplus of cort and explain why.
3. State a price at which there would be a shortage of cort and explain what is likely to happen to the price of cort as a result of this shortage.
4. What is the market-clearing or equilibrium price of cort? _____ Explain why.
5. What is the equilibrium quantity of cort that would be exchanged? _____
6. Explain why some buyers would think the equilibrium price of cort is too high and some sellers would think the equilibrium price is too low.