

# **HANDSHAKE MARKET**

**SUPPLY AND DEMAND**



# OBJECTIVES

- **IDENTIFY HOW PRICES ARE DETERMINED IN A MARKET**
- **PREDICT THE RESULTS OF CHANGES IN A MARKET**
- **EXPERIENCE THE EFFECTS OF PRICE CEILINGS AND TAXES**
- **APPLY EFFECTIVE NEGOTIATION SKILLS**

# BUYERS

- **BUYERS WANT TO PAY THE LOWEST PRICE POSSIBLE**
- **HOW MUCH THEY ARE WILLING TO PAY IS DETERMINED BY THE NUMBER ON THE YELLOW CARDS.**
- **AFTER YOU MAKE A TRANSACTION, RETURN YOUR CARD AND RANDOMLY PICK A NEW ONE AND RECORD THE TRANSACTION PRICE.**
- **BUY AS MANY HANDSHAKES AS YOU CAN IN EACH ROUND**

# SELLERS

- **SELLERS WANT TO GET THE HIGHEST PRICE POSSIBLE**
- **HOW MUCH THEY ARE WILLING AND ABLE TO SELL HANDSHAKES FOR IS DETERMINED BY THE NUMBERS ON THE GREEN CARDS**
- **AFTER YOU MAKE A TRANSACTION, RETURN THE CARD, RANDOMLY PICK A NEW ONE, AND REPORT THE TRANSACTION PRICE.**
- **SELL AS MANY HANDSHAKES AS YOU CAN IN EACH ROUND**
- **AFTER YOUR TRANSACTION SEE ME TO PUT YOUR TALLY ON THE BOARD**

# **RULES**

- 1. RANDOMLY PICK ONLY ONE CARD AT A TIME**
- 2. YOU MUST PICK A DIFFERENT CARD AFTER EACH TRANSACTION**
- 3. BUY AND SELL FROM DIFFERENT PEOPLE. YOU CAN'T BUY OR SELL TO THE SAME PERSON MORE THAN 2 TIMES IN ANY ROUND.**
- 4. IF YOU WANT TO GET A NEW CARD YOU MUST LEAVE THE MARKET.**

# **LEAVING THE MARKET**

**TO LEAVE THE MARKET A BUYER OR SELLER MUST SIT DOWN IN A CHAIR FOR 20 SECONDS AND THEN RING THE BELL TO SIGNIFY THEY “LEFT THE MARKET”**

**SINCE THERE IS NO TRANSACTION WRITE “LEAVE THE MARKET” ON YOUR SCORESHEET.**



# SCORING

- **YOUR GOAL IS TO HAVE THE HIGHEST SCORE AT THE END OF ALL FOUR ROUNDS.**
- **KEEP TRACK OF YOUR PERSONAL SCORE ON THE SCORE SHEET.**

**EXAMPLE FOR BUYERS: IF YOUR CARD IS A 7 AND YOU NEGOTIATE A PRICE OF 5 THEN YOUR SCORE IS TWO.**

**EXAMPLE FOR SELLERS: IF YOUR CARD IS A 4 AND YOU NEGOTIATE A PRICE OF 5 THEN YOUR SCORE IS 1.**

# SCORING

- **IF YOUR CARD AND THE NEGOTIATED PRICE ARE THE SAME YOUR SCORE IS ZERO.**
- **NOTE: YOU CANNOT BUY OR SELL YOUR HANDSHAKES FOR A LOSS. IF YOU ARE HAVING A HARD TIME BUYING OR SELLING, CONSIDER LEAVING THE MARKET.**



# ROUND 1

- **UNREGULATED, COMPETITIVE MARKET**
- **WHO SET THE PRICE?**
- **EQUILIBRIUM PRICE?**

# ROUND 2

- **TO HELP CONSUMERS THE GOVERNMENT SETS A PRICE CEILING ON HANDSHAKES AT \$3**
- **THIS MEANS THAT NO HANDSHAKES CAN BE SOLD FOR MORE THAN \$3 (EVEN IF BUYERS ARE WILLING TO PAY)**

# ROUND 3

- **THE PRICE CEILING IS REMOVED, BUT THE PRICE OF A SUBSTITUTE (HIGH FIVES FROM THE TEACHER) HAS FALLEN FROM \$10 TO \$3)**

# ROUND 4

- **THERE IS A TAX OF \$3 FOR ALL HANDSHAKES**