**Links for teaching Principles of Economics**

**Simulations**

Tax Game <http://econ.glendale.edu/index.php>

For Micro or Macro. The Tax Game asks students to design an overall tax system, selecting tax rates for the income, payroll, sales, corporate, wealth, excise, and property taxes—subject to a minimum and maximum dollar collection. Once selected, the game summarizes the tax incidence on six income levels, including marginal and average rates, whether the overall system is progressive or regressive and an estimate of the Gini coefficient. Students can then adjust tax rates to achieve what they believe is a better distribution.

The Tax Game helps students understand the different US taxes and their varying impact on revenue and incidence. It can also be used to teach the difference between marginal and average tax rates. The Gini coefficient is an option and need not be used.

As an assignment, ask students to submit the last page showing their results. Student can be asked to explain each tax choice and their rationale for the final progressive or regressive tax incidence.

Macro Policy Simulation <http://www-01.glendale.edu/mmaier/macropolicy/>

For Macro the simulation can be played with three options: fiscal policy only; fiscal and monetary policy; fiscal and monetary policy with random shocks. There are five initial scenarios: recession; depression; inflation; hyperinflation; and stagflation.

The simulation helps students learn the impact of fiscal policies (government spending and different tax rates) and monetary policy (interest on reserves, open market operations; reserve requirement; and discount rate). In each of the 10 years in the simulation, players see the overall change in unemployment, inflation, GDP growth, interest rates and the deficit.

The simulation includes lags in policy impact and, in the “shock” option, includes random events that affect the economy. It instructs students on trade-offs and the need to choose priorities in setting economic policy.

As an assignment, begin with fiscal policy only, and then add monetary policy after it has been studied. Ask students to submit the last page that summarizes all choices and the impact on all economic statistics. Students can evaluate the outcomes and explain their policy choices. It may be best for students to compare more than one run of the simulation.

**Macro activities, most in small groups**

<https://serc.carleton.edu/econ/demonstrations/examples/USeconlifetime.html> Students predict (usually incorrectly) the change in US real GDP in the last twenty years.

<https://serc.carleton.edu/econ/tbl-econ/activities/194253.html> Students evaluate what should be counted in GDP.

<https://serc.carleton.edu/econ/cooperative/examples/66239.html> Students practice which items are included in GDP.

<https://serc.carleton.edu/econ/cooperative/examples/66240.html> Using a fable about King Big Debt, students evaluate the impact of federal deficits.

<https://serc.carleton.edu/econ/tbl-econ/activities/191379.html> Students evaluate the need for a cost of living adjustment

<https://serc.carleton.edu/econ/tbl-econ/activities/219480.html> In a jigsaw format students evaluate why US labor force participation rates have changed

<https://serc.carleton.edu/econ/demonstrations/examples/money.html> Students evaluate which items are money

**Micro activities, most in small groups**

<https://serc.carleton.edu/econ/tbl-econ/activities/197811.html> Students investigate a proposed merger in the ice cream industry.

<https://serc.carleton.edu/econ/tbl-econ/activities/194250.html> Students study the relationship between elasticity and tax incidence

<https://serc.carleton.edu/econ/tbl-econ/activities/191385.html> Students evaluate the impact of elasticity on the market for heroin

<https://serc.carleton.edu/econ/tbl-econ/activities/218259.html> Students make a decision about shutdown

<https://serc.carleton.edu/econ/cooperative/examples/66238.html> In a jigsaw students investigate economies of scale

<https://serc.carleton.edu/econ/demonstrations/examples/66235.html> Students evaluate pricing at a contestable monopoly gas station in the California desert

<https://serc.carleton.edu/econ/demonstrations/examples/66236.html> Student teams survey other students to measure price elasticity of demand

<https://serc.carleton.edu/econ/demonstrations/examples/66205.html> Students predict the shape of the demand curve after a survey