

DISCUSSION QUESTION

Name:

Instructor:

Course:

Is it efficient or equitable (or both) that football coaches at many universities are paid more than the average professor? Support your answer.

PEER GROUP PROBLEM SOLVING

Name:

Instructor:

Course:

Suppose you can spend your time doing two things, producing beach balls or going to the beach. You can produce beach balls at a cost of \$1 per ball and you can produce two balls per hour. In the past, the market price was \$1.25 per ball. If you go to the beach, you cannot produce any beach balls. Now, suppose the market price for beach balls rises to \$20 per ball. What has happened to your opportunity cost of going to the beach?

IN-CLASS EXPERIMENT / ACTIVE EXERCISE

Divide students into groups. Assign one of the key principles of economics to each group. After allowing time for group discussion, each group should explain their key principle to the other groups using a real-world example.

SOLUTIONS AND INSTRUCTOR NOTES

Discussion Question

Is it efficient or equitable (or both) that football coaches at many universities are paid more than the average professor? Support your answer.

It is efficient but not equitable. It is efficient because a winning football team can raise student enrollments and increase alumni donations. In other words, we expect that, on average, a winning football team and coach has the potential to bring in more money for the university than a typical professor.

Peer Group Problem Solving

Suppose you can spend your time doing two things, producing beach balls or going to the beach. You can produce beach balls at a cost of \$1 per ball and you can produce two balls per hour. In the past, the market price was \$1.25 per ball. If you go to the beach, you cannot produce any beach balls. Now, suppose the market price for beach balls rises to \$20 per ball. What has happened to your opportunity cost of going to the beach?

The opportunity cost increased from \$0.50 per hour to \$38 per hour. Given the higher opportunity cost of leisure time, I am likely to spend less time at the beach and, instead, increase my production of beach balls.

In-Class Experiment / Active Exercise

Divide students into groups. Assign one of the key principles of economics to each group. After allowing time for group discussion, each group should explain their key principle to the other groups using a real-world example.

Answers will vary. Each group should be able to provide a real-world example of their Key Principle.

For more in-class experiment and active learning ideas, visit www.econedactive.com.