

**DISCUSSION QUESTION**

Name:

Instructor:

Course:

During a particular week, Josie spends \$30 on gas (10 gallons at \$3 per gallon) and purchases 21 meals at an average of \$10 each. What is her total spending for the week?

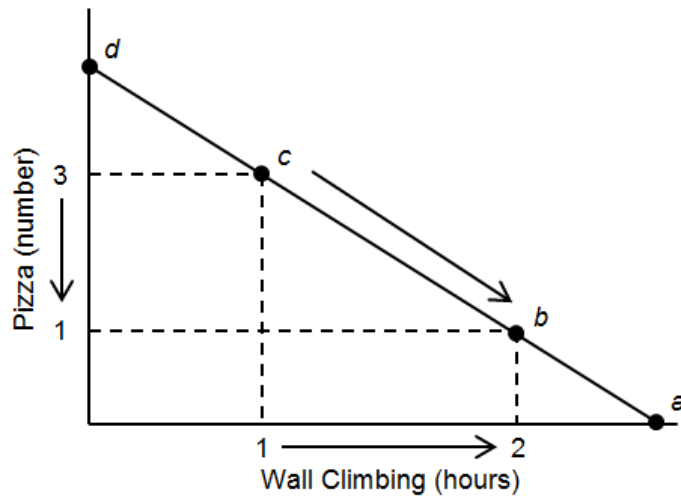
Assume that at current prices she spends all of her money and does not purchase anything other than the above combination of goods. What would happen if the price of gas fell to \$2 per gallon?

## PEER GROUP PROBLEM SOLVING

Name:

Instructor:

Course:



In the graph above, assume a pizza costs \$10 each and an hour of Wall Climbing costs \$25. Answer the following questions:

- If you ate three pizzas and went wall climbing for two hours, how much money would you need?
- If your budget is \$60, what combination of pizza and wall climbing could you purchase?

## IN-CLASS EXPERIMENT / ACTIVE EXERCISE

Point	A	B	C	D	E
Soda	1	2	3	4	5
Pizza	8	6	4	2	1

George is throwing a Super Bowl party for his friends. The above table represents all possible combinations of pizza and soda that he can buy if he spends his budget. Putting soda on the horizontal axis and pizza on the vertical axis, plot the points in the table and draw George's budget line. Show, by shading, all the possible combinations.

## SOLUTIONS AND INSTRUCTOR NOTES

### Discussion Question

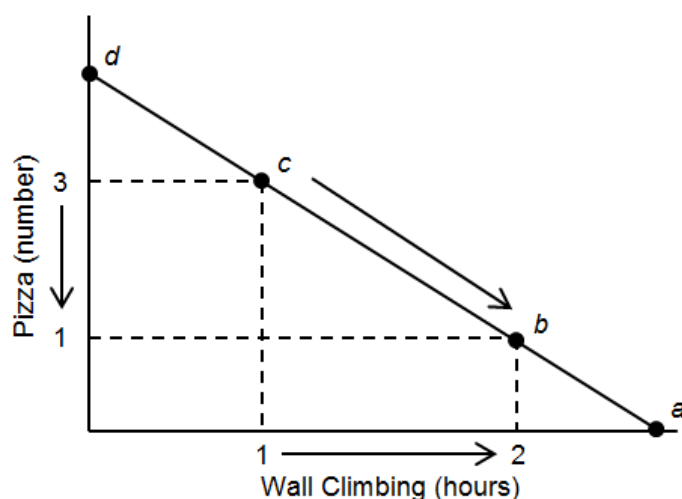
During a particular week, Josie spends \$30 on gas (10 gallons at \$3 per gallon) and purchases 21 meals at an average of \$10 each. What is her total spending for the week?

*When the price of gas is \$3 per gallon, Josie's weekly spending is \$240.*

Assume that at current prices she spends all of her money and does not purchase anything other than the above combination of goods. What would happen if the price of gas fell to \$2 per gallon?

*Since \$240 represents her budget for the week, if gas prices fall, she will have an additional \$10. She could increase the amount of gas she puts in her car or increase the amount of food she purchases.*

### Peer Group Problem Solving



In the graph above, assume a pizza costs \$10 each and an hour of Wall Climbing costs \$25. Answer the following questions:

- If you ate three pizzas and went wall climbing for two hours, how much money would you need? \$80
- If your budget is \$60, what combination of pizza and wall climbing could you purchase?

*Answers will vary. 2 wall climbing session and 1 pizza; 3 pizzas and 1 wall climbing session (attainable but not budget maximizing); etc.*

In-Class Experiment / Active Exercise

Point	A	B	C	D	E
Soda	1	2	3	4	5
Pizza	8	6	4	2	1

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*Pizza should be on the vertical axis and soda on the horizontal axis. Once the points on the table are plotted, draw a single, continuous line through the plotted points, including their intercepts. This is the budget line. The area below the budget line should be shaded to show all possible combinations that are attainable with the given budget.*

*For more in-class experiment and active learning ideas, visit [www.econedactive.com](http://www.econedactive.com).*