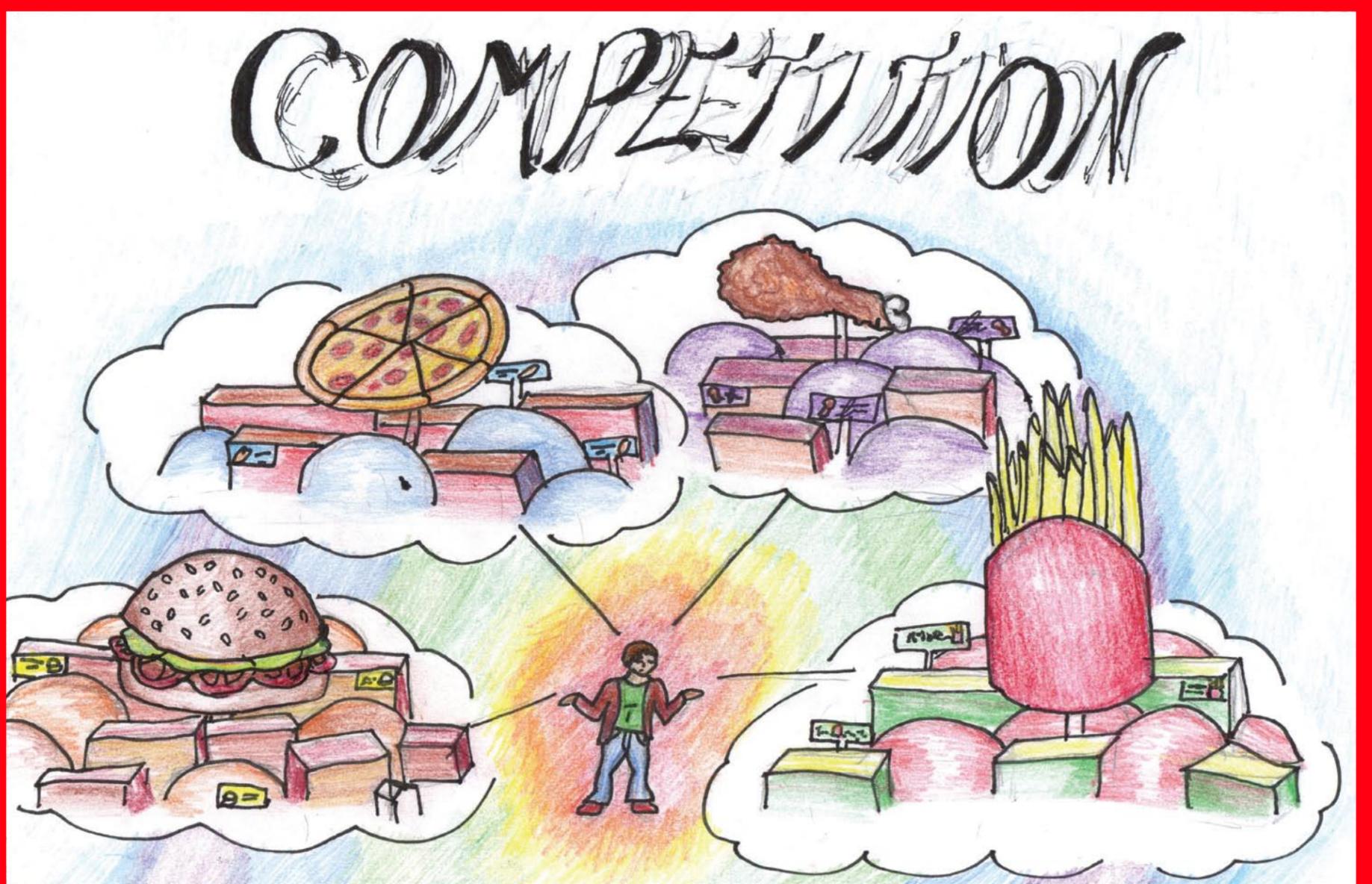


Competition



Artist: Madeline Paul • 8th Grade • Rachel Carson Middle School • Fairfax County

COMPETITION

Competition exists in a market when there are many buyers and sellers of similar products. For example, McDonald's, Wendy's, and Burger King all compete for customers interested in burgers. Competition enhances quality and lowers price.

COMPETITION

Definition/Background

Competition among sellers lowers costs and prices and encourages producers to make more of what consumers are willing and able to buy. For example: fast food restaurants that set prices too high, or provide slow, unfriendly service, risk losing customers to competing restaurants that offer lower prices, higher-quality products, and better service. In this way, competition benefits consumers.

Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them. When many people compete to buy a popular new video game the price will rise and that will encourage manufacturers to produce more and stores to stock more.

Thus the pursuit of self-interest in competitive markets generally leads to choices and behaviors that also promote the national level of economic well-being.

Teaching Ideas

1. Have students create a cartoon of five to seven frames, illustrating the competition between two or more businesses.
2. Bring in several sales circulars from newspapers and allow students to create a collage illustrating the competition between local businesses.
3. List five local businesses on the board. Ask students to name a competitor for each business.
4. Some ways businesses compete are by advertising their goods and services, lowering prices, providing good customer service and offering incentives. Ask students to find examples of these methods in the local newspaper.
5. Write the following topics on the board: WHY COMPETITION IS FUN, COMPETITION MAKES LIFE DIFFICULT and THE TRUTH ABOUT COMPETITION. Allow the students to choose one topic about which to write a paragraph. (If possible turn this writing assignment into a competition!)

Lessons & Resources

Print Lessons

Focus: Economics Grades 3-5, Lesson 8: Competing for Buyers (elementary)

Master Curriculum Guides in Economics: 3-4, Lesson 12: A Classy Competition (elementary)

Financial Fitness for Life: Grades 6-8, Lesson 14: Comparison Shopping (middle)

Online Lessons

What is Competition? (elementary)

<http://www.econedlink.org/lessons/index.cfm?lesson=EM509&page=teacher>

Marketplace: Corporate Leap Frog (middle)

<http://www.econedlink.org/lessons/index.cfm?lesson=EM505&page=teacher>

Literature

• *Max's Bunny Business* by Rosemary Wells. Viking, 2008. Max outwits his older sister when his leftover Halloween candy business becomes the **competition** for her lemonade stand. [Grades K-3]

• *The Lemonade War* by Jacqueline Davies. Houghton Mifflin, 2007. The **competition** is fierce as Evan and his younger sister, Jesse, work to be the first to earn 100 dollars at their summer lemonade stands. [Grades 3-6]

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

VCEE is a nonprofit organization providing Virginia's K-12 teachers with professional development, quality curriculum and other resources to promote economic and financial education. Visit www.vcee.org or contact VCEE or one of its affiliated centers to learn about specific opportunities.

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Contact one of our economic education specialists or go to www.richmondfed.org/educational_info for resources on teaching economics and the Federal Reserve System. Among these free and easy to use resources you'll find lesson plans, workshop information and publications.

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The Virginia Council on Economic Education, in cooperation with the Federal Reserve Bank of Richmond, is pleased to provide this poster featuring a winning entry from the 2007-2008 Color the Economic Concepts Contest.

Teachers in Grades K-8: Give your students the opportunity to illustrate their knowledge of economic concepts in a creative and fun way. They may be selected for a poster next year! Winning students also receive a \$50 U.S. Savings Bond.

Entries must be received by April 30, 2009. See www.vcee.org for more details.