

# BREAKING DOWN THE LANGUAGE BARRIER: USING POP CULTURE FROM ACROSS THE GLOBE TO TEACH MICROECONOMICS

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## Abstract

Economic educators have been teaching with pop culture for decades, but the idea of using foreign-language teaching resources to create a more inclusive and diverse classroom has only recently been taken up. This paper builds on the work of Wooten et al. (2020), who have shown how K-pop can be integrated into an English-language classroom. We expand on that work by compiling a set of 11 teaching guides using material from 11 different countries that demonstrate economic concepts commonly taught in a principles of microeconomics course. Al-Bahrani (2020) has called on educators to take a deliberate approach to diversifying their lecture material. It is our hope that, with time, broadly diverse and inclusive media will be ubiquitous when students are introduced to economics.

Key Words: inclusive teaching, diversity, media, teaching economics

JEL Classification: A20, A21

## Introduction

Economic educators have started to realize the importance of taking a proactive role in creating a more inclusive and diverse classroom. While researchers debate the cause of the lack of diversity in the profession, a number of explanations have been proposed for the profession's "leaky pipeline." One proposed recommendation to improve diversity focuses on educators taking a deliberate approach to diversifying their lecture material (Al-Bahrani 2020; Bayer et al. 2020a; Bayer et al. 2020b; Benjamin, Cohen, and Hamilton 2020). This opportunity seems promising given that more than half of all instructors say they currently don't reference diversity and inclusion in their introductory classroom (Asarta, Chambers, and Harvey 2020). If educators were already extensively addressing diversity, calls for new material would be unwarranted.

Al-Bahrani (2020), however, specifically calls for the development of resources for educators teaching introductory courses. These resources should help educators increase diversity, inclusion, and a sense of belonging among many first-year students. While only about 2% of students go on to major in economics (Siegfried 2020), targeting diverse resources to first-year students should increase the probability that a student will take additional courses, which may then lead to more students considering graduate school and joining the economics profession.

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While there have been calls to improve representation in textbooks (Stevenson and Zlotnik 2018), those changes require significantly more resources from authors, publishers, and educators alike. In time, those shortcomings will likely be corrected, but there are marginal changes that educators can adopt today to improve diversity in their teaching material. Stowe (2010) suggests that the economics field may be able to attract different personality profiles simply by changing the instructional method.

The following teaching guides outline a set of 11 media clips, representing 11 different countries, that demonstrate economic concepts commonly taught in a principles of microeconomics course. Similar to the work of Hobbs and Wooten (2020), each teaching guide includes clip information along with multiple assessment questions that instructors can assign as part of an in-class discussion or integrated through a course management system to be used with discussion boards.

### **Literature Review**

Economic educators have a strong track record of not only identifying relevant media that can be used to teach economics but also developing innovative ways to incorporate that media into the classroom (Wooten et al. 2020). Nearly all of the previous work, however, has focused on English language media that was predominantly produced in the United States. Media agglomerators like Dirk's Media Library (Mateer 2012) or the Economics Media Library (Wooten 2018) contain a small number of foreign language media, but it's sparse in the grand scheme of the overall collections. Using media in the classroom is only one of the many ways that educators can bring active learning strategies into the classroom to make lectures more engaging (Calhoun and Mateer 2012) and to help students grasp economic content more quickly (Hoyt 2003).

The use of foreign-language material to teach economics has been almost non-existent. The major academic journals in economics pedagogy are based in the United States with authors from Anglo-centric universities, primarily the United States, Australia, and the United Kingdom. The leading global box office and music scene for the past few decades has been the United States (Krueger 2019), but it is worth noting that Bollywood, the Indian Hindi-language film industry based in Mumbai, now makes more films and has a larger audience than Hollywood.<sup>5</sup> The lack of diverse teaching material appears to be driven primarily by a lack of demand given that so much is available in an instructor's native language. It's not for a lack of supply. This could partly explain recommendations for a proactive approach to teaching with diverse material since English language material is so readily available.

Other countries have vibrant music and film scenes as well as creative commercial outlets, but there has previously been a language mismatch between students and the foreign media. Due in part to the growth of streaming services like Netflix and Spotify, the barriers to consuming foreign-language media have fallen and are projected to continue falling (Krueger 2019). Wooten et al. (2020) have already shown how Korean music (K-pop) can be integrated into an English-language classroom. The teaching guides below are intended to reduce the cost of introducing foreign language media by identifying foreign-language media with English subtitles, so that an instructor can diversify their curriculum while simultaneously ensuring that students understand the dialogue.

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<sup>5</sup> <https://au.finance.yahoo.com/news/bollywood-hollywood-or-chinese-cinema-which-film-industry-makes-the-most-052802841.html>

Simply identifying foreign-language media that can be used in the classroom isn't sufficient for improving learning outcomes unless that media is integrated into the course with active learning techniques. While the majority of educators continue to lecture as their primary form of course instruction (Asarta, Chambers, and Harter 2020), many also recognize it is not the most effective method (Goffe and Kauper 2014). The primary reason for not incorporating more active learning in the classroom is the cost of identifying and preparing that material. Each of the teaching guides below includes a set of assessment questions to help an instructor more easily integrate the material consistent with their preferred active learning approach.

The delivery method of each of the teaching guides we have developed focus on integrating the clips into the course through classroom response systems (Calhoun and Mateer 2012) or as think-pair-share activities (McGoldrick 2012). The approach can be used in both small classrooms and large lectures with minor adjustments (Buckles, Hoyt, and Imazeki 2012), or could be adapted to a variety of pedagogical approaches. There has been a growing emphasis on the publication of books by leading cognitive researchers that are targeted at improving pedagogy across all levels of instruction (Agarwal & Bain 2019; Ambrose et al. 2010; Brown 2014, Lang 2016, Miller 2014, Willingham 2009).

### Teaching Guides

The clips used in this paper cover a wide range of media, including anime, commercials, film scenes, music videos, and general videos from YouTube. All of the scenes selected were chosen to complement the curriculum of a principles of microeconomics course. The teaching guides are mapped to a principles of microeconomics textbook and arranged in the same order as the textbook. While not all topics covered in a principles of microeconomics text have an accompanying teaching guide below, we cover many of the major chapters. To emphasize the truly global nature of the project, we decided to use media that are recorded in 11 different languages, one for each lesson plan. When choosing clips, we wanted to introduce important country-specific cultural elements. These clips are not just 'from another country;' they are 'about another country' and its culture.

Table 1 provides a summary of the 11 lesson plans contained in this section. We should emphasize that we are not expecting educators to use every single guide in a one semester course. Each of the teaching guides are brief enough, so that they could be added to a course and only require 10 to 15 minutes of class time. These teaching guides are an opportunity for educators to make a marginal change to their course. Interested instructors need not restructure their entire course around these guides, but rather make incremental adjustments to their existing pedagogical approach. The progression towards using more foreign-language clips in the classroom should be a gradual decision based on marginal analysis.

**Table 1**

Topic	Title/Company	Type	Length (min: sec)	Source Country	Source Language
1. Incentives	Do It for Denmark	Commercial	2:00	Denmark	Danish

2. Production Possibilities Frontier	G.E.M, “Tik Tok”	Annotated music video	4:02	China	Mandarin
3. Markets	Maeklong Outdoor Market	YouTube video	1:20	Thailand	Thai
4. Elasticity	Le Trefle	Commercial	0:42	Belgium	French
5. Market Efficiency	JoJo’s Bizarre Adventure	Anime	2:39	Japan	Japanese
6. Externalities	BTS, “No”	Annotated music video	4:03	South Korea	Korean
7. Innovation	Volvo	Commercial	1:10	Sweden	Swedish
8. Monopolistic Competition	Burger King	Commercial	1:30	Argentina	Spanish
9. Behavioral Economics	Joris, “Heart Over Head”	Annotated music video	3:27	Germany	German
10. Information Asymmetry	Volkswagen	Commercial	0:51	Netherlands	Dutch
11. International Trade	Pizza Hut	Commercial	1:01	Russia	Russian

*Teaching Guide #1: Incentives*

**Clip Title:** Spies Travels, “Do it for Denmark”

**Media Type:** Commercial

**Clip Length:** 2 minutes, 0 seconds

**Clip Link:** <https://criticalcommons.org/view?m=cJv7Aa5uP>

**Country:** Denmark

**Language:** Danish

**Summary:** An advertising campaign aimed at increasing the birth rate in Denmark.

Play the clip above and then have students work in groups to answer the following questions.

1. What are some of the costs of having a child?
2. According to the commercial, how many Danish children are conceived on holiday?
  - A) 50%
  - B) 25%
  - C) 10%
  - D) 33%
3. The commercial incentivizes travel by offering anyone with a positive fertility test:
  - A) free condoms for a year.
  - B) the chance to win a new home.
  - C) the chance to win free baby stuff and a child-friendly vacation.
  - D) two around the world airline tickets.
4. Explain why people have more sex on holidays.

***Suggested Answers:***

1. When considering whether or not to have a child, couples typically think of the short-term costs (diapers, clothing, sleepless nights, baby food, etc) but those costs are relatively small compared to the long-run costs (which can amount to \$250,000 or more in USD). There is also the opportunity cost of lost income to consider.
2. The answer is C (10%). Spies Travel is attempting to boost this percentage.
3. The answer is C. Think about the incentives. Answer A lowers the fertility rate, so it is incorrect. Answer B would create a strong positive incentive to try to win the contest but that is not the correct answer in the commercial. Answer C also provides the correct incentives to submit a positive result, since the winner receives free baby stuff and a child-friendly vacation. This is the correct answer. Answer D is a positive incentive, but this option was not presented in the commercial.
4. When a couple is on holiday, the opportunity cost of leisure time is lower since they are taking time off from work. This frees up time to be with one another. All else being equal, couples will have more time for sex than they would at home and/or at work.

*Teaching Guide #2: Production Possibilities Frontier*

**Clip Title:** G.E.M., “Tik Tok”

**Media Type:** Annotated music video

**Clip Length:** 4 minutes, 2 seconds

**Clip Link:** <https://criticalcommons.org/view?m=2QUllkucV>

**Country:** China

**Language:** Mandarin

**Summary:** A song about infinite love throughout a lifetime, which is used as a metaphor for economic growth.

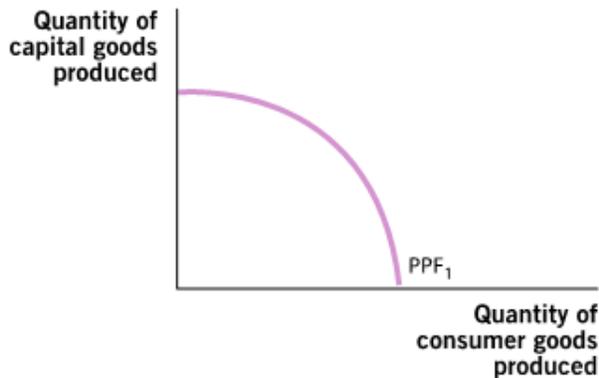
Play the clip above and then have students work in groups to answer the following questions<sup>6</sup>:

1. When G.E.M sings the following lines: “Waiting for the sunset in Paris, Holding on to you under the Eiffel Tower”, she is illustrating the \_\_\_\_\_ between \_\_\_\_\_ and \_\_\_\_\_.

- A) tradeoff; past; present
- B) tradeoff; present; future
- C) tradeoff; past; future

2. What is the difference between capital goods and consumer goods?

3. How does the short-run production possibilities frontier illustrated below represent the trade-off between consumer goods and capital goods?

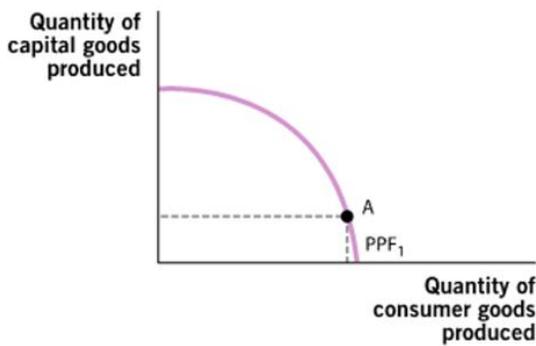


Short-run PPF

4. Based on the two hypothetical PPFs below, which country will likely experience higher economic growth in the long-run? Illustrate your answer on the PPFs below.

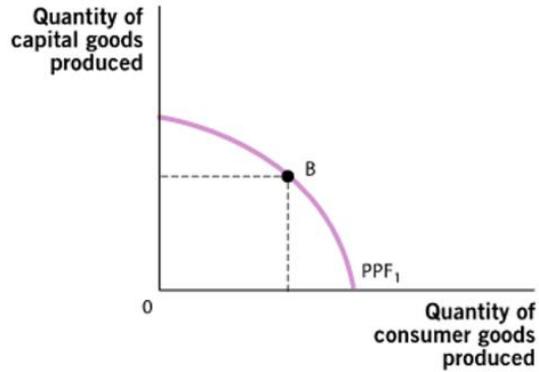
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<sup>6</sup> The PPF diagrams in this lesson plan come from Mateer and Coppock (2020), p. 50.



Short-run PPF

**COUNTRY A**



Short-run PPF

**COUNTRY B**

**Suggested Answers:**

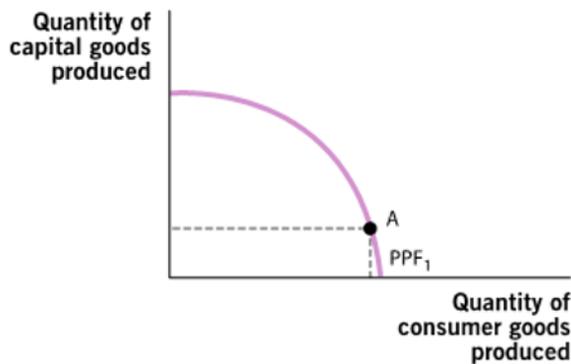
1. The answer is B - tradeoff; present; future.

2. Capital goods are used to produce other valuable goods, unlike consumer goods which are typically used or consumed in the period in which they are purchased. Examples of capital goods include buildings, factories, roads, machinery, computers and education.

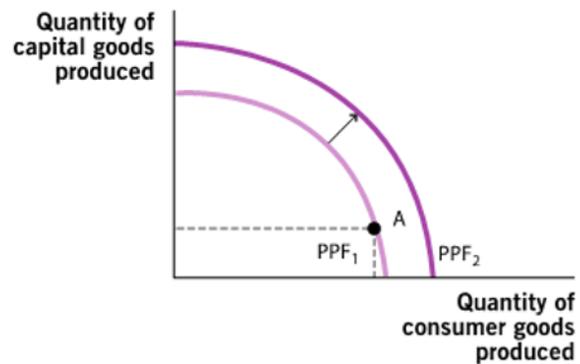
3. If an economy wants to grow (shift its PPF to the right), it has to sacrifice some consumer goods to invest in capital goods. The slope of the PPF at any point shows that trade-off.

4. Country B will likely grow more. Sacrificing more consumption today allows a country to invest in capital goods, which means higher levels of growth in future. In contrast, Country A has chosen to produce many consumer goods and fewer capital goods. Therefore, its PPF will expand in the long run but by less than Country B.

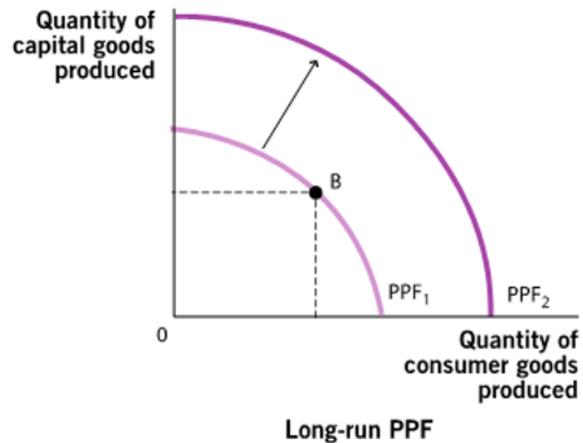
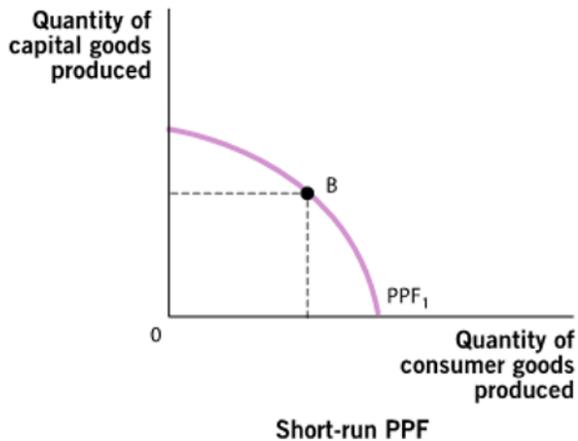
**COUNTRY A**



Short-run PPF



Long-run PPF

**COUNTRY B**

*Teaching Guide #3: Markets*

**Clip Title:** Maeklong Outdoor Market

**Media Type:** YouTube clip

**Clip Length:** 1 minutes, 20 seconds

**Clip Link:** <https://criticalcommons.org/view?m=it0gMhH6o>

**Country:** Thailand

**Language:** Thai

**Summary:** A local market operates over train tracks, except when the train is scheduled to pass through the market.

Play the clip above and then have students work in groups to answer the following questions.

- Which of the following best describes the types of problems economics solves?
  - Resources have to be allocated among competing uses.
  - Consumers have infinite wants.
  - Governments cannot always deal with market failures.
  - Every decision an individual makes creates an externality.
- In what ways does the Maeklong Outdoor Market demonstrate the economic concept known as scarcity?
- How has this particular market allocated its scarce resources?
- The competitive markets model applies when three of the following conditions are met. Which of these conditions is not required?

- A) There must be a lot of buyers.
- B) There must be a lot of sellers.
- C) The item traded must be a physical product.
- D) The buyers and sellers must trade identical products.

***Suggested Answers:***

1. The answer is A. Economics is the study of how scarce resources are allocated among competing interests.
2. Scarcity is a finite limit on goods. People in Thailand want transportation (the train), but they also want to be able to buy things from market stalls. There's a limited amount of space in the area for both.
3. The train only runs through the town at certain times of the day, which leaves the space available during the rest of the day for the market. The residents have decided to allocate the space to the train when it's passing through but allow the market to operate on the tracks at other times of the day.
4. The answer is C. Markets also exist for services, like those provided by trains.

*Teaching Guide #4: Elasticity*

**Clip Title:** Le Trèfle, "Emma"

**Media Type:** Commercial

**Clip Length:** 0 minutes, 42 seconds

**Clip Link:** <https://criticalcommons.org/view?m=0KvxUZQVk>

**Country:** Belgium

**Language:** French

**Summary:** A commercial for a popular brand of toilet paper in Belgium.

Play the clip above and then have students work in groups to answer the following questions.<sup>7</sup>

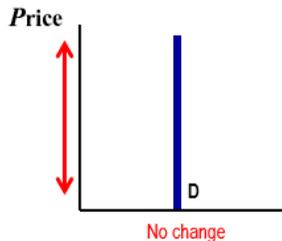
1. In which of these circumstances would your demand for toilet paper be the most inelastic?
  - A) Toilet paper is a large share of your budget.
  - B) Your income is low.
  - C) The number of substitutes is large.
  - D) You are buying the toilet paper at a convenience store.
2. Innovations, such as the iPad shown in the commercial, are good at replacing what types of products?

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<sup>7</sup> The diagrams in this lesson plan were created by the authors.

3. Which of the following graphs best illustrates the elasticity of demand for toilet paper in the commercial? Explain your answer in 2-3 lines.

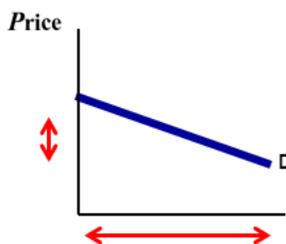
(a) **Perfectly inelastic**



(b) **Relatively inelastic**



(c) **Relatively elastic**



(d) **Perfectly elastic**



4. What has happened to the elasticity of demand for toilet paper during COVID-19?

**Suggested Answers:**

1. The answer is D. Answer A is incorrect. When an item comprises a large share of your budget, small changes in the price of the item have a greater material impact on how much you can purchase. Answer B is incorrect. A low income (like answer A) means that toilet paper comprises a relatively large share of your budget, so your demand is elastic. Answer C is incorrect, as more substitute products (like paper towels, wipes, and tissues) mean that the consumers have more choice. This makes demand more elastic. Answer D is correct, as a convenience store does not carry as many choices as a supermarket, so the demand is more inelastic. Also, people who frequent convenience stores are in a hurry and this makes the demand less elastic too since customers are more concerned about saving time than getting the lowest price possible.

2. This commercial shows how an iPad can replace the use of paper (for drawing, sticky notes, printing, and reading). However, even as wonderful as a tablet is, there are limits to how much paper use can be reduced.

3. The demand for toilet paper is perfectly inelastic in the commercial (expressed as a vertical demand curve). This is easy to observe since he realizes (belatedly) that he is out of toilet paper. Therefore, the need is immediate and there are no good substitutes available to him.

4. During COVID-19 the elasticity of demand became more inelastic. Consumers were concerned about product shortages and this drove many people to hoard toilet paper.

*Teaching Guide #5: Market Efficiency*

**Clip Title:** JoJo's Bizarre Adventure: Stardust Crusaders - Haggling with Joseph

**Media Type:** Anime

**Clip Length:** 2 minutes, 39 seconds

**Clip Link:** <https://criticalcommons.org/view?m=2FK32FvWA>

**Country:** Japan

**Language:** Japanese

**Summary:** Joseph teaches viewers how to haggle for kebabs in a market.

Play the clip above. Ask students to take notes on the specific values discussed in the clip, before answering the following questions:

1. How does the negotiating scene establish the market price?
2. What does consumer surplus measure? Calculate Joseph's consumer surplus.
3. What does producer surplus measure? Calculate the owner's producer surplus.
4. Calculate the total surplus generated from the exchange.

***Suggested Answers:***

1. Joseph negotiates with the owner of a Kebab stand over the price of 5 kebabs. The owner is trying to establish Joseph's maximum willingness to pay, so starts with a high "foreigner price" of 1,000 Yen. Joseph is trying to identify the minimum price the owner would accept, so starts with a low offer of 250 Yen. During negotiations, they go back and forth: the seller's asking price falls; Joseph's willingness to pay rises. They finally settle on a price of 425 Yen.

2. Consumer surplus measures the net gain that accrues to the buyer. He was willing to pay 1,000 Yen, but only had to pay 425 Yen.

$$\text{Consumer Surplus} = \text{Willingness to Pay} - \text{Price}$$

$$\text{Consumer Surplus} = 1,000 \text{ Yen} - 425 \text{ Yen}$$

$$\text{Consumer Surplus} = 575 \text{ Yen}$$

3. Producer surplus measures the net gain that accrues to the seller. He was willing to accept 150 Yen but received a higher price of 425 Yen.

$$\text{Producer Surplus} = \text{Price} - \text{Willingness to Sell}$$

$$\text{Producer Surplus} = 425 \text{ Yen} - 150 \text{ Yen}$$

Producer Surplus = 275 Yen

4. Total Surplus = Consumer Surplus + Producer Surplus

Total Surplus = 575 Yen + 275 Yen = 850 Yen

*Teaching Guide #6: Externalities*

**Clip Title:** BTS, “No”

**Media Type:** Annotated music video

**Clip Length:** 4 minutes, 3 seconds

**Clip Link:** <https://criticalcommons.org/view?m=rChfNkClS>

**Country:** South Korea

**Language:** Korean

**Summary:** The song is about the pressure South Korean children face when it comes to school and grades.

Play the clip above and then have students work in groups to answer the following questions:

1. The costs or benefits of a market activity that affect a third party are called:
  - A) Externalities
  - B) public goods
  - C) club goods
  - D) common-resource goods
2. Does education create a negative or positive externality in this clip?
3. What are some of the negative externalities highlighted by BTS?
4. How do these negative externalities impact South Korea’s demographics and labor market?

***Suggested Answers:***

1. The answer is A.
2. This clip focuses on negative externalities.
3. These include high suicide rates and medical costs involved in treating young people who drop out of education or the labor market.
4. South Korea has the highest suicide rate of young people in the world: many young people simply can’t cope with the pressure to succeed or the fallout from failure and never complete

their studies or find a proper job. This imposes huge medical costs on society. Many young South Koreans hold off on getting married or having kids because of the pressure to prioritize education and establish a career. South Korea's current birth rates are among the lowest in the developed world. The ageing population has already created acute labor-market shortages and will have long-term consequences: a decline in productivity, economic growth and revenue, additional government outlays to cover rising health and pension costs.

Teaching Guide #7: Innovation

**Clip Title:** Tech Insider, "Volvo Developed Self-Driving Garbage Truck"

**Media Type:** Video

**Clip Length:** 1 minutes, 10 seconds

**Clip Link:** <https://criticalcommons.org/view?m=z6DQCkgPB>

**Country:** Sweden

**Language:** Swedish

**Summary:** Volvo has developed a self-driving garbage truck that helps garbage collectors to be more productive.

Play the clip above and then have students work in groups to answer the following questions.

1. What impact will the use of self-driving garbage trucks have on the marginal cost of labor?
  - A) The marginal cost of labor will fall.
  - B) The marginal cost of labor will rise.
  - C) The marginal cost of labor will rise then fall.
  - D) The marginal cost of will remain constant.
2. Do innovations, such as the self-driving garbage truck, reduce the pay of workers and lead to more or less employment?
3. What do you think will happen to the cost of providing garbage services once self-driving garbage trucks are used everywhere?
4. What will happen to the unemployed garbage workers when they are replaced by self-driving garbage trucks?

***Suggested Answers:***

1. The answer is A. As labor becomes more productive, you can produce the same amount of output with fewer workers. Thus, the marginal cost of labor falls.

2. The impact on workers' pay is not certain. In this case, technological innovation increases the marginal product of labor of the one remaining worker in this video. The worker complements the innovation by ensuring that the self-driving truck does not encounter an unexpected situation it is unable to handle. In most cases, the investments in innovation are designed to replace labor. We only see one worker assisting the self-driving garbage truck instead of two workers operating a traditional garbage truck. In this case, fewer workers would be employed in garbage collection.

3. Volvo would not manufacture a self-driving garbage truck if it thought the new technology would be too expensive to be utilized. Likewise, municipalities would not buy Volvo garbage trucks if they thought that they could operate trash collection in a more economical way using the existing trucks. The answer here is that investments in capital that lead to innovations in technology often lead to reduced costs.

4. These workers become structurally unemployed. The workers will need to transition to new jobs. This requires the unemployed worker to be retrained for jobs in other fields. This process takes time and often results in a lower salary than before since they are not as experienced as they were before.

*Teaching Guide #8: Monopolistic Competition*

**Clip Title: Burger King: A Day Without Whopper**

**Media Type:** Commercial

**Clip Length:** 1 minute, 30 seconds

**Clip Link:** <https://criticalcommons.org/view?m=AkVttLqT5>

**Country:** Argentina

**Language:** Spanish

**Summary:** Burger King stops selling their signature sandwich so that customers will visit their rivals.

Play the clip above and then have students work in groups to answer the following questions.

1. What is the primary way Burger King tries to differentiate themselves from McDonalds?
2. How does product differentiation impact the demand curve for the product?
3. If a third restaurant opened down the street from Burger King, what would happen to the demand for Burger King burgers?
  - A) An increase in demand for Burger King.
  - B) A decrease in demand for Burger King.
  - C) An increase in the quantity of Burger King demanded.

D) A decrease in the quantity of Burger King demanded.

4. What will happen to the market for Burger King (and McDonald's) in the long run?
- A) Both will eventually break-even as more competitors enter the market.
  - B) Both will lower their prices until average total cost is minimized.
  - C) One of the firms will invest in a barrier to entry to maintain profits.

***Suggested Answers:***

1. While both companies sell hamburgers, Burger King offers flame-grilled burgers while McDonalds does not.
2. Product differentiation makes the demand curve steeper because it gives firms some market power over their product. It reduces the number of substitutes.
3. The answer is B. A new competitor would operate as a substitute for Burger King, which would decrease the demand for Burger King. A change in quantity demanded is based on a price change, which hasn't happened yet.
4. The answer is A. The long run outcome of monopolistically competitive markets is that firms will break-even and earn no excess profit. Unlike in perfect competition, this will not be where average costs are minimized.

*Teaching Guide #9: Behavioral Economics*

**Clip Title:** Joris, "Heart Over Head"

**Media Type:** Annotated music video

**Clip Length:** 3 minutes, 27 seconds

**Clip Link:** <https://criticalcommons.org/view?m=9O5zpFFC3>

**Country:** Germany

**Language:** German

**Summary:** The main character must decide whether to stay with his girlfriend or leave and be on his own.

Play the clip above and then have students work in groups to answer the following questions.

1. How do standard economic models assume people behave?
2. What dilemma is the protagonist describing in the following lines: "Whenever it is time to go, I miss the moment and stand still. The heart says stay. The head cries go."

3. Which of the following is not one of the concepts from behavioral economics that can be used to explain why people stay in toxic relationships?

- A) Prospect theory (loss aversion)
- B) Status quo bias
- C) Sunk cost fallacy
- D) Mental accounting

4. Is the outcome at the end of the song optimal? Why/why not?

***Suggested Answers:***

1. Standard economic theory assumes that we behave rationally: making logical and consistent choices that maximize utility.

2. The protagonist is caught in a toxic relationship. His struggle is between emotion (heart) and logic (head). He knows he should leave his girlfriend, but he can't.

3. The answer is D. Mental accounting

4. Behavioral economists use the term “bounded rationality” to explain why people make apparently irrational decisions. This results in a market failure with a sub-optimal outcome where he remains in a relationship that is toxic.

*Teaching Guide #10: Information Asymmetry*

**Clip Title:** Volkswagen – Buying a Used Car

**Media Type:** Commercial

**Clip Length:** 51 seconds

**Clip Link:** <https://criticalcommons.org/view?m=zNKfhhibS>

**Country:** Netherlands

**Language:** Dutch

**Summary:** A father and son want to buy a car from an old woman, but it's not visible how the woman used to drive the car.

Play the clip above and then have students work in groups to answer the following questions.

1. What do economists mean when they say that a market suffers from asymmetric information?
2. Describe some other markets that may contain asymmetric information.
3. What is one way that the “lemons problem” in the used-car industry can be mitigated?
  - A) Raising the price of used cars.

- B) Hiring mechanics to sell used cars.
- C) Requiring sellers to guarantee trouble-free cars.
- D) Allowing owners to trade in their own cars when purchasing a used car.

4. What is the difference between moral hazard and adverse selection?

***Suggested Answers:***

1. One party to the transaction has more information than the other side. That information is important for the product/service being traded and could influence the final price.
2. The best examples often occur in the case of “matching” issues, like when new college graduates are interviewing for jobs or when two single adults are trying to find partners. Other examples occur in fields like health insurance or financial markets.
3. The answer is C. Because the seller has more information about the quality of the car, the burden of a “lemon” should be placed on the seller.
4. Adverse selection means that people with information make different choices depending on what they know about the product. A moral hazard deals with the risks people are willing to take based on the information they know.

*Teaching Guide #11: International Trade*

**Clip Title:** Soviet Pizza Hut

**Media Type:** Commercial

**Clip Length:** 1 minute, 01 seconds

**Clip Link:** <https://criticalcommons.org/view?m=vrPrWVFj4>

**Country:** Russia

**Language:** Russian

**Summary:** A family debates life after the fall of the Soviet Union after seeing Mikhail Gorbachev at a nearby table.

Play the clip above and then have students work in groups to answer the following questions.

1. What are the differences in overall market structure of the former Soviet Union and the United States?
2. Given that Pizza Hut has now opened a store in Russia, what does that suggest about Russia’s ability to produce pizza?

3. Why do nations conduct international trade?
  - A) Some nations prefer to produce one thing while other nations produce different things.
  - B) Resources are not equally distributed among all trading nations.
  - C) Trade enhances opportunities for firms to be profitable.
  - D) Interest rates are not identical in both countries.
  
4. Which of the following is not one of the arguments used for restricting trade between countries?
  - A) Retaliation
  - B) Specialization
  - C) Cheap labor
  - D) Diverse industries

***Suggested Answers:***

1. The USSR was more of a command economy while the US leaned more toward a market economy.
  
2. If a US company is selling pizza to Russians, it would suggest that Russia has a high opportunity cost of producing pizza. It would also suggest that the US has a comparative advantage in producing pizza.
  
3. The answer is B. Trade is based on comparative advantage, which looks at the opportunity cost of using resources to produce various items.
  
4. The answer is B. Specialization is actually an argument in support of international trade.

**Conclusion**

We provide 11 lesson plans designed to minimize the transaction costs for economic educators wishing to implement this novel approach. The microeconomic topics range from foundational coverage (incentives, the production possibilities frontier, markets, elasticity and market efficiency) to more advanced coverage (externalities, innovation, monopolistic competition, behavioral economics, information asymmetry and international trade). Instructors need not adopt all the resources; they can incorporate individual topics incrementally.

We see this manuscript as a small piece of a big rethink required to internationalize introductory courses in economics, so that U.S. centric students can better learn global perspectives, while at the same time providing a more inclusive learning environment for international students who undertake economics in the United States.

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