

# SMIC APECON Market Economy Simulation / Mr. Daniels

**Main Job:** Economics student

## **Cash on Hand at Start of Simulation:**

Your account balance at the start of the simulation will be the product of ¥100 and the score earned on the Intro Assessment. For example, if you earn a 95 on the Intro Assessment, you begin the simulation with ¥9500. The fact that you don't start with the same assets as your classmates reflects the reality in most societies. All people take part in the economy, but they don't begin with equal resources!

## **Income:**

- Attendance Stipend: ¥200 for each class attended
- Assignment Commission: You will be paid for selected assignments. Payments for HW will be based on the quality of your work. Payments for assignments will range from ¥120 to ¥250.
- Participation: ¥50 for each contribution to class discussions, presentations, or debates. Double pay for especially insightful, helpful, or compelling questions or observations. Participation pay is subject to the following restriction: may earn no more than ¥200 per class.
- Superior Work Bonus: ¥200 for top performance on a test, quiz, or other graded assignment.
- Business Income: You may establish a business that specializes in economics education. This business may be a sole proprietorship or a partnership. Your business may earn income by creating handouts, web sites, PowerPoint's, or videos that illustrate and explain key concepts covered in class. You can also earn income by providing consulting (tutoring) services to your classmates. Prices charged for business services must be negotiated with the clients purchasing the products or services. Note, however, business transactions must be approved by me. Income from the unapproved sale of economic products or services will NOT be counted for purposes of this simulation.
- Contracting: You may bid to carry out services for the government. Jobs are awarded to the lowest bidder. Salary is determined by bid.

## **Fines:**

- Tardiness penalty: ¥50 if not seated and ready when class starts as indicated by the bell
- Noise Pollution: ¥50 if reprimanded for talking during a class activity or if one of your electronic devices "rings" in class.
- Dishonesty: ¥1000 for any violation of the academic integrity policy.

## **Expenses:**

- Rent:
  - ✓ ¥50/day to sit along or inside the U.
  - ✓ ¥75/day to sit outside the U.
- Materials: ¥50 to replace a misplaced handout
- Income Taxes: 10% on first ¥2500 earned rounded up to the nearest ¥100; 20% on income the second \$2500 earned; 30% on all earned income above ¥5000. Earned income includes Assignment Commission, Participation pay, Superior Work Bonus, income from Contracting, and Business Income.

Source: Borrowed from "Money Simulation" created by Rowland Leland [Online] Available [http://fte.org/teachers/lessons/prize/money\\_sim.htm](http://fte.org/teachers/lessons/prize/money_sim.htm), October 11, 2005.

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## Contracting Jobs:

1. Personnel Manager: Take attendance and track participation.
2. Warden: Maintain records for fines for Tardiness and Noise Pollution.
3. Property Manager: Maintain records for rents.
4. Publisher: Create, print, and maintain the availability of the following forms:
  - A. Cash flow accounting log (check book that allows each student to track all expenses and income)
  - B. Receipt for payment (insurance, business product, tutoring, etc.)
  - C. Partnership agreement
  - D. Auction bid (for contract job)

Note: if I deem the lowest bid for a contracting job too high, I will simply do the work myself. Partnerships (as opposed to sole proprietorships) may bid on jobs. If you get hired for a job and decide it's too much work, you may quit. There will be penalties for quitting without notice, however. If you don't initially win a contract, you may bid on the job later if the contracted business quits or is fired. You may and will be fired for poor performance. Contracts are good for two weeks, after which the jobs will be re-opened to bids. You may hold a contracting job only once.

## Partnerships:

You may form partnerships to compete for and carry out contracted jobs, to provide bookkeeping services to classmates or other partnerships, to provide tutoring services to classmates, etc. Business partners may not copy from each other on assignments.

## Welfare:

A transfer payment of ¥100 will be made for each *excused* absence. Note, transfer payments are not considered taxable income.

## Charity:

You may donate earned income to less fortunate classmates. These contributions are NOT tax deductible. The purpose of making something tax deductible is to encourage it. I am NOT encouraging donations, but it is allowable.

## Incentives:

- Your test grade for this simulation will equal (your earned income + account balance) / ¥30,000 unless this quotient is greater than 100%. If so, your test grade will be 100%.
- The student with the most earned income will receive 50rmb (real cash).
- The student with the highest account balance will receive 50rmb (real cash).