

STUDENT
SOURCE
AND SKILL
COMPANION

ECONOMICS






GETTING STARTED

**Welcome to the Traverse Source
and Skill Companion!**

In this book, you will find the sources
for each chapter as well as detailed
instructions for every Chapter Inquiry.



CHAPTER OVERVIEW

The chapter overview gives you essential information about the chapter. Everything in this book also appears in your digital student account, along with the chapter narratives, Echoes, and multiple types of media.

1 | Introduction to Economics

Innovations like this carbon fiber thread meet many needs.

CHAPTER QUESTION
What do individuals, businesses, and societies do in the face of scarcity?

CHAPTER OBJECTIVES

1. Explain the concept of scarcity and how it affects societies.
2. Explain the role of costs, benefits, and incentives in rational decision-making and the field of economics.
3. Explain how opportunity cost, marginal benefit, and marginal costs affect economic decision-making.
4. Model how producers and societies make decisions related to the factors of production.
5. Analyze the factors that lead to economic growth.
6. Participate in a Structured Academic Controversy in order to develop a claim about whether or not the public should help finance sports stadiums.

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Chapter Question and Objectives

Refer to these high-level questions and goals when you need a reminder of how the sources and inquiry fit into the chapter as a whole.

Chapter Contents

Sources in the narrative are listed before sources in the inquiry. If a source is used in both the narrative and inquiry, it will only appear once in this book.

CHAPTER NARRATIVE

THE PROBLEM OF SCARCITY
How does scarcity lead to choices by individuals, businesses, and governments?

Media
Explainer Video: Scarcity
Explainer Video: Utility

INCENTIVES AND DECISIONS
What role do costs, benefits, and incentives play in the field of economics?

Source
The Relationship between Weather and Dog Waste Complaints

Media
Interactive Time Line: History of Economics
Quick Talk: Incentives
Flipbook: Behavioral Economics

MAKING CHOICES | How are rational decisions made?

Source
Everyday Economics: A User's Guide to the Modern Economy

Media
Hotspot: Decision-Making—An Apple or Donut for Breakfast

PRODUCTION POSSIBILITIES | How does a production-possibilities curve show scarcity, opportunity cost, and decisions made with the factors of production?

Economic Scenario
Production Possibilities

Media
Explainer Video: Capital

ECONOMIC GROWTH
What causes an economy to grow?

Simulation
Specialization

Media
Hotspot: Toyota Production System

CHAPTER INQUIRY ROUTINE

1. COMPELLING QUESTION
Should the public help finance sports stadiums?

2. SOURCE SET

- Projected Benefits of Las Vegas Stadium
- The Economics of Subsidizing Sports Stadiums
- What Are the Benefits of Hosting a Major League Sports Franchise?
- Costs and Sources of Funding for 21 NFL Stadiums
- In Losing the Rams, St. Louis Wins
- Sports Stadiums Are a Bad Deal for Cities

Chapter Narrative

This chapter-at-a-glance table allows you to make connections to the narrative sections and media, which are found entirely online.

Chapter Inquiry Routine

Preview the steps you will take to complete the Chapter Inquiry. All inquiries include a Compelling Question, a source set, and an Inquiry Prompt. Some also feature skill lessons and simulations.

SOURCES

Sources in each chapter are a part of the narrative, Chapter Inquiry, or both. In narratives, sources give additional information about the section topics. In Chapter Inquiries, the sources form source sets that you will use to complete each inquiry.

SOURCES, SIMULATIONS, AND ECONOMIC SCENARIOS

THE LAW OF DEMAND | GRAPHING DEMAND | NON-PRICE DETERMINANTS OF DEMAND | ELASTICITY OF DEMAND | INQUIRY

SOURCE
CHANGES IN U.S. BUYERS' PURCHASING BEHAVIOR DUE TO RISING PRICES

SOURCING INFORMATION
 Genre: Chart | Date: 2024

BACKGROUND
 This bar chart captures data from a September 2021 survey by market research company Numerator and shows how U.S. consumers' spending habits changed due to rising prices.

ECONOMIC READING SKILL | Analyzing Quantitative Data
 What does this chart reveal about consumer behavior in reaction to rising prices?

A. Most consumers will not change their spending habits.
 B. Most consumers will switch to less expensive brands.
 C. All consumers will change their spending habits.
 D. Consumers will buy more of the product.

Source Tabs

These tabs make it clear if a source is in a narrative section, Chapter Inquiry, or both. If the source appears in the Chapter Inquiry, you will return to that source page when you work through the source set.

Sourcing Information and Background

Knowing who created something, when, and why can help you understand and analyze the source.

Skill Question

Practice social studies skills as you answer questions about the source.

READING SKILL LESSONS

Reading Skill lessons teach you how to analyze sources. These lessons use a source in the chapter narrative to model the skill.

Checklist

Each skill lesson includes a checklist with specific steps and questions that you will use to analyze that type of source.

Skill Model

The skill model provides an example of a source analysis using the checklist.

Practice

Each Reading Skill lesson ends with a chance to practice the skill using the steps from the checklist.

1. CHECKLIST

Make observations.

- What is the economic issue?
- What are the available options?
- What are the costs or disadvantages? What are the benefits or advantages? What are the marginal costs and benefits?

Make inferences.

- Do the advantages outweigh the disadvantages? Do the marginal benefits outweigh the marginal costs?
- What makes the solution better than the next best option?
- How could the decision maker argue in favor of their choice using this model?

Go beyond.

- Was the model effective in finding the right solution?
- How might someone with fewer resources, such as income or time, apply this model? What about someone with more resources?
- How did personal ethics and preferences affect the application of this model?

2. SKILL MODEL

Here's how one student uses the checklist to decide which city Effie should choose:

Make observations.

- The two cities she's considering opening her business in are San Francisco and Denver, which have very different weather climates.
- Notice that residents in San Francisco spend more money on food, which means the marginal benefits of each sale Effie makes in San Francisco may be higher than in Denver.

Make inferences.

- I think the advantages of being located in San Francisco may outweigh the disadvantages, since Effie's friends and family would be great word-of-mouth supporters and potential customers for her business. If she knows more people in San Francisco, maybe that will help her succeed.
- Because license costs are so high in San Francisco, the marginal costs of opening any additional food trucks would be higher than if she expanded in Denver.

Go beyond.

- I wonder if an entrepreneur with fewer financial resources would need to prioritize cost-of-living and tax savings?
- I wonder how my personal beliefs about the importance of community affected my decision-making?

3. PRACTICE

Use the checklist for Using Rational Decision-Making Models to analyze the Rational Decision-Making scenario. Use a table like the one below to record your observations in column 1, your inferences in column 2, and your questions in column 3. The first row has been completed for you as a model.

Make Observations	Make Inferences	Go Beyond
Residents in San Francisco spend more money on food, which means the marginal benefits of each sale may be higher in San Francisco than in Denver.	License costs are higher in San Francisco; the marginal costs of opening additional food trucks would be higher there.	I wonder if an entrepreneur with fewer financial resources should prioritize cost-of-living or tax savings?

CHAPTER INQUIRY

Each Chapter Inquiry is an opportunity to develop a claim based on evidence and to communicate that claim in a variety of ways. You will use a specific set of sources and the skills you are learning to complete each inquiry.

CHAPTER INQUIRY

1 | COMPELLING QUESTION

COMPELLING QUESTION
Are local currencies effective?

BACKGROUND INFORMATION
Frank Tortorella learned that the rent on his deli would double, and he could not find a bank to lend him the money he needed to stay in business. Joaquim Melo and Francisco Bezerra sought sustainable economic growth for residents of Conjunto Palmeira, an economically disadvantaged community in northeastern Brazil. What do a deli owner in Massachusetts and two community organizers in Brazil have in common? When faced with economic challenges, they developed a local currency—a solution that proved to be practical and sustainable in both cases. But is their success replicable? What happens when communities initiate local currencies? And what makes some local currencies more viable than others? In this Chapter Inquiry, you will explore the possibilities and limits of local currencies to draw conclusions about their effectiveness.

SUPPORTING QUESTIONS
Use the Supporting Questions to prepare for the Chapter Inquiry:
• How do the purposes of local currencies differ from traditional currencies?
• What are some of the forms local currencies can take?
• What are some of the strengths of local currencies?
• What are some of the limitations and drawbacks of local currencies?
As you analyze the source set, gather information to add to your answers.

GRAPHIC ORGANIZER
Track your ideas as you work through the source set. Complete one row for each source.

Source Title	Form of Local Currency	Strength and/or Limitation	Evidence
An Overview of Complementary Currency Systems			

INQUIRY PROMPT
Construct an Argument: Write and submit an outline that presents an argument in response to the Compelling Question. Include claims, evidence from multiple sources, and counterclaims. Your outline will be reviewed by two peers. Review the feedback you received from your peers and submit a reflection identifying your critique of a peer's outline and explaining how you would use the critiques you received to refine your outline.

2 | SOURCE SET

 AN OVERVIEW OF COMPLEMENTARY CURRENCY SYSTEMS Genre: Article Creator: Traverso Date: 2012 PAGE 187	 SHORT ON MONEY, CITIES AROUND THE WORLD TRY MAKING THEIR OWN Genre: Article Author: Peter Young Date: 2020 PAGE 188	 THROWING ROCKS AT THE GOOGLE BUS: HOW GROWTH BECAME THE ENEMY OF PROSPERITY Genre: Book Excerpt Author: Douglas Rushkoff Date: 2017 PAGE 189
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Compelling Question

Each Chapter Inquiry starts with a Compelling Question. All the work you do in the inquiry will help you craft an evidence-based response to this question.

Inquiry Prompt

Your task will vary from chapter to chapter. The Inquiry Prompt always appears on the first page of the Chapter Inquiry to guide your work.

Source Set

The source set identifies which sources to use for your Chapter Inquiry. Remember that some sources were also part of the chapter narrative, so use the page numbers to locate them.

3 | COMMUNICATING CONCLUSIONS

After evaluating the sources in the source set, prepare to communicate your conclusions about the Compelling Question. Use the process below to plan and develop your response to the Inquiry Prompt.

1. REVIEW AND DISCUSS
With your partner, review the Supporting Questions. Refer back to the details in the chapter as needed.
• How do the purposes of local currencies differ from traditional currencies?
• What are some of the forms local currencies can take?
• What are some of the strengths of local currencies?
• What are some of the limitations and drawbacks of local currencies?
Then use your annotations and graphic organizer to discuss the Compelling Question and Inquiry Prompt with a partner.

2. PLAN
Plan for your outline. You may use this structure to create your outline:
1) Claim
a) Reason A for or against the effectiveness of local currencies
i) Evidence
ii) Explanation
iii) Counterclaim
b) Reason B for or against the effectiveness of local currencies
i) Evidence
ii) Explanation
iii) Counterclaim
2) Concluding sentence that ties back to your claim

3. RESPOND
Use your graphic organizer, the answers from your discussion with your peers, and your plan to respond to the Inquiry Prompt. An exemplary response meets the following criteria:
• The response demonstrates a thorough understanding of the costs and benefits associated with the creation and implementation of complementary currencies.
• The response includes a precise claim, relevant evidence, clear acknowledgment of a counterclaim, and properly formatted citations.
• The response clearly outlines planned revisions to claims, evidence, and explanations based on peer feedback.

INQUIRY PROMPT

COMPELLING QUESTION
Are local currencies effective?

Construct an Argument: Write and submit an outline that presents an argument in response to the Compelling Question. Include claims, evidence from multiple sources, and counterclaims. Your outline will be reviewed by two peers. Review the feedback you received from your peers and submit a reflection identifying your critique of a peer's outline and explaining how you would use the critiques you received to refine your outline.

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Communicating Conclusions

After you've read and analyzed the inquiry sources, you will use the guidance in the Communicating Conclusions section to organize your response. These three steps will help you:

- Review your ideas.
- Organize your ideas into a plan.
- Craft your response to the Inquiry Prompt.

The Compelling Question and Inquiry Prompt are repeated here for easy reference as you prepare your response.

INQUIRY AND RESEARCH SKILL LESSONS

Many Chapter Inquiries include an Inquiry and Research Skill lesson. These lessons will improve your ability to work with sources, conduct effective research, and craft successful responses.

BRING YOUR OWN BAG ORDINANCE IMPLEMENTATION RESULTS AND ACTIONS TO REDUCE EPS/PLASTIC FOOD WARE
Genre: Document
 Author: Karlie Romanow
 Date: 2012

PLASTIC BAG LEGISLATION
Genre: Article
 Creator: Traversa
 Date: 2012

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INQUIRY AND RESEARCH SKILL

EVALUATING MICROECONOMIC POLICIES

Examine the "Evaluating Microeconomic Policies" episode of *The Beat* to understand how one group of students approaches the process of evaluating microeconomic policies. Then read the definition and checklist that students discuss in the video.

What are microeconomic policies?
 The government designs microeconomic policies to correct market inefficiencies using market and regulatory policies. Market policies incentivize people and businesses to change behavior through subsidies and taxes designed to improve market outcomes. Regulatory policies are laws that restrict business and consumer practices that create market inefficiencies.

Why is it important to evaluate microeconomic policies?
 The government's role in the market impacts every part of society. Market and regulatory policies affect the choices businesses make and the freedom they have in production decisions. Individuals make spending choices based on subsidies and taxes and often incur higher costs because of regulations on businesses. Economists must evaluate microeconomic policies for effectiveness, including the intended and unintended consequences, and then make policy recommendations for better market outcomes. As an individual, you can vote for or against certain policies based on their economic effectiveness.

1. CHECKLIST **HOW DO YOU EVALUATE MICROECONOMIC POLICIES?**

- ✓ **Identify the reasons for the policy.**
 - What market failure prompted the creation of this policy?
 - Who is affected by the market failure?
 - How does the policy aim to improve market outcomes?
 - What are the possible intended and unintended consequences of this policy?
 - How does the policy use incentives to change behavior?
- ✓ **Analyze the impact of the policy.**
 - What are the economic costs and benefits of the policy?
 - Are there any additional social or political consequences that should be considered?
 - What groups are affected by the policy?
- ✓ **Evaluate the effectiveness of the policy.**
 - Does the policy achieve its original goal of improving market outcomes?
 - Do the benefits of the policy outweigh the costs? And for whom?
 - Should the government have implemented this policy?

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CHAPTER 7

The Beat

Some skill lessons include *The Beat*, a video in which students practice Inquiry and Research Skills and model collaboration.

Checklist

Each Inquiry and Research Skill includes a checklist that tells you how to practice the skill. Return to the checklist any time you need to use that skill.

2. SOURCE

Now it's time to practice evaluating microeconomic policies with **NEW YORK STATE PLASTIC BAG TASK FORCE REPORT: AN ANALYSIS OF THE IMPACT OF SINGLE-USE PLASTIC BAGS AND THE PROBLEM WITH BANNING PLASTIC BAGS**, the first two items in your source set. Use the checklist for Evaluating Microeconomic Policies to read and analyze the sources and fill in your graphic organizer. Then you'll examine a second episode of *The Beat* showing how the students used the checklist to analyze the same sources.

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3. SKILL MODEL

Examine the second episode of *The Beat* to learn how the students used the checklist to evaluate New York State Plastic Bag Task Force Report: An Analysis of the Impact of Single-Use Plastic Bags and "The Problem with Banning Plastic Bags."

Here is how one student took the conversation with their peers and used it to fill out a graphic organizer evaluating New York State Plastic Bag Task Force Report: An Analysis of the Impact of Single-Use Plastic Bags and "The Problem with Banning Plastic Bags."

Source Title	Costs and/or Benefits of Plastic Bag Laws	Intended/Unintended Consequences	Effectiveness of Plastic Bag Laws
An Analysis of the Impact of Single-Use Plastic Bags	Plastic from plastic bags causes serious environmental problems. Plastic waste can cost governments and taxpayers millions of dollars. That is a market failure.	Whom do plastic bag laws impact?	Do plastic bag laws decrease the use of plastic bags and lead to lower costs for governments and taxpayers?
The Problem with Banning Plastic Bags	Plastic bag laws are trying to get people to use more reusable bags.	Plastic bag laws lead to more people using reusable bags. But they also lead to people using more garbage bags, paper bags, and cotton bags, which are actually worse for the environment.	While plastic bag laws lead to more reusable bag use, they also lead to the use of materials that actually harm the environment more.

4. PRACTICE

Use the checklist for Evaluating Microeconomic Policies and annotation instructions to complete the graphic organizer for the rest of the source set in this Chapter Inquiry.

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Source

Use the checklist to analyze some or all of your sources before returning to the skill lesson.

Skill Model

Using a source from the source set, the skill model provides an example of how you can apply the skill to the Chapter Inquiry.

Practice

You will have opportunities to practice the skill right away as you work through the inquiry and develop your response.

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Many people use loans to buy cars.

UNIT 2

Microeconomics



UNIT 2 KEY CONCEPTS



Markets

A market is where consumers and producers meet to voluntarily exchange goods and services. Markets are controlled by demand and supply.



Demand

Consumers have demand when they purchase a product. Demand increases as prices decrease because consumers try to maximize utility.



Supply

Producers supply goods and services to the market. Supply increases as prices increase because producers try to maximize profits.

Market forces determine the cost of goods around the world.

ENDURING THEMES

GOVERNMENT

How can the government influence economic decisions made by individual consumers and producers?

Policies enacted by a government influence the individual decisions of consumers and producers at a microeconomic level. By levying or reducing taxes, subsidies, and regulations, governments aim to achieve their economic goals. As you read about the debates around governmental involvement in markets, consider the costs and benefits of the various policies in question. How do different kinds of governmental involvement affect outcomes for both consumers and producers? In what ways can the government influence your own economic decisions?

INNOVATION

How does innovation influence market forces?

Innovation can give rise to entirely new markets, as evidenced in recent decades with the inventions of the internet, smartphones, and personal computers. Innovation can also dramatically alter existing markets, such as when the emergence of music streaming disrupted the market for CDs and tapes. Think about the many ways in which new technology can impact the economy, from supply and demand to prices and employment levels. How do innovations influence your day-to-day economic decisions? What impacts do technological innovations have on the broader economy?

THE ENVIRONMENT

How does the environment influence the individual economic decisions that consumers, producers, and governments make?

Economic decisions involve a range of environmental considerations. A product that pollutes the natural environment may have consequences beyond impacting the original consumers and producers involved. Governments can encourage choices that are beneficial to the environment, such as providing subsidies for solar panels or regulating the use of certain chemicals. What are some ways consumers, producers, and governments can take the environment into account? How do your economic decisions influence the environment?



Prices

When consumers and producers come together in markets, they set prices. Prices too high result in surpluses; prices too low result in shortages.



Market Structures

Not all markets have the same products, prices, or level of competition. Each market structure impacts consumers and producers differently.



Market Failures

When the interactions between consumers and producers result in less than optimal market outcomes, markets fail.



Government Intervention

When markets fail, the government can use taxes, subsidies, or regulations in their attempts to improve market outcomes.

5

Supply



Producers supply goods, like apples, to the market.

CHAPTER OVERVIEW

“Profits are part of the mechanism by which society decides what it wants to see produced.”

—Henry Wallich, Board of Governors of the Federal Reserve System, 1974–1988



CHAPTER QUESTION

What factors influence the decisions made by producers in a free enterprise system?

CHAPTER OBJECTIVES

1. Explain how the law of supply drives the behavior of producers, and illustrate it using a supply curve.
2. Analyze how producers consider marginal product, production costs, and revenue when attempting to maximize profits.
3. Describe the non-price determinants of supply, and illustrate the changes in supply on a graph.
4. Explain the types of elasticity of supply and how producers make decisions based on elasticity.
5. Use credible online research and knowledge of the supply curve to create a poster that analyzes a company's decision to maximize profits.

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CHAPTER NARRATIVE



UNDERSTANDING SUPPLY

How does the law of supply show the relationship between producer behavior and price?

Economic Scenario
Supply

Media
Explainer Video: Law of Supply



MAXIMIZING PROFITS

What factors must businesses consider in order to maximize profits?



NON-PRICE DETERMINANTS OF SUPPLY

What non-price factors can cause a change in supply?

Source
How Climate Change and Extreme Weather Are Crimping America's Pie Supply

Media
Hotspot: Determinants of Supply
Interactive Time Line: Supply of Smoothies



ELASTICITY OF SUPPLY

How does the production process affect a product's elasticity of supply?

Media
Explainer Video: Elasticity of Supply

CHAPTER INQUIRY ROUTINE

1 COMPELLING QUESTION

How can the concept of supply help us understand the decisions companies make to maximize profit?

2 SOURCE SET

- 3-D-Printed Homes: A Concept Is Turning into Something Solid
- How IKEA Used Affordable and Innovative Design to Transform the Homes of Everyday Consumers
- Get a Comfortable Chair: Permanent Work from Home Is Coming
- How Producers Can Increase Demand

3 INQUIRY AND RESEARCH SKILL

Conducting Online Research

4 COMMUNICATING CONCLUSIONS

Adapt an Argument: Analyze the provided sources to practice using the concept of supply to understand business decisions. Then conduct online research to find a real-world example of a company that is making a change to its business (e.g., moving from brick-and-mortar to e-commerce, outsourcing labor). Use one or more elements of supply—fixed cost, variable cost, demand, and price in the market—to determine why the producer is making this change. Then create a poster that communicates your response to the Compelling Question. Conduct online research to find evidence that you will incorporate on your poster to support your response. For each online source you use on your poster, include a citation that explains how you determined its credibility.

CHAPTER SUMMARY

BACKGROUND

- Competition and profit are important factors in a free enterprise system.
- One side of a free market is consumers who have demand and who choose how to spend their money based on price and utility.
- This chapter explores the supply side of markets and how the law of supply drives producer decision-making.

In a market economy, producers **supply** goods or services that fulfill consumer demand. Producers are incentivized to increase supply when prices increase in order to maximize profit. The **law of supply** states that price and **quantity supplied** have a direct relationship: as long as ceteris paribus, as price increases, quantity supplied will increase; and as price decreases, quantity supplied will decrease. Supply can be modeled for individual producers or entire markets with a **supply schedule**. Plotted on a graph, a **supply curve** slopes upward, illustrating the direct relationship described by the law of supply. Models like these help economists understand and predict producer behavior in markets.

To maximize profits, producers must examine how adjusting inputs, or the factors of production, impacts output and costs. Labor is one of the few inputs that can be adjusted in the short run to impact output. To understand the impact of adjustments to labor, producers determine the **marginal product of labor**. Producers seek **increasing marginal returns**, but if they hire too many employees, they may face **decreasing marginal returns** or even **negative marginal returns**. Businesses also have costs of production, which include **fixed costs** like rent and **variable costs** like labor and raw materials. Producers account for costs when calculating **total revenue** and **marginal revenue**. They can then conduct a **marginal-cost analysis** to find the **profit-maximizing output** and avoid overextending their business.

Changing prices lead to changes in the quantity supplied but don't affect the supply curve. Changes in **non-price determinants of supply**, however, cause the entire curve to shift. Supply increases shift the supply curve to the right; supply decreases shift it to the left. For example, changes in the cost of factors of production impact the amount producers are willing and able to produce at all price points. Changes in productivity, whether due to investments in human capital or technological innovation, can also impact supply. Governments can impact supply through **taxes** and regulation, which can affect the costs of production. Government can also provide **subsidies** and encourage economic activity by reducing the costs of production. The number of producers in a market can also impact supply, as can producer expectations. Producers often make choices about how much of a good to produce based on what they expect the good's cost to be in the future.

Not all products react equally to changes in price. Goods and services have a **price elasticity of supply**. As with demand, there are three types of elasticity of supply: **elastic supply**, **inelastic supply**, and **unit elastic supply**. Whether a production process can quickly adapt to changing prices by altering supply is the major determinant of supply elasticity. Increasing production often requires more time, capital, and labor. In the short run, most products are inelastic. More products can be elastic in the long run because producers have time to adjust the factors of production.

CHAPTER VOCABULARY

decreasing marginal return

state in which each added unit of input, such as labor, adds less to the total output of a producer than the previous

elastic supply

condition in which a change in price will result in a relatively large change in the quantity supplied

fixed cost

cost of production that never changes, regardless of the number of goods or services that are produced



Producers supply goods, like sunglasses, to markets.

increasing marginal return

state in which each added unit of input, such as labor, adds more to the total output of a producer than the previous

inelastic supply

condition in which a change in price will result in a relatively small change in the quantity supplied

law of supply

principle that, all things being equal, as price increases, the quantity supplied of a good or service will increase

marginal benefit

additional benefit from adding one unit

marginal cost

extra cost of producing one additional unit

marginal-cost analysis

examination of the benefits and costs of a producer's decisions

marginal product of labor

increase in production that each additional unit of labor generates when all other factors of production remain constant

marginal revenue

extra revenue from the sale of one additional unit

market supply

willingness and ability of groups of producers to offer goods or services at a given price

negative marginal return

state in which each added unit of input, such as labor, decreases the total output of a producer

non-price determinant of supply

factor that causes a change in supply

price elasticity of supply

measure of how responsive producers are to a change in the price of a good or service

producer

an individual, a business, or a country that creates and supplies goods and services for sale

profit-maximizing output

level at which marginal revenue and marginal cost are equal



Weather, such as droughts, can impact corn production.

quantity supplied

number of goods and services a producer or producers are willing and able to sell at a given price point

subsidy

direct or indirect payment the government makes to an individual or business in order to encourage a specific economic activity



Technology can influence the supply of goods.

supply

amount of a good or service that a producer is willing and able to provide to the market at various price points

supply curve

graph that illustrates the quantity supplied of a good or service at various points in a market

supply schedule

table that shows the quantity supplied of a good or service at various price points in a market

tax

money collected by the government from people or businesses to fund public projects

total cost

sum of variable and fixed costs

total revenue

total amount of money a business receives from selling its product

unit elastic supply

theory that posits that a change in the price of a product causes a proportional change in the quantity supplied

variable cost

cost of production that changes, depending on the amount of goods or services that a business produces

SOURCES, SIMULATIONS, AND ECONOMIC SCENARIOS

🔗 Online option

Follow your teacher's directions for completing this activity.

UNDERSTANDING SUPPLY

MAXIMIZING PROFITS

NON-PRICE DETERMINANTS OF SUPPLY

ELASTICITY OF SUPPLY

INQUIRY

ECONOMIC SCENARIO SUPPLY

❓ **Section Question:** How does the law of supply show the relationship between producer behavior and price?

BACKGROUND

This scenario focuses on the concept of supply. Springdale Salads adjusts the quantity of salads they supply to the market based on the price. Read the scenario, and answer the questions that follow.

Springdale Salads is a salad shop in an area of town where a new office building just opened up. Many people are interested in grabbing salad for lunch, which is reflected in the price of a serving of salad. The number of salads Springdale Salads will supply increases as the price increases, which is shown in Springdale Salad's Supply Schedule.

Price of a Salad	Quantity of Salads Supplied (per day)
\$2	20
\$3	30
\$4	40
\$5	50
\$6	60

🔗 Online option



ECONOMIC READING SKILL | Creating and Analyzing Economic Models

Draw a supply curve showing the supply of salads at Springdale Salads at various price points.

🔗 Online option



ECONOMIC READING SKILL | Creating and Analyzing Economic Models

If the price of a salad increases, why would the quantity of salads Springdale supplies increase?

- A. because it will decrease their production cost
- B. because it will increase the quantity demanded
- C. because it will increase their profit
- D. because it will decrease the ability of buyers to purchase

SOURCE

HOW CLIMATE CHANGE AND EXTREME WEATHER ARE CRIMPING AMERICA'S PIE SUPPLY



Section Question: What non-price factors can cause a change in supply?



SOURCING INFORMATION

Genre: Newspaper

Author: Laura Reiley

Date: 2021

BACKGROUND

Laura Reiley is a journalist for the *Washington Post* who reports on the business of food. In this article, Reiley details how climate change, a type of non-price determinant of supply, has affected the supply of pie ingredients. Reiley's article demonstrates what happens when extreme external factors affect the law of supply.

Many of the ingredients in Mike's Pies' pies — wheat, berries, honey, soybean oil, among numerous others — have been hit hard by climate and weather effects, including droughts, wildfires and power shutdowns around the world. That's sending prices soaring and, combined with a scarcity of workers and other hurdles, is causing mayhem throughout the global food supply chain.

"We are cutting every order that we ship; we can't fulfill the obligations," Martin said.

For consumers, the impact on the food business means that stocks of seasonal items, from entrees to desserts, are significantly below pre-pandemic times, with meat and pies at the highest risk of being out of stock entirely, according to IRI, a global data provider for retail companies. Food prices are also way up, rising 5.1 percent in October over last year, the fastest rate in years, according to inflation data released last week by the U.S. Bureau of Labor Statistics.

Economists broadly expect that the labor and supply chain disruptions should work themselves out as the pandemic fades, but they say climate and weather impacts will remain major threats to food and a growing number of other industries.

"There is no place to run and hide from extreme weather events," said Michael Swanson, Wells Fargo's chief agricultural economist.

While the world's food conglomerates and agricultural giants are acutely aware of the climate threat, near the end of the supply chain, Martin is more focused on tackling whatever crisis is in front of him — regardless of the cause.

"I don't know what tomorrow is going to bring. I could walk in, and they say we can't get boxes or we can't get sugar," he said. "Orders are going through the roof, prices are skyrocketing and we're having to order way out and to order more than we've ever ordered."

Online option



ECONOMIC READING SKILL | Analyzing Economic Incentives

What are the two factors that are decreasing the supply of Mike's Pies?

Select the two correct answers.

- A. damaged crops
- B. low demand for pies
- C. pies spoiling at a faster rate
- D. too few workers
- E. declining public perception

SOURCE

3-D-PRINTED HOMES: A CONCEPT IS TURNING INTO SOMETHING SOLID



Close Reading: Identify details that reveal the source's purpose, and explain how these details support this purpose.



SOURCING INFORMATION

Genre: Article

Author: Sharon Jayson

Date: 2020

BACKGROUND

In this excerpt from a 2020 article published in the *Washington Post*, journalist Sharon Jayson describes how a 3D-printing home construction company is reinventing affordable housing for people experiencing homelessness while also saving on marginal costs as a producer. By leveraging 3D-printing technology, Austin-based construction company Icon is able to produce cost-efficient, sustainable tiny homes on an accelerated timeline.

In this city of disrupters, Austin-based construction technology company Icon has formed a variety of partnerships to explore how 3-D-printed homes could not only provide housing for people on the margins but also demonstrate how to dramatically reduce the time and money spent on construction.

"I see this innovative idea as being a powerful piece of the puzzle, along with other ideas of what it's going to take to have more affordably built houses," said Alan Graham, a real estate developer turned founder of the nonprofit Mobile Loaves & Fishes,¹ which opened the village in 2016. The average age of residents here is 55, he said.

These 400-square-foot houses are the nation's first 3-D-printed residences, according to Icon.

Its process — which incorporates an 11-foot-tall printer that weighs 3,800 pounds — relies on robotics. Beads of a pliable concrete material dubbed Lavacrete ooze from the behemoth printer in ripples that stack and harden into a wall with curved corners.

The idea is to cut the time and as much as half the cost associated with traditional construction, limit the environmental footprint and trim the number of workers on crews, said Jason Ballard, Icon's co-founder and CEO.

The process, he added, also could allow more design freedom.

¹Mobile Loaves & Fishes: Austin, Texas-based nonprofit that operates Community First! Village, a community of tiny homes and RVs offering social experiences and work opportunities for people experiencing homelessness

🔗 Online option



ECONOMIC READING SKILL | Analyzing Economic Incentives

How could the technological advancements of a 3D-printed home potentially increase the economic growth of a construction company? Select the two correct answers.

- A. A 3D-printed home reduces the amount of construction time, and thus money, spent on building projects.
- B. A 3D-printed home is a new housing concept for people experiencing homelessness.
- C. A 3D-printed home is only 400 square feet and provides compact housing solutions.
- D. A 3D-printed home is cheaper to build because it requires fewer workers.
- E. A 3D-printed home is better for the planet because its environmental footprint is limited.

SOURCE

HOW IKEA USED AFFORDABLE AND INNOVATIVE DESIGN TO TRANSFORM THE HOMES OF EVERYDAY CONSUMERS



Close Reading: Identify the author's central claim about why IKEA is successful, and explain the evidence used to support it.



SOURCING INFORMATION

Genre: Article

Author: Dan Lewis

Date: 2017

BACKGROUND

In this 2017 article published in the independent news source the Conversation, product-design professor Dan Lewis reflects on what makes Swedish home-furnishing producer IKEA successful. From offering attractive, functional designs at a low price, to its cozy, family-centric appeal, and even the way that it manages its variable costs, IKEA's unique business model has allowed it to thrive.

For decades, IKEA has filled homes across the world with bookcases, beds, cardboard boxes and countless tea lights. The company's business model, based on huge production runs of identical stock, allowed it to export Scandinavian¹ style at an affordable price.

Its products are so popular and so ubiquitous, that you might find yourself in a friend's home sitting on a sofa that is very similar to your own, looking at a bookcase that matches yours and eating with very familiar looking cutlery. IKEA created a reasonably priced way for customers to express themselves at home, and while it may also have helped build a world of identikit² interiors, it opened consumers to what was otherwise expensive design.

As a product design specialist I applaud IKEA for how they have developed their business and invested in design to bring great products to the masses, including the use of materials to drive down prices – look inside one of their coffee tables and you'll find a hollow core supported with card.³

IKEA trades on the idea of family connections and aims for an emotional connection with customers. Instead of relying on numbers, for example, products are named after Scandinavian islands, names of people, birds and berries.

They continue to innovate in materials and production techniques which drive prices lower and lower. When the first UK store opened in 1987 (the company is celebrating its 30th British birthday) the cost of a loaf of bread was around 40p, and the classic "Lack" coffee

table retailed at £18. Today, three decades on, that same table costs £14.

IKEA are widely considered as the "kings of flat pack furniture", having cleverly exploited the potential of DIY assembly. Being able to visit a store, pick a wardrobe, chuck the cleverly packaged parts into the boot⁴ and drive home proved to be a very popular approach, avoiding waiting weeks for delivery and simple – even if the accompanying instructions aren't always as simple as they look. Social media is full of insights about IKEA-instigated arguments over how to construct furniture (or even just trying to navigate the stores' pathways). But the company remains highly thought of.

Scando-chic

IKEA's Scandinavian roots and design DNA made it stand out when it arrived in the UK (it was already well established in Germany, France, Japan and Australia). Along with Habitat, IKEA spearheaded a clear departure from chintz and overly decorative furniture and homeware. The new shopping experience of choosing from "rooms" set up with IKEA goods excited customers who came from far and wide to visit the distinctive blue and yellow box-like stores.

IKEA's range of products has expanded and evolved in the last 30 years but some items like the famous Billy bookcase, continue to sell as they have done for decades. The Billy is a beautifully simple product that can be transformed with hundreds of options, whether you want to change the colours, add doors, or expand the size of your collection.

The popularity of IKEA means so many people have the same furniture, bedding and accessories in their homes. But it also means a lack of individualism in the very places we like to think most reflect our personalities. Nevertheless, some aim to customise: “IKEA hackers” turn colanders into lamps or shelves into headboards, producing unique pieces from mass produced products.

Modern design

IKEA itself has not become lazy or complacent when it comes to design. The PS 2014 pendant lamp, one of their most famous recent additions, is an engineering masterpiece.

Closed, the lamp forms a white sphere with a jigsaw style pattern. But with the simple pull of a string the

sphere opens, revealing its interior copper colour and increasing the brightness of the light emitted. It works beautifully and offers a great user experience. It is something to show off, and a real talking point.

Other parts of its range demonstrate great Scandinavian design at a much higher price point.

In my own home, I have a Malm bed, assorted cushions, candles, bedding and cutlery – simple, stylish and good quality. And they didn’t cost the earth. I don’t know anyone who doesn’t own at least one IKEA product. From its humble and fitting beginnings on a kitchen table in Sweden in 1943, IKEA has transformed the modern design world.

¹Scandinavian: the cultures, languages, and peoples of the Northern European countries of Denmark, Sweden, and Norway

²identikit: British English term for a mass-produced object that cannot be distinguished from other objects like it

³card: thin cardboard, usually rectangular in shape

⁴boot: British English term for the trunk of a vehicle

Online option



INQUIRY AND RESEARCH SKILL | Developing and Supporting Claims

What are IKEA’s economic decision-making strategies? How do these enable a profit? Be sure to use technical language such as *variable production cost* in your answer.

UNDERSTANDING SUPPLY

MAXIMIZING PROFITS

NON-PRICE DETERMINANTS OF SUPPLY

ELASTICITY OF SUPPLY

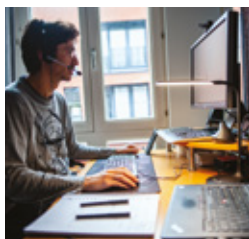
INQUIRY

SOURCE

GET A COMFORTABLE CHAIR: PERMANENT WORK FROM HOME IS COMING



Close Reading: Identify examples of how the source’s date of creation shapes its content, and explain how these examples impact how it is understood.



SOURCING INFORMATION

Genre: Article
Author: Uri Berliner
Date: 2020

BACKGROUND

In this excerpt from a 2020 National Public Radio (NPR) article, business editor Uri Berliner reports on the impact that a remote, or work-from-home, workforce has on a company’s fixed costs. Forced to find an alternative to in-person work because of the COVID-19 pandemic, many companies reaped unexpected benefits and intend to remain remote.

Nationwide Insurance is shutting five regional offices since remote work has gone off so smoothly during the pandemic. And thousands of employees will permanently ditch their commutes for home offices.

Nationwide CEO Kirt Walker says it’s been a popular decision at the company. “Overwhelming. Hundreds of emails and cards and letters and phone calls. ‘Thank you for doing this.’ So I think we got it right,” he says.

It's all about the money

Saving money is always an attractive proposition for businesses, especially these days. And that's likely to drive the shift to remote work, according to Kate Lister, who consults with companies on the future of work as president of Global Workplace Analytics.

"Going into a recession, an economic downturn, those CEOs are lying awake at night thinking of all those buildings that they're heating ... productivity is continuing without being at the office. And saying, 'Wow, I think we could use for a change here.' "

One potential change: Demand for commercial real estate falls due to the growth of remote work and the realities of a painful economic downturn. For example, 90 percent of the 60,000 employees at investment bank Morgan Stanley have been working remotely during the pandemic. Lesson learned, according to Morgan Stanley CEO James Gorman.

"I think, yes, we will have less footprint," Gorman told Bloomberg Television, referring to office space. "I think that's highly likely. We've proven we can operate with effectively no footprint."

Office space is expensive

Other major companies, such as the investment bank Barclays and Oreo-maker Mondelez International also expect to use less real estate as more employees work from home. Nationwide says costs will be significantly lower with so many employees working from home instead of offices, and it intends to return the savings to customers in lower premiums.¹

According to Global Workplace Analytics, "a typical employer can save about \$11,000 per year for every person who works remotely half of the time." And workers can bank between \$2,500 and \$4,000 a year working remotely half time.

¹premiums: the payments that customers make to maintain their insurance plans

Online option



ECONOMIC READING SKILL | Analyzing Economic Incentives

Using economic and social interdisciplinary lenses, categorize the following options according to whether they are a challenge (C) or an opportunity (O) for CEOs pivoting to a remote workforce during the COVID-19 pandemic. Use the information you have learned from the article to guide you.

1. Unused office space becomes an unjustified expense for companies already facing a recession.
2. Employees may feel isolated working from home, making morale difficult to maintain.
3. Permanent remote work is a popular decision with employees and cuts down on their weekly driving commute.
4. Companies experience significant savings when they do not have to pay for office space.
5. Companies can pass along what they save on fixed costs to customers by lowering the cost of their products, such as insurance premiums.
6. Managers may have less control over the productivity of employees.

UNDERSTANDING SUPPLY

MAXIMIZING PROFITS

NON-PRICE DETERMINANTS OF SUPPLY

ELASTICITY OF SUPPLY

INQUIRY

SOURCE

HOW PRODUCERS CAN INCREASE DEMAND



Close Reading: Identify the author's central claim about how producers increase demand, and explain the evidence used to support it.



SOURCING INFORMATION

Genre: Article | **Creator:** Traverse | **Date:** 2022

BACKGROUND

Something that you have wanted for a long time is on sale, and it seems like the supply is quickly shrinking. You decide to buy it now before another lucky person gets it first! Does this sound familiar? The following article details how producers use various strategies to increase demand to get consumers to buy products now instead of waiting for later.

Consumers love getting a good deal. Or, perhaps more accurately, they like *feeling* like they are getting a good deal. Retailers take advantage of this aspect of consumer psychology when they set prices for their products.

Sometimes, online retailers will try to steer consumers toward buying a particular item by making it seem like a bargain compared to other options—a tactic known as the decoy effect—notes marketing professor Gary Mortimer in an article for the Conversation. He describes this scenario: A person is shopping online for a blender and sees two options. The cheapest blender is \$89 but has the least power and the fewest accessories. The most expensive blender costs \$149 but has a more powerful motor and a bunch of accessories. It is hard to evaluate which option is the better value. Now, imagine a third option that costs \$125 that has middle-of-the-road power and number of accessories. The third option, the decoy, is “priced to make one of the other options much more attractive,” Mortimer writes. At \$36 more than the cheapest blender but only \$24 less than the most expensive, consumers feel they are getting a better deal by upgrading.

Other retailers often use a technique called the illusion of scarcity. Retailers will lead consumers to believe if they don’t act fast, they’ll miss out on a good deal. “Today, airlines and other companies use the scarcity principle all the time (think ‘only a few tickets left at this price!’),” writes Tanya Lewis for *Business Insider*.

With its annual Prime Day sale, Amazon employs a similar technique to try to get consumers to buy now, not later. The company’s websites will display a timer ticking down or list an item’s dwindling inventory in a bid to force a shopper to make a quick decision: buy now or miss out.

“When we feel like something might become unavailable to us, we tend to think of it as more valuable,” explains Hilary George-Parkin for Vox. “It’s the same reason retailers will include language like ‘while supplies last’ and ‘just a few left in stock’ to persuade customers to make a purchase.”

Such techniques are a powerful motivator for shoppers, marketing professor Robert Schindler tells George-Parkin. “Some people feel that when a discount is offered, it’s like money lying in the street,” he says. “They can’t not pick it up and take it. There’s a compulsive aspect to it.”

Brick-and-mortar retailers use psychological marketing principles, as well. Consider a technique known as priming. It involves greeting customers with images, scents and sounds that subconsciously make them more likely to buy something or spend more. Advertising guru Martin Lindstrom describes to NPR how some supermarkets use this technique when customers pass by employees cutting fresh flowers when they enter the store. “It is not a coincidence,” he says. “What they are doing is to tell you on an unconscious level that, in fact, everything is fresh in this store.”

Online option



ECONOMIC READING SKILL | Evaluating Economic Arguments

Which of the following techniques attempts to increase demand by trying to get consumers to believe they will miss out on the product or deal?

- A. priming
- B. bandwagon advertising
- C. the illusion of scarcity
- D. the middle-of-the-road option

CHAPTER INQUIRY



COMPELLING QUESTION

How can the concept of supply help us understand the decisions companies make to maximize profit?

1 | COMPELLING QUESTION

BACKGROUND INFORMATION

From a toothbrush used first thing in the morning to a pint of ice cream enjoyed before bed, consumers' daily wants and needs are met by companies whose products are picked off the shelf at the local grocery or department store. But how do these companies know what we want or need? How do they decide what to supply to the market? And when money is tight, how might companies in competitive markets increase their revenues? In this Chapter Inquiry, you will take off your consumer hat and put yourself in the role of a producer. Through case studies, you will examine the strategies producers use to increase revenues and capture a greater share in competitive markets in order to answer the Compelling Question.

SUPPORTING QUESTIONS

Use the Supporting Questions to prepare for the Chapter Inquiry:

- What can a business do to lower fixed costs?
- What can a business do to lower variable costs?
- What can a business do to increase the demand for its products?

As you analyze the source set, gather information to add to your answers.

GRAPHIC ORGANIZER

Track your ideas as you work through the source set. Complete one row for each source.

Source Title	Action(s) Taken	Effectiveness	Evidence
<i>3-D-Printed Homes: A Concept Is Turning into Something Solid</i>			

INQUIRY PROMPT

Adapt an Argument: Analyze the provided sources to practice using the concept of supply to understand business decisions. Then conduct online research to find a real-world example of a company that is making a change to its business (e.g., moving from brick-and-mortar to e-commerce, outsourcing labor). Use one or more elements of supply—fixed cost, variable cost, demand, and price in the market—to determine why the producer is making this change. Then create a poster that communicates your response to the Compelling Question. Conduct online research to find evidence that you will incorporate on your poster to support your response. For each online source you use on your poster, include a citation that explains how you determined its credibility.

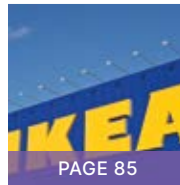
2 | SOURCE SET



3-D-PRINTED HOMES: A CONCEPT IS TURNING INTO SOMETHING SOLID

Genre: Article
Author: Sharon Jayson
Date: 2020

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HOW IKEA USED AFFORDABLE AND INNOVATIVE DESIGN TO TRANSFORM THE HOMES OF EVERYDAY CONSUMERS

Genre: Article
Author: Dan Lewis
Date: 2017

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3



INQUIRY AND RESEARCH SKILL CONDUCTING ONLINE RESEARCH

What is online research?

Online research is a method of inquiry that involves gathering information from the internet using search engines, which are tools designed to help you locate information online.

Why is it important to know effective strategies for online research?

There is a lot of information on the internet. The information you find will vary greatly in terms of its relevance, usefulness, and credibility. Knowing how to effectively use search engines will save you time and help you find relevant, useful sources. Knowing how to evaluate the credibility of unfamiliar websites will help you identify trustworthy information that can be verified.

1. CHECKLIST HOW DO YOU CONDUCT EFFECTIVE ONLINE RESEARCH?

- ✓ **First, scan the search results to determine which websites seem most relevant to the Chapter Inquiry.**
- ✓ **As you select sources, use another tab to read laterally by conducting a search to find out what other digital sources say about the website.**
 - What can you find out about the website creator and their point of view, motivations, or qualifications?
 - Can you find any information from an online encyclopedia, a news organization, a fact-checking organization, or an established research library's website to determine the credibility of the website?
 - If you cannot verify any information about the credibility of the website, you may not want to use it.
- ✓ **Make a decision about the credibility of the website.**
 - Based on what you learned through lateral reading, does the original website seem trustworthy as a source of information on the topic or question you are investigating?
 - What else do you need to know to make a decision about the website's credibility?

2. SOURCE

After you've examined all four sources in the source set, you'll return to this skill lesson to examine a skill model showing how a student used the checklist to conduct online research. Then you will use the checklist for Conducting Online Research as you search for sources about a company making changes to its business.

3. SKILL MODEL

Now conduct online research to answer the Compelling Question. Here is how one student used the checklist for Conducting Online Research to complete their graphic organizer.

The student investigates several real-world examples of companies making changes. They decide to focus on a large supermarket chain that is implementing technology to automatically charge customers for their purchases, eliminating the need for cashiers. The student thinks that the change is meant to decrease the amount the company spends on labor, a variable cost. They conduct online research to find potentially useful sources, evaluating each source's credibility to decide if it will be useful in supporting the student's response. Here are the notes the student makes about the first source he finds:

Description of Website	What do other sources say about the website?	How credible is the website?
<i>The website is focused on technology and news. The website includes articles, interviews with experts, and digital product reviews.</i>	<i>According to an online encyclopedia, the creator of this website is a technology lobbying group.</i>	<i>I need more information about the website creator before I can decide if the source is credible.</i>

Before the student can determine if the source is credible, they ask their teacher for more information about its creator. The teacher explains that lobbyists are advocates of a particular business or industry. Lobbyists try to persuade lawmakers to implement policies or regulations that will be favorable to the business or industry that they represent.

After talking with their teacher, the student decides that the source is not credible because it highlights facts and details from only one side of the issue. Next, the student will consult a reliable news website that their teacher recommended. The student will continue using the Conducting Online Research checklist to evaluate this source, ensuring that they gather all the information needed to make a decision about its credibility.

4. PRACTICE

Now it's your turn to search for sources about a company making changes to its business by conducting online research. Use the checklist for Conducting Online Research to complete a graphic organizer like the one in the skill model for your online research in this Chapter Inquiry.

4 | COMMUNICATING CONCLUSIONS

After evaluating the sources in the source set and conducting online research, prepare to communicate your conclusions about the Compelling Question. Use the process below to plan and develop your response to the Inquiry Prompt.

1. REVIEW AND DISCUSS

With your partner, review the Supporting Questions. Refer back to the details in the chapter as needed.

- What can a business do to lower fixed costs?
- What can a business do to lower variable costs?
- What can a business do to increase the demand for its products?

Then use your annotations and graphic organizer to discuss the Compelling Question and Inquiry Prompt with a partner.

2. PLAN

Plan for your poster by conducting research and connecting your research to the concept of supply. Consider trying to find one of these types of sources when you research online:

- an article about a company's changing profit maximization strategy
- an interview with an owner or executive of a company

Your poster should include:

- a one- or two-sentence response to the Compelling Question;
- evidence from credible sources found through online research;
- a caption for each piece of evidence that uses one or more concepts related to supply to explain how it supports your response to the Compelling Question; and
- citations that briefly explain how you determined the credibility of the online sources for your evidence.

3. RESPOND

Use your graphic organizer, the answers from your discussion with your peers, and your plan to respond to the Inquiry Prompt. An exemplary response meets the following criteria:

- The response demonstrates a thorough understanding of how companies maximize profit through minimizing costs and adjusting demand.
- The response thoroughly develops a claim, using several credible online sources that were selected based on their origin and point of view.
- The poster presents a compelling argument and shows the student's strong awareness of the audience, venue, and format.

INQUIRY PROMPT



COMPELLING QUESTION

How can the concept of supply help us understand the decisions companies make to maximize profit?

Adapt an Argument: Analyze the provided sources to practice using the concept of supply to understand business decisions. Then conduct online research to find a real-world example of a company that is making a change to its business (e.g., moving from brick-and-mortar to e-commerce, outsourcing labor). Use one or more elements of supply—fixed cost, variable cost, demand, and price in the market—to determine why the producer is making this change. Then create a poster that communicates your response to the Compelling Question. Conduct online research to find evidence that you will incorporate on your poster to support your response. For each online source you use on your poster, include a citation that explains how you determined its credibility.