

Choices, Jobs, Markets

Track how business decisions and factor markets shape employment.

12.E2c "Businesses choose what to supply in the product market, based on product market prices, available technology, and prices of factors of production. The prices of those factors are determined based on supply and demand in the factor market..."

NAME _____

DATE _____

1 READ AND MARK _____ Read it twice

YOUR JOB Underline business decisions. Circle production resources. Label frictional (1), structural (2), and cyclical (3) unemployment.

Harbor Meal Kits Makes Choices

- ① In the fictional Harbor Meal Kits business, managers compare product prices, expected sales, technology, and input costs. Higher kit prices can make additional production worthwhile if buyers will purchase the output and revenue covers costs. A packing machine increases boxes sealed per worker-hour, potentially lowering unit costs. Labor, warehouse space, and equipment are production resources obtained in factor markets. Better technology does not remove the need to consider resource prices and demand.
- ② Workers supply labor; firms demand it. Wages are a price of labor. Many qualified applicants competing for few openings can put downward pressure on wages; employers competing for scarce skills can push them upward. Contracts, laws, bargaining, and adjustment time also matter. Harbor may substitute machinery for some tasks when labor becomes more costly. Technology can also complement workers and support output expansion, so improved productivity does not automatically reduce total employment.
- ③ Frictional unemployment involves job search or movement between jobs. Structural unemployment involves a mismatch between available jobs and workers' skills or locations. Cyclical unemployment results from a broad downturn that reduces spending and output. Job information may shorten frictional searches, training may address structural mismatches, and measures supporting overall spending may reduce cyclical unemployment. Policies have costs, delays, and limits. A single firm's layoffs do not identify the cause without more evidence, and not everyone without a job is classified as unemployed in labor statistics.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 Why could a higher price that customers will pay for Harbor's meal kits make producing more kits worthwhile?

2 How can the new packing machine affect Harbor's cost per kit and its use of workers?

3 According to the passage, what happens to wages when many qualified applicants seek jobs but employers need few packers? Explain why.

4 For each numbered type of unemployment, name the response discussed in the passage: 1, 2, and 3.

3 YOUR TURN _____ Your own words

Describe a fictional business in four sentences: an economic or technological change, an output or hiring response, enough evidence to classify resulting unemployment, and a matching policy response with one limitation.

PART 1 • READ AND MARK

Underline business decisions. Circle production resources. Label frictional (1), structural (2), and cyclical (3) unemployment. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	Why could a higher price that customers will pay for Harbor's meal kits make producing more kits worthwhile?	A higher product-market price can raise expected revenue, so producing more kits may cover costs and be profitable.
2	How can the new packing machine affect Harbor's cost per kit and its use of workers?	The machine can increase output per worker and lower unit cost. It may replace some tasks or complement workers and help expand output; total employment need not fall.
3	According to the passage, what happens to wages when many qualified applicants seek jobs but employers need few packers? Explain why.	Wages tend to face downward pressure because the supply of qualified workers is high relative to employers' demand for packers.
4	For each numbered type of unemployment, name the response discussed in the passage: 1, 2, and 3.	1: better job information. 2: training. 3: measures that increase overall spending.

PART 3 • YOUR TURN (SAMPLE ANSWER)

A furniture maker adopts automated cutting equipment. It reduces manual cutting jobs while seeking workers with software skills. Displaced workers unable to match those vacancies face structural unemployment. Training could help, but takes time and does not guarantee a job.

Accept equivalent explanations that accurately connect product prices, technology, or factor prices to a firm's output and hiring choices. For the open response, accept a reasonable business scenario when the unemployment type and policy match the cause described.