Harbor Bend Choices

Trace how economic conditions shape decisions across a town

E.C.8.1 "Describe how current economic conditions can be affected by many factors (e.g., unemployment, Consumer Price Index (CPI), individual savings and debt, government debt, government-enforced price ceilings, labor supply, and inflation)."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline the economic conditions and policies in the passage. Number the steps in two cause-and-effect chains to show how a change affects people or businesses.

A Town's Changing Economy

1. In the fictional town of Harbor Bend, a grocery manager checks prices each Saturday. Flour, eggs, and bus fares have climbed for months. The Consumer Price Index (CPI) tracks changes in the prices of a basket of goods and services households buy. If the CPI rises, it can signal consumer inflation, a broad increase in prices. When paychecks do not rise as quickly, shoppers can buy less with the same money. Some families use savings to cover necessities; others add to credit card debt. The manager notices fewer purchases of snacks and considers ordering less.

2. Across town, a furniture factory cuts shifts after customers postpone buying new tables. Several workers lose their jobs, raising local unemployment and reducing household income. Those households may cut spending at the grocery, making the manager's sales problem worse. Yet the town's repair shops cannot find enough trained electricians. This limited supply of qualified labor pushes the wages they offer upward. Higher wages help the electricians who are hired, but repairs cost shops more. Some shops charge customers more; others accept smaller profits. A town can have unemployed workers and still face shortages in specialized jobs.

3. At city hall, officials consider borrowing to repair an aging bridge. Borrowing could pay construction crews now and help trucks reach stores faster, but the resulting government debt requires future interest payments. That leaves less money for other services unless the city raises revenue. Meanwhile, the city sets a rent ceiling below what some landlords would otherwise charge. Current tenants in covered apartments may pay less. However, at that price more people want those apartments than landlords are willing to offer, so some renters struggle to find one. Each policy changes who benefits, who pays, and what choices remain.

2 ANSWER WITH EVIDENCE

Use the passage

1. If the CPI keeps rising but paychecks do not, how might families' choices affect the grocery manager's plans?

2. How could the furniture factory's cuts affect a different business in town?

3. Why might repair prices rise even while some Harbor Bend residents are unemployed?

4. How could the bridge borrowing and the rent ceiling each help some people while creating a cost or problem for others?

3 YOUR TURN

Your own words

Invent a change in a different town, such as a new business opening or a major employer closing. In four or five sentences, connect at least three economic factors from the passage to show how the change could affect people, and explain one tradeoff.

ANSWER KEY

Harbor Bend Choices

HIGH SCHOOL · E.C.8.1

PART 1 · READ AND MARK

Underline the economic conditions and policies in the passage. Number the steps in two cause-and-effect chains to show how a change affects people or businesses. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	If the CPI keeps rising but paychecks do not, how might families' choices affect the grocery manager's plans?	**Families can buy less with the same income. They may use savings or credit for necessities and buy fewer snacks, leading the manager to order less.**
2	How could the furniture factory's cuts affect a different business in town?	**Workers who lose income may spend less at the grocery, reducing its sales.**
3	Why might repair prices rise even while some Harbor Bend residents are unemployed?	**Repair shops lack enough trained electricians, even though other workers are unemployed. Higher wages for qualified electricians raise shops' costs, which some pass on to customers.**
4	How could the bridge borrowing and the rent ceiling each help some people while creating a cost or problem for others?	**Borrowing could create construction jobs and improve deliveries, but interest payments would use future city funds. The rent ceiling could lower costs for current tenants, but some other renters might struggle to find an apartment.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A new warehouse opens in Pine Ridge, lowering unemployment as it hires local workers. With more income, some families can add to their savings and pay down debt. If few drivers are available, the limited labor supply pushes wages up and raises delivery costs. Higher wages help drivers, but stores may raise prices to cover those costs.

Accept other plausible cause-and-effect links supported by the passage. For Part 3, look for at least three accurately used economic factors and a clear tradeoff in four or five sentences.