

Texas Market Forces

Trace how economic choices affect Texas businesses and communities.

7.12.B “explain the impact of economic concepts within the free enterprise system such as supply and demand, profit, and world competition on the economy of Texas; and”

NAME _____

DATE _____

1 READ AND MARK _____ Read it twice

YOUR JOB Underline every sentence that tells how supply, demand, profit, or world competition changes a Texas business, worker, customer, or community. In the margin, write S, D, P, or W for each concept the sentence uses, and use more than one letter when needed.

Forces Behind Texas Business

- ① Texas businesses respond when buyers want more or less of a product. During a hot summer, households and businesses use more electricity for air conditioning, so demand for electricity rises. Power companies may charge higher prices at busy times and invest in more generating equipment. If a storm interrupts natural gas deliveries, the available supply can fall. A smaller supply can also raise energy prices, leaving families and businesses with less money for other local purchases that month.
- ② Profit is the money left after a business pays its costs, such as wages, materials, rent, and taxes. A profitable Texas company can buy new tools, open another location, or hire workers. Those choices can increase jobs and spending in nearby communities. Profit also signals that customers value what the company sells at its current price. If costs rise faster than sales, profit shrinks. The business may postpone expansion or seek ways to produce its goods more efficiently.
- ③ Texas firms also compete with businesses in other countries. A Texas clothing maker may face lower-priced shirts imported from nations where production costs differ. To keep customers, the company might improve quality, lower costs, or create a distinctive product. World competition can give Texas shoppers more choices and lower prices. It can also reduce sales for some local firms, affecting their profits and workers. At the same time, Texas companies can sell products such as machinery, chemicals, and food to customers around the world, bringing income into the state.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 During a hot summer, what change in demand occurs, and how might power companies respond?

2 Explain how interrupted natural gas deliveries could affect Texas families and businesses.

3 How can profit affect jobs and spending in a Texas community?

4 According to the passage, give one benefit and one challenge of world competition for Texas.

3 YOUR TURN _____ Your own words

Invent a Texas business that sells a product. Write exactly four sentences explaining how a change in supply or demand, profit, and world competition could affect the business or the Texas economy.

PART 1 • READ AND MARK

Underline every sentence that tells how supply, demand, profit, or world competition changes a Texas business, worker, customer, or community. In the margin, write S, D, P, or W for each concept the sentence uses, and use more than one letter when needed. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	During a hot summer, what change in demand occurs, and how might power companies respond?	Demand for electricity rises. Power companies may charge higher prices at busy times and invest in more generating equipment.
2	Explain how interrupted natural gas deliveries could affect Texas families and businesses.	The available supply of natural gas can fall, which can raise energy prices. Families and businesses may have less money for other local purchases.
3	How can profit affect jobs and spending in a Texas community?	A profitable company may buy tools, open another location, or hire workers. These choices can increase jobs and spending nearby.
4	According to the passage, give one benefit and one challenge of world competition for Texas.	A benefit is that shoppers can have more choices and lower prices. A challenge is that local firms may lose sales, which can affect profits and workers.

PART 3 • YOUR TURN (SAMPLE ANSWER)

A San Antonio company sells reusable steel water bottles. When a heat wave raises demand, the company can sell more bottles, but a shortage of steel bottles could raise its costs. If sales bring in more money than the company's costs, its profit could pay for another worker or a larger order. Cheaper bottles from foreign companies could lower its sales, so it may improve its design or lower costs.

Accept different realistic Texas businesses and products. The response must have exactly four sentences and accurately explain effects of supply or demand, profit, and world competition.