

## Personal Finance

Unit 1 · Economics & the Consumer · Lesson 1.1

# Case Study

Maple Street

**National: Economics & Consumer Literacy**

*Read the scenario, then answer the analysis questions.*

## Scenario

Maple Street is the main shopping road in the small town of Brightwood. For years the town's biggest employer, Brightwood Tool Company, paid good wages to hundreds of families. Those families spent their paychecks at the Maple Street diner, the hardware store, the barber shop, and the grocery.

This spring, Brightwood Tool closed and moved out of state. Almost overnight, hundreds of families had far less income. They cut back to needs only - less eating out, fewer haircuts, no new tools.

Within months the diner cut its staff, the barber shop closed two days a week, and the hardware store laid off workers. Those newly out-of-work people then spent even less, and the slowdown spread. A few families, though, had built up savings and kept spending close to normal, which helped some shops hang on.

## Analysis Questions

- Trace the circular flow: how did one factory closing reach the barber shop and grocery?
- Explain how this shows that the consumer is the 'engine' of the economy.
- Why did the families with savings help keep Maple Street stable?
- Name two things a Brightwood family could have done earlier to be more self-sufficient.
- If you ran the town, what is one step you would take to restart the circular flow?

*Write your answers in complete sentences on your own paper or in your LMS.*