

MADLY PRODUCTIVE PATHWAYS

Unit 1 · Economics & the Consumer · Lesson 1.1

Case Study - Teacher Key

Maple Street

Florida 8500120 · 01.01-01.02 | National: Economics & Consumer Literacy

Sample responses and discussion guidance.

Suggested Answers

1. Tracing the circular flow

The factory paid wages (income) to households. When it closed, households lost income, so they spent less. Lower spending cut the revenue of the diner, barber, and grocery, which then had to lay off their own workers - shrinking income and spending again.

2. The consumer as engine

Nothing on Maple Street slowed down until consumers stopped spending. It was the drop in household spending - not the building closing itself - that spread the damage, showing that consumer demand starts and sustains the cycle.

3. Why savings helped

Families with savings could keep buying close to normal even without a paycheck, so some shops kept enough revenue to survive. Their stability cushioned the whole street.

4. Earlier self-sufficiency steps

- Build an emergency fund of several months of expenses.
- Keep fixed costs low and avoid relying on credit for everyday needs.

5. Restarting the flow (answers vary)

Accept any reasonable answer that re-injects income or spending: attract a new employer, support local startups, retrain workers, or temporary public works - anything that puts income back into households so spending can resume.

DISCUSSION TIP

Connect Maple Street back to the circular-flow steps on the slides - students should see that income and spending are two halves of the same loop, and that breaking one breaks both.