

## CHAIN OF EVENTS

### Performance Standard (15A/15B/15C/16CUS).H

Add real events to a chart displaying a likely chain of events starting with low prices for resources accordingly:

- *Knowledge:* identify events that show a chain of events from resources to sales;
- *Reasoning:* analyze the events and explain why it occurred using appropriate economic reasoning; and
- *Communication:* complete a chart that is well-organized and well-detailed; express all ideas in a way that provides evidence of knowledge and reasoning processes.

### Procedures

1. *In order to understand economic systems, with an emphasis on the United States (15A), understand that scarcity necessitates choices by consumers (15B), understand that scarcity necessitates choices by producers (15C), understand the development of economic systems (16CUS),* students should experience sufficient learning opportunities to develop the following:
  - Explain how the price of productive resources in a market economy would influence producer decisions about how, how much, and what to produce,
  - Explain why, as the market price of a good or service goes up, the quantity demanded by consumers goes down,
  - Explain why, as the market price of a good or service goes up, the quantity supplied also goes up, and
  - Explain how entrepreneurs organized their businesses and influenced government to limit competition and maximize profits.
2. Have students review and discuss the assessment task and how the rubric will be used to evaluate their work.
3. Students need to be taught the Economic concepts of the law of supply and the law of demand and how that relates to production and sales. Students need to be taught or review the events leading to the development of the Carnegie Steel Company by Andrew Carnegie.
4. Have students use the attached chart **RESOURCES TO SALES: A CHAIN OF EVENTS.**
5. Using sources of information on Andrew Carnegie and the rise of the steel industry, students should use the center columns of the sheet to describe events that correspond to the points on the chart.
6. Have students use the column economic reasoning to explain why the events occurred.
7. Evaluate each student's work using the Social Science Rubric as follows and add the scores to determine the performance level:
  - *Knowledge:* the identification of the events that correspond to the points on the chart is complete and accurate.
  - *Reasoning:* the analysis in the economic reasoning column makes a clear connect with the events and is appropriate, logical and well-reasoned.
  - *Communication:* the chart is well-organized and well-detailed; the knowledge and reasoning were completely and effectively communicated.

### Examples of Student Work follow

### Time Requirements

- One 50-minute period to make chart

### Resources

- United States History textbook or other sources of information on Andrew Carnegie and the rise of the steel industry
- Economics textbook
- Social Science Rubric

## RESOURCES TO SALES: A CHAIN OF EVENTS

CHAIN OF EVENTS	CARNEGIE AND STEEL	ECONOMIC REASONING
1. Resources for a particular product are found in great abundance and are easily accessible.		
2. Inexpensive transportation is available to take the resources to where needed.		
3. Low prices for resources and efficient production lowers price of product leading to increase in sales.		
4. Entrepreneur determines that prices for resources are low enough to allow the production of product below market price allowing a profit.		
5. The opportunity for profit draws investment money to pay the costs of production.		
6. Desire to increase potential profit leads to use of more efficient processes for producing product.		

**CHAIN OF EVENTS**

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2. Inexpensive transportation is available to take the resources to where they are needed.
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4. Entrepreneur determines that prices for resources are low enough to allow the production of product below market price, yet allowing a profit.
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**CARNEGIE AND STEEL**

He obtained all of the resources needed to create steel. All the things needed were in the Pennsylvania area.

He bought ships, railroads, and other modes of transportation.

Since he owned every aspect of the business, he was able to lower his prices a lot.

The other businesses couldn't keep up with his low prices. Also, steel was in demand at the time.

He held at least half of the stock for his business and sold the rest of the shares to the public.

He got more factories more efficient ways to manufacture, and more things to help

**ECONOMIC REASONING**

That way, he wouldn't have to pay anybody for the resources and as soon as he payed for the resources, everything was profit.

He wouldn't have to pay for the resources and the steel to be shipped.

He could run his competition out of business by lowering prices.

He could gain the most amount of money without having to worry about competition.

This would bring public interest and more money.

Gave the business maximum efficiency and the most profit.

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CARNEGIE AND STEEL

\* Bought mines to get natural resources (iron, ore, sulfur, & coal) used in making steel

\* Bought Pennsylvania Railroad to ship resources. He also bought ships to ship supplies across the Great Lakes.

\* used Law of Supply and Demand, and also the Bessemer Process.

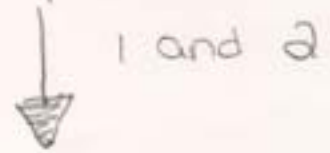
\* Decides to knock out competition by lowering prices, but still making a profit.

\* Starts selling shares of stock for his company.

\* Made steel-making process better and more efficient. He reinvested his profit into his own company, installing new equipment, and investing in ships.

ECONOMIC REASONING

\* He did this because he realized if he owned all of the steps in the steel-making process, there would be no more "middle man", giving him a larger profit.



\* Able to sell steel cheaper, making it more affordable. Steel increasingly used to build skyscrapers.

\* more people buy from him for lowest price, wiping out other businesses and giving him larger profit.

\* People's investments started paying for the costs of production, once again, increasing his profit.

\* Increased business because of higher quality.