

## CURRENT EVENTS AND PRICES

### Performance Standard 15B.I

Write a 50 – 100 word essay about a significant current event that may have an impact on the price of a particular consumer item accordingly:

- *Knowledge*: Identify and describe key elements of an article that would lead the reader to speculate that the price of a consumer item might increase or decrease.
- *Reasoning*: Analyze the current events described in the article to explain and predict their economic effects on the prices for the item and the logical sequence of events that are likely to change the prices.
- *Communication*: Write an essay that is well-focused, 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 that scarcity necessitates choices by consumers (15B)*, students should experience sufficient learning opportunities to develop the following skills:
  - Analyze the potential impact of current events on the price of consumer goods or services (e.g., new environmental regulations for automobiles; hurricanes and floods in agricultural areas).
  - Describe realistic future scenarios of changes in prices of goods and services on consumers.

Note: Students are taught how prices are determined in a market economy and how events can impact the willingness to buy and/or the willingness to sell a particular item, thereby leading to a change in price of that item.
2. Have students review and discuss the assessment task and how the rubric will be used to evaluate their work.
3. Have each student review daily newspapers to select a significant current event that could have an impact on the price of a particular item. Students should cut out the article and underline the portions of the article that triggered the student's speculation that a price change was forthcoming. This activity may be done for homework.
4. Ask each student to write a brief essay as follows:
  - Explain how and why the current events could lead to higher or lower prices for a particular item.
  - Describe a future scenario (i.e., how things might change) of price changes and resulting effects on consumers. The scenario should include a logical sequence of events with appropriate economic reasoning.
5. (Optional) Have each student present his analysis and future scenario (3 – 5 minutes) to the rest of the class.
6. Evaluate each student's work using the Social Science Rubric as follows and add the scores to determine the performance level:
  - *Knowledge*: The description of the key elements of the article that would lead the reader to speculate that the price of a consumer item might increase or decrease was complete and accurate.
  - *Reasoning*: The explanation and prediction of the logical sequence of events that are likely to change the prices and the likely economic effects on consumers were thorough and well-reasoned.
  - *Communication*: The essay was well-focused, well-organized, and well-detailed; the knowledge and reasoning were communicated completely and effectively.

### Examples of Student Work follow

### Time Requirements

- One class period (not including time for research)

### Resources

- Newspapers
- Scissors
- Tape or staples
- Social Science Rubric

# \$3-a-gallon gasoline this summer is unlikely here, area experts say

But it could happen in worst-case scenario

By EMILY PRIDDY  
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Are drivers in the metro-east cruising for \$3-a-gallon gas this summer?

"God, I hope not," said Mike Right, vice president of public affairs for AAA in St. Louis. "I don't think so. Not in our area. I don't think the situations are likely to occur that would cause those dramatic escalations in prices in the St. Louis area."

Right and other experts were skeptical of a report in Monday editions of USA Today that stated gasoline prices in Chicago and California could reach \$3 a gallon this summer.

"I don't even know who

these people are that are expecting \$3 a gallon or what conditions they are anticipating for that to occur," Right said. "It's possible if things go seriously awry."

The Associated Press reported Monday that Chicago had the highest gas prices in the country, with stations selling regular unleaded gasoline for \$2.02 a gallon.

In the metro-east, a survey of 12 gas stations found prices ranging from \$1.74 to \$1.75 a gallon Monday evening.

David Sykuta, executive director of the Illinois Petroleum Council, said part of the reason for high prices is the fact that the Midwest's infrastructure is not designed to move all the different types of

gas sold in Illinois.

"We have an extraordinarily complex fuels program that we're trying to deal with," Sykuta said. "The law requires us in the summer to sell 12 kinds of gas between Chicago and St. Louis. The infrastructure was never designed to do that. That does present some challenges. Whether those are \$3-a-gallon challenges, nobody knows."

Right and Lelan Russell, executive vice president for the Mount Vernon-based Illinois Oil and Gas Association, said a lack of inventory also is driving the high prices.

Right said the extreme cold last winter prompted refineries to concentrate on producing home heating oil.

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which threw them behind on gasoline production this spring. He said fires and other problems at refineries in the United Kingdom, Aruba and most recently in Wood River also affected production.

Russell said when prices reached \$2 a gallon last year in Chicago, gasoline cost \$1.60 a gallon in Southern Illinois. If prices reach \$3 in Chicago, downstate drivers likely will see prices in the \$2.25 to \$2.50 range, Russell said.

Right said prices in this region peaked at \$1.70 a gallon last summer.

Although some environmentalists blame SUVs for creating excessive demand for gas, Sykuta said the number of miles people drive is a much bigger factor.

"We are basically a mobile society, and everybody's basically on the move somewhere," he said. "The average miles per gallon per vehicle has gone up, but the miles traveled has gone up even further."

Gas is now becoming more scarce and rare than it was a few years ago, or even last summer. So now instead of \$1 or so for a gallon, it now costs about \$3 in some states. It costs that much now because there is a demand for gas, which we don't have much of, so that demand needs to be met with a supply of money to pay for the gas needed to run our cars.

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Prices are on the rise most likely for gasoline this summer. Part of the reason for the increase has to do with getting the 12 kinds of gas between Chicago and St. Louis this summer. This is going to be a challenge and will raise the prices somewhat. Another factor in the price increase is that there just isn't enough to keep up with the demand. The reason for the short inventory has been linked to refineries producing more heating oil rather than gasoline since this was such a harsh winter. Others think that the problem lies with SUV's using up too much gas. All we do know is that unless some major things are changed the gas prices will go up since the

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demand is high and the inventory is low.