

Name: \_\_\_\_\_

Date: \_\_\_\_\_

# Scarcity and Cost

When something is **scarce**, meaning there are very few available, the **cost of production** increases. When the cost of production increases, so does the **cost of the product**. On the other hand, if something is **available**, the **cost of production** decreases and so does the **cost of the product**.

The Situation	Impact on Good: Available or Scarce	Impact on Cost of Production: Decrease or Increase	Impact on Cost of Product: Decrease or Increase
This year a snack company upgraded their cotton candy machine. Now they can make more cotton candy for less money.			
An massive earthquake broke the mining equipment near the West Coast. This means that it is harder for miners to find resources.			
This year a new pesticide was introduced to the grain crops fed to the chickens. This harmed their immune system and they are producing fewer eggs.			
A pen company recently redeveloped their ink formula to make it far cheaper. This means that they can produce more pens for a lower cost.			



Name: ANSWER KEY

Date: \_\_\_\_\_

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This year a snack company upgraded their cotton candy machine. Now they can make more cotton candy for less money.	Available	Decrease	Decrease
An massive earthquake broke the mining equipment near the West Coast. This means that it is harder for miners to find resources.	Scarce	Increase	Increase
This year a new pesticide was introduced to the grain crops fed to the chickens. This harmed their immune system and they are producing fewer eggs.	Scarce	Increase	Increase
A pen company recently redeveloped their ink formula to make it far cheaper. This means that they can produce more pens for a lower cost.	Available	Decrease	Decrease

