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GUIDED READING Activity 2-2

For use with textbook pages 41-44

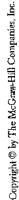
(B)

VALUATING ECONOMIC PERFORMANCE

OUTLINING

Directions: Locate the following headings in your textbook. Then use the information under the headings to help you write each answer. Use another sheet of paper if necessary.

- L. Economic and Social Goals
 - A. Introduction
 - 1. What are two kinds of goals people may share?
 - 2. How many major kinds of goals are there?
 - **B.** Economic Freedom
 - 1. What are three examples of economic freedom for individuals?
 - 2. What kind of economic freedom do business owners want?
 - C. Economic Efficiency
 - 1. What happens if resources are wasted?
 - 2. Why must economic decision making be efficient?
 - **D.** Economic Equity
 - 1. What are two examples of economic equity?
 - 2. What is a "lemon law"?
 - E. Economic Security
 - 1. What do American workers want protection from?
 - 2. What kind of protection does Social Security offer?
 - F. Full Employment
 - 1. What happens when people work? ___
 - 2. What happens when people do not have jobs?
 - G. Price Stability
 - 1. What is inflation?
 - 2. What happens to people on fixed incomes when there is inflation?
 - H. Economic Growth—Why is economic growth needed as a population grows?
- II. Trade-Offs Among Goals
 - A. What is the opportunity cost of a policy of protecting a domestic industry, such as shoe manufacturers?
 - B. What is the trade-off in increasing the minimum wage?





GUIDED READING Activity 2-3

For use with textbook pages 46-51

© APITALISM AND ECONOMIC FREEDOM

FILLING IN THE BLANKS

Directions: Use your textbook to fill in the blanks using the words in the box. Some words may be used more than once. Use another sheet of paper if necessary.

economic freedom profit competition modified private enterprise economy voluntary exchange consumer sovereignty capitalism free enterprise profit motive private property rights mixed economy

A market economy is normally based on 1, a whom are entrepreneurs, own the factors of production. Another term for because it operates with a minimum of government interference. One characters a, which allows people to choose to have the else. Businesses are free to choose what they will produce and to hire the base.	it is 2
Another characteristic is 4	major feature of the market economy and control their possessions. Deriod than they were at the beginning is de driving force that encourages people thrives on
The Role of the Entrepreneur The entrepreneur's role is to start new businesses and take risks. They are the economy. When entrepreneurs are successful, many benefit.	ne sparkplugs of a 10
The Role of the Consumer In the United States, consumers have power in the economy because they The term 11 is another way of saying that the "vote" with their dollars, that is, they have a say in what is and what is not because they	ne customer is always right. Consumers
The Role of Government The government's involvement in the economy reflects people's desire to m 12, or 13, one in which but are subject to some government intervention and regulation.	nodify the economic system. The result is a people carry on their economic affairs freely

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