

CHAPTER 2
SECTION 1
ANALYZING CHARTS AND GRAPHS
Goals and Values in the United States Economy 2

Every society must answer the three basic economic questions. These answers show the main values and goals of that society. This chart shows how the U.S. economy answers the questions.

Directions: Decide if each answer to a basic economic question meets its economic goal on the left side of the chart. Use what you know about the U.S. economy to complete the chart.

Economic Goal	What to Produce?	How Is It Produced?	Who Can Get It?
Economic Growth	New goods produced with new technology add jobs.	1. <i>Innovation leads to more production and sales</i>	Rising consumer spending helps the economy grow.
Economic Efficiency	Businesses produce the goods people want.	2. <i>Producers try not to waste resources</i>	Enough goods are available at the right price.
Economic Freedom	3. <i>Businesses can choose what goods to make or sell.</i>	Businesses decide how they will produce the goods and services.	People buy whatever goods and services they want and can afford.
Economic Security	4. <i>People depend on the economy to work so that businesses provide goods and services and workers receive paychecks</i>	Businesses that use old technologies may fail.	The government's safety net programs help people meet their basic needs.
Economic Equity	Any business can provide the goods and services they choose.	Businesses pay workers what the market will accept.	5. <i>Anyone who can afford the goods and services can buy them.</i>

Question to Think About

Directions: Use the chart to answer the question below.

6. How do the answers in the chart show that individual freedom is an important value in the United States?

People in the United States are free to make their own economic decisions

CHAPTER 2 SECTION 2 **STUDENT ACTIVITY**
Analyzing the Activity of Firms **2**

Every firm uses a different mix of the factors of production. They get their resources from the factor market. They sell their goods or services in the product market.

Directions: Fill in the missing information for each firm. Some answers will identify resources the firms buy in the factor market. Others will identify goods or services they sell in the product market.

Firm	Resources Purchased in Factor Market	Goods or Services Sold in Product Market
Pizza shop	<ul style="list-style-type: none"> • rent for space • electricity for cooking and lighting • gasoline for deliveries • ingredients for food • wages for cooks, delivery persons 	<ul style="list-style-type: none"> • soda • 1. <u>pizza</u> <u>sandwiches</u>
Car manufacturer	<ul style="list-style-type: none"> • rent for factory and offices • 2. <u>electricity to power factory</u> • 3. <u>workers' wages</u> 	<ul style="list-style-type: none"> • 4. <u>cars</u> • trucks
Health clinic	<ul style="list-style-type: none"> • rent for office • 5. <u>electricity to run clinic</u> • 6. <u>wages for doctors, nurses</u> 	<ul style="list-style-type: none"> • shots • 7. <u>health checkups,</u> <u>treatment for illnesses</u>
Hair salon	<ul style="list-style-type: none"> • electricity for hairdryers and lights • 8. <u>rent for space</u> • 9. <u>wages for stylists</u> 	<ul style="list-style-type: none"> • 10. <u>haircuts</u> <u>hair styling</u> <u>color treatments</u>
Computer manufacturer	<ul style="list-style-type: none"> • 11. <u>rent for factory</u> <u>electricity to power factory</u> <u>wages for workers</u> 	<ul style="list-style-type: none"> • 12. <u>Computers</u> <u>monitors</u> <u>printers</u>

CHAPTER 2
SECTION 3
STUDENT ACTIVITY
Comparing Communism and Socialism **2**

Both communist and socialist countries have centrally planned economies. There are big differences, however. This chart compares communist North Korea and socialist Sweden.

	North Korea	Sweden
Population	23.5 million	9.0 million
Infant deaths per 1,000 births	21.9	2.75
Life expectancy at birth	72.2 years	80.7 years
Economic output per person	\$1,900	\$36,900
Economic aid	Receives \$372 million	Gives \$3.95 billion
Personal income taxes	unknown	30–50% of income
Education —cost	Required: ages 5–16 free	Required ages 7–16 free
Healthcare —provided by government —quality	Yes Poor	Yes Very good

Based on information in *CIA World Factbook*; Encyclopaedia Britannica; Swedish government Web site

Questions to Think About

Directions: Study the information in the chart. Then answer these questions. Use complete sentences.

- North Korea has a larger population than Sweden. Sweden has a higher economic output per person. Which country is more productive?
Sweden is more productive. North Korea has more than twice as many people, but Sweden produced more than 18 times as much per person.
- Compare life expectancy and healthcare in the two countries. Which has a higher standard of living? Explain your answer.
Sweden has a higher standard of living. People in Sweden live longer and Sweden has better healthcare.
- If North Korea's output per person increased, do you think its standard of living would improve? Why or why not?
If North Korea's economic output per person increased, its standard of living would improve because the government could spend more money on healthcare.

CHAPTER
2
SECTION 4

PROFILE

The Food and Drug Administration

2

The United States government does not control private businesses. However, sometimes government agencies use regulations, or rules, to promote the general welfare. Many of these regulations protect people's health and safety. The Food and Drug Administration enforces some of these regulations.

The Food and Drug Administration, or FDA, is an agency of the U.S. government. Its job is to enforce laws related to food, medicine, and beauty products. It also makes rules that the food and drug industries must follow. The rules help keep people safe and prevent cheating. In the past, dangerous medicines were sometimes sold to the public and caused harm.

Today, all drugs must be checked by the FDA before they can be sold in the United States. Food safety rules are meant to keep bad food from making people sick. With these kinds of rules, the FDA and other government agencies help promote the general welfare. Rules and regulations also help businesses by making sure that competition is fair.

Questions to Think About

Directions: Using the passage above, answer the following questions. Use complete sentences.

1. What problems does the FDA try to prevent?

The FDA tries to keep people from being harmed by unsafe medicine or bad food.

2. What laws does the FDA enforce?

The FDA enforces food and drug safety laws.

3. How does the FDA limit the market for medicines?

All drugs must be approved by the FDA before they can be sold.