

GUIDED READING Activity 2-2

For use with textbook pages 41-44

EVALUATING 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.

I. 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?
