

Guided Reading Activity

The American Free Enterprise System

Lesson 3 *Evaluating Economic Performance*

Review Questions

Directions: Read each main idea and complete the statements below. Refer to your textbook as you write the answers.

A. Economic and Social Goals

Main Idea: Many people in the United States share seven economic and social goals: economic freedom, economic efficiency, economic equity, economic security, full employment, price stability, and economic growth.

1. Economic freedom is the ability of businesses and consumers to make their own economic _____.
2. Because resources are scarce, we need to have economic _____.
3. Because we value economic equity, it is illegal to _____ in employment, there is a _____ wage, and there are _____ that protect consumers from false advertising and defective products.
4. To protect against adverse economic events, the government set up a retirement and disability benefits program called _____, _____, as well as a health insurance program called _____.
5. Without jobs, people cannot support themselves or their families; because of this, the goal of full _____ is important to many people.
6. Price _____ helps protect against a rise in the general level of prices, called _____. This rise in prices can hurt people on a fixed _____. In addition, higher _____ rates can discourage business activity.
7. Economic _____ is essential to meet people's _____ as the population _____.

Guided Reading Activity *cont.*

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B. Resolving Trade-Offs Among Goals

Main Idea: Sometimes our economic and social goals conflict with one another. Compromise and democratic procedures help us resolve these conflicts.

1. Conflicting goals involve considering _____ - _____ and _____ costs.
2. In the United States, many conflicting economic goals are worked out politically, and people _____ for candidates who support their goals.
3. Our attempts to achieve our economic goals are a reason we have a mixed or _____ free enterprise economy.

Summary and Reflection

Directions: Summarize the main ideas of this lesson by answering the questions below.

In what ways might our economic goals conflict? Are economic goals constant, or do they change over time? How are conflicts among goals resolved?
