

GUIDED READING: FSS, CIVICS, CHAPTER 14 – BASICS OF OUR ECONOMIC SYSTEM

For this assignment, use pages 376-395 to complete the following questions. This assignment will be worth 21 points.

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Section 1 – The Principles of Our Market Economy

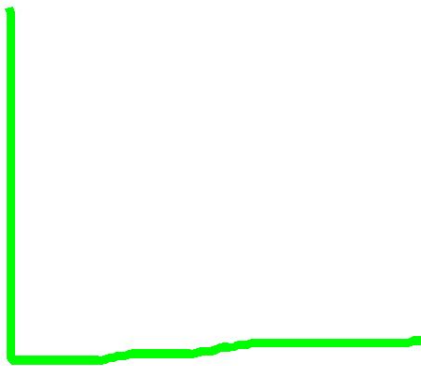
1. Draw out and explain the idea of the circular flow of economic activity.

2. Explain the Law of Demand and the Law of Supply.

a. *Law of Demand* -

b. *Law of Supply* -

3. Illustrate the Law of Supply and Demand. Identify and explain the Market Price.



4. What effect will a **rise in the price** of a product have on its demand and its supply?

Demand -

Supply -

5. What effect will an **increase in demand** for a product have on its supply and price?

6. In addition to price what other factors can influence demand?

7. Buyers and sellers come together in markets because markets determine the following three things:

Section 2 – The Role of Business in the American Economy

1. What is the role of the entrepreneur?

2. What is the risk that an entrepreneur takes? What is the potential reward?

3. How are the factors of production paid for?

a. Land -

b. Labor -

c. Capital -

d. Entrepreneurship -

4. Identify and explain how businesses are owned.

5. Identify the percentage of firms that are sole proprietorships, partnerships, and corporations and the percentage of sales that each one contributes to the American economy.

<u>Type</u>	<u>% of Total Firms</u>	<u>% of Total Sales</u>
a.		
b.		
c.		

6. Why have large corporations grown in importance?

Section 3 – Labor in the American Economy

1. What caused the growth of wage labor?

a.

b.

c.

2. What caused the rise of labor unions?

3. Identify and describe the weapons labor unions use to force employers to grant their demands.

4. Identify and describe the weapons that business owners use to resist the union's demands.

5. Identify and explain the significance of the act passed by Congress in 1935 with regard to labor unions.

6. Identify two significant accomplishments of the labor union movement.

7. Identify and explain the meeting between unions and employers to reach an agreement on wages and working conditions.

8. Describe four major changes that have occurred in the American work force.