

Economics

Mr. Mace C-10

Text Assignment #3

Name: _____

Period: _____

1. What is the role of the profit system in the American free enterprise system?

2. Explain the role of competition in a free market. Illustrate your answer with examples of business in your local economy.

3. In a 1973 magazine interview, Milton Friedman said,

“What kind of society isn’t structured on greed? The problem of social organization is how to set up an arrangement under which greed will do the least harm, capitalism is that kind of system.”

Do you agree with Friedman that societies are structured on greed, and that capitalism can reduce the harm caused by greed? Explain your answer.

4. How do households and business firms interact in the product and resources markets?

5. Describe how the government interacts with the factor and product markets?

6. Compare and contrast the role of consumers and producers in allocating resources. Which do you think has greater power?

7. How is infrastructure linked to the economy?

8. Give an example of a free rider.

9. Unemployment compensation and payment of living expenses for the disabled are examples of what kind of government involvement in the American economy?

10. Recently there has been pressure to loosen clean air standards. Use economic arguments to support or oppose this proposed action.