



Comprehensive Curriculum

Revised 2008

Free
Enterprise



Louisiana Department of
EDUCATION

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Unit 1, Activity 2, The Factors of Production

The Factors of Production

Complete the following chart to display your understanding of the how the four factors of production are used to produce goods and services. In each space, identify which factors of production are used to produce the good or service listed in column one.

	Land	Labor	Capital	Entrepreneurship
1. Wooden Pencil				
2. Class Desk				
3. Composition Notebook				
4. Custodial Service				

Unit 1, Activity 3, Factors of Production Letter

Factors of Production

Select one role and write a letter explaining why you are an important factor of production. Explain why you are necessary in the production of the finished good.

Role: One of the four factors of production—Land, labor, capital or entrepreneurship

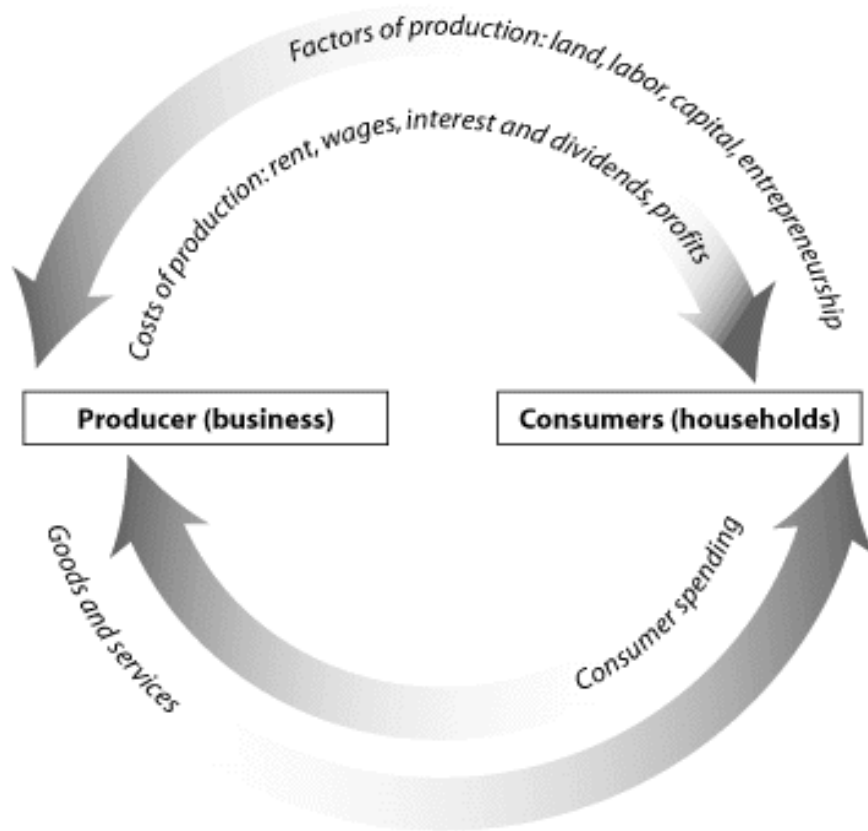
Audience: Consumer of the finished good or service

Form: Letter

Topic: The importance of each and every one of the four factors of production in the creation of a final good or service

Unit 1, Activity 4, The Circular Flow Model

The Circular Flow Model



Use a green color pencil or marker to label part the Circular Flow Model that represents the flow of money. Answer these questions:

1. What two flows represent the flow of money?
2. Which two flows make up the Factor or Resource market?
3. Which two flows make up the Product market?
4. If a student goes to the mall to look for a job, in which market is he/she participating?
5. If a student goes to the mall to buy a pair of jeans, in which market is he/she participating?

Unit 1, Activity Specific Assessment 1 Current Events Article Rubric

Current Events Article Rubric

Writing—organized, clear, and grammatically correct	10%
Article—current and attached	10%
Summary—Makes specific reference to the concept of scarcity	40%
Information is accurate and complete	40%

Unit 2, Activity 1, Types of Economic Systems

Types of Economic Systems

BASIC QUESTIONS	FREE MARKET ECONOMY	TRADITIONAL ECONOMY	COMMAND ECONOMY
What goods and services will the economy produce?	<p>Prices of goods and services provide incentives to producers to supply goods.</p> <p>Prices of goods and services provide incentives to consumers to choose goods.</p> <p>Market prices determine what goods will be produced and sold.</p>	<p>Tradition and custom determine which goods and services are produced</p> <p>Production is generally on the subsistence level.</p>	Central authority decides what goods and services will be produced and how they will be priced.
How are goods and services produced in the economy?	<p>Market prices for factors of production shape the decisions producers make. When the price of one factor (resource) increases in value, producers find ways to use other factors to make the good.</p>	Tradition and custom determine how goods and services are produced. Goods and services are produced the same way generation after generation.	Central authority decides how factors of production will be used to make products.
How are goods and services distributed to members of the society?	<p>Consumer incomes determine what goods and how much goods individuals receive.</p> <p>Market prices provide incentives for the production and purchase of goods and services.</p>	Goods and services are distributed the same way as in previous generations.	Central authority creates markets to distribute goods they have decided should be produced.
For whom are goods and services produced?	Consumer incomes are determined by their contribution of factors of production.	Goods and services are distributed the same way as in previous generations.	Central authority decides the price of factors of production and the price of goods and services.

Unit 2, Activity 1, Types of Economic Systems

Economic Systems Advantages/Disadvantages

Complete the chart by placing the statements in the correct box.

	Traditional Economy	Command Economy	Market Economy
Advantages			
Disadvantages			
Examples			

1. Everyone knows his or her role in the economy.
2. Consumers have a wide variety of goods and services.
3. Only consumer's basic needs are met.
4. New ideas are discouraged.
5. Those too old, young or weak are left behind.
6. Able to change direction quickly.
7. Freedom allows for economic growth.
8. Early Native Americans
9. The Soviet Union
10. Japan

Economic Systems Advantages/Disadvantages with Answers

Complete the chart by placing the statements in the correct box.

	Traditional Economy	Command Economy	Market Economy
Advantages	<i>Everyone knows his or her role in the economy.</i>	<i>Able to change direction quickly.</i>	<i>Consumers have a wide variety of goods and services. Freedom allows for economic growth</i>
Disadvantages	<i>New ideas are discouraged</i>	<i>Only consumer's basic needs are met.</i>	<i>Those too old, young or weak are left behind.</i>
Examples	<i>Early Native Americans</i>	<i>The Soviet Union</i>	<i>Japan</i>

Unit 2, Activity 3, Monetary or Non-Monetary Incentives

Monetary or Non-Monetary Incentives

An incentive is a reward or award that provides a motive for a particular course of action (or inaction). For each incentive listed below, decide if it is a monetary or non-monetary incentive and explain why. Additional incentives can be added in the spaces provided. Decide if they are monetary or non-monetary.

1. Two weeks paid vacation
2. A 25% bonus
3. Hospitalization insurance
4. Employee-of-the-Month Award
- 5.
- 6.
- 7.
- 8.

Unit 2, Activity 5, Characteristics of Four Market Structures

Characteristics of Four Market Structures

<i>Type of Market</i>	Number of Firms in Industry	Identical, Similar, or Different Product	Ability to Control Prices	Ease of Entering the Industry	Existence of Non-Price Competition	Examples
Pure Competition						
Monopolistic Competition						
Oligopoly						
Monopoly						

Number of Firms in Industry: Many, Few, One

Identical, Similar, or Different Product: Identical, Similar, Different, Both

Ability to Control Prices: Yes, Some, None

Ease of Entering the Industry: Easy, Difficult, Entry Blocked

Existence of Non-Price Competition: Much, Some, None

Business Organization: Advantages/Disadvantages

Type of Business Organization	Advantages	Disadvantages	Examples
A sole proprietorship is			
A partnership is			
A corporation is			
An S-corporation is			

Unit 3, Activity 2, Understanding Changes in Supply and Demand

Understanding Changes in Supply and Demand

Use your understanding of what may cause changes in supply and/or demand and complete this chart.

How would each of the events listed affect the supply or demand of soft drinks?

Event	What changes? Supply or Demand	Does it increase or decrease?	What is the reason for the change?	Will the price increase or decrease?
Concession stand discounts price of Nachos				
Heat wave hits area				
Area citizens realize increase in take-home pay				
Price of sugar increases 20%				
Soft drinks deemed "Unsafe" by Surgeon General				
Population in area drops 15%				
Soft drink factory closes after 50 years in business				

Unit 3, Activity 2, Understanding Changes in Supply and ... with Answers

Understanding Changes in Supply and Demand

Use your understanding of what may cause changes in supply and/or demand and complete this chart.

How would each of the events listed affect the supply or demand of soft drinks?

Event	What changes? Supply or Demand	Does it increase or decrease?	What is the reason for the change?	Will the price increase or decrease?
Concession stand discounts price of Nachos	Demand	Increase	Price of related (complementary good)	Increase
Heat wave hits area	Demand	Increase	Change in season or weather	Increase
Area citizens realize increase in take-home pay	Supply	Decrease	Change in income	Decrease
Price of sugar increases 20%	Supply	Decrease	Change in cost of production	Increase
Soft drinks deemed "Unsafe" by Surgeon General	Demand	Decrease	Change in style, taste or habit	Decrease
Population in area drops 15%	Demand	Decrease	Change in the number of buyers	Decrease
Soft drink factory closes after 50 years in business	Supply	Decrease	Change in the number of sellers	Increase

Unit 3, Activity 4, Setting the Price

Setting the Price

When running a business, the entrepreneur can not sit back and let the business run itself. When it comes to pricing, changes are constant. Let's take a look at an example of one entrepreneur's dilemma.

Charlie sells planners and decided to charge \$6.00 for them and expected to sell 600 the first month. The plan went well for a while. He noticed that his inventory was being quickly depleted and another store that sold the same type of planners had gone out of business. Charlie figured that the demand for his planner would increase by 100 per month due to the lack of competition. As he made plans to increase his inventory, he found that his supplier was raising the price of planners from \$2.50 to \$3.00. He realized he would need to do something to bring his business through these changing times.

As sales increased, Charlie studied his costs and used the information to create the supply and demand schedules below. Take a look at them and answer the questions below them.

Price	Old Demand	New Demand	Old Supply	New Supply
\$7.00	400	500	800	700
\$6.50	500	600	700	600
\$6.00	600	700	600	500
\$5.50	750	800	500	400

1. What has happened to the quantity demanded at each price for the planners?
2. What happened to the quantity of planners Charlie is willing to offer for sale at each price?
3. What is the new equilibrium price for Charlie's planners? \$
4. How many planners will be demanded and supplied at the new equilibrium price?
5. What would have happened if Charlie kept his price at \$6.00?
6. What would happen if Charlie raised his price to \$7.00?
7. On a separate sheet of paper, draw the supply and demand curves from the above schedules. Be sure to label each supply and demand curve, as well as the new equilibrium prices.

Unit 3, Activity 6, Analyzing Related Goods

Analyzing Related Goods

The demand for goods and services are affected by a change in the price of a related good. The two types of related goods are Substitute Goods and Complementary Goods.

	EVENT	PRODUCT	COMPLEMENTARY OR SUBSTITUTE?	DEMAND FOR PRODUCT INCREASE OR DECREASE?
Example	The price of butter increases	Margarine	<i>Substitute</i>	<i>Margarine's demand will increase</i>
1.	Disney World reduces ticket price	Hotel Rooms near Disney World		
2.	Prices reduced on all DVD players	DVD Movies		
3.	Price of eggs falls	Bacon		
4.	Sharp increase in the price of natural gas	Coal		
5.	Burger King offers 99 cent Whopper Special	French fries		
6.	Burger King offers 99 cent Whopper Special	Burger King chicken sandwiches		

Unit 3, Activity 6, Analyzing Related Goods with Answers

Analyzing Related Goods

The demand for goods and services are affected by a change in the price of a related good. The two types of related goods are Substitute Goods and Complementary Goods.

	EVENT	PRODUCT	COMPLEMENTARY OR SUBSTITUTE?	DEMAND FOR PRODUCT INCREASE OR DECREASE?
Example	The price of butter increases	Margarine	<i>Substitute</i>	<i>Margarine's demand will increase</i>
1.	Disney World reduces ticket price	Hotel rooms near Disney World	<i>Complementary</i>	<i>Demand for hotel rooms near Disney World will increase</i>
2.	Prices reduced on all DVD players	DVD Movies	<i>Complementary</i>	<i>DVD movies' demand will increase</i>
3.	Price of eggs falls	Bacon	<i>Substitute</i>	<i>Bacon's demand will increase</i>
4.	Sharp increase in the price of natural gas	Coal	<i>Substitute</i>	<i>Coal's demand will increase</i>
5.	Burger King offers 99 cent Whopper Special	French fries	<i>Complementary</i>	<i>French fries' demand will increase</i>
6.	Burger King offers 99 cent Whopper Special	Burger King chicken sandwiches	<i>Substitute</i>	<i>Burger King Chicken Sandwiches' demand will decrease</i>

True-False Quiz on Production

Directions: After each statement write whether you believe the statement is true or false. In the space provided, explain why you think the statement is true or why it is false.

1. Because businesses can price their products at any level, they always charge consumers the highest possible price.

Your reason:

2. Middlemen and speculators increase the price of things without performing services for consumers.

Your reason:

3. If the productivity of labor (output per worker) increases, the nation's standard of living increases.

Your reason:

4. Raising the minimum wage improves the standard of living for unskilled workers.

Your reason:

5. Members of labor unions often go on strike to gain higher wages and/or better working conditions.

Your reason:

True-False Quiz on Production

Directions: After each statement write whether you believe the statement is true or false. In the space provided, explain why you think the statement is true, or why it is false.

1. Because businesses can price their products at any level, they always charge consumers the highest possible price. *False*

Your reason: *Businesses charge the price which will produce the greatest profit. If prices are too high, consumers will not buy the product.*

2. Middlemen and speculators increase the price of things without performing services for consumers. *False*

Your reason: *Middlemen provide market information, which is a scarce good. People can sell a house without a real-estate agent and buy food from a farmer. The fact that people use a middleman indicates that they believe the benefits of dealing with a middleman outweigh the costs.*

3. If the productivity of labor (output per worker) increases, the nation's standard of living increases. *True*

Your reason: *This is an important economic concept. Productivity is the key to a higher standard of living.*

4. Raising the minimum wage improves the standard of living for unskilled workers. *False*

Your reason: *In response to the higher minimum wage, employers reduce both the number of minimum-wage workers they hire and the hours of the minimum-wage workers they do employ. The lost hours and jobs mean that, after the minimum wage rises, the average minimum-wage worker earns less.*

5. Members of labor unions often go on strike to gain higher wages and/or better working conditions. *False*

Your reason: *Generally, strikes are rare. According to the News Media Guild, 98% of union contracts in the United States are settled each year without a strike.*

Does America Need a National Right-to-Work Law?

Read aloud each statement in the first paragraph and generate gists of each one combining the sentence gists with one another until all the lines in the section are summarized in twelve words.

“Union officials are being forced to confront the idea that sometime in the future they no longer will be able to force workers to pay union dues to keep their jobs. For more than 60 years union bosses have been able to rely on the forced-dues authority Congress granted them to collect tribute from workers. The fact is, everyone should have the right to join a labor union, but no one should be forced to do so. However, union bosses seize more than \$6 billion every year from private-sector workers, most of whom would be automatically fired if they didn't pay up. The National Right to Work Act simply would make forced union dues illegal.

Paragraph 1

“Right-to-work-for-less laws produce lower pay and harder times for workers and their families. Such laws permit states to effectively amend federal law to prohibit unions from being able to charge for the services they provide to workers. Right-to-work-for-less laws provide that no worker may be required to pay the union for its services, even though the law requires unions to represent all workers fairly in the bargaining unit (dues payers and non-dues payers alike). The law holds unions fully liable for failing to meet those responsibilities. In effect, right-to-work-for-less laws destroy the financial underpinning of unions by permitting some workers to be free riders and enjoy the benefits of union representation while refusing to pay their fair share for union services. This is true even though the union would not exist if it was not desired by a majority of the workers.”

Paragraph 2

Current Events Article Rubric

Writing—organized, clear, and grammatically correct	10%
Article—current and attached	10%
Summary—makes specific reference to the concept of labor-management relationship	40%
Information—is accurate and complete	40%

Unit 5, Activity 5, The Impact of Interest Rates Opinionnaire

The Impact of Interest Rates Opinionnaire

What are your opinions about the interest rate? **Directions:** After each statement, write SA (strongly agree), A (agree), D (disagree), or SD (strongly disagree). Then in the space provided, briefly explain the reasons for your opinions.

1. Interest rates have little or no effect on the amount of goods and services I buy. _____
Your reasons:

2. Business expansion increases when interest rates are lower. _____
Your reasons:

3. High interest rates make it more difficult for people to purchase homes. _____
Your reasons:

4. High interest rates are good for the economy. _____
Your reasons:

5. Low interest rates are good for the economy. _____
Your reasons:

Unit 5, Activity 6, Vocabulary Self-Awareness

Vocabulary Self-Awareness

Directions: As you read *Monetary Policy: An Introduction*, rate your understanding of each word with a “+” (understand well), a “*” (limited understanding or unsure), or a “-” (don’t know).

Word	+	*	-	Example	Definition
Monetary Policy					
Recession					
Inflation					
Deflation					
Discount rate					

Types of Unemployment

Type of Unemployment	Cause of Unemployment	Example
Frictional Unemployment		
Seasonal Unemployment		
Structural Unemployment		
Cyclical Unemployment		

Additional questions:

1. What is the natural rate of unemployment?
2. What is underemployment?
3. Who makes up the labor force?

Unit 7, Activity 2, Understanding Different Types of Taxes

Understanding Different Types of Taxes

Use your understanding of taxes to complete the chart below.

Tax	Progressive? Regressive? Proportional?	Who pays the tax?	Ability-to-Pay or Benefits-Received?	Fair or Unfair?
Federal income tax				
Tax on the production of lawn mowers				
\$50 fee for driver's license				
License fee to start and run a small business				
40 cents per gallon tax on gasoline				
50% tariff on all imported goods from China				
Dollar per pack tax on cigarettes				

In the space below explain why you think the taxes above are fair or unfair.

Unit 7, Activity 2, Understanding Different Types of Taxes with Answers

Understanding Different Types of Taxes

Use your understanding of taxes to complete the chart below.

Tax	Progressive? Regressive? Proportional?	Who pays the tax?	Ability-to-Pay or Benefits-Received?	Fair or Unfair?
Federal income tax	<i>Progressive</i>	<i>Most taxpayers</i>	<i>Ability to Pay</i>	<i>Varies</i>
Tax on the production of lawn mowers	<i>Regressive</i>	<i>Purchaser of lawn mower</i>	<i>Ability-to-Pay</i>	<i>Varies</i>
\$50 fee for driver's license	<i>Regressive</i>	<i>Drivers</i>	<i>Benefits-Received</i>	<i>Varies</i>
Proposed flat income tax	<i>Proportional</i>	<i>Citizens</i>	<i>Ability-to-Pay</i>	<i>Varies</i>
40 cent gasoline tax to pay for roads	<i>Regressive</i>	<i>Drivers, those who use public or public transportation</i>	<i>Benefits-Received</i>	<i>Varies</i>
50% tariff on all imported goods from China	<i>Regressive</i>	<i>Purchasers of Chinese goods</i>	<i>Ability-to-Pay</i>	<i>Varies</i>
Dollar per pack tax on cigarettes	<i>Regressive</i>	<i>Smokers</i>	<i>Benefits-Received</i>	<i>Varies</i>

In the space below explain why you think the taxes above are fair or unfair.

Unit 7, Activity 7, Fiscal Policy and Monetary Policy

Fiscal Policy and Monetary Policy

For each action listed below, decide whether it affects fiscal policy or monetary policy by placing a check mark in the appropriate box. Do the same for whether the action would be expansionary or contractionary. Expansionary policy would increase the money supply when contractionary policy would decrease the money supply.

Action	Monetary Policy	Fiscal Policy	Expansionary	Contractionary
Federal government announces a plan to increase government spending				
The Federal Reserve chairman announces a one percent increase in Discount Rate				
Congress votes to increase the federal income tax rate on all taxpayers				
The Federal Open Markets Committee (FOMC) plans to buy more government securities in open market operations				

Fill in the blanks.

1. Fiscal policy is conducted by the _____.
2. Monetary policy is conducted by _____.
3. Congress's two tools of fiscal policy are _____ and _____.
4. The Federal Reserve controls the money _____ and _____ rates.

Unit 7, General Assessment, Flat/Proportional vs. Progressive Taxes

Flat/Proportional vs. Progressive Taxes

Make a list of the pros and cons of proportional/flat taxes versus the pros and cons of progressive taxes. Prepare a persuasive paper citing which type of tax is fairer. Be sure to include calculations and specific examples within your paper. The rubric below will be used to score your paper.

Clear statement and analysis of what type of tax is fairer—progressive or proportional	20%
Calculations or other evidence to support your point of view	50%
Organization and grammar	15%
Clarity	15%

Unit 7, Activity Specific Assessment 1, Public or Private Goods and Services

Public or Private Goods and Services

The chart below shows a list of goods and services. Use your knowledge from this unit and the concepts of non-exclusion and shared consumption to determine if each item is best classified as one that should be produced by the government or in the private sector. In the second column, state whether the item should be produced by the public sector, private sector, or both. Briefly explain your choice in column three.

Good or Service	Public? Private? Both?	Why? Can non-payers be excluded? Does consumption by one person reduce usefulness for another?
Fire protection		
Movie tickets		
Hospitals		
Cellular telephones		
Flood protection		
High school education		
Wireless Internet service		

Unit 8, Activity 1, Vocabulary Self-Awareness

Vocabulary Self-Awareness

Directions: As you complete the unit on Global Economics rate your understanding of each word with a “+” (understand well), a “*” (limited understanding or unsure), or a “-” (don’t know).

Word	+	*	-	Example	Definition
Tariff					
Quota					
Embargo					
Trade Deficit					
Outsourcing					
Subsidy					

Unit 8, Activity2, Free Trade Opinionnaire

Free Trade Opinionnaire

What are your opinions about free trade? **Directions:** After each statement, write SA (strongly agree), A (agree), D (disagree), or SD (strongly disagree). Then in the space provided, briefly explain the reasons for your opinions.

6. NAFTA is good for America. _____

Your reasons:

7. When I buy an item, I'm concerned about where it was made. _____

Your reasons:

8. Tariffs protect jobs of American workers. _____

Your reasons:

9. Trade among nations has become easier as transportation and communication technology has improved. _____

Your reasons:

10. It is important for America to be a world leader in promoting free trade. _____

Your reasons:

Vocabulary Self-Awareness Chart

Rate your understanding of each word with either a “+” (understand well), a “*” (limited understanding or unsure), or a “-“ (don’t know).

Word	+	*	-	Example	Definition
Cash					
Debit card					
Lay-away					
Bankruptcy					

Louisiana Career Opportunities

Evaluate these career opportunity areas utilizing a 1-5 (5 is best) rating system. Space is provided for additional career/industry opportunities.

Louisiana Industries/Careers	Availability of Jobs	Education and Skill Requirements	Salary and Benefits	Intrinsic Sources of Job Satisfaction
Agriculture				
Education				
Energy, Oil and Gas				
Entertainment				
Health Care				
Information Technology				
Military				
Tourism				

In the space below, choose one of the career opportunities from above and explain what you must do to prepare yourself.