

The American Economy

TOPIC SUMMARY

A society organizes the production of its goods and services through an economic system. The factors of production are needed to produce goods and services. One measure of an economy's size is its Gross Domestic Product (GDP). The GDP indicates a country's economic performance as well as its standard of living. The market system works in a circular pattern, with goods and services flowing among different groups. When the production of goods and services increases, the increase is described as economic growth. When resources are used efficiently and more output is produced with less input, productivity is said to increase. The United States economy is known as a free enterprise system. In this system, competition flourishes in the marketplace as private citizens seek to make a profit.

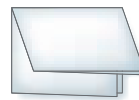
FOLDABLES™
Study Organizer

Categorizing Information Study Foldable This following Foldable will help students categorize information about the different sectors of economic activity.

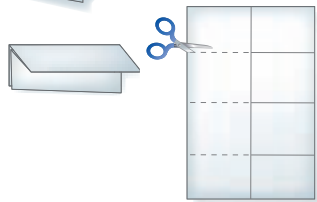
Step 1 Fold a sheet of paper from side to side, leaving a 2-inch tab uncovered along the side.



Step 2 Turn the paper and fold it in half once and once again, creating fourths.



Step 3 Unfold and cut along the three fold lines through the top side of the paper.



Step 4 Label the flaps as shown.



Reading and Writing

Categorize information about each part of the economy under each flap.

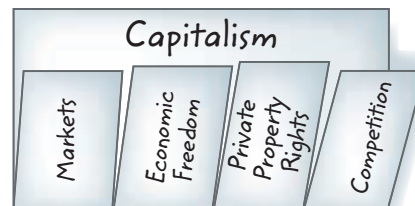
TOPIC ACTIVITY IDEAS

Making Connections

After students have completed the Foldable activity above, challenge them to think of specific goods or services for each of the four categories listed. Encourage students to think of goods or services that are exchanged among the different sectors. Allow students to scan newspapers or magazines for additional ideas.

SUGGESTING

Have students use the Foldable to make suggestions for encouraging growth in a particular business or industry. Ask students to think of a local business or industry that they are interested in or would like to learn more about. Then have them list suggestions about how that business or industry could increase its economic growth. Suggestions should build on economic information in the text. Tell students that they may use what they know from their own experiences, or they may use the Internet or other resources. When students have finished the Foldable, have them share the results with the class.



ANALYZING

Have students brainstorm several types of business transactions that they conduct regularly, such as buying groceries or getting a haircut. List the transactions on the board. Then have groups of students choose one of the transactions listed and examine the ways in which the features of capitalism, such as profit motive and economic freedom, played a role in that transaction. Have groups present their analyses to the class.

Student Study Tip

Tell students that their notes can quickly become cluttered if they use complete sentences in their notes. Encourage students to describe main ideas by using key words and phrases rather than by composing complete sentences or paragraphs.