Reinforcing Economic Skills

HELP STUDENTS:
- Learn Essential Chapter Skills
- Master Map and Graphics Skills, Study and Writing Skills, and Technology Skills
- Apply Critical Thinking Skills

McGraw Hill Glencoe
TO THE TEACHER

Reinforcing Economic Skills activities provide you with resources to review and reinforce the skills your students learn in economics. Each skill activity introduces and explains a skill necessary for economics comprehension, analysis, and evaluation. The activities provided in this booklet have a variety of applications. They can be used for in-class assignment or as homework.

Answers to the Reinforcing Economic Skills activities can be found at the end of the booklet.
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USING GRAPHS

A graph is one way of showing numerical values visually. Graphs are often used to compare changes over time or differences between groups. Graphs come in many forms. The most common types of graphs are line graphs, bar graphs, and circle graphs.

**Directions:** The graph below shows both changes over time and differences in the contributions of various factors of economic growth. Study the graph and answer the questions that follow.

**Contributions to Economic Growth in Three Long Expansions**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption</td>
<td>60</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Fixed Investment</td>
<td>20</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Government</td>
<td>-20</td>
<td>-20</td>
<td>-20</td>
</tr>
<tr>
<td>Net Exports</td>
<td>20</td>
<td>40</td>
<td>20</td>
</tr>
</tbody>
</table>

*Sources: Department of Commerce (Bureau of Economic Analysis), National Bureau of Economic Research, and Council of Economic Advisers*

1. What was the most important contributor to growth during the 1961–69 expansion?

2. How have net exports affected growth?

3. During which expansion was the contribution of consumption greatest?

4. During the 1982–90 expansion, which had a greater effect on economic growth, fixed investment or government spending?
Activity 2

USING CHARTS AND TABLES

Tables and charts are often used to compare information. Tables present data in columns and rows. By looking at a table, you can see trends and relationships more easily than if the information were written in text form.

Directions: Study the table below and answer the questions that follow.

<table>
<thead>
<tr>
<th>Population and Gross Domestic Product of Selected Countries, 2008 (Estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Country</strong></td>
</tr>
<tr>
<td>Australia</td>
</tr>
<tr>
<td>Botswana</td>
</tr>
<tr>
<td>Canada</td>
</tr>
<tr>
<td>China</td>
</tr>
<tr>
<td>Honduras</td>
</tr>
<tr>
<td>Nepal</td>
</tr>
<tr>
<td>United States</td>
</tr>
</tbody>
</table>

Source: CIA World Factbook

1. How does the population of Nepal compare with the population of Australia?

2. Which country listed in the table has the largest population?

3. Which country listed in the table has the highest gross domestic product?

4. If you divide the GDP by the population, which country has the higher per capita GDP, Honduras or Botswana?

5. How does the per capita GDP of China compare with that of Canada?
**READING MAPS**

Maps are visual tools that show the relative size and location of specific geographic areas. Political maps show human-made boundaries. Special purpose maps can show such things as population, historical changes, climate, roads, and resources.

**Directions:** Study the map below and answer the questions that follow.

![Incidence of Banking Crises Map](http://worldbank.org/wdr/2000/powerpoint/sld010.htm)

1. In which decade did more countries experience banking crises, the 1980s or the 1990s?

2. List three countries that were spared from crises in both periods.

3. During the 1980s and 1990s, which continents were most affected by banking crises?

4. What three continents suffered the most banking crises in both the 1980s and 1990s?
Understanding Percentages

Understanding percentages is very important in business and economics. Discounts, taxes, price changes, and inflation rates are all given in percentages. A percentage is a figure expressed in hundredths. The figure 2 percent is equal to the fraction 2/100 or the decimal 0.02. For example, to figure out how much 2 percent of 250 is, state the percentage as a decimal and multiply the decimal times 250 (.02 \times 250 = 5).

Directions: Read the following paragraph, and then answer the questions that follow.

You order 12 cartons of notebooks at $50 a carton. Because you ordered a dozen cartons, you receive a quantity discount of 10 percent. You also purchase 50 pens that are on sale for 20 percent of the regular price of $0.69 apiece. Finally, you purchase a package of copier paper priced at $8.99 instead of the regular price of $9.99. The tax in your state is 5 percent.

1. How much did you pay for the 12 cartons of notebooks (not including tax)? How did you figure it out?

2. How much would you have paid for the 50 pens you purchased if they had not been on sale?

3. How much did you pay for the pens? How did you figure it out?

4. By what percentage was the price of the copier paper you purchased reduced? How did you figure it out?

5. How much tax did you pay on your purchase? How did you figure it out?
Determining Averages: Mean and Median

To calculate the mean, add all of the values and divide by the number of items. To figure out the average cost of a bicycle in a local bike shop, for example, you would add the cost of all the bicycles and then divide by the total number of bikes in the shop. Another useful statistic is the median. The median represents the midpoint of a sample. For example, if the median price of bicycles is $200, half of the bikes are more than $200 and half are less.

Directions: Examine the data presented in the table below and answer the questions that follow.

<table>
<thead>
<tr>
<th>Employee</th>
<th>Hourly Wage</th>
<th>Weekly Hours Worked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brian Donnelly</td>
<td>$7.25</td>
<td>12</td>
</tr>
<tr>
<td>Ron Nguyen</td>
<td>$7.25</td>
<td>18</td>
</tr>
<tr>
<td>Robert Lee</td>
<td>$7.55</td>
<td>30</td>
</tr>
<tr>
<td>Michele Lewis</td>
<td>$7.75</td>
<td>22</td>
</tr>
<tr>
<td>Shaniqua Thompson</td>
<td>$7.35</td>
<td>25</td>
</tr>
</tbody>
</table>

1. What is the average hourly wage? How did you calculate it?

2. What was the average number of hours worked by the five employees? How did you calculate it?

3. What was the median wage? How did you determine it?

4. What was the median number of hours worked? How did you determine it?
UNDERSTANDING REAL AND NOMINAL VALUES

A house may have cost just $20,000 in 1960, but $20,000 then was worth a lot more than it is today. To make an accurate comparison between the price of goods today and the price of goods in the past, you need to compare the real value of those goods, not the nominal value. Nominal values are values given in the currency at the time. To convert that value into a real value, you need to multiply it by the change in the overall price index.

Directions: The table below shows the consumer price index (CPI) for 2001–2008. This index allows you to express all nominal values as real values. The time used as the index for the CPI is 1982–84. This means that all nominal values can be expressed as real values in 1982–84 dollars. For example, the index for 2001 was 177.1, or 1.771 times greater than the base index of 100 (177.1/100). This number indicates that goods in 2001 cost 1.771 times as much as they did in 1982–84. To convert a 2001 nominal price into a real price, you will need to divide the nominal price by this factor. The real value of a poster that cost $15.00 in 2001 is thus $8.47 ($15.00/1.771).

### Consumer Price Index, 2001–2008
(1982–84 = 100)

<table>
<thead>
<tr>
<th>Year</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>177.1</td>
</tr>
<tr>
<td>2002</td>
<td>179.9</td>
</tr>
<tr>
<td>2003</td>
<td>184.0</td>
</tr>
<tr>
<td>2004</td>
<td>188.9</td>
</tr>
<tr>
<td>2005</td>
<td>195.3</td>
</tr>
<tr>
<td>2006</td>
<td>201.6</td>
</tr>
<tr>
<td>2007</td>
<td>207.3</td>
</tr>
<tr>
<td>2008</td>
<td>215.3</td>
</tr>
</tbody>
</table>

Source: U.S. Department of Commerce

1. What is the real cost of a watch that cost $45 in 2002?

2. How much did a movie that cost $8.50 in 2004 cost in 1982–84?

3. If the going rate for babysitting was $4.50 in 2001 and $5.50 in 2003, in which year did babysitters earn a higher real wage?

4. What was the real cost of a CD that cost $16.99 in 2005? If the nominal cost of the same CD was $14.99 in 2001, in which year was the real cost lower?
Understanding Interest Rates

When you deposit money in a savings account, the bank pays you interest for the use of your money. The amount of interest is expressed as an annual percent, such as 6 percent. Two types of interest exist: simple interest and compound interest. Simple interest is calculated only on the amount of money you deposit, known as the principal, not on any interest earned. Compound interest is paid on the principal plus any interest that has been earned.

Directions: Three years ago, you earned $2,000 working as a lifeguard. You deposited the money in a bank that paid simple interest of 4.75 percent. One of the other lifeguards with whom you worked deposited the $2,000 she earned in a different bank. Her bank paid only 4.70 percent, but it compounded the interest annually.

1. How much money was in your account after the end of the first year?

2. How much money was in your friend’s account?

3. How much did each of you have in the bank after the end of the second year?

4. Why did your friend earn less in interest than you the first year but more in interest the second?

5. How much did each of you have in the bank after the end of the third year?

6. Which of you made the better long-term investment?
To find information about stock prices and trades, you can read the stock market report on the financial page of the newspaper. Every business day, shares of stock are bought and sold. At the beginning of each trading day, stocks are bought and sold at the same prices at which they closed the day before. At the end of the day, each stock’s closing price is recorded. People read the financial page to follow the prices of stocks they own or are thinking of purchasing and to monitor the strength of the country’s business economy.

**Directions:** Study the stock market information below and answer the questions that follow.

<table>
<thead>
<tr>
<th>52-week High</th>
<th>52-week Low</th>
<th>Stock</th>
<th>Div</th>
<th>Yld %</th>
<th>P/E</th>
<th>Sales 100s</th>
<th>High</th>
<th>Low</th>
<th>Last</th>
<th>Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>63.60</td>
<td>32.12</td>
<td>BankOne</td>
<td>1.68</td>
<td>4.8</td>
<td>13</td>
<td>46648</td>
<td>35.36</td>
<td>33.96</td>
<td>35.36</td>
<td>+1.36</td>
</tr>
<tr>
<td>76.26</td>
<td>48.08</td>
<td>Bk of Am</td>
<td>1.80</td>
<td>2.9</td>
<td>15</td>
<td>55925</td>
<td>61.08</td>
<td>58.08</td>
<td>61.08</td>
<td>+2.75</td>
</tr>
</tbody>
</table>


1. At what price did BankOne shares close October 27, 1999?

2. What is the price/earnings (P/E) ratio of Bank of America?

3. What is the difference between the high and low values of a BankOne share on October 27?

4. What was the lowest price at which Bank of America shares traded in the previous 52 weeks?

5. What was the highest price at which BankOne shares traded in the previous 52 weeks?

6. How many shares of Bank of America were traded October 27?
Sequencing and Categorizing Information

Sequencing involves placing facts in the order in which they occurred. Categorizing involves organizing information into groups of related facts and ideas. Both actions help you deal with large quantities of information in a manageable way.

Directions: Read the following paragraphs and create a timeline that correctly sequences the events described. Then on a separate sheet of paper, categorize the information in the paragraphs into events that occurred before the euro was introduced and events that occurred after the euro was introduced.

On January 1, 1999, citizens of 11 European nations woke up to a new currency. The European Monetary Union (EMU) had been the subject of heated discussion ever since it was conceived in the 1980s by German Chancellor Helmut Kohl of Germany, French President François Mitterrand, and the President of the European Commission, Jacques Delors. At the stroke of midnight on December 31, 1998, the euro came into being in all participating countries. The national currencies were turned into subdivisions of the euro according to the fixed euro conversion rate, which was set on that day. The countries participating in the monetary union agreed to do so when they signed the Treaty of Maastricht in 1992.

The changes brought about by the adoption of the new European currency were not immediately obvious to the public. All countries that adopted the euro started to withdraw their old coins and notes from the market January 1, 2002 and issued euro coins and notes to the public. The old national coins and notes continued to be legal tender until July 1, 2002. After July 1 of that year, the old coins were no longer accepted, although banks continued to exchange national money for euros.
Understanding cause and effect involves considering why an event occurred. A cause is the action or situation that produces an event or outcome. What happens as a result of a cause is an effect.

**Directions:** Read the following passage and look for logical relationships between events. Then complete the table by listing five effects mentioned in the excerpt, and identifying the cause of each.

Following the stock market crash of 1929, consumer spending fell dramatically in the United States. Products sat unsold on store shelves. Demand diminished and factories found themselves without orders. In response, manufacturers cut back production, and were forced to layoff many workers in the process. As more and more workers lost their jobs, consumer spending fell significantly. Economic conditions all over the country worsened as millions of men and women lost their jobs.

Decisive action was needed, but President Herbert Hoover's actions were insufficient to fix the situation. In 1932, an election year, voters decided they wanted to give another person a chance and elected Hoover's opponent, Franklin D. Roosevelt.

Roosevelt immediately took drastic action. He created the Civil Works Administration (CWA), which put four million Americans back to work in public works projects. During his administration, Congress also passed the Social Security Act and increased taxes on the rich.

<table>
<thead>
<tr>
<th>Cause</th>
<th>Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
</tr>
</tbody>
</table>
Making comparisons helps you to understand how ideas, objects, or events are similar and different. To make a comparison, identify what it is you want to compare. Then determine areas in which you can draw comparisons. Finally, look for similarities and differences within each area.

**Directions:** Read the passage below and complete the table by identifying at least five ways in which the Soviet and United States economies differed before the Soviet Union adopted a market economy.

Before the Soviet Union adopted a market economy, bureaucrats made all economic decisions. The government owned all businesses, and government officials told company managers what to produce and how to produce it. Companies had very little incentive to produce high-quality products since consumers had no choice but to purchase from them. As a result, the quality of consumer goods was very poor, and many goods were in short supply. People had to wait in long lines just to purchase food.

In the United States and other market economies, businesses are privately owned. Individual producers decide what products to produce and control the factors of production. Companies compete with other companies to win over customers and gain market share. Any company that produces shoddy products eventually loses customers and goes out of business. Companies that produce products that consumers want to buy earn profits and prosper. Shortages of goods are rare in these economies, and consumers are able to choose from a large variety of products.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Old Soviet Economy</th>
<th>U.S. Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Competition among producers</td>
<td>None</td>
<td>Fierce</td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Reinforcing Economic Skills Activity 12

FINDING THE MAIN IDEA

Finding the main idea will help you see the “big picture” by assessing the most important concepts in what you read. To find the main idea, skim the material to identify its general subject. Then ask yourself what the purpose of the article is. Finally, identify details that support the main idea.

Directions: Read the letter to shareholders below and answer the questions that follow.

Letter to Shareholders

Improving consumers’ lives by doing things that have never been done before is what Procter & Gamble is all about. In more than 140 countries around the world, we work to understand what consumers want and need. Then we develop innovative brands to serve those needs—creating new products, new categories and new growth opportunities for our Company.

More than 110,000 P & G employees around the world, committed to breakthrough innovation and superior execution, drive our growth. Again this year, we delivered record performance: net earnings of $3.78 billion, up 11 percent; basic net earnings per common share of $2.74, up 13 percent; and worldwide net sales of $37.2 billion, up 4 percent on 6 percent unit volume growth.

These results fueled solid performance in the areas that matter most to you, our shareholders. Over the past three years, we’ve delivered an average annual Total Shareholder Return (TSR) of 37 percent, compared to a TSR of 30 percent for the S&P 500. And we concluded the 1997/1998 fiscal year by increasing common share dividends 13 percent to $1.14—marking the 43rd consecutive year of increased dividend payments.

1. What is the purpose of this letter?

2. What is its main idea?

3. What details support the main idea?

________________________________________

________________________________________

________________________________________

________________________________________

________________________________________

________________________________________


**SUMMARIZING INFORMATION**

Summarizing information helps you to remember the main ideas and important facts contained in a long reading selection. To write a summary, rewrite the main ideas of the reading selection in your own words. Do not copy sentences or phrases from the text. Make sure your summary is much shorter than the reading selection, but captures the selection’s main ideas.

**Directions:** Read the remarks below from the former chairman of the Federal Reserve Board, Alan Greenspan. Then, on a separate sheet of paper, answer the questions that follow.

At the root of this expansion of economic activity has been a marked increase in the productivity of the nation’s workforce. Increases in productivity allowed real wages to rise and the economy to grow. It is this acceleration of productivity over recent years that has explained much of the surprising combination of a slowing in inflation and sustained rapid real growth.

American industry, quite generally, has shared an improved level of efficiency and cost containment through high-tech capital investment, and not solely in newer industries at the cutting edge of innovation. Our century-old motor vehicle industry, for example, has raised output per hour by a dramatic 4.5 percent annually on average in the past two years, compared with a lackluster 1.25 percent on average earlier this decade. Much the same is true of many other mature industries, such as steel, textiles, and other stalwarts of an earlier age. This greater ability to pare costs, increase production flexibility, and expand capacity are arguably the major reasons why inflationary pressures have been held in check in recent years.

1. What is the main idea of this passage?

2. What facts does the author provide to support the main idea?

3. Write a short paragraph summarizing this passage.
**Making Generalizations**

Generalizations are judgments that are usually true, based on the facts at hand. To make a valid generalization, gather related facts and examples and identify similarities among these facts. Finally, use the similarities to form some general ideas about the subject.

**Directions:** Study the information below and answer the questions that follow.

### Rate of Unemployment in Selected Countries (2008)

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage of Unemployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>7.9</td>
</tr>
<tr>
<td>Belgium</td>
<td>7.0</td>
</tr>
<tr>
<td>Bolivia</td>
<td>7.5</td>
</tr>
<tr>
<td>Brazil</td>
<td>7.9</td>
</tr>
<tr>
<td>Croatia</td>
<td>13.7</td>
</tr>
<tr>
<td>Ecuador</td>
<td>7.3</td>
</tr>
<tr>
<td>France</td>
<td>7.4</td>
</tr>
<tr>
<td>Germany</td>
<td>7.8</td>
</tr>
<tr>
<td>Liechtenstein</td>
<td>1.5</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>4.4</td>
</tr>
<tr>
<td>Spain</td>
<td>11.3</td>
</tr>
<tr>
<td>Switzerland</td>
<td>2.6</td>
</tr>
<tr>
<td>United States</td>
<td>5.8</td>
</tr>
</tbody>
</table>

Source: CIA World Factbook

Read each generalization below. If it is valid based on the information in the chart, write $V$; if it is invalid write $I$. Then justify your basis for each generalization on the lines below.

1. Unemployment is high throughout Europe.  

   

2. Unemployment in English-speaking countries is lower than in other countries.  

   

3. Latin American countries are less concerned with unemployment than some other countries.  

   

4. Relative to most other countries, Switzerland has a low rate of unemployment.  

   

5. All South American countries have high unemployment rates.  

MAKING PREDICTIONS

Sometimes information about past events can help you predict the future. To make predictions, you need to analyze past trends and think about whether those trends are likely to continue. Obviously, the more data and facts you have, the more accurate your predictions will be.

Directions: Study the graph below and answer the questions that follow.


1. How did industry production of communication equipment change between 1980 and 2000?

2. Production of what type of equipment grew most, after communication equipment?

3. Based on the graph, what do you think will happen to production of communication equipment in the next 10 years?

4. On what do you base your prediction?
**Drawing Inferences and Conclusions**

Drawing inferences involves “reading between the lines,” or drawing conclusions that are not stated directly in the text. To draw inferences and make conclusions, read the information carefully and list the important facts. Then apply related information from other sources as well as your own knowledge and insight to develop some conclusions about these facts.

**Directions:** Study the tables below and answer the questions that follow.

<table>
<thead>
<tr>
<th>Country</th>
<th>Infant Deaths per 1,000 Live Births</th>
<th>Number of Television Sets per 1,000 People</th>
<th>Private Consumption per capita (dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>79</td>
<td>7</td>
<td>1,049</td>
</tr>
<tr>
<td>Finland</td>
<td>5</td>
<td>519</td>
<td>11,431</td>
</tr>
<tr>
<td>Morocco</td>
<td>55</td>
<td>145</td>
<td>2,454</td>
</tr>
<tr>
<td>United States</td>
<td>8</td>
<td>776</td>
<td>18,507</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Health Spending (percent of GNP)</th>
<th>People per Hospital Bed</th>
<th>Gross National Product per capita (dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>2.4</td>
<td>5,479</td>
<td>1,407</td>
</tr>
<tr>
<td>Finland</td>
<td>8.3</td>
<td>93</td>
<td>20,641</td>
</tr>
<tr>
<td>Morocco</td>
<td>3.4</td>
<td>775</td>
<td>3,188</td>
</tr>
<tr>
<td>United States</td>
<td>14.3</td>
<td>221</td>
<td>29,640</td>
</tr>
</tbody>
</table>

Source: World Development Indicators

1. Using these tables, what inference can you make about why infant mortality is high in Bangladesh?

2. What inference can you make about why the number of television sets per 1,000 people is higher in the United States and Finland than in Morocco and Bangladesh?

3. What inference can you make about where you are more likely to receive better health care—in Finland or Bangladesh?
EVALUATING PRIMARY AND SECONDARY SOURCES

Primary sources are original records of events made by people who witnessed them. They include letters, journals, legal documents, surveys, drawings, photographs, and artifacts.

Secondary sources are documents created after an event has occurred. They include information from many sources, which has been combined and incorporated to produce items such as biographies and textbooks.

Directions: Read the excerpts below from a speech by Representative Martin Olav Sabo (D, MN), a former chairman of the House Budget Committee, and answer the questions that follow on a separate sheet of paper.

To believe many headlines these days, you may think that we’ve done it—our economy couldn’t get any better. Our budget is nearly balanced. Unemployment is near an historic low. Inflation is under control. The stock market is booming. All Americans are prospering, and everyone’s happy.

We are here to represent the millions of Americans who know this isn’t true—those who still struggle to live off their paychecks, who scrimp and save just to provide for their families, and those who know that our nation’s newfound prosperity is not widely shared.

Instead of helping all Americans, the current economic boom has starkly shown that the income gap between the top and bottom of our society remains a fundamental problem. . . .

Americans have always believed that people should be encouraged to work, and that work should be rewarded. Millions of Americans get up in the morning and head to their jobs believing that their hard work is the ticket to a better life for them and their families. However, when workers start believing the economy serves only the wealthy, our democratic values of merit and equal opportunity are undermined, and the institutions we have founded on those values are threatened. Indeed, I believe our nation faces terrible social consequences if we do not address the income gap.

Clearly, government alone cannot eliminate income inequality. However, federal policies should not widen the income gap either. That is why I introduced the Income Equity Act.

Under current law, companies may deduct a “reasonable allowance for salaries or other compensation.” This deduction is capped at $1 million, but the law contains no other definition of what is “reasonable.” Therefore, companies receive tax deductions for high executive salaries, even if they pay other employees poorly.

My bill would link the salaries of top earners with those at the bottom. It would redefine what is “a reasonable allowance” as 25 times the salary of the lowest paid full-time employee in a firm. This would ensure that the federal government—and the American taxpayer—don’t subsidize excessive wage gaps. . . .

1. Is this document a primary source or a secondary resource? Why?
2. Who is the author of this document?
3. How might identifying the author improve your understanding of the article?
4. What other kinds of sources might you use to confirm the accuracy of some of the statements the author makes?
Distinguishing fact from opinion can help you make informed judgments about what others say and write. To do so, first identify the facts. Check the sources of the facts to make sure that they are reliable. Then identify opinions by looking for statements of feelings or beliefs.

Directions: Read the newspaper article excerpt below and answer the questions that follow.

President Clinton vetoed the Republicans’ $792 billion tax cut bill yesterday, killing the chances for a major tax reduction this year. . . . The long-promised veto of the measure. . . underscored the deep divisions among politicians about what to do with the country’s soaring budget surpluses. . . .

Clinton. . . said the GOP tax cut bill would steer too much relief to the wealthy and leave too little money for important programs. “The bill is too big, too bloated [and] places too great a burden on America’s economy,” the president said.

Republicans fired back, . . . “It is a good bill, and I regret the president has stolen this tax cut from working American families.”

House and Senate tax writers are eager to extend a number of popular expiring tax provisions, including a work-opportunity credit and a research and development credit, important to the high-tech industry. There also is substantial support on Capitol Hill for restoring funding for teaching hospitals, nursing homes, home health agencies and other activities cut from Medicare in 1997, for increasing the availability of affordable health care, and for raising the minimum wage.

1. Using a highlighter marker, highlight all the statements in the passage that you think are factual statements.

2. Using a pencil or pen, underline all the statements that you think are opinions.

3. How did you recognize the opinion statements?

Name ___________________________ Date ___________________________ Class ___________________________
Recognizing Bias

Most people have a point of view, or bias. This bias influences the way they interpret and write about events. You need to recognize bias to judge the accuracy of what you hear or read. To recognize bias, find out who the author or speaker is. Distinguish statements of fact from statements of opinion. Determine the author's point of view, and identify how that point of view is reflected in the material.

Directions: Read the excerpt below and answer the questions that follow it.

Ten Good Reasons to Eliminate Funding for the National Endowment for the Arts by Laurence Jarvik, Ph.D., The Heritage Foundation

The National Endowment for the Arts (NEA) is an unwarranted extension of the federal government into the voluntary sector. The Endowment does not promote charitable giving. . . . Rather than promoting the best in art, the NEA continues to offer tax dollars and the federal seal of approval to subsidize “art” that is offensive to most Americans.

In retrospect, turmoil over the NEA was predictable, . . . During the Constitutional Convention in Philadelphia in 1787, delegate Charles Pinckney introduced a motion calling for the federal government to subsidize the arts in the United States. Although the Founding Fathers were cultured men who knew firsthand of various European systems for public arts patronage, they overwhelmingly rejected Pinckney's suggestion because of their belief in limited, constitutional government. . . .

1. Research the Heritage Foundation. How might the author's affiliation give you clues about his point of view?

2. What opinions does the author state?

3. What statements of fact does he present?

4. Based on the excerpt, what is the author's point of view regarding the National Endowment for the Arts?
SYNTHESIZING INFORMATION

Synthesizing information involves integrating information from two or more sources. To synthesize information, analyze each source separately to understand its meaning. Determine what each source of information adds to the subject. Then identify points of agreement and disagreement.

Directions: Read both of the excerpts below and answer the questions that follow.

What Is the “Debt Crisis”?  
Fergus Nicoll, BBC News Online

Campaigners for urgent debt relief say that huge sums of money are going back to wealthy countries instead of feeding and educating children in the world’s poorest nations. . . .

In its 1997 report, the United Nations Development Programme (UNDP) said that governments in Africa alone, if relieved of their debt obligations, could use the funds “to save the lives of millions of children. . . .”

Why Debt Relief Will Not Benefit Poor  
Karl Ziegler, Director of the Centre for Accountability and Debt Relief

The main reason why unconditional debt relief to the world’s over-borrowed nations will not help their poorest citizens, is that those citizens will never experience the benefits of such relief.

Most over-borrowed nations are dominated by ruling elites; familial, tribal or military, whose first priority is to feed their offshore bank accounts and provide sustenance and support to the military or police forces that maintain them in power.

Indeed, some of the world’s “poorest” over-borrowed countries include Nigeria, Democratic Republic of Congo (formerly Zaire), Zimbabwe, Tanzania and Zambia, inherently wealthy countries. . . .

In most cases, the total debt owed by the nation’s [sic] could be repaid immediately if monies, stolen by rulers and their cronies and nestled into offshore tax havens, were returned to the nations from which they had been exported illegally. The highly visible . . . campaign [to forgive all debt by poor countries] has attracted well-meaning supporters based on intellectually dishonest arguments. Debt, per se, does not starve children in Africa or elsewhere, but corruption does have that effect. . . .

1. What is the main subject of each excerpt?

2. Write one sentence summarizing the main point of each article.

3. On what points do the two articles agree?

4. On what points do the two articles disagree?
USING THE INTERNET

The Internet contains a wealth of information from a wide variety of sources. You can look for data on almost any possible subject, everything from the latest mortgage rate to the national employment rate to a star baseball player’s strikeout rate. The Internet, however, only provides a quick way to access the information you are looking for. Once you find that information, you must learn how to make an informed decision while evaluating the data.

Directions: Use the Internet to research MasterCard rates and terms. Following the example provided, complete the table. Then answer the questions that follow.

<table>
<thead>
<tr>
<th>Issuing Bank</th>
<th>Annual Percentage</th>
<th>Annual Fee</th>
<th>Rewards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associates National Bank (Delaware)</td>
<td>6.9% for first six months; variable</td>
<td>None</td>
<td>2% rebate on purchases at True Value stores; 1% rebate on all other purchases</td>
</tr>
<tr>
<td></td>
<td>rate after first six months</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. In addition to the information included in the table, what other information on MasterCard services did you find on the Internet?

________________________________________________________________________

2. Find two MasterCard companies that donate some of their fees to charity. Indicate which causes those cards support.

________________________________________________________________________

3. Which Internet search engine did you decide to use to do the majority of your research? Why?

________________________________________________________________________

4. Which of the MasterCards you researched would best meet your needs? Why?

________________________________________________________________________
USING E-MAIL

Electronic mail, or e-mail, involves communicating through the use of a computer. Most computers today are equipped with an internal modem, which allows communication through a telephone line, cable network satellite signal, or other communication network. To send and receive e-mail, you need to have an e-mail account with an Internet Service Provider (ISP), or through one of the many companies that offer e-mail accounts for free or for charge.

To create an e-mail, first place the name of the recipient in the “To:” space. You can either type in the e-mail address of the recipient or select the address from your e-mail address book. Type in the subject of your e-mail in the “Subject:” space. If you want to send a copy of the e-mail to someone, type in the person’s e-mail address in the “Cc:” space. Type in your message and proofread it for errors. Most e-mail programs provide an automatic spell check program that catches obvious misspellings. When your message is complete, click the SEND button to electronically deliver the message.

Directions: Find a magazine or newspaper that accepts letters to the editor by e-mail. Then create a new message and send the e-mail to the source you chose. Send a copy of the e-mail to one of your classmates.

1. What information should you enter in the “To:” portion of the message header?

2. What information should you enter in the “Subject:” portion of the message header?

3. Is it necessary to identify yourself in the body of your message?

4. What do you do to send your message?
USING A DATABASE

An electronic database is a collection of facts or statistics that are stored in a file on a computer. The information is organized into categories, called fields. For example, a field could contain the names or street addresses of your clients. It could also include the amount of money each client spent in the past year. A set of related fields is known as a record. Together, all of the records make up the database.

To create a database, think about what information you want to include. Then follow the instructions in your computer program to set up fields. Be sure to enter each item in the correct field. Then determine how you want to organize or sort the information in the database (chronologically, alphabetically, by zip code, or some other way).

Directions: Survey at least 10 of your classmates or other people you know on their shopping preferences. Then use a database program to create fields and records that include each person’s name, address, and favorite retail clothing store. Be sure to place each piece of information in a separate field.

1. Which retail store was preferred by the largest number of people?

2. How many people who preferred the retail store in Question 1 live in the same zip code?

3. Print out an alphabetical list of all of the people in your database.

4. Print out an alphabetical list of all of the retail stores that appear in your database.

5. What other information might you want to include in the database?

6. If you were about to open a clothing store in your area, how would you use the information in this database?
USING A SPREADSHEET

Individuals, corporations, and government agencies use electronic spreadsheet programs to store, edit, and format numerical data. Spreadsheet programs perform calculations automatically and allow users to turn spreadsheets of data into graphs for analysis.

The sample spreadsheet below shows various categories of government spending. Each piece of data is stored in a space called a “cell,” which has a corresponding letter and number assigned to it. For example, “Source” is in A1. Examine the spreadsheet and answer the questions that follow.

### Federal Receipts, by Source, 2006–2010
(in millions of dollars)

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Source</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Individual income taxes</td>
<td>1,043,908</td>
<td>1,163,472</td>
<td>1,145,747</td>
<td>953,006</td>
<td>1,051,431</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Corporate income taxes</td>
<td>353,915</td>
<td>370,243</td>
<td>304,346</td>
<td>146,758</td>
<td>178,933</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Social insurance and retirement receipts</td>
<td>837,821</td>
<td>869,607</td>
<td>900,155</td>
<td>899,217</td>
<td>940,370</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Excise taxes</td>
<td>73,961</td>
<td>65,069</td>
<td>67,334</td>
<td>66,280</td>
<td>74,745</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Other</td>
<td>97,649</td>
<td>99,848</td>
<td>106,744</td>
<td>91,393</td>
<td>87,166</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Total</td>
<td>2,407,254</td>
<td>2,568,239</td>
<td>2,524,326</td>
<td>2,156,654</td>
<td>2,332,645</td>
<td></td>
</tr>
</tbody>
</table>

Note: Totals reflect interfund and intragovernmental transactions and/or other functions not shown separately.

Source: U.S. Census Bureau

1. Which cell in the spreadsheet is highlighted?

2. What information appears in cell D5?

3. What data appears in cell F3?

4. A new column is being added to the spreadsheet. The cells in column I will show the total amount collected by each source in the five years represented on the spreadsheet. For example, cell I5 will show the total excise taxes collected during the five years. The formula for the total excise taxes collected in the five years represented is =SUM(D5:H5). Write a formula for cell I6 to calculate how much money the government received in 2006, 2007, 2008, 2009, and 2010 from individual income taxes.
DEVELOPING MULTIMEDIA PRESENTATIONS

Multimedia computer presentations combine text, video, audio, and animation to create lively and visually appealing reports. To create a multimedia presentation on your computer, you will need a variety of programs depending on the type of media you intend to use. Make a list of the topics you want to cover in your presentation. Then identify the forms of media you would like to include and determine whether your computer can support them.

Directions: Design a multimedia presentation on the European Union and the euro, the currency that replaced national currencies in 12 Western European countries in 2002. To create your presentation, first research the European Union and the euro using library resources or the World Wide Web. Then use the panels below to sketch storyboards or series of screenshots that outline what you will include in your presentation. For each storyboard indicate which media you plan to use.
**Taking Notes**

Effective note taking involves separating what you read or hear into meaningful parts so that you can understand and remember it. To take good notes, write down the key points and important facts. When taking notes in class, copy words, statements, or diagrams the teacher draws on the board. When taking notes on textbook material, include a heading that contains the main idea of the section and then write a few phrases to recall the facts. When taking notes for a research report, use note cards. Be sure to include the title, author, and page number of the sources you use.

**Directions:** Read the excerpt below and take notes on a separate sheet of paper that summarize its main ideas.

**U.S. Trade in Information Technology (IT) Goods and Services**

Between 1993 and 1998, IT-producing industries accounted for an increasing share of U.S. foreign trade. Combined exports and imports of goods by IT-producing industries rose 11.7 percent annually (against 8.1 percent for goods from all other industries), raising the IT-producers' claim on the nation's $1.5 trillion commodity trade flow from 16 to 19 percent. Exports and imports of services by IT-producing industries grew even faster, raising the IT share of U.S. trade in private services to just over 5 percent.

**Goods Trade**

Between 1993 and 1998, exports of goods by IT-producing industries registered 11.9 percent annual growth (against 7.6 percent for all other types of goods). U.S. firms have continued to make a strong showing in the high-end segments of the IT product market (e.g., computers, semiconductor devices, and instruments). IT goods imports rose at about the same rate as exports. Increases in both exports and imports raised the negative balance in goods trade by IT-producing industries from $33 billion in 1993 to $55 billion in 1998. Census data indicate that as much as one-half of the “exports” and “imports” of IT equipment actually represent sales between related parties, in effect, intracompany and intragroup transfers.

**Services Trade**

Between 1993 and 1997, exports and imports of services from IT-producing industries grew at 13.2 percent per year (compared with 8.5 percent for other private services), reaching $20.7 billion in 1997. With exports of IT services increasing at 17.2 percent per year between 1993 and 1997 compared with 9.5 percent for imports, the long-term prospect for surpluses seems good. The faster growing component of this services trade, computer-related services (including sales and purchases of computer and data processing services, data base and other information services, as well as income generated from software royalties and license fees) increased at more than 25 percent per year, almost two and a half times the average rate of growth in services trade overall. Computer-related services accounted for 41 percent of the nation's trade in IT services by 1997, a substantial rise from just over 27 percent in 1993. This component of IT services has achieved trade surpluses averaging $4.2 billion per year from 1993 through 1997.

In contrast, trade in telecommunications services, the other segment of IT services, expanded more slowly and generated average deficits of $4.2 billion per year.

Not captured in the trade figures are substantial sales of computer services abroad by majority owned foreign affiliates of U.S. companies. These exceeded $28 billion in 1996, with sales by suppliers of computer and data processing services increasing at about 30 percent per year.

**Source:** The Emerging Digital Economy II, U.S. Department of Commerce, June 1999
USING LIBRARY RESOURCES

Libraries contain many resources. These resources include traditional resources, such as encyclopedias, atlases, almanacs, and periodicals, as well as online resources, such as computer databases and access to the World Wide Web. Knowing which resources to use will improve the quality and efficiency of your research.

Directions: You are writing a term paper on trade between the United States and Japan. To make the report interesting, you want to include many real-world examples. You also want to make sure that your report covers very recent developments. Choose sources from among the following:

Business Week, Fortune, Forbes—business magazines published weekly
Statistical Abstract of the United States—published yearly
World Almanac, Information Please Almanac—published yearly
World Development Report—published yearly
The World Wide Web

1. What source would you use to find out the value of Japan’s exports to the United States between 1995 and 2005?

________________________________________________________________________

2. What source would you use to find out how economic conditions in Japan differ from economic conditions in the United States?

________________________________________________________________________

3. Where would you find examples of U.S. businesses that have been successful in Japan?

________________________________________________________________________

4. Where would you find out what actions Japan’s Ministry of Economy, Trade, and Industry (METI) has taken in the past month?

________________________________________________________________________
OUTLINING

Before beginning a writing assignment, most writers find it helpful to create an outline. To make an outline, begin by listing all the topics you want to include about the subject in the order in which you want to include them. Then group similar topics together and list important details for each topic. Use the standard outline format using Roman numerals, then capital letters, then Arabic numerals to identify the various sections and subsections of your report. Remember that you need to have at least two items for each level of your outline.

Directions: Using the Internet and other resources, research information to create an outline for a short biography of one of the Nobel prize-winning economists listed below.

Selected Nobel Prize-Winning Economists
Gary S. Becker (1992)

Biography Title: _____________________________
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
_________________________________________________________________
APPLYING THE WRITING PROCESS

The writing process involves using skills you have already learned, such as taking notes, outlining, and synthesizing information. To begin the process, select an interesting topic. Do some preliminary research to confirm that your topic is neither too broad nor too narrow. Once you have chosen your topic, write a thesis statement that defines what you want to prove, discover, or illustrate. Research your topic by formulating a list of main ideas. Then create an outline for your paper. Begin researching your topic by finding facts that support points on your outline. Record your research and the names of your sources on 3” × 5” note cards. When you are done researching your paper, use your outline to create a rough draft of your paper. Edit your draft by checking that you have used correct spelling, proper grammar, and good writing skills.

Directions: Choose a company from one of the following categories: investing, computers, retailers, entertainment. Then complete the checklist shown below.

☐ Using the Internet or resources at your public library, research the company you choose for ideas on a thesis statement.
☐ Narrow this topic so that it is not too broad of a topic to cover in two pages.
☐ Write a thesis sentence identifying what your paper seeks to show.
☐ Create an outline using at least three main ideas as headings for a two-page report on the company you choose.
☐ Continue to research your topic taking notes and recording the resources used on 3” × 5” cards.
☐ Prepare a rough draft for a two-page report on your company.
☐ Identify the sources of all information using footnotes or endnotes.
☐ Edit your draft by checking for correct spelling, proper grammar, and good writing skills.
☐ Submit your thesis statement, outline, rough draft, and final report.
Taking a Test

Whether you are in school or looking for a job, you will be asked to take many tests during your lifetime. Thus, learning how to take a test is a very important skill to master. One way of preparing to take a test is to write a test yourself. Writing a test is a good way of reviewing what you need to know to do well on a test.

Directions: Read the passage below and answer the questions that follow.

A law restricting the amount of interest that can be charged for credit is called a usury law. Some states set up different maximum rates for different types of consumer credit. Maximum rates on charge accounts and credit cards, for example, are often about 18 percent a year or 1 percent a month. Consumer finance agencies, in contrast, are often allowed to charge higher rates because their loans involve higher risks.

Some states once set interest rate ceilings as low as 6–10 percent. During the early 1970s, when interest rates were very high, many lenders cut back on the amount of credit they offered. Others stopped lending completely. Many consumers, particularly those with bad credit ratings, found it hard to obtain credit.

1. Write a true/false question that tests whether readers understand what a usury law is.

2. Write a multiple choice question that tests whether readers recall what a typical maximum rate is on a credit card.

3. Write a test question that tests whether readers understand the consequences for borrowers of credit ceilings that are too low.
Activity 1: Using Graphs
1. consumption
2. They have reduced growth.
3. 1991–2000
4. government spending

Activity 2: Using Charts and Tables
1. Nepal has 8 million more people than Australia.
2. China
3. the United States
4. Botswana
5. Canada’s per capita GDP is about 14 times greater than China’s.

Activity 3: Reading Maps
1. the 1990s
2. Answers will vary, but may include the United States, Canada, Australia, most countries in Western Europe, India, most countries in the Middle East, and some countries in Africa.
3. South America and Africa
4. South America, Asia, and Africa

Activity 4: Understanding Percentages
1. $540. Equation is 12 \times $50 – (.10) (12 \times 50).
2. $34.50. Equation is 50 \times $.69.
3. $27.60. Equation is $34.50 – (.20 \times $34.50).
4. 10 percent. Equation is $1.00 \div $9.99.
5. $28.83. Equation is .05($540 + $27.60 + $8.99).

Activity 5: Determining Averages: Mean and Median
1. $7.43. Sum $7.25, $7.25, $7.55, $7.75, and $7.35 and divide by 5 (the number of employees).
2. 21.4 hours. Sum 12, 18, 30, 22, and 25 and divide by 5.
3. $7.35. Half of the workers earn less than $7.05 and half earn more.
4. 22 hours. Half of the workers worked more than 22 hours and half worked fewer.

Activity 6: Understanding Real and Nominal Values
1. $25.02 ($45.00/1.799)
2. $4.49 ($8.50/1.889)
3. The real value of $4.50 in 2001 is $2.54 ($4.50/1.771). The real value of $5.50 in 2003 is $2.99 ($5.50/1.84). Babysitters earned higher real wages in 2003.
4. The real cost of a CD that was $16.99 in 2005 was $8.70 ($16.99/1.953). The real cost of a CD that was $14.99 in 2001 is $7.94 ($14.99/1.889). The real cost was lower in 2001.

Activity 7: Understanding Interest Rates
1. $2,095: $2,000 principal plus $95 interest
2. $2,094: $2,000 principal plus $94 interest
3. You had $2,190: $2,000 in principal plus $95 in interest the first year and $95 in interest the second year. Your friend had $2,192.42: $2,000 in principal plus $94 in interest the first year and $98.42 in interest the second year.
4. Your friend earned less in interest than you the first year because her bank paid a lower rate of interest. She earned more in interest than you the second year because she earned interest on the $2,094 that she had accumulated by the end of the second year. You earned interest only on the original $2,000 you deposited.
5. You had $2,285: $2,000 in principal plus $285 in interest ($95 a year for three years). Your friend had $2,295.46: $2,000 in principal plus $295.46 in interest ($94 in interest the first year, $98.42 the second year, and $103.04 the third year).
6. Your friend made a better long-term investment. Although she earned a lower annual rate of interest, the fact that her interest was compounded annually meant that she earned $295.46 in interest; whereas you earned only $285.00.

Activity 8: Reading the Financial Page
1. 35.36
2. 15
3. 1.40
4. 48.08
5. 63.60
6. 5,592,500
Activity 9: Sequencing and Categorizing Information

Time line

1980s: German Chancellor Helmut Kohl, French President François Mitterrand, and the President of the European Commission, Jacques Delors conceived the idea of a European currency.

1992: Maastricht Treaty signed

January 1, 1999: Rate of euro set. European nations woke up to a new currency.

January 1, 2002: All countries adopting the euro started to withdraw their old coins and notes from the market and issue euro coins and notes to the public.

After July 1, 2002: National currencies in member nations were no longer accepted. Banks continued to exchange these currencies in return for euros.

Categories

Before the euro:

• citizens of 11 European nations woke up to a new currency; EMU had been the subject of heated discussion since the 1980s
• on December 31, 1998, the euro came into being in all participating countries
• the countries participating in the monetary union signed the Treaty of Maastricht in 1992.

After the euro:

• on January 1, 2002 all countries adopting the euro started to withdraw their old coins and notes from the market and issued euro coins and notes to the public
• after July 1, 2002 old national coins and notes ceased to be legal tender and the euro was accepted as the sole form of currency in 11 Western European countries
• the old coins were no longer accepted, although banks continued to exchange national money for euros

Activity 10: Understanding Cause and Effect

<table>
<thead>
<tr>
<th>Cause</th>
<th>Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The stock market crashed.</td>
<td>Consumer spending dropped dramatically.</td>
</tr>
<tr>
<td>2. Consumer spending fell.</td>
<td>Products sat unsold on store shelves.</td>
</tr>
<tr>
<td>3. Factories had no orders.</td>
<td>Workers were laid off.</td>
</tr>
<tr>
<td>4. President Hoover's actions were insufficient to solve the problems.</td>
<td>Voters elected his opponent, Franklin Roosevelt, in the next election.</td>
</tr>
<tr>
<td>5. FDR created the Civil Works Administration.</td>
<td>Four million were put back to work.</td>
</tr>
</tbody>
</table>

Activity 11: Making Comparisons

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Soviet Economy</th>
<th>U.S. Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition among producers</td>
<td>None</td>
<td>Fierce</td>
</tr>
<tr>
<td>Decision-making about business</td>
<td>Bureaucrats</td>
<td>Individuals</td>
</tr>
<tr>
<td>Incentives to produce high-quality goods</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Quality of consumer goods</td>
<td>Poor</td>
<td>Excellent</td>
</tr>
<tr>
<td>Shortages</td>
<td>Common</td>
<td>Rare</td>
</tr>
</tbody>
</table>

Activity 12: Finding the Main Idea

1. to convince Procter & Gamble’s shareholders that the company is doing well
2. providing customers with products they want, Procter & Gamble has been very successful in earning profits
3. Net earnings rose 11 percent, basic net earnings per common share rose 13 percent, and worldwide net sales rose 4 percent on unit volume growth of 6 percent. The average annual Total Shareholder Return over the past three years was 7 percent higher than the S&P 500’s return. The company made increased dividend payments for the 43rd year in a row.

Activity 13: Summarizing Information

1. Increases in productivity have allowed the U.S. economy to enjoy strong growth without inflation.
2. Productivity rose 4.5 percent a year in the automobile industry. Other industries, such as steel and textiles, have also become more productive.
3. Increases in productivity have allowed the U.S. economy to enjoy strong growth while keeping inflation in check. As a result of investment in high-tech capital, efficiency has improved throughout American industry. The change has affected both innovative new industries as well as traditional industries, such as the automobile, steel, and textiles industries.
Activity 14: Making Generalizations

1. Invalid. Unemployment is high in some countries, but moderate or low in others.

2. Invalid. The chart provides information on just one English-speaking country, the United States. It is not possible to generalize based on one observation.

3. Invalid. There is no basis for this generalization.

4. Valid. Of the countries listed, Switzerland has one of the lowest rates of unemployment.

5. Invalid. It is impossible to make this generalization based on the information given in the chart.

Activity 15: Making Predictions

1. It increased substantially.

2. Office and computing equipment

3. It will continue to rise, but possibly at a less substantial rate.

4. Answers will vary. The demand for communication equipment will most likely continue to rise. However, the rate of production could decrease because most businesses and consumers will already have invested in communication equipment.

Activity 16: Drawing Inferences and Conclusions

1. Bangladesh is a poor country with little money for medical care.

2. The United States and Finland have very high per capita GNPs and high rates of consumption. Morocco and particularly Bangladesh have very low GNPs and very low rates of overall consumption.

3. You are more likely to receive better health care in Finland because it has a significantly lower ratio of people to hospital beds and has a higher percentage of health spending.

Activity 17: Evaluating Primary and Secondary Sources

1. The document is a primary source because it is “first-hand”; it is a speech by the speaker. The document would be useful to historians interested in understanding what motivated this legislator to introduce this bill before the House of Representatives.

2. The author is a liberal, Democratic congressman from Minnesota.

3. Learning about his voting record and the issues and concerns of his constituents could help you understand the context in which he made this speech.

4. Secondary sources, such as the Statistical Abstract of the United States, could be used to confirm that the economy is performing well, but the income gap is growing.

Activity 18: Distinguishing Fact from Opinion

1 and 2. Statements of fact are italicized; statements of opinion are underlined.

President Clinton vetoed the Republicans’ $792 billion tax cut bill yesterday, killing the chances for a major tax reduction this year. The long-promised veto of the measure underscored the deep divisions among politicians about what to do with the country’s soaring budget surpluses.

Clinton said the GOP tax cut bill would steer too much relief to the wealthy and leave too little money for important programs. “The bill is too big, too bloated [and] places too great a burden on America’s economy,” the president said. Republicans fired back. “This is a good bill, and I regret the president has stolen this tax cut from working American families.”

House and Senate tax writers are eager to extend a number of popular expiring tax provisions, including a work-opportunity credit and a research and development credit, important to the high-tech industry. There also is substantial support for restoring funding for teaching hospitals, nursing homes, home health agencies and other activities cut from Medicare in 1997, for increasing the availability of affordable health care, and for raising the minimum wage.

3. Opinion statements were direct quotations that were not substantiated with facts. Use of words with particular connotations, such as “bloated” and “stolen,” also suggests that opinions are being expressed.
Activity 19: Recognizing Bias

1. The Heritage Foundation is a conservative think tank that opposes big government, so the author is apt to be against government subsidies.

2. The National Endowment for the Arts (NEA) is an unwarranted extension of the federal government into the voluntary sector. The Endowment does not promote charitable giving. Rather than promoting the best in art, the NEA continues to offer tax dollars and the federal seal of approval to subsidize “art” that is offensive to most Americans.

3. During the Constitutional Convention in Philadelphia, Charles Pinckney introduced a motion calling for the federal government to subsidize the arts in the United States. The Founding Fathers overwhelmingly rejected Pinckney’s motion.

4. The author views the National Endowment for the Arts as an organization that promotes art that many Americans find offensive and does not approve of it being supported by the federal government.

Activity 20: Synthesizing Information

1. debt relief

2. “What Is the ‘Debt Crisis’?”: Poor countries could save millions of dollars if their creditors would cancel their debt. “Why Debt Relief Will Not Benefit the Poor”: Canceling international debt will not help poor countries because their leaders will simply steal the money.

3. Poor countries have significant external debt.

4. Relieving that debt will help poor people in those countries.

Activity 21: Using the Internet

1. Answers will vary, but could include information on credit limits, late charges, special offers, customer service, transferring balances, emergency card replacement, merchant dispute assistance.

2. Answers will vary, but could include schools, universities, and other nonprofit organizations.

3. Answers will vary and you may even use more than one search engine. Reasons could include ease of use, faster search, a more comprehensive search.

4. Answers will vary. Reasons could include low annual percentage rate, no annual fee, high credit limit, good customer service, worldwide acceptance.

Activity 22: Using E-Mail

1. The e-mail address of the person to whom you are sending the e-mail message. (Names and e-mail addresses of recipients can be saved in the address book in your e-mail application.)

2. The subject of the e-mail (May Sales Report, Lunch Tuesday, etc.).

3. Depending on the settings for your e-mail account, your name may appear automatically as the sender on all e-mails you create in your e-mail application. If not, you should always include your name.

4. If necessary, connect to the Internet via your modem. Then click on the “Send” button.

Activity 23: Using a Database

1–4. Answers will vary.

5. Answers will vary, but could include how much each person spends on clothing, whether they think clothes are too expensive, whether they would be willing to buy less expensive clothes from a local store, what kind of clothes they like, what clothing needs are unmet by local retailers.

6. You might try to carry clothing similar to those carried by the top stores cited in the survey.

Activity 24: Using a Spreadsheet

1. H5

2. Excise taxes for 2006

3. Corporate income taxes for 2008

4. =SUM(D2:H2)

Activity 25: Developing Multimedia Presentations

Answers will vary.

Samples might include:

Box 1: Photo: Euro coins and currency

Caption: Adoption of a single currency by most Western European countries was one of the most important economic developments in Europe in the last 50 years.

Box 2: Photo: Maastricht

Caption: The decision to create a European Monetary Union within which all members would use a single currency was made in Maastricht, in the Netherlands, in 1992.
Box 3: Map of Europe
http://news.bbc.co.uk/hi/english/static/events/the_launch_of_emu_euro_facts/map/default.htm

Caption: Fifteen countries were part of the original European Union, but only 12 countries adopted the euro as the monetary unit for exchange. The 12 countries using the euro included Austria, Belgium, Finland, Greece, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain.

Box 4: Time line
http://news.bbc.co.uk/2/hi/europe/3583801.stm

December 1992: The Treaty of Maastricht paved the way for monetary union among European countries.
1995: Austria, United Kingdom, and Sweden joined the European Union (EU), raising the member states to 15.
January 1, 1999: The euro became the official unit of exchange for 11 EU countries.
January 2002: Euro coins and bank notes were introduced for public use in the now 12 participating states.
July 1, 2002: National coins and bank notes were withdrawn and only euros were accepted as currency.
May 1, 2004: Ten new countries joined the European Union.

Caption: By 2004, there were 25 countries that were members of the European Union.

Box 5: Chart: Key Facts about Euroland
http://www.cia.gov/cia/publications/factbook/geos/ee.html#Econ

Population: 457 million
GDP: $12.18 trillion
Exports: $1.318 trillion

Caption: Euroland, or the parts of Europe covered by the new currency, is vast.

Box 6: Photo: Travelers exchanging currencies at money exchange

Caption: One of the benefits of the euro is that travelers no longer need to exchange currency every time they cross a national border.

Box 7: European Union flag and U.S. flag
Caption: Creation of the European Monetary Union will help Europe compete against other countries economically, particularly the United States.

Box 8: Map: Current Status of Member Countries
http://www.ezilon.com/european_maps.htm

Caption: While 25 countries are currently members of the European Union, there are several more that are candidates for membership in the years to come.

Box 9: Photo: People protesting the EU Constitution
http://news.bbc.co.uk/2/hi/europe/4600099.stm

Caption: A European constitution is created but fails to be ratified when voters in France and the Netherlands reject their governments’ plans to ratify the constitution.

Activity 26: Taking Notes

U.S. Trade in IT Goods & Services
- IT industries accounted for an increasing share of U.S. foreign trade between 1993–98.
- Exports and imports of IT goods up 11.9 percent a year over that period.
- Exports of services by IT companies up 17.2 percent a year from 1993–97. Exports of computer-related services grew faster at 25 percent per year.
- Trade in telecommunications services (another IT service) expanded less rapidly.

Activity 27: Using Library Resources

1. Statistical Abstract of the United States or other almanacs that provide trade statistics
2. World Development Report
3. Business magazines, such as Fortune, Forbes, and Business Week
4. The World Wide Web

Activity 28: Outlining

Outlines will vary, but should demonstrate an understanding of the outline format. Sample response:

Title: The Life of Milton Friedman, Economist
I. Early Life
   A. Born in 1912 in New York City
   B. Son of poor immigrant dry-goods merchant
   C. Education
II. Professional Experience
   A. Academic Positions
   B. Nonacademic Positions
III. Contributions to Economics Profession
   A. Analysis of income and expenditure
   B. Theory of the consumption function
   C. Monetary economics

**Activity 29: Applying the Writing Process**

Answers will vary, but essays should demonstrate an understanding of all steps in the writing process:

1. Thesis statement should be sufficiently narrow so that the topic can be substantiated in a two-page essay.
2. Outline should demonstrate clear understanding of the outlining process as discussed in Activity 28.
3. Rough draft should follow the outline submitted.
4. Final draft should show corrections in spelling, grammar, and writing errors that appear in the rough draft.

**Activity 30: Taking a Test**

Sample questions:

1. True or False: A usury law is a law that prevents lenders from charging service charges.
2. The maximum interest rate that credit card issuers are typically allowed to charge is:
   - A. 1 percent
   - B. 6–10 percent
   - C. 18 percent
   - D. Credit card companies can charge any rate of interest.
3. Which consumers found it hard to obtain credit when interest rates exceeded state credit ceilings? Explain why it was hard for them to borrow.