

Economics 104

American Free Enterprise and the Role of Government

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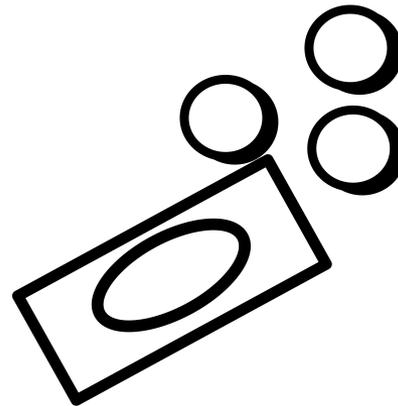
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Objectives

- Engaging and useable Unit, Lessons, & Activities on the topic of American Free Enterprise and the Role of Government



Agenda

- Walkthrough of five lessons/activities
 - Positives of Free Markets
 - Negatives of Free Markets
 - Positives of Fixed Markets
 - Negatives of Fixed Markets
 - Ideal Market



National Standards

- STANDARD 16: ROLE OF GOVERNMENT AND MARKET FAILURE
- STANDARD 20: FISCAL AND MONETARY POLICY

State Standards

- New York:

- [12.E4 THE TOOLS OF ECONOMIC POLICY IN A GLOBAL ECONOMY](#)

Lesson #1: Positives of Free Markets

How are Free Markets Positive?

You are dictator of a small poor island nation with:

- 5 million people
- Less than 150 square miles of farmland
- A small port with some trade from other nations
- 50 square miles of rainforest
- Almost no natural minerals (No oil, gas, iron, or gold)



You want to make the people and the country less poor.
You have absolute power to do anything. What do you do?

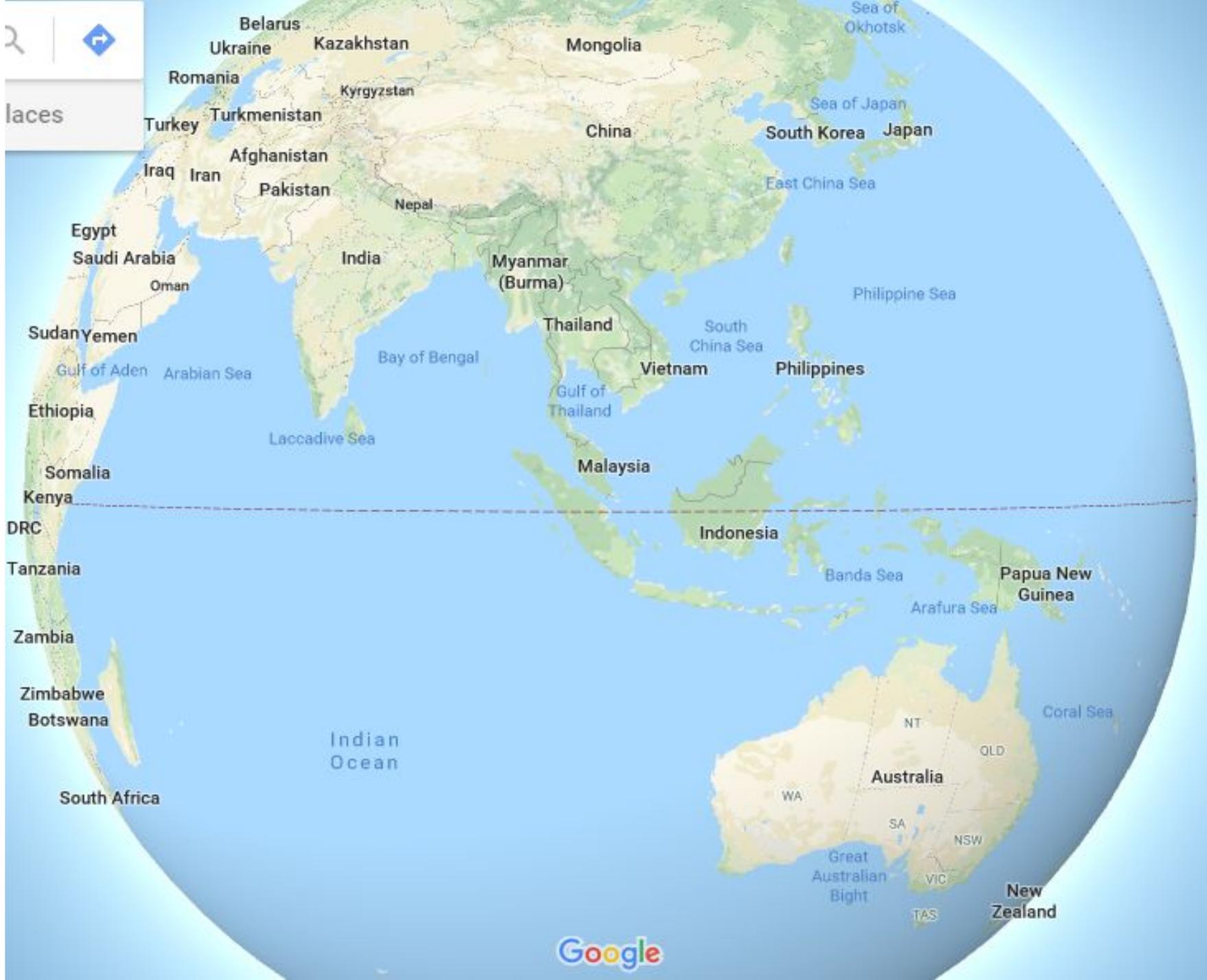
Announcements:



Lee Kuan
Yew



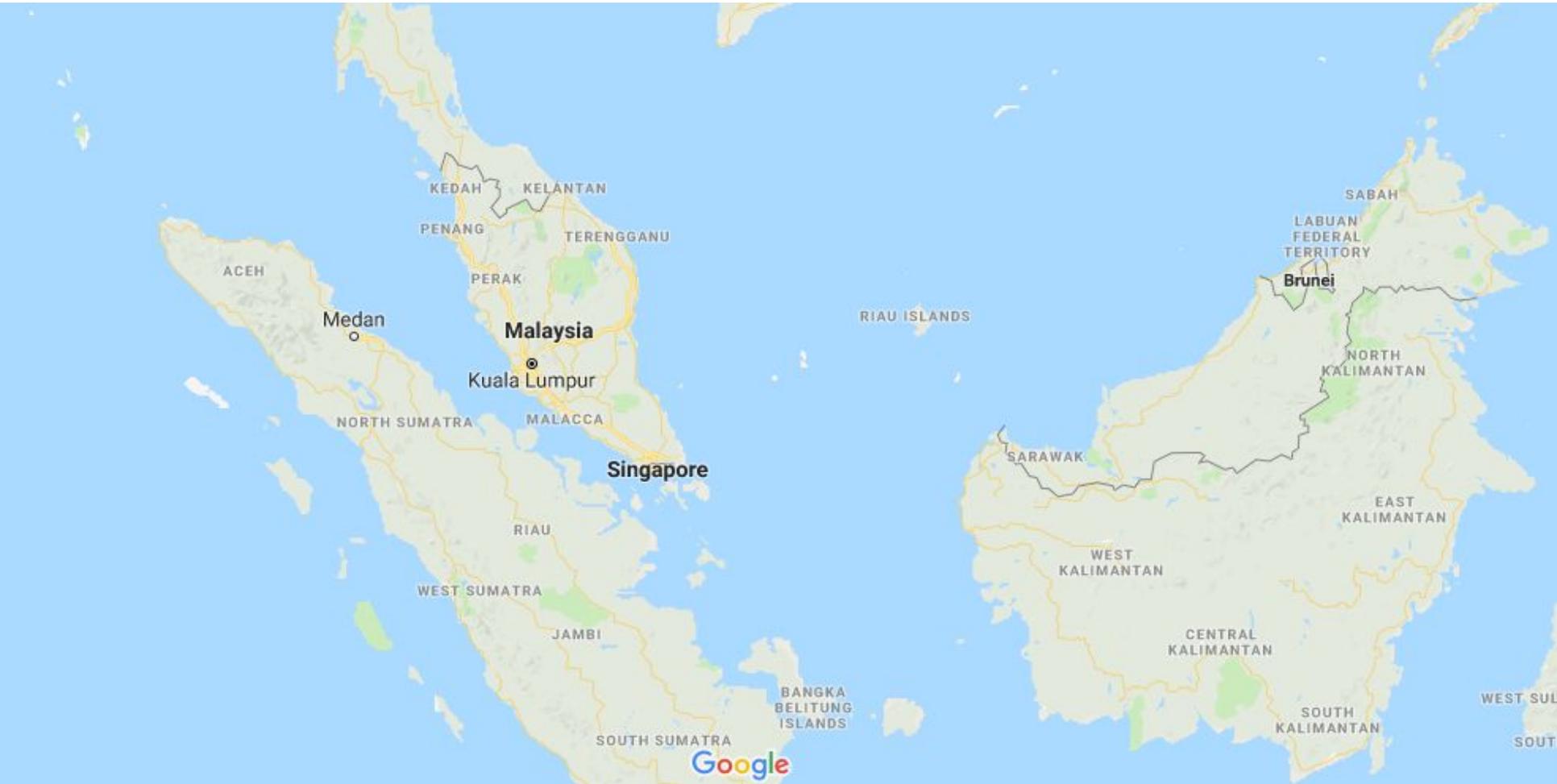
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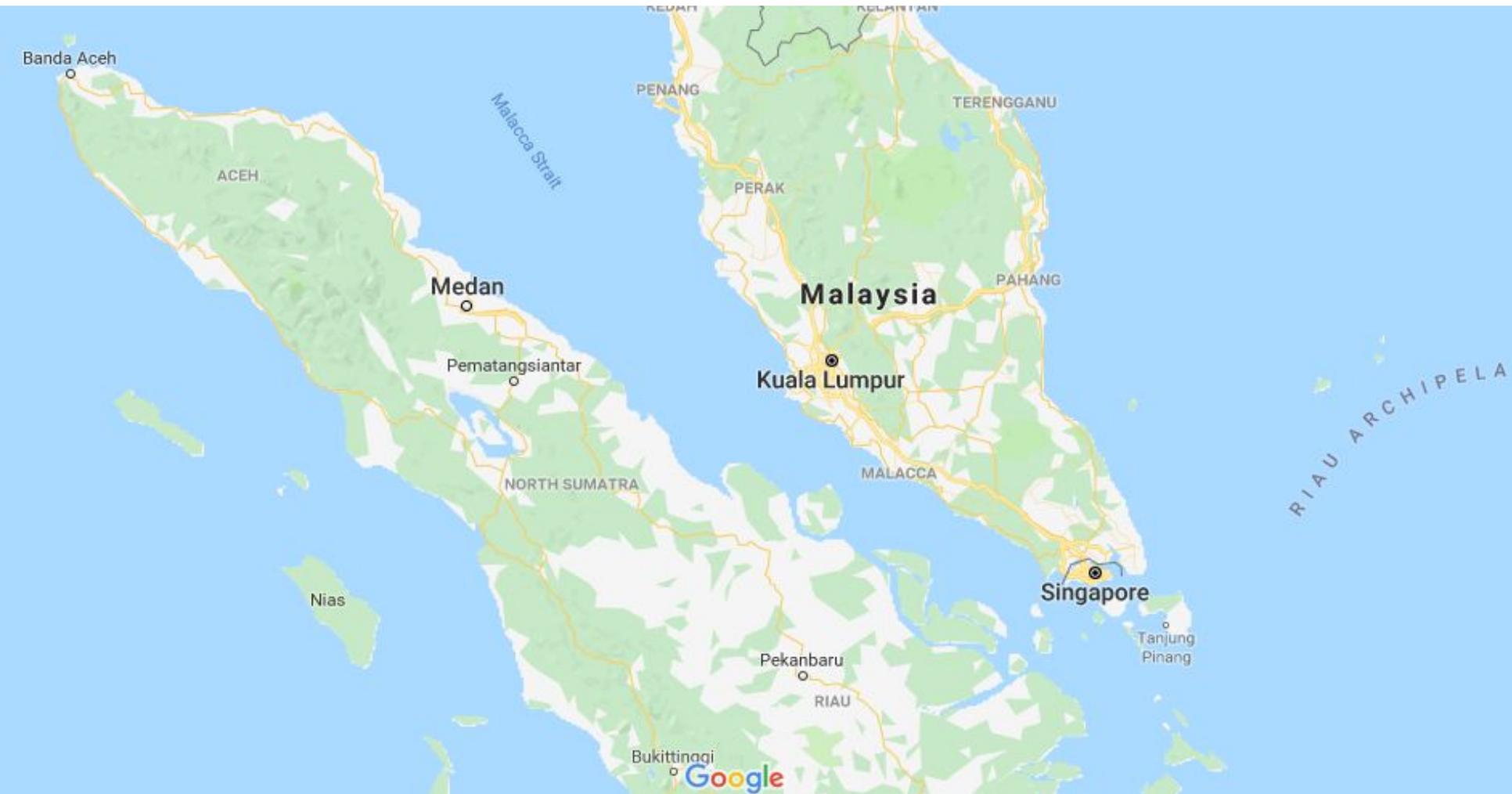


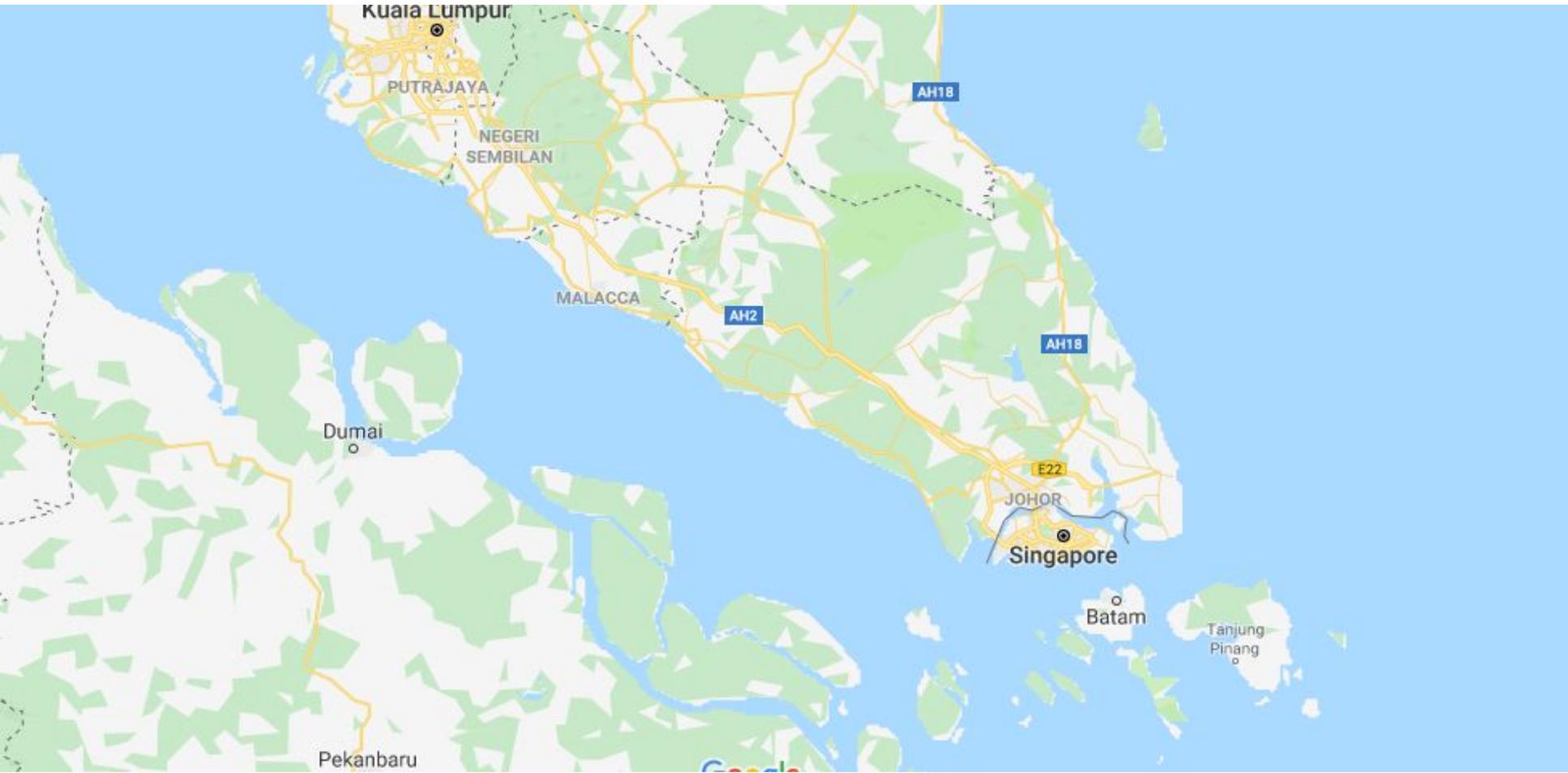




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-British Colony [Independence 1965]



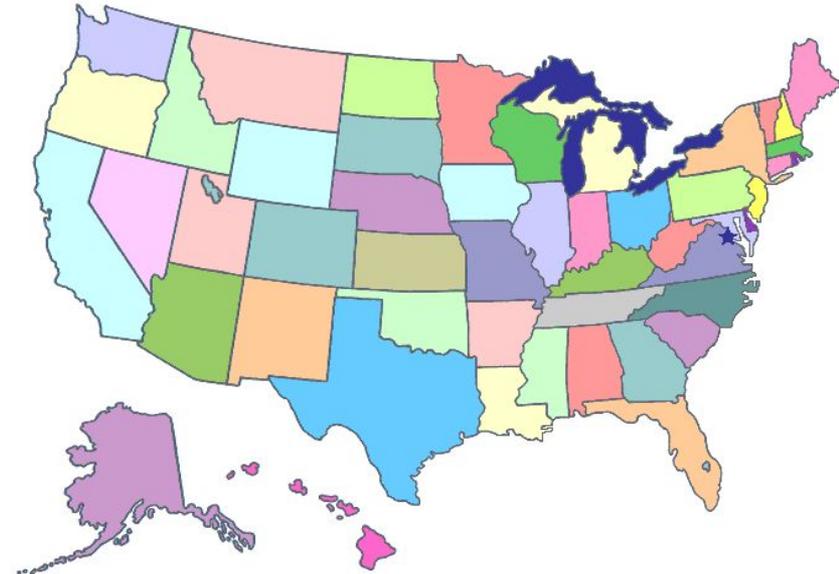
Singapore Stats:

- Area: 275 Square Miles
- Population: 5 million people
- few natural resources
- little farmland



America Stats:

- Area: 3,800,000 Square Miles
 - NYC: 305 Square Miles
- Population: 310 million people
- vast natural resources
- vast farmland









*



How Did It Succeed?



What did Lee
Kuan Yew Have
The Gov't do?



nothing
nothing
+ nothing

NOTHING

A WHOLE LOTTA
NOTHING



Activity I:

Goal: To determine how free market economics can help the economy.

Task: **(Individually)**

1. Read the documents to determine what free market policies Singapore uses and how they help the economy.

Time: [20 minutes]



Free market policies in Singapore [Don't Copy The Title! Your Words!]	How is this policy helping the economy?

Document 1: Personal Income Taxes

Singapore has some of the lowest income taxes in the world. While the average American gives up over 33% of their salary to taxes, the average Singaporean citizen gives up less than 15%.

While this is great for individuals, this is also beneficial for the economy as a whole. With more money in their pockets, people in Singapore are more likely to spend money. That money goes to businesses, which are now making more profits. When businesses make more profits, they grow and hire more workers/ increase the wages of their workers. Those workers now are making more money, and the cycle continues.



Document 3: Business Permits

Every business requires permits from the government to open. Most of these permits are to promote safety standards such as fire prevention, or pollution reduction. While the intentions are noble often these permits cost valuable time, money and resources to acquire which starting businessmen often do not have.

Singapore has some of the most relaxed permit requirements in the world. It takes less than three days on average to acquire business permits in Singapore, while in some countries it takes over 200. Because of this, more businesses can open and more people can be employed in well paying jobs, improving the economy.



Closing Questions:

1. What is the difference between fixed and free markets?
2. What do you think could be problematic with free market economies?





Photo: PDVANN

Lesson #2: Negatives of Free Markets

How are free markets negative?

What is the worst/ most evil company or business you can think of? Why?



Announcements:







What did
Chiquita
Do?





What did the American government do to Chiquita? Why?



Activity I:

Goal: To determine how free market economics can harm people.

Task: **(Individually)**

1. Read the various actions made by companies due to free market economics. Write down the name of the company and what they did.
2. When you finish, ranks the actions from most evil to least evil [1 being the most evil]
3. After, use computers to find your own examples of evil actions by companies

Time: [40 minutes]



Company	What Did They Do?	Rank

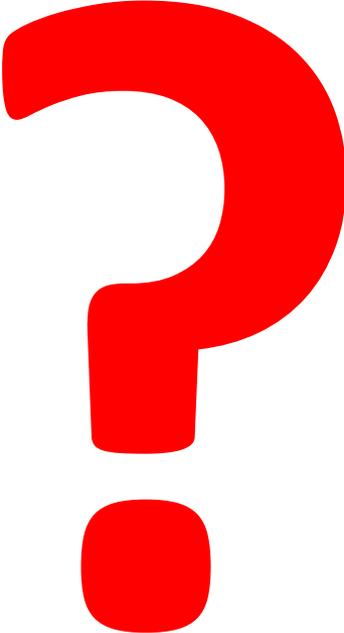
Nestle is one of the world's biggest producers of chocolate, they make hundreds of chocolate products including Nesquik and Butterfinger chocolate bars. In order to make chocolate, Nestle needs cocoa beans. 70% of the chocolate they produce comes from cocoa beans harvested in West Africa. International inspectors have discovered that 1.8 million children under the age of 16 are used as labor for chocolate manufacturing in West African countries. To add to this, a sizable portion of these child workers are found to be kidnapping victims, used as a form of slave labor. Nestle continues to purchase child and slave labor produced cocoa beans because of their low cost.



In 1984, they discovered that one of the products they were selling, a medicine to induce blood clotting, was infecting people with HIV. So like any decent company, they stopped marketing it and developed a safer medicine, right before exporting all of the contaminated products to Asia and Latin America, where it continued to be sold.

To make matters worse, they continued to make the HIV. infected medicine for developing countries months after because it was **CHEAPER** than the new version.





Lesson #3:

Positives of Fixed Markets

How are fixed markets positive?

Do Now:

1. Guess how much lives each law saved.
 - a) Motorcycle Helmets [Must wear one]
 - b) Car Seatbelts [Every car must have one]
 - c) Clean Air Act [Reduces air pollution]
 - d) Cigarette Warning Label
 - e) Radar Testing [Yearly tests for radar equipment]
3. What is a law that if passed would save many lives?



Announcements:

Motorcycle Helmets



**Over
100,000**

Car Seatbelts



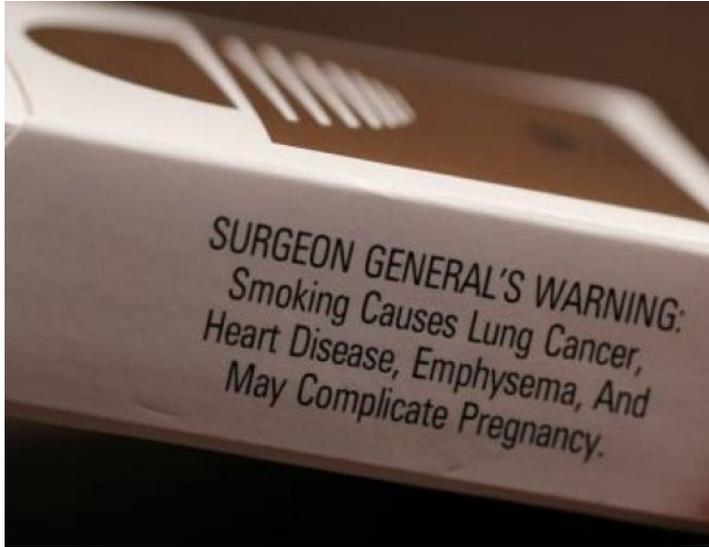
**Over
1 Million**

Clean Air Act



**Over
4 Million**

Cigarette Warning



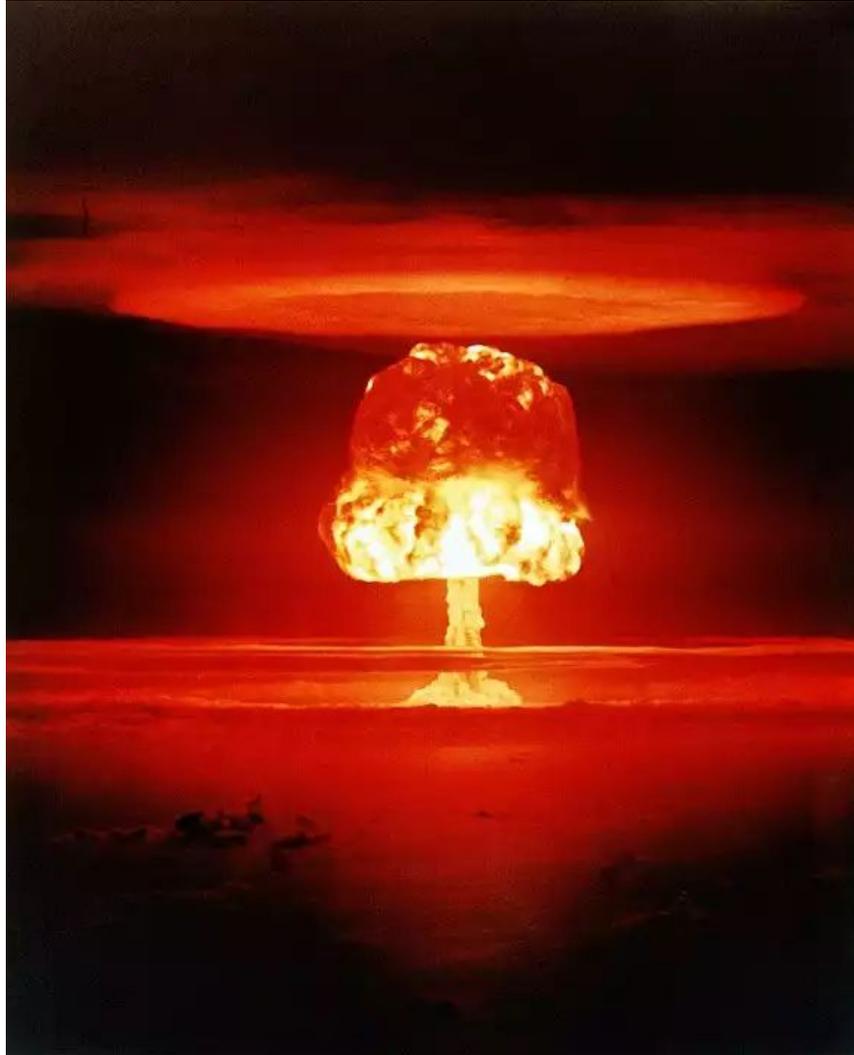
**Over
8 Million**

Radar Testing



**Over
7 Billion**

Radar Testing



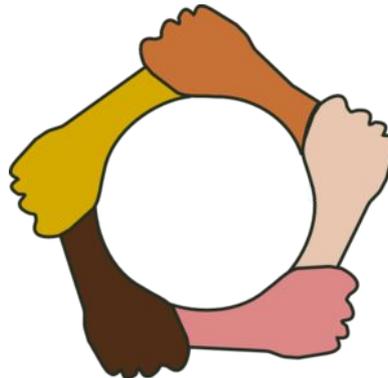
**Over
7 Billion**

Activity I:

Goal: To determine how fixed market economics can help people.

Task: **(In Groups of 3-4)**

1. We will project free market problems on the board
2. In groups you will try to match one of your solutions with the problem then record the number on your worksheet. [some will not be used]



Time: [45 minutes]

Group Member Names: _____

Free Market Problem	Fixed Market Solution
A	
B	
C	
D	
E	
F	
G	

- 1) All children's toys must be painted with non-toxic paint
- 2) People must take rigorous background checks/training in order to purchase dangerous items
- 3) All products that may cause an allergic reaction must have warning labels on them
- 4) Businesses must pay workers a minimum wage of \$10 an hour

A. Gas and electrical fires in retail stores are causing millions of dollars in damages



B. Almond farmers are causing massive droughts in Southern California



Closing Questions:

1. What is the purpose of fixed markets?
2. How can fixed markets be problematic?



Lesson #4:

Negatives of Fixed Markets

How are fixed markets negative?

You are opening a business. A teen club for kids your age to come and hang out. What are eight things [legal for people under 18] you want to put in the club to make it fun.



Announcements:

Activity I:

Goal: To make the best club ever.

Task: (In Groups)

1. You have a \$4,000 budget. DO NOT GO OVER BUDGET
2. Using Amazon.com find and record items to put in your club. Make the best club ever.

Time: [45 minutes]



Name of Business: _____

Item/ Object Purchased	Amount	Total Price

Activity I:



Business Codes

In accordance with the State of New York, the owners of any "teen club" establishment must adhere to the following state and federal guidelines or risk closure for failure to comply with mandatory regulations:

I. Fire Safety Codes

- A. The establishment must contain 2 regulation fire extinguishers
- B. The establishment must contain 2 regulation smoke detectors
- C. The establishment must contain 2 regulation emergency exit signs

II. Health & Safety Codes

- A. The establishment must contain 2 first aid kits
- B. The establishment must contain 2 regulation carbon monoxide detectors
- C. The establishment must contain 1 "Automated External Defibrillator or "AED" in case of heart failure

Activity I:

Goal: To make the best club ever.

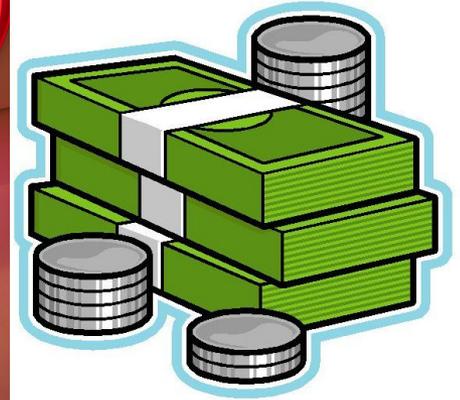
Task: **(In Groups)**

1. You have a \$4,000 budget. DO NOT GO OVER BUDGET
2. Using Amazon.com find and record items to put in your club. Make the best club ever.
3. You will be given a list of fixed market regulations. Follow them or your business will close.
4. You may need to cross out/add some purchases

Time: [45 minutes]

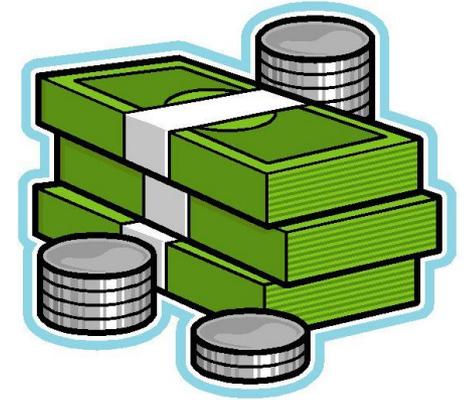


Fixed Markets

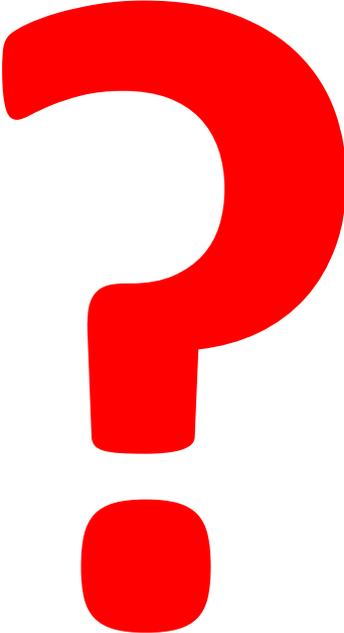


What was the effects of the fixed market regulations on your business?

Fixed Markets



How Many Regulations Are There Really?



Lesson #5: Ideal Market

What is the ideal market?

Do Now: Who do you trust less?

The Government or Large Corporations? Why?



VS



Announcements:

Fixed vs Free



**Should the government
make the plant reduce
its burning of coal?**



Activity I:

Goal: To understand the difficulty deciding between fixed and free markets

Task: **(As a Class)**

1. As uninformed citizens read some news clips/ headlines and take a stance on the Ridgeway Coal Plant

Time: [15 minutes]



Activity I: Collect one piece of evidence from each news source.

After Activity I: Should the government make the plant reduce its burning of coal? Why/ why not? [Circle]

YES

NO

Activity II & Activity III:

Goal: To understand the difficulty deciding between fixed and free markets

Task: **(As a Class)**

1. As uninformed citizens look at the evidence in more depth by hearing arguments from one of four major stakeholders in the town.
2. After this, find three people in the room to summarize some of the evidence from the other three stakeholders
3. After this, take a stance on the Ridgeway Coal Plant

Time: [20 minutes]



Group: Parents for Children's Welfare

Description: A local nonprofit organization of parents whose only started goal is to promote the welfare of the community's children.

Documents/Evidence:

Doc #1: The Story of Gloria

Gloria is a ten year old girl diagnosed with Asthma who lives less than 2 miles away from the Ridgeway Coal Plant. Because of her illness, Gloria has inflamed lungs and often has difficulty breathing. Two months ago, Gloria was playing outside her home when she had an asthma attack. Unfortunately,



she did not have her inhaler [which would have stopped the attack] and no adults were immediately present. It took an extended length of time before one of Gloria's friends found Gloria's mother to inform her of the emergency. When her mother found her the attack had gone from bad to critical.

Gloria was immediately rushed to the hospital. Gloria had severe lung damage from the attack and had to spend a month in the hospital recovering. Gloria almost died from the attack. Coal plants are often linked to causing and worsening asthma and asthma related attacks.



Doc #2: Ridgeway Hospital Admittance Data

Year	Bronchitis Cases [Lung Inflammation]	Aggravated Asthma Attacks
2018	87	52
2019	89	60
2020	107	88



Group: Ridgeway Coal Plant

Description: Members of the board of directors of the Ridgeway Coal Plant. Their goal is the continued success and economic profitability of the coal plant

Documents/Evidence:

Doc #1: Energy Production Needs Report

Ridgeway Coal Plant Energy Production:

At current capacity: 1400 megawatts per hour

If the regulation is passed: 1100 megawatts per hour

If the regulation is passed reduction the production at Ridgeway Coal Plant, the following will lose power and will have to purchase electricity from other more expensive sources:

2200 Residential Homes
45 Large Apartment Buildings
345 Small business
35 Large Businesses
40 Government Buildings



Doc #2: Potential Cutbacks

If the regulation is passed, the following is all potential cutbacks that will need to be made to maintain the plant.



1. Let go at least 300 employees from the staff
2. Reduce the hours of at least 500 other employees
3. Reduce the pay of all employees by a range of 2%-8%
4. Reduce employee benefits packages including less vacation days and medical benefits
5. Stop production of a new coal-fire furnace that would have expanded the plant
6. Stop purchase of new equipment that would have increased safety and reduced work time

Activity II:

Your Group: _____

Evidence: [Find 2-3 pieces of evidence per document]

Doc #1	
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Activity III: Summarize Major Points from other groups

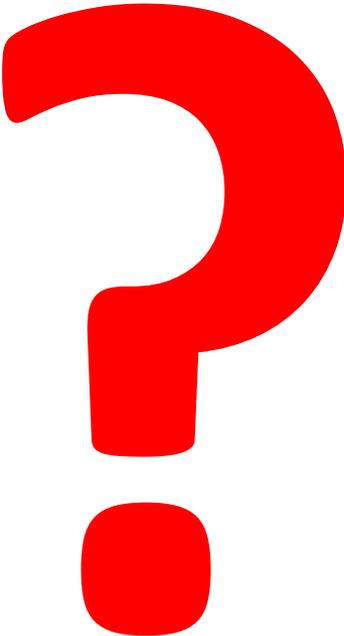
Group	Evidence

Take A Vote



**Should the government
make the plant reduce
its burning of coal?**





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