



FLORIDA...

The Story Continues

CHAPTER 18, Goods and Services

PLACES

2010: Florida's economy depends on tourism.

Tourism is Florida's biggest industry. In 2010, 80 million people visited Florida. They spent more than 60 billion dollars, and they generated 22 percent of the state's sales tax revenue. The tourism industry employed nearly 1 million Floridians. That is why the state spends money on tourism marketing to attract potential visitors from around the world.

EVENTS

1973: Florida's State Legislature passes laws to protect consumers.

The Deceptive and Unfair Trade Practices Act had three goals. First, it modernized Florida's consumer laws. Second, it said that people have to tell the truth about things that they are selling. Third, it made Florida's consumer laws like those in the other states.

PLACES

The Overseas Highway is 127.5 miles long.

It runs over the old Over-Sea Railroad path to Key West. The railroad was destroyed by a hurricane in 1935. Because of the Great Depression, the railroad company did not have the money to fix the bridges and track. However, people still needed a way to get goods from the port at Key West. The federal government supplied funding to help build the road and bridges. The resulting Overseas Highway opened in 1938.

PEOPLE**1883: Henry Morrison Flagler visits St. Augustine.**

Flagler saw that the city could become a tourist spot, but there were no good hotels. As co-owner of the Standard Oil Company, Flagler used some of his oil money to build a hotel. Because he realized that northerners would need an easy way to get to his hotel, he bought the St. Augustine & Halifax Railroad. This was the beginning of the Florida East Coast Railway. Flagler kept building hotels and railways across Florida. In 1905, the United States was going to build the Panama Canal. Key West was the closest deep-water port to the Canal. A railroad would be very profitable if it was near that port, so Flagler decided to run his railway to Key West. The Florida Over-Sea Railroad reached Key West in 1912.

PLACES**Railroads fight against the Gulf Intracoastal Waterway (GIWW).**

The GIWW is very important to Florida's economy. Farmers and other businesses

use it to ship their goods to ports across the world. However, it took many years to get it built. The railroads knew that it would take some of their business, so they used all of their political power to fight it. They also told farmers that the GIWW would take water away from their farms. However, people saw how useful the GIWW was during World War II. German submarines sank some ships in the Gulf, so ships started using the GIWW section from the Mississippi River to Carrabelle, Florida. This let people ship oil, produce, and military supplies safely to the Atlantic Ocean.

PEOPLE**Henry Plant buys cheap railroads after the Civil War.**

Plant thought that the Florida economy would recover after the Civil War. So he bought railroads. However, the tracks were different sizes. Plant had all the tracks made the same size; this made his trains faster than other trains. As a result, farmers could get their produce to market sooner, avoiding spoilage.

Unpacking the Florida Standards <...

Read the following to learn what this standard says and what it means. See FL8-FL20 to unpack all the other standards related to this chapter.

Benchmark SS.7.E.1.2 Discuss the importance of borrowing and lending in the United States, the government's role in controlling financial institutions, and list the advantages and disadvantages of using credit.

What does it mean?

Show an understanding of how borrowing and lending money affects the economy, as well as how and why the government regulates financial institutions. Discuss the advantages and disadvantages of using credit to pay for goods and services. Go to Chapter 18, Goods and Services, Chapter 19, Personal Finances, Chapter 20, Economic Challenges, and the Personal Finance Handbook for help.



CHAPTER 18

GOODS AND SERVICES

Essential Question What role do goods and services play in our economic system?



Florida Next Generation Sunshine State Standards

SS.7.C.2.12 Develop a plan to resolve a state or local problem by researching public policy alternatives, identifying appropriate government agencies to address the issue, and determining a course of action. **SS.7.C.2.14** Conduct a service project to further the public good. **SS.7.E.1.2** Discuss the importance of borrowing and lending in the United States, the government's role in controlling financial institutions, and list the advantages and disadvantages of using credit. **SS.7.E.1.5** Assess how profits, incentives, and competition motivate individuals, households, and businesses in a free market economy. **LA.7.1.6.1** The student will use new vocabulary that is introduced and taught directly. **LA.7.1.7.1** The student will use background knowledge of subject and related content areas, prereading strategies, graphic representations, and knowledge of text structure to make and confirm complex predictions of content, purpose, and organization of a reading selection.



Henry Ford: Taking the Low Road

hmhsocialstudies.com VIDEO

WHY CIVICS Matters

Many of the things that you buy, from cereal to compact discs, are made in the United States. How the United States makes and distributes goods and services has contributed to the country's economic success.

PROJECT **Citizen**



FLORIDA

STUDENTS TAKE ACTION

BATTLING PLASTIC BAGS What goods and services are common in your community? How do they affect the environment? In Pasco County, Florida, students grew concerned about the use of plastic bags in their community. They decided to do something about it.

FOCUS ON WRITING

AN INFOMERCIAL Each year, the United States produces more than \$6 trillion worth of goods and services. As you read this chapter, take notes on how the United States makes and distributes its products throughout the world. Then write an infomercial to teach citizens about America's free-enterprise economy.

Reading Skills

In this chapter you will read about the goods and services that the United States produces annually. You will learn what mass production is and how it allows the United States to produce more goods than any other country.

You will also read about how American goods are shipped to consumers around the world and how marketing helps to sell these products. Finally, you will learn how to be a wise consumer and find out about the resources available to help you make smart purchases.

Interpreting a Table

FOCUS ON READING

A table condenses data into a format that is easy to read and understand. However, tables show information without analysis or interpretation. It is up to readers to interpret the table and draw their own conclusions.

Reading Tables To read a table, first look at the title to understand the table's subject and purpose. Then study the headings for each vertical column or horizontal row. Analyze the information to draw conclusions about the data. Look for trends by looking down each column and along each row.

Title This table is about how people traveled between cities.

Mode of Transportation of People Traveling between Cities

Year	By Railroad	By Airline
1950	6%	2%
2000	1%	19%

Headings These headings tell you that the data will show the year and kind of transportation used.

Conclusions By studying the information, you can see that there was a big jump in the use of airlines and a drop in the railroads. You would conclude that airlines have become more widely used than railroads for passenger travel.

Helpful Hints for Interpreting Tables

1. To locate specific facts on a table, look down a column and across a row.
2. Where the column and row intersect, or meet, is where you will find the data you need.
3. Analyze the information by looking for how the numbers change. Is there a pattern that suggests a trend?

You Try It!

Study the table below. Then answer the questions that follow.

U.S. Balance of Trade, 2005–2010 (in billions of dollars)			
YEAR	EXPORTS	IMPORTS	BALANCE
2010	1838	2338	-500
2009	1575	1956	-381
2008	1843	2541	-698
2007	1655	2351	-697
2006	1460	2213	-753
2005	1287	1996	-709

* Minus sign (–) indicates negative balance, or deficit.

After you have studied the table, answer the following questions.

1. What years are included in the table?
2. What is the meaning of the minus signs (–) in the “Balance” column?
3. What was the U.S. balance of trade in 2005? In 2010?
4. Do you see a trend in the value of U.S. exports included in the table? Do you see a trend in the value of goods the United States imports? Describe both trends.
5. How did the U.S. balance of trade change during the years included in the table?

As you read Chapter 18, think about what facts and figures might be put into a table format.

KEY TERMS

Chapter 18

Section 1

goods (p. 476)
services (p. 476)
gross domestic product (GDP) (p. 477)
mass production (p. 477)
profit (p. 480)

Section 2

marketing (p. 486)
mass marketing (p. 486)

Section 3

consumer (p. 492)
brand (p. 492)
generic product (p. 492)
debit card (p. 494)
charge account (p. 495)
credit cards (p. 495)

Academic Vocabulary

Success in school is related to knowing academic vocabulary—the words that are frequently used in school assignments and discussions. In this chapter, you will learn the following academic word:
features (p. 487)

SECTION 1



SS.7.E.1.5; LA.7.1.6.1; LA.7.1.7.1

American Production

BEFORE YOU READ

The Main Idea

American systems of mass production have made it possible to produce goods more efficiently, which raises the U.S. standard of living. The American economic system has made our economy one of the most successful in the world.

Reading Focus

1. What are goods and services, and why are they important in the economy?
2. What are the main features of modern mass production?
3. What is the service sector of the economy?
4. How are profit, risk, and innovation related?

Key Terms

goods, p. 476
services, p. 476
gross domestic product (GDP), p. 477
mass production, p. 477
profit, p. 480



hmhsocialstudies.com

TAKING NOTES

Use the graphic organizer online to take notes about American production.



Mass production assembly lines, such as the one shown here, make goods more affordable.

These workers are responsible for just a few parts instead of having to build the entire vehicle.



Did you ever make a model car or sew a dress from a pattern? What if you had to make hundreds or thousands of them to sell? What would you need to charge for each item to make a living? How much would the public be willing to pay for your products? Mass production is the key to producing affordable goods for millions of Americans and people all over the world.

What Are Goods and Services?

Goods and services are all the things that are produced by a country's economy. Physical products that you can see or touch are called goods. **Goods** are things that are manufactured, or made, and that consumers can buy and own. Examples of goods include food, cars, CD players, buildings, and airplanes. Products that are not physical objects are called **services**. Services are things that people do. Consumers get the benefit of the services but do not own anything as a result. Examples of people who provide services include doctors, tax return preparers, translators, painters, and auto mechanics.

Modern Mass Production

In 1913, inspired by the conveyor belts in grain mills, Henry Ford sped up the 12-year-old assembly line process. He paired humans with machines to divide the assembly of his Model T cars into 84 quick steps. Suddenly, it was possible to produce more automobiles at a much lower cost.

In 1961 a robot named *Unimate* was put to work on a General Motors assembly line as a welder. Since then, industrial robots have become important players in mass production, often performing tasks in conditions too dangerous for humans.



ANALYSIS SKILL

ANALYZING VISUALS

How did the capability to produce more goods in less time help lower costs?

Some products are a combination of goods and services. For example, a house painter delivers a service—the painting—but also provides a good—the paint itself. A restaurant provides food preparation, ambiance, and cleaning up, but it also provides the food.

The market value of all goods and services produced annually in the United States is called the **gross domestic product (GDP)**. Economists use the GDP as one measure of how well the U.S. economy is performing. Other measures of economic well-being include the unemployment rate, the business failure rate, and the amount of tax revenue that American businesses and citizens produce.

READING CHECK

Finding the Main Idea How is the GDP related to goods and services?

Mass Production of Goods

Americans' production of goods depends heavily on the process of **mass production**, or the rapid production by machine of large numbers of identical objects. The key to mass production is to develop machine tools that produce exactly identical parts. Each worker can then be responsible for

monitoring only one machine instead of having to make the whole product. Specialized workers can work faster and more efficiently. Because all the parts are interchangeable, a single worker can do the final assembly of the finished product. Later, if a part wears out, it can easily be replaced by a new identical part.

Power for Mass Production

In the early 1800s, manufacturers learned to move beyond the force of falling water, or water power, as the main source of power to operate their machines. Once Scottish engineer James Watt invented an efficient steam engine, steam power became the leading source of industrial power.

In the late 1800s, the internal combustion engine was developed. This engine used the power released by exploding gasoline. It was often used to run small machines and, later, automobiles as well.

The source of power that contributed most to modern mass production, however, was electricity. In the late 1800s, Thomas Edison made the widespread use of electricity practical and affordable.

FOCUS ON

Tourism is Florida's largest industry, and it accounts for a major part of the state's economy. More than one million Floridians work in the tourism industry, which includes businesses such as theme parks and attractions, hotels, restaurants, travel agents, and cruise lines. In 2008, Florida's 84.2 million visitors spent more than \$65 billion, which generated \$3.9 billion in sales tax revenue.

Teens and Labor Laws

Suppose you are 14 years old and your parents have given you permission to get your first job. You might ask yourself, "What kind of job would I like?" The first questions you should ask, however, are: "What kinds of jobs am I legally allowed to have?" "How many hours am I allowed to work?"

Why it Matters

For many years in this country, children as young as 5 or 6 sometimes worked to help support their families. Children as young as 8 could work in coal mines and factories. Many people believed that working long and difficult hours was not a healthy way to spend a childhood. For this reason, Congress outlawed child labor in 1938.

Today the federal government limits the hours that children can work and the types of jobs they can hold. The laws vary, depending on how old you are. For example, children 13 and younger can only work at certain jobs. These include babysitting, delivering newspapers, or acting in theatrical, motion picture, and broadcast productions. If you are 14 or 15, you can work only three hours on a school day and not more than 18 hours during a school week. You can, however, work full time during the summer. Teens aged 16 or 17 can work more hours during the school year. Yet, there are certain jobs that are off limits for anyone under 18. These prohibited jobs involve dangerous work, such as mining and operating heavy equipment.

During the early 1900s, young children often worked long hours in dangerous factory jobs.



ANALYSIS SKILL

EVALUATING THE LAW

1. Why do you think the government limits the hours and types of jobs that teens can have?
2. Do you think the laws affecting teen labor are fair? Explain.

 hmhsocialstudies.com **ACTIVITY**

Modern Mass Production

Today, mass production is an essential part of all large-scale production. Whether you visit an automobile manufacturing plant or a large bakery, you will see some of the same production processes in operation. Each worker is highly skilled at a specialized job. Instead of having the workers move around, a moving track called an assembly line moves the product through stages of production until it is completed. Workers are positioned along the line and add parts or make adjustments as the product moves past them.

Mass Production Worldwide

Mass production was first developed in the United States but has since spread around the world. Some countries can produce goods as rapidly and efficiently as the United States. Other countries have had less success.

Cuba, for example, uses mass production methods but has not achieved the same level of productivity. One reason is that in Cuba the government controls the economy. Property is not privately owned, and private enterprise is allowed only on a limited basis.

The government generally decides what prices to charge and the amount of goods and services to produce. As a result, most goods like cooking oil and other foods, and even shirts and shoes, can be difficult to buy. Many Cubans buy these goods on the black market—an illegal market that the Cuban government does not regulate.

A command economy like Cuba's does not have the same incentives, or motives, as a free economy. The lack of a profit motive in particular discourages people from increasing productivity. In turn, lower productivity means that there is less money available for modernizing factories and paying workers.

READING CHECK

Identifying Points of View

Why is mass production less effective in some foreign countries than in other countries?

The Service Sector

Our economy is sometimes called a service economy. In earlier times, most of the country's economic effort went into producing goods. As the economy has matured, however, fewer and fewer workers are involved in the manufacture of products. At the same time, people have developed a need for many types of services. Today, a significant portion of the U.S. workforce is dedicated to the production and delivery of these services.

Personal Services

One type of service, called personal service, is performed directly on consumers. You are already familiar with many of these service. Personal services include medical care or haircutting and makeup services. Physical training services such as personal fitness, yoga, and golf lessons are also examples.

Repair Services

Another type of service is performed on goods that you own. This service is made to repair, maintain, or improve them. Heater and air conditioner maintenance and auto repair are among these services.

ECON 101

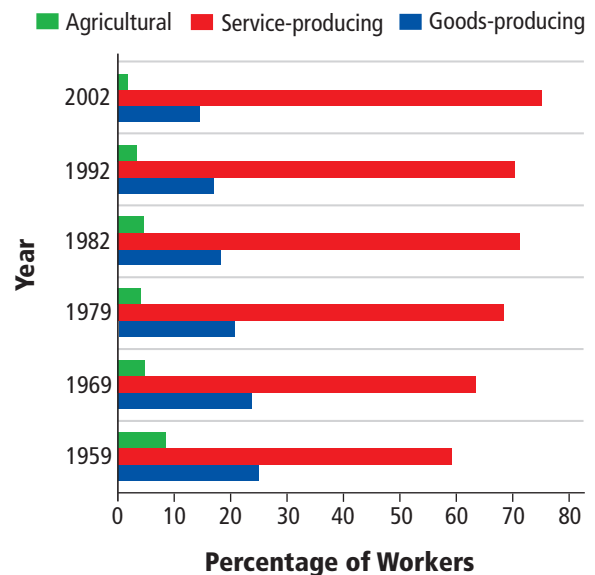
Growth of the Service Sector

The U.S. Bureau of Labor Statistics predicts that in the 10 years leading up to 2018, 15.3 million new jobs will be created. Of those, approximately 14.5 million will be in the service sector. More than one quarter of the new jobs are projected to be in health care or related industries.

Advances in technology and an increasing number of service jobs mean that education is more important than ever for U.S. workers. Many of today's high-paying jobs require an undergraduate degree or higher.

The Department of Labor's *Occupational Outlook Handbook* can be found on the Internet. Use it to compare the skills and education needed for three different jobs. You can also use this chart to hypothesize about how the changing job market might affect agricultural imports and the cost of manufacturing goods in the United States.

Jobs by Industry, 1959–2002



ANALYSIS SKILL

ANALYZING ECONOMICS

Which industries show an increase in jobs between 1959 and 2002, and which show a decrease in the same time period?

QUICK FACTS

Predicted Fastest-Growing Jobs (2008–2018)

- 1 Biomedical engineers
- 2 Network systems and data communication analysts
- 3 Home health aides
- 4 Personal and home care aides
- 5 Financial examiners
- 6 Medical scientists
- 7 Physician assistants
- 8 Skin care specialists
- 9 Biochemists and biophysicists
- 10 Athletic trainers

Source: Bureau of Labor Statistics, *Occupational Outlook Handbook, 2010–11 Edition*

Other Services

You are already familiar with retail and entertainment services. You have been to the mall or bought something from an online seller. You have gone to the movies or have played music and videogames. Still other services include banking, financial planning, legal services, and insurance.

Some services require no special education and little training or experience. An example is lawn mowing. Others, like auto repair or

plumbing, need some study and on-the-job training. Training may entail a period of supervised training or a formal apprenticeship. Some services, such as legal or medical services, require a lot of advanced training beyond college and usually some practical supervision as well.

READING CHECK

Identifying Points of View

Why are services becoming a larger and larger part of the U.S. economy?

Profit, Risk, and Innovation

A free-market economy encourages people to take risks by offering them the possibility of a reward, such as making a profit, for taking the risk. **Profit** is the difference between the total cost of production and the total revenues received from buyers. In a market economy such as ours, profit motivates business decisions. Businesses make decisions about what and how much to produce based on how much profit they think they can make.

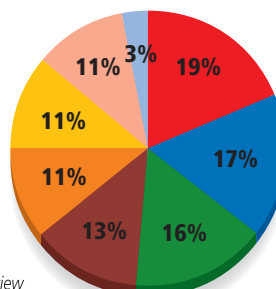
A businessperson who can earn a large profit for taking a large business risk, such as offering a new product or service, may be motivated to take that risk.

Opportunities in 2008

In the early 2000s much of the job growth in the United States took place in fields related to computers or health care. By 2008 about 11 percent of employed persons worked in executive, administrative, and managerial jobs. Forecasters expect similar trends to continue throughout the 2010s.

Job Opportunities

- Professional and technical
- Administrative support and clerical
- Services
- Operators, fabricators, and laborers
- Executive, administrative, and managerial
- Marketing and sales
- Precision production, craft and repair
- Agriculture, fishing, and forestry



Source: *Monthly Labor Review*

*Figures are rounded to the nearest percent.

ANALYSIS SKILL

ANALYZING CHARTS

What percentage of U.S. jobs involved marketing, sales, and services in 2008?

Take Michael Dell for example. When in college, Dell was bothered by the high cost of personal computers and the lack of technical support their makers offered. In 1984 Dell took a risk and launched his own computer business. He used direct advertising and, later, the Internet to sell made-to-order computers directly to customers. This lowered his costs, and Dell could offer his customers lower prices and better service. Dell Computers now does about \$50 billion of business a year.

Dell's idea was an innovation in production methods. An innovation is the development of a new product, system, or process that has wide-ranging effects on the economy. If one company uses a successful innovation, its competitors must copy the innovation to remain competitive. When Dell Computers was successful with its direct retail approach, other companies followed. They developed their own direct-to-consumers marketing.

READING CHECK

Summarizing How are profits and competition important to a market economy?

PRIMARY SOURCE

POLITICAL CARTOON

Jobs and Innovation

Innovations, such as assembly lines and direct-to-consumer marketing, can have an impact on jobs and wages.



ANALYSIS SKILL

ANALYZING POLITICAL CARTOONS

What does this cartoon imply about the results of an innovation like computers?

SECTION 1 ASSESSMENT



hmhsocialstudies.com

ONLINE QUIZ

Reviewing Ideas and Terms

- a. Define** Write a brief definition for the terms **goods**, **services**, and **gross domestic product (GDP)**.

b. Explain How can a person or a business offer both a good and a service at the same time? Give an example.
- a. Define** Write a brief definition for the term **mass production**.

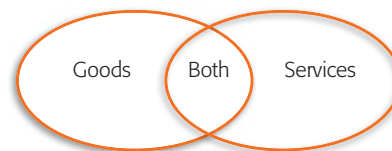
b. Identify Why did the introduction of electrical power have such an impact on the U.S. economy?
- a. Summarize** Why is the U.S. economy sometimes called a service economy?

b. Draw Conclusions Why has the U.S. economy moved away from producing goods and focused more on providing services?
- a. Define** Write a brief definition for the term **profit**.

- b. Elaborate** What is the relationship between innovation, taking risks, and earning profits?

Critical Thinking

- 5. Comparing and Contrasting** Use your notes and a diagram like this one to identify the similarities and differences between goods and services.



FOCUS ON WRITING

- 6. Summarizing** Imagine that you are the president of an automobile manufacturer. Write a paragraph explaining how your factory uses assembly lines and mass production to build cars.

STUDENTS TAKE ACTION



Battling Plastic Bags

What happens to all those plastic grocery bags that get thrown away? How do they affect our environment? The students in Elizabeth Zizo's middle school class in Pasco County, Florida, asked these questions. They wondered why the government continued to allow plastic bags to be produced. Their main ingredient is petroleum, a resource that cannot be renewed. Reducing plastic bag use would also be better for the environment. There would be fewer toxins released when the bags break down.

Community Connection Plastic bags have many negative environmental effects. They add to landfills, clog sewer systems, and can kill marine life. Students learned that at least 11 million plastic bags are used in the United States every hour. Of these, only about 5 percent are recycled. The plastic bags that end up in landfills take hundreds of years to break down. Then they break down into polyethylene dust. This adds toxins to the soil and groundwater that can kill plants and animals.

Taking Action Students went to grocery stores and watched as customers used hundreds of plastic bags each day. They wanted to let the Florida Legislature know about the impact of plastic bags on the environment, as well as the nonrenewable resources used in their production. They spoke with community members and wrote letters to their representatives. They also contacted the regional water management district known as Swiftmud and the Florida Fish and Wildlife Conservation Commission to lobby for a Florida law to address this issue.

Their action plan proposed a new fine on plastic bags and their total ban in five years. They also proposed that cloth bags be available at checkout counters for a low fee. Developing an online petition, the students linked it to a Facebook account to help others learn about the dangers of plastic bags.



Students met with former U.S. senator and governor Bob Graham to discuss their project.



SERVICE LEARNING



1. Work with other students to develop a plan to reduce the use of plastic bags or other nonrenewable resources in your community.
2. Determine a course of action to implement your plan as a service project.

hmhsocialstudies.com **ACTIVITY**

SECTION 2



SS.7.E.1; LA.7.1.6.1; LA.7.1.7.1

Distributing Goods

BEFORE YOU READ

The Main Idea

Producing goods is only the first step in filling consumers' needs. Getting goods to consumers involves a complex transportation system that makes it possible for American businesses to sell their goods throughout the country and the world.

Reading Focus

1. How are goods transported from manufacturers to consumers?
2. How are services delivered to consumers in the United States?
3. How are goods and services marketed to consumers?

Key Terms

marketing, *p. 486*
mass marketing, *p. 486*



TAKING NOTES

Use the graphic organizer online to take notes on how goods and services are transported, delivered and marketed.



Cargo containers carrying American goods are loaded onto ships to be transported to customers around the world.



How can supermarkets stock fruit and vegetables in winter? If we only had local farmers to provide for us, we would eat only the food that was in season. When you go into an electronics store at the mall to buy the latest game, do you ever think about how the game gets into your hands?

Transporting Goods

In the early days of our country, goods were usually delivered by horse-drawn wagon or by boat, if there was a river flowing the right way. These were slow and often unreliable methods of transportation. The development of the railroad sped things up somewhat, but a truly efficient national economy needed faster and more effective ways of getting products from the manufacturer to the consumers.

Today, goods in our economy are still shipped by rail and by water, similar to the ways goods were shipped 150 years ago. But today we also use trucks and other motor vehicles to carry much of our freight. Airplanes carry freight that must move quickly from one place to another.

Railroads

Railroads are an important part of the country's transportation system. They carry bulk cargo, such as coal and grain. Railroads helped create a single, large market for products. Long freight trains rolled from coast to coast carrying raw materials and finished products. The railroads brought new goods to every American city, to most towns, and within reach of many farms. The railroads gave businesspeople a means of rapid travel and communication. For about a century, starting around 1850, railroads were the country's chief method of transportation. After that, railroads were challenged by other competing means of transportation—trucks, buses, automobiles, and airplanes. In the 1960s and 1970s, many railroads went out of business.

Railroads today carry a much smaller percentage of freight than they did in the late 1800s. Measured by dollar value, only about 4 percent of goods in the United States are transported by rail. When the goods are measured by weight, trains carry about 16 percent of our goods. However, when the goods are measured by both weight and number of miles hauled, trains carry about 40 percent of the goods.

Airlines

Airlines are also important in transporting freight. For example, planes now carry all first-class mail between U.S. cities located over a certain distance apart. Airlines can carry all kinds of freight—from small packages to large industrial machinery and automobiles—with great speed. However, airlines carry only a small percentage—about 3 percent by value—of the freight shipped throughout the United States. It is much cheaper to ship items by rail or by truck.

Transportation of goods by air also has its problems. Airplanes can carry heavy cargo, but not much of it at any one time. Also, large cargo planes cannot land at small airports. Cargo must be delivered to large airports and then transported by some other means. Airlines also face higher prices for aviation fuel, so the cost of delivering goods by airplane may become more expensive. Finally, air cargo companies have had to increase security as a result of the September 11, 2001, terrorist attacks. These increased security measures have been expensive. If more measures are necessary, transporting goods by air may become even more costly.

Distribution of Goods and Services

Goods go through several steps from the factory to your home. Some goods are assembled by people and some are assembled by machines. However they are assembled, all goods must eventually be delivered to a customer. This system is called the distribution chain.

How does each step of the distribution chain add to the price the consumer pays for a product?

**QUICK
FACTS**



1 Manufacturing

Workers assemble the parts needed to build a television set.

Highways

The motor vehicle is the leading means of transportation in the United States. Individual Americans and their families do about 85 percent of their traveling in personal vehicles (cars, light trucks, and SUVs). Motor vehicles, especially trucks, are also the leading means of transporting goods in this country. Trucks carry about three-fourths of all goods by dollar value and about two-thirds of all goods by weight.

Rapid highway transportation depends on good roads. To speed motor traffic, the country maintains a vast interstate highway system. The United States now has about 4 million miles (6.5 million km) of roads. Together these roads form an interconnected highway system that reaches every part of the country.

Highway transportation also depends on a steady supply of fuel. Even though currently there may be no shortage of gasoline or diesel fuel, prices for these fuels continue to increase because of global political conflict and supply uncertainty. As fuel prices rise, the cost of delivering goods over the highways increases. Consumers eventually end up paying more for these goods.

Rivers

Transportation of goods by water—rivers, canals, and oceans—continues to be an important means of transportation. Although relatively little—only about 1 percent by value; about 6 percent by weight—of our goods are shipped by water, there are some advantages to this method.

For those manufacturers and consumers located close to major rivers, barge or boat transportation of goods can be fast and inexpensive. The development of modern container shipping, where goods are packed in large container boxes that can be carried on the back of a truck or loaded onto a barge, has made it easier to use a combination of land and water transportation to deliver goods.

Transportation by water does have some disadvantages. For example, river transportation is subject to the weather. During 2003, for example, lack of rain led to low water levels in the Mississippi River that delayed river shipments.

READING CHECK

Comparing and Contrasting

What are the advantages and disadvantages of shipping goods by highways and by rivers?



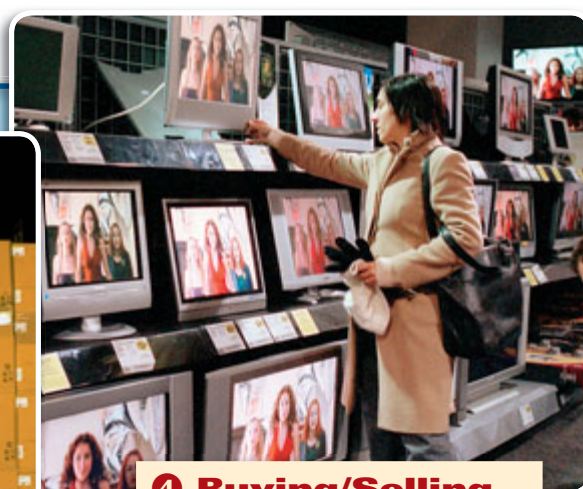
2 Packing

Completed television sets are packaged for safe and efficient shipping.



3 Warehousing

Factories often sell goods in large quantities to a wholesaler, who stores goods in a warehouse and later sells them to retailers.



4 Buying/Selling

Retailers offer a variety of goods for sale to their customers.

Delivering Services

The growing service sector has many types of businesses. There are tourism, restaurants, personal care, retail, and entertainment. Of course, entertainment has many services of its own. Those include the record industry, the music industry, radio, television, computer games, and movies. Then there are the news media and the leisure industry with its amusement parks and resorts. Also, services include education, health care, consulting, investment, and legal advice. All these services need to be delivered.

Services can be delivered in many ways. Some services are delivered in person, over the Internet, or through the mail. Others are delivered at retail stores and by telephone. Each service provider finds the best way to deliver the service offered.

Services have become a large part of our economy. As a result, service providers have put more effort into finding the best ways to market and deliver their products. But service providers face some problems that manufacturers do not face. For example, services are not something you can hold or touch, like a cell phone or a car. Consumers may not always know exactly what they are getting when they ask for a certain service. That is, how do they measure, say, the freshness of a product or the training or skill level of a service provider? How do you know which insurance agent or travel agent to pick?

Consumers may also have difficulty choosing one provider over others for certain services. Most restaurants offer similar food choices, and many shops offer similar haircuts or beauty services. How do you decide which store to shop in or which restaurant to eat in? Service providers must find ways to convince you to choose them for the service that you want.

READING CHECK

Analyzing What are two problems that consumers face when selecting a service provider?

Types of Services

The service sector has become the fastest growing part of the U.S. economy. Services include health care, personal care, education, and information services.



Health Service

Marketing Goods and Services

Once goods are made and shipped, or once services are ready to be offered, the goods or services must be made available to the consumer. At the same time, consumers have to be made aware that the goods and services are available. Consumers must also be convinced to buy a particular product or service.

The process of convincing consumers to buy the product is called **marketing**. Perhaps you have developed the most exciting new product of all time. Yet, your business will not survive unless you have a way of telling people what you have created. Then you must convince them your product is something they want to own. Today, most selling is done on a large scale. It must reach out to thousands or even millions of people.

Mass Marketing

Selling goods in large quantities often requires mass marketing. **Mass marketing** is the process of selling a good or a service in which the same



Educational Service



Personal Service



Information Service

ANALYSIS SKILL

ANALYZING VISUALS

1. Why do you think the service sector of the economy is growing so quickly?
2. How can you compare one service to another?

product, price, promotion, and distribution is used for all consumers in a particular market. Mass marketing involves preparing products that are the same wherever they are sold. You can go into any drug store to buy your favorite brand of toothpaste and know you will get the product you want. Three important **features** of mass marketing are the one-price system, self-service, and standard packaging.

One-price system In the one-price system, prices are stamped or bar-coded onto products. A bar code, also known as the Universal Product Code (UPC), is the pattern of lines and spaces and the numerals usually printed on a label that is found on most commercial goods. The code, which can be read by a computer, contains information about the product and allows cashiers to ring up items quickly.

Self-service Most modern stores use a type of marketing and delivery called self-service. Self-service is an efficient and inexpensive way to sell goods because it saves time and labor. In self-service stores like supermarkets and

department stores, customers typically push carts up and down the aisles, selecting items and serving themselves. Some stores now even allow customers to check out by themselves by passing their purchases through a scanner that reads the bar code.

Standard packaging Standard packaging also adds to the efficiency of the self-service system. Goods come from factories already wrapped. Crackers, for example, are wrapped and sold in boxes. Sugar comes in boxes or bags of different weights. New technology continues to provide new uses for the bar codes you see on packages. For example, bar codes help a store track inventory and reorder products that are selling out. Bar codes are also used to keep track of products during shipping and can carry various information about the product.

Many stores are now in constant communication with their suppliers to keep their shelves stocked without having to store a lot of extra product. Using this “just-in-time” supply keeps stores from running out of popular products while keeping costs down.

ACADEMIC VOCABULARY

features
characteristics

Types of Advertising

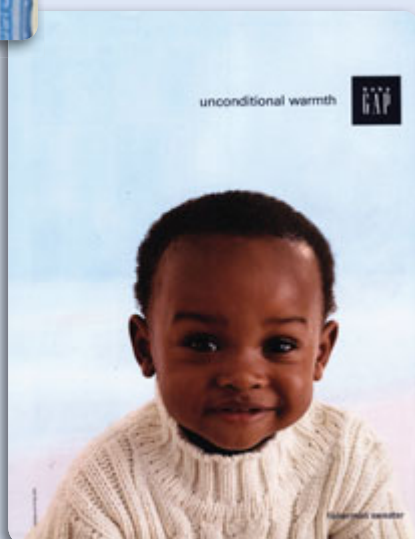
Competitive

Competitive advertising tries to persuade consumers that a product is better than or easier to use than its competitors.



Informative

Informative advertising gives consumers information about a product, such as its price, its quality, its history, and its special features. Informative ads may be combined with competitive ads.



Emotional

Some advertisers use words or pictures that attempt to appeal to a consumer's emotions. Advertisers may also appeal to fear, happiness, or a consumer's sense of well-being.

Wholesalers and Retailers

When moving from the factory to you, products may pass through several hands. A factory or manufacturer often sells goods in large quantities to a wholesaler. Owning a large warehouse where goods are stored, the wholesaler then sells the goods to retailers. Next, retailers, or retail stores, sell the goods directly to the public. Wholesalers, also called distributors, link the factory and the retailer. In the end, of course, the customer pays for this service. Today, retailers may be a single store that offers only one type of good or service. Then again, you may buy your goods and services at a shopping mall or at a large "big-box" store.

Internet Sellers

The Internet is changing the relationship between retailers and the public. Purchasers can often shop online. Here, they can view goods and some services on their computers and purchase items electronically. Goods are then sent to the purchaser using the postal service or a private delivery service. This service has become especially popular for books or clothing. Yet, it is also used for furniture, rugs, and other large and expensive items. Internet retailers do not need as many stores or local warehouses if they can ship to customers from a central point. Services, such as insurance quotes, may be delivered by e-mail to the customer.

Advertising

Marketing goods and services would not be possible without advertising. Advertising informs people about products. It also tries to persuade consumers to buy the products. When producers of similar products compete, advertising may make the difference between the success and failure of a particular product.

The goal of an advertiser is to give a consumer a reason to buy the advertised product. Some advertising is designed to increase

ANALYSIS SKILL

ANALYZING VISUALS

What do you think helps make an advertisement interesting or informative?

people's recognition of a product's name. A brand-name product is a widely advertised and distributed product. People often buy brand-name products they have heard about most favorably or most often. Other advertising tries to convince consumers that one company's product is better, more effective, longer lasting, or less expensive than another company's product.

Some people believe that some forms of advertising do not accurately represent products and can be misleading. They also think that advertising encourages people to buy products that they do not really need. Others argue that competition among mass producers, marketers, and advertisers helps keep the quality of products high and prices low. Finally, some people think that advertising can be a good way to inform consumers about new—or improved—goods or services that are coming to the market.

READING CHECK

Analyzing Information How is advertising part of the marketing chain of delivering goods and services to consumers?

PRIMARY SOURCE

POLITICAL CARTOONS

Truth in Advertising?

Some advertising is false or misleading.



Marketing a product includes using advertising to try to convince consumers to buy the product.

"We produce an inferior line of goods. That's why we're looking for a real first class marketing man."

ANALYSIS SKILL

ANALYZING POLITICAL CARTOONS

What does this cartoon suggest about the manufacturer's intentions in marketing his product?

www.CartoonStock.com

SECTION 2 ASSESSMENT

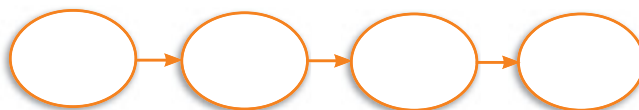
hmhsocialstudies.com
ONLINE QUIZ

Reviewing Ideas and Terms

1. **a. Identify** What are the four main ways that goods are transported to consumers?
b. Compare and Contrast If you want to ship a large quantity of sand from one part of the United States to another, would you ship by truck or by rail? Explain your answer.
2. **a. Explain** Why can services be delivered to consumers in so many different ways?
b. Evaluate Many services are offered on the Internet. Is information offered by Internet sellers likely to be more or less accurate than information in a national magazine? Explain your answer.
3. **a. Define** Write a brief definition for the terms **marketing** and **mass marketing**.
b. Analyze How does mass marketing help the U.S. economy?

Critical Thinking

4. **Summarizing** Copy the graphic organizer. Use it and your notes to summarize the process of manufacturing, transporting, and marketing goods to consumers in the United States.



FOCUS ON WRITING

5. **Identifying Points of View** Imagine that you are a newspaper reporter covering a debate on the role of advertising in the U.S. economy. Write a newspaper article outlining the debate.

Reading Labels

Learn

Different types of products have different labeling regulations. Milk, meat, clothing, and computers all must carry labels, but what those labels have to say is different. That is one reason why it is important to read labels carefully.

At the same time, companies are *not* required to disclose everything about a product on its label. Milk companies, for example, do not have to address their use of any drugs on the cows that produce the milk. Beef packages do not tell whether a cow lived its life outside or inside.

Practice

1 Determine what type of information you need.

Fat content, price, and expiration date are all required labels on a carton of milk. It is up to you to decide what information you want and need.

2 Well-known brands are not always best.

Brand names are not always a good indicator of the quality or value of a product. For example, the “Local Dairy” milk brand shown here is most likely the same as nationally known brands.

3 Look for information left off the label.

To find out where or when an item was produced, you may need to call the company that makes the product. Often, the company’s phone number will be on the package.

Apply

Use the two milk carton labels shown below to answer the following questions.

- Which milk is lower in fat? Explain how you know.
- What additional information would help you to choose between the two products?
- If the price of the Local Dairy milk were \$1.99 and the price of the Happy Cows Farm milk were \$2.59, which product would be a better value? Explain your choice.

REDUCED FAT MILK
2% Milkfat

Nutrition Facts		
Serving Size 1 cup (236ml)		
Servings Per Container 1		
Amounts Per Serving		
Calories	120	Calories from Fat 45
% Daily Value*		
Total Fat	5g	8%
Saturated Fat	3g	15%
Cholesterol	200mg	7%
Sodium	120mg	5%
Total Carbohydrate	11mg	4%
Dietary Fiber	0g	0%
Sugars	11g	
Protein	9g	17%
Vitamin A 10% • Vitamin C 4%		
Calcium 30% • Iron 0% • Vitamin D 25%		
* Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.		

CHOCOLATE NONFAT MILK

Nutrition Facts		
Serving Size 1 cup (236ml)		
Servings Per Container 1		
Amounts Per Serving		
Calories	80	Calories from Fat 0
% Daily Value*		
Total Fat	0g	0%
Saturated Fat	0g	0%
Cholesterol	Less than 5mg	0%
Sodium	120mg	5%
Total Carbohydrate	11mg	4%
Dietary Fiber	0g	0%
Sugars	11g	
Protein	9g	17%
Vitamin A 10% • Vitamin C 4%		
Calcium 30% • Iron 0% • Vitamin D 25%		
* Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.		

SECTION 3



SS.7.E.1.2; LA.7.1.6.1; LA.7.1.7.1; MA.7.A.1

You the Consumer

BEFORE YOU READ

The Main Idea

As consumers, we learn about the products we buy so that we can make the best choices. Some independent and governmental organizations help protect consumers' interests.

Reading Focus

1. What are the keys to becoming a wise consumer?
2. What should a consumer consider in deciding to buy on credit?
3. What do independent organizations and the government do to protect consumers?

Key Terms

consumer, p. 492
brand, p. 492
generic product, p. 492
debit card, p. 494
charge account, p. 495
credit cards, p. 495



Use the graphic organizer online to take notes about what it takes to be a wise consumer.



When shopping, you should try to be a wise consumer.



Think of your favorite commercial or magazine ad. How much information does the ad really give you? Have you ever been disappointed after buying a product because you thought you would be getting something more? The purpose of advertising is to sell products, not necessarily to educate consumers. For the kind of information you need to make wise choices, you have to look elsewhere.

Keys to Wise Consuming

Each year businesses spend billions of dollars encouraging us to buy their products. They run advertisements in newspapers and magazines, on the Internet, on billboards, on the radio, and on television. Businesses create slogans they hope we will remember. They know that some of us will buy the product whose slogan appeals to us most. Often, however, a product's slogan has little to do with its quality or usefulness. There are steps that you can take to make sure that you spend your money wisely.

Feature versus Price

When buying expensive items, like appliances or a car, it is wise to compare the features being offered. The overall price may be affected by what is offered—or not offered—in the package.

MSRP: \$26,095*

6-speed Sport AT automatic transmission w/paddle shifters

INTERIOR TRIM PACKAGE

\$3,600

- Aluminum & leather shift
- Aluminum pedals
- Glass rear window with defogger
- Air conditioning
- Cruise control
- Power windows, door locks, and mirrors
- Power door locks with remote keyless entry

Look carefully at the options list and the amount charged for them. Often a consumer can negotiate the price of an option, or can purchase a vehicle on which several options are offered as a package at a lower overall price.

PREMIUM PACKAGE

\$1,600

- Xenon HID headlights
- Dynamic Stability Control w/Traction Control
- Limited-slip differential (MT only)
- Advanced Keyless Entry & Start System
- Anti-theft alarm

DESTINATION FEE

\$560

Illustrated example of an auto price sticker



Learn When and Where to Buy

First of all, learn when to buy a product and the best place to buy it. Each of us is a consumer. A **consumer** is a person who buys or uses goods and services. As consumers, we play an important part in the American free-enterprise system. However, we must also learn to be responsible shoppers.

Some shoppers, called impulse buyers, make a quick decision to buy a product based on the product's slogan, a display in the store, or television advertising. A wise shopper spends more time thinking about what to buy.

Consumers can get the most for their limited shopping dollars in a number of ways. For example, wise food shoppers study advertisements in the newspaper to find out which stores are having sales. Using coupons can also help shoppers save money.

By watching for sales, you can buy clothing, books, furniture, hardware, and other items at reduced prices. Some people never pay the full price for an item. They stock up when the price is low. A low-price item is not always a bargain, however. An item is not a bargain if it is something you cannot really use or if it is poorly made.

Brand Names and Generic Products

Wise shoppers choose goods and services at the price and quality that best suit their needs. Some consumers buy only brand-name products. A **brand** is a name given by the maker to a product or range of products. Brands are what companies advertise. Many people buy brand-name items because they believe, from past experience or for other reasons, that a brand name must be of good quality.

Other consumers buy generic products. A **generic product** is a product that does not have a manufacturer's name or brand. Generic goods are often plainly packaged. They may not offer guarantees of quality. Generic products are often less expensive than brand-name products. Many consumers buy generic products that meet their needs and their tastes.


It Pays to Compare

Expensive brand name items are not always the best buy. Often, the same or similar items can be found for less.

**QUICK
FACTS**

Before You Purchase

- 1 Consider your needs.
- 2 Consider your budget.
- 3 Do research.



T-shirt	\$30.00
Jeans	\$100.00
Running shoes	\$65.00
Subtotal	\$195.00
Sales Tax (8.5%)	\$16.58
TOTAL	\$211.58



T-shirt	\$15.99
Jeans	\$25.00
Running shoes	\$16.50
Subtotal	\$57.49
Sales Tax (8.5%)	\$4.89
TOTAL	\$62.38

These items are similar but were purchased at a discount store.

**ANALYSIS
SKILL**

COMPARE AND CONTRAST

1. How much did the smart shopper save compared to the person who shopped at the other store?
2. Why might a designer label be more expensive?

Study Labels

Labels are placed on foods, clothing, and other items to protect consumers. The government requires that certain information be included on these labels to help consumers judge product quality. There are a number of federal laws regarding labeling. The Fair Packaging and Labeling Act requires businesses to supply certain information, including manufacturer information, package contents, and the weight or quantity of the items in the package.

The Nutrition Labeling and Education Act of 1990, amended in 1994, requires that food companies, in addition to listing serving sizes, show the fat, cholesterol, sodium, fiber, and nutrient totals contained in each serving. The figures are given as a percentage of a person's daily dietary allowance.

In addition to weight and content information, meat packages must have instructions for safe handling and cooking.

The labels must also warn consumers that improper handling or cooking of meat may lead to illness. Even though the meat has passed government inspection, it must still have a warning label.

The packages of many products, including milk and cheese, must include the date by which the product must be sold or used. Dating a product ensures that it will be fresh when purchased by consumers.

Some laws also require unit pricing. The price tag must show price per unit of the product—per ounce or gram, for example. Larger sizes are often a better bargain because they have a lower price per unit. This is not always true, however. You must read labels carefully to get the best bargain.

READING CHECK

Finding the Main Idea

What are three steps you can take to become a wise consumer?

Credit Cards and Interest

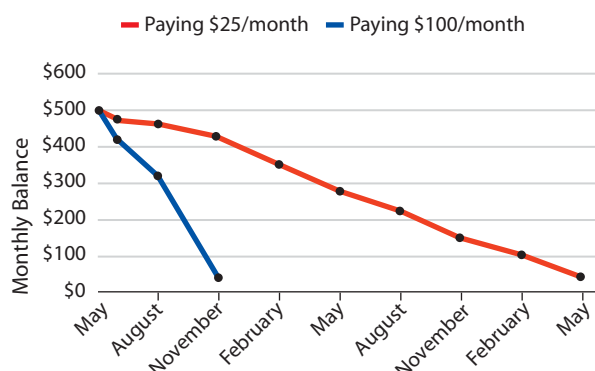
Did you know that the same item can cost two or three times more when purchased with a credit card instead of cash? And it can take a long time to pay for the purchase. Credit cards use compound interest. Every month, a credit card charges interest on the unpaid balance, or principal. Then the interest is added to the principal. To calculate compound interest, follow these steps:

Step 1 Month 1 principal \times Interest rate = Month 1 interest

Step 2 Month 1 interest + Month 1 principal = New principal

Step 3 New principal – Monthly payment = Month 2 principal

Paying off a \$500 Purchase on a Credit Card at 18.9 Percent



By paying more a month, the monthly balance is paid off much sooner.

ANALYSIS SKILL

ANALYZING ECONOMICS

The graph above shows the rate of payment at two different monthly amounts. Approximately how many months would it take to pay the principal if the monthly payment were \$50?

Buying on Credit

When you buy something, you may pay for it now or you may buy it on credit. Credit is all money borrowed, except home financing. For some purchases, you may use a combination of the two methods. For example, when you buy a car, you often make a cash down payment. Then you pay the rest of the purchase price over a period of months or years. What are the advantages and disadvantages of buying merchandise in these two ways?

Paying Now

Products can be paid for with cash, checks, or debit cards. Checks are written and signed orders to a bank. These orders tell the bank to pay a sum of money from a checking account to the party named on the check. Most sellers will accept checks if you can provide proper identification.

A **debit card** usually looks just like a credit card. Yet it operates the same way that a check does. When you use the card, money is deducted directly from your bank account. Paying with either a check or a debit card usually means that you will be charged the amount of your purchase within a few days at most. Once you have spent the cash, it is gone.

If you pay now for your purchase, you will probably think more carefully about spending your money. Once you make the purchase, the money immediately comes out of your pocket or your bank account. You do not have to borrow money or pay interest. Either adds to the overall purchase price of the item.

If you pay now, you may not have enough cash to buy what you need or want. You may have to put off buying the product until you have had time to save more money. Or you may have to adjust your budget to buy the product now. That means you may have to go without some other things to buy it.

Paying Later

Suppose you find a bargain on something you want now, but you do not have the cash on hand to pay for it. Buying the item with a charge account or credit card provides you with the ability to purchase the item immediately.

A **charge account** is a form of credit that stores grant to many of their customers. Most large retail chains offer charge accounts that are good at all of the company's stores across the nation. **Credit cards** are similar to the charge cards provided for charge accounts but are issued by banks and other lending institutions. Unlike charge cards, which can only be used at specific stores, credit cards can be used at thousands of stores and other businesses around the world.

These forms of credit allow customers to buy goods and services without paying until they receive a bill from the store or bank. A good credit rating—which means that you pay your bills on time—is important for buying a car or gaining a bank loan.

Installment Plans

Installment plans also allow consumers to buy goods without paying the full amount in cash when they make their purchases. Under an installment plan, the buyer uses cash to pay part of the purchase price. This money is called a down payment. The rest of what the buyer owes is called the balance. The balance is paid in equal payments, or installments, over a period of weeks, months, or years.

In addition to the regular price, a service charge and interest on the unpaid balance are included in the installment payments. An installment plan allows a buyer to use a product while paying for it. However, until the final payment is made, the product still belongs to the seller. If the buyer misses payments, the seller can charge extra fees or repossess, or take back, the item. When this happens, the buyer loses the item and the amount of money that has already been paid on the item. Buying an item on an install-

ment plan increases the consumer's cost of that item. In addition to the regular price, a service charge and interest on the unpaid balance are included in the installment payments. When you buy an item under an installment plan, you may find it cheaper to take out a bank loan for a purchase. The interest and loan fee paid to the bank may be less than the service charge and interest under an installment plan. It is wise to make as large a down payment as possible. It is also wise to pay off the balance as quickly as possible to reduce the item's total cost to you.

Dangers of Credit

Charge accounts, credit cards, and installment plans can make shopping more convenient. They can also help you build a good credit rating. This is important for getting loans in the future. However, customers must be careful not to make foolish purchases or run up credit card debt. The interest rates paid on unpaid balances can be very high, making the debt harder to pay. Also, if you miss a payment, there can be more cost. You can be charged penalties and a new higher interest rate on the unpaid balance. Some cards also have an annual fee that holders must pay just to use the card.

If you apply for a credit card, be sure you know the fees associated with the card. You should be careful using credit cards by phone or on the Internet. Otherwise, your credit card information could get stolen. In some cases, you can be held responsible for paying the charges that have been made on your stolen credit card.

Charge accounts and credit cards can be used for many goods and services. With them, you can buy from small, inexpensive items to automobiles and other large purchases. Installment plans are usually used to purchase expensive items. Buying a house is done on a particular type of installment plan called a mortgage.

READING CHECK

Summarizing What are some of the alternatives to paying for an item

SS.7.E.1.2 Discuss the importance of borrowing and lending in the United States, the government's role in controlling financial institutions, and list the advantages and disadvantages of using credit.

Consumer Protection

Sometimes you may find that a product has been falsely labeled or advertised, or that you have purchased something that is defective. If you believe you have been misled by an unfair business practice, or if the item is defective, you should first make a complaint to the business that sold you the product or service. Most of the time, the seller will try to solve the problem with you. However, if that does not happen, there are organizations and agencies that offer protection and assistance to consumers.

Private Consumer Organizations

If you are not satisfied with a good or a service you have purchased, you should contact the local Better Business Bureau. There is a bureau in or near most communities. This organization gives advice and assistance to people who believe they have been cheated or treated unfairly by a company.

A number of private organizations help consumers as well. Among these is Consumers Union, which tests and rates nearly every product the public buys. Consumers Union

publishes the results of its tests in magazines and special reports. An examination of these and other publications will help you compare various brands of the same product.

Government Consumer Protection

The federal government also protects consumers through its agencies, such as the Federal Trade Commission (FTC). The FTC has the power to bring to court any company anywhere in the United States that uses false or misleading advertising or false labeling.

The Department of Agriculture sets nationwide standards for—and inspects and grades—meat, poultry, and certain other foods sold in interstate commerce. The U.S. Postal Service makes sure that businesses and individuals do not cheat the public through the mail. The Consumer Product Safety Commission (CPSC) monitors product safety nationwide to make sure that products in the marketplace do not cause injuries.

Most states and many cities also have consumer protection offices. These offices publish advice for consumers and issue warnings to businesses that violate consumer laws. The businesses can be brought

MEDIA INVESTIGATION

Product Warnings

Advertisements often include valuable warning information about a product.

“Warning: Contents are flammable.” “Caution: Keep out of reach of children.” More and more, companies are using product warnings in their advertisements. The ad shown here lists side effects related to medicine.

Why do advertisers include these warnings? Many products, such as tobacco, prescription medicines, and movies, are required by law to include warnings to potential consumers. Other advertisers choose to feature warnings to help their customers. When you examine advertisements, pay careful attention to such warnings.



This warning label includes an alert to consumers about possible allergic reactions.

Drug Facts	Purposes
Active ingredient (in each capsule) Naproxen sodium 220 mg (Naproxen 200 mg)	Pain reliever/fever reducer
Uses Temporarily relieves minor aches and pains (due to): <ul style="list-style-type: none">• headache• minor joint aches• muscle aches• minor joint arthritis• toothache• backache• the common cold• menstrual cramps• temporarily reduces fever	
Warnings Allergy alert: Naproxen sodium may cause a severe allergic reaction which may include: <ul style="list-style-type: none">• hives• facial swelling• getting wheezing• shock Alcohol warning: If you consume 3 or more alcoholic drinks every day, ask your doctor whether you should take naproxen sodium or other pain relievers/fever reducers. Naproxen sodium may cause stomach bleeding. Do not use if you have ever had an allergic reaction to any other pain reliever/fever reducer.	

ANALYSIS SKILL

MEDIA INVESTIGATION

Making Decisions Would a product warning in an advertisement discourage you from purchasing the product? Why or why not?

hmhsocialstudies.com **ACTIVITY**

to court if they continue to cheat or mislead consumers.

Problems Caused by Consumers

Consumers often accuse businesses of misleading advertising, poor service, and inferior products. However, some people cause problems for businesses. Shoplifting, or stealing an item displayed in stores, costs businesses in the United States billions of dollars each year. Sometimes people break or damage a store owner's property. Sometimes they demand refunds for merchandise they have already used or abused. Items in motels, hotels, and restaurants are often stolen or damaged. Sometimes people fail to pay for purchases obtained on credit.

Such thefts add to the costs of doing business. Businesses pass on these costs to consumers—that is to say, you—in the form of higher prices.

READING CHECK

Finding the Main Idea What can consumers do if they are dissatisfied with a product or service?



FOCUS ON Florence Kelley (1859-1932)

Florence Kelley was raised to believe in her own abilities. Upon graduating from Cornell University in 1882, Kelley discovered that women had few op-

portunities to make use of their talents. She set her mind on reforming those circumstances.

Settling in Chicago in 1891, Kelley joined up with Jane Addams's settlement house movement. There Kelley drafted a report on the conditions faced by child workers in area sweatshops. In 1899 she helped found the National Consumers' League (NCL), often considered the most effective lobbying group for the interests of women and children. For years the NCL's white label certified products that were made without child labor. Kelley continued as head of the NCL until her death in 1932. The League continues its work to this day.

Summarizing How did the NCL's white-label program provide information to consumers?

SECTION 3 ASSESSMENT



hmhsocialstudies.com
ONLINE QUIZ

Reviewing Ideas and Terms

- a. Define** Write a brief definition for the terms **consumer**, **brand**, and **generic product**.

b. Explain Why is it important to be a wise consumer?

c. Evaluate If an item, such as paper towels or tomato sauce, is on sale at a low price, is it a good idea to rush out and buy 24 rolls of paper towels or 24 cans of tomato sauce? Why or why not?
- a. Define** Write a brief definition for the terms **debit card**, **charge account**, and **credit cards**.

b. Analyze How can a consumer use credit cards and installment plans and still be a wise consumer?
- a. Recall** What is the first step you should take if you think that you have been misled about a product or that the product you purchased is defective?

b. Make Inferences Why is it important that the federal government have the power to protect consumers?

Critical Thinking

- Comparing and Contrasting** Copy the graphic organizer. Use it and your notes to show the advantages and disadvantages of the different ways that a consumer can pay for a product.

Payment Method	Advantages	Disadvantages

FOCUS ON WRITING

- Decision Making** A friend wants to buy a new computer and asks you for advice on choosing one. Write a list of five recommendations for your friend for finding the highest-quality product for the lowest possible price. Explain why you think those recommendations are important.

CHAPTER 18 REVIEW



FLORIDA CIVICS EOC PRACTICE

1. The following quotation is from Earl Wilson (1934–2005), a famous baseball player.

Modern man drives a mortgaged car over a bond-financed highway on credit-card gas.

What point was Mr. Wilson making?

- A. Credit should be made available to more people.
- B. Both governments and individuals depend too much on credit.
- C. There is a big difference between private and public debt.
- D. Americans should limit the amount of money spent on building highways.

2. Three businesses manufacture the same product and sell it for about the same price, but one of the businesses adds popular features to the product while keeping the price the same. What process is described?

- A. marking up
- B. profit enhancement
- C. competition
- D. entrepreneurship

Reviewing Key Terms

For each term below, write a sentence explaining its significance to the economy.

- 1. goods
- 2. services
- 3. gross domestic product (GDP)
- 4. mass production
- 5. profit
- 6. marketing
- 7. mass marketing
- 8. consumer
- 9. brand
- 10. generic product
- 11. debit card
- 12. charge account
- 13. credit cards

Comprehension and Critical Thinking

SECTION 1 (Pages 476–481)

14. **a. Recall** What are the three main features of mass production?
- b. Explain** What incentive is a key part of mass production, and why is it important?

SECTION 2 (Pages 483–489)

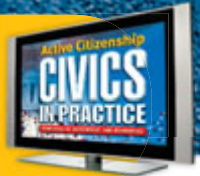
15. **a. Describe** Why does the U.S. economy depend on the transportation and marketing of goods?
- b. Sequence** How are products distributed from the manufacturer to the customer?

SECTION 3 (Pages 491–497)

16. **a. Identify** What choices are available to help consumers make smart purchases?
- b. Compare and Contrast** What are the advantages and disadvantages of using charge accounts, credit cards, and installment plans?

Active Citizenship video program

Review the video to answer the closing question:
How might Americans and our government help improve working conditions in foreign countries?



Using the Internet



17. Reporting on Production Have you ever wondered what goes on behind the scenes at a manufacturing facility? Through your online textbook, investigate how some well-known products are manufactured. Then write a newspaper or magazine article describing all the materials it takes to manufacture a product from one of the selected companies, the steps involved in production, and how the product is marketed.

hmhsocialstudies.com

Civics Skills



Reading Labels Use the Civics Skills taught in the chapter and study the labels below. Then answer the question that follows.

REDUCED FAT MILK
2% Milkfat

Nutrition Facts	
Serving Size 1 cup (236ml)	
Servings Per Container 1	
Amounts Per Serving	
Calories 120	Calories from Fat 45
% Daily Value*	
Total Fat 5g	8%
Saturated Fat 3g	15%
Cholesterol 200mg	7%
Sodium 120mg	5%
Total Carbohydrate 11mg	4%
Dietary Fiber 0g	0%
Sugars 11g	
Protein 9g	17%
Vitamin A 10% • Vitamin C 4%	
Calcium 30% • Iron 0% • Vitamin D 25%	
* Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.	

CHOCOLATE NONFAT MILK

Nutrition Facts	
Serving Size 1 cup (236ml)	
Servings Per Container 1	
Amounts Per Serving	
Calories 80	Calories from Fat 0
% Daily Value*	
Total Fat 0g	0%
Saturated Fat 0g	0%
Cholesterol Less than 5mg	0%
Sodium 120mg	5%
Total Carbohydrate 11mg	4%
Dietary Fiber 0g	0%
Sugars 11g	
Protein 9g	17%
Vitamin A 10% • Vitamin C 4%	
Calcium 30% • Iron 0% • Vitamin D 25%	
* Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.	

18. Which milk has more calories?

19. Which milk has less fat?

Reading Skills



Interpreting a Table Use the Reading Skills taught in this chapter and study the table below. Then answer the questions that follow.

U.S. Balance of Trade, 1995–2000 (in billions of dollars)			
Year	Exports	Imports	Balance
2000	1,065	1,441	-376
1999	957	1,219	-262
1998	932	1,099	-167
1997	937	1,047	-110
1996	851	959	-108
1995	795	895	-100

20. Which of the following correctly identifies a trend apparent in the data from the table?

a. The value of U.S. exports fell dramatically between 1995 and 2000.

b. The value of U.S. exports far exceeds the value of imports to the United States.

c. The value of imports to the United States exceeds the value of U.S. exports.

d. Until 1998 the United States maintained a positive trade balance.

21. Between 1997 and 1998, what happened to the value of U.S. exports?

22. By what amount did the value of U.S. imports increase between 1995 and 2000?

FOCUS ON WRITING

23. Writing Your Infomercial Review your notes about the U.S. economy. Pay special attention to the process in which goods and services are created and how they are distributed throughout the country and the rest of the world. Now write an infomercial in which you outline this process and explain its effect on the world economy. Then devise some visual aids and deliver your infomercial to the class.