

GUIDED READING Activity 6-1

For use with textbook pages 143–146.

PRICES AS SIGNALS

RECALLING THE FACTS

Directions: Use the information in your textbook to answer the questions. Use another sheet of paper if necessary.

1. What are the four reasons that prices in a market economy perform the allocation function so well?
 - a. _____
 - b. _____
 - c. _____
 - d. _____
2. What is rationing, and when is it most likely to be used?

3. Describe the problems that rationing can lead to.
 - a. _____

 - b. _____

 - c. _____

4. What is a rebate, and how is it used?

