

Economics

Ch. 2 Section 3 Reading Guide

1. What does free enterprise mean?
2. What is the difference between capitalism and free enterprise?
3. What are the 5 important characteristics of capitalistic free enterprise?
4. IN YOUR OWN WORDS explain what each of the 5 characteristics means AND give an example.
5. What is the role of the entrepreneur?
6. Despite the high rate of failure, what makes entrepreneurs take the risk of starting a business?
7. What do original entrepreneurs have to sometimes do to stay in business?
8. What does consumer sovereignty mean?
9. Why has the government become involved in the economy?
10. Briefly describe and come up with an example of the 4 roles the government plays.
11. What is a mixed or modified free enterprise economy?
12. What is the answer to the questions of how much government involvement is necessary in business?