

Economics
CH 3: Free Enterprise

Name: _____
Hour: _____

3-2: How Does Free Enterprise Allocate Resources?

The Roles of Producers and Consumers

Key Concepts

1. Define profit.

Producers Seek Profit

2. Explain how the profit seeking of producers helps to allocate resources.

Consumers Vote with Their Wallets

3. Explain the role that consumers play in allocating resources.

4. How did producers respond to the low-carb diet fad? WHY?

Government in the U.S. Economy

Key Concepts

5. Define modified free enterprise economy.

Modified Free Enterprise

Answer the following questions based on Figure 3.4 (The Circular Flow Model) on P. 80

6. Who are the decision makers?

7. Name the two markets.