

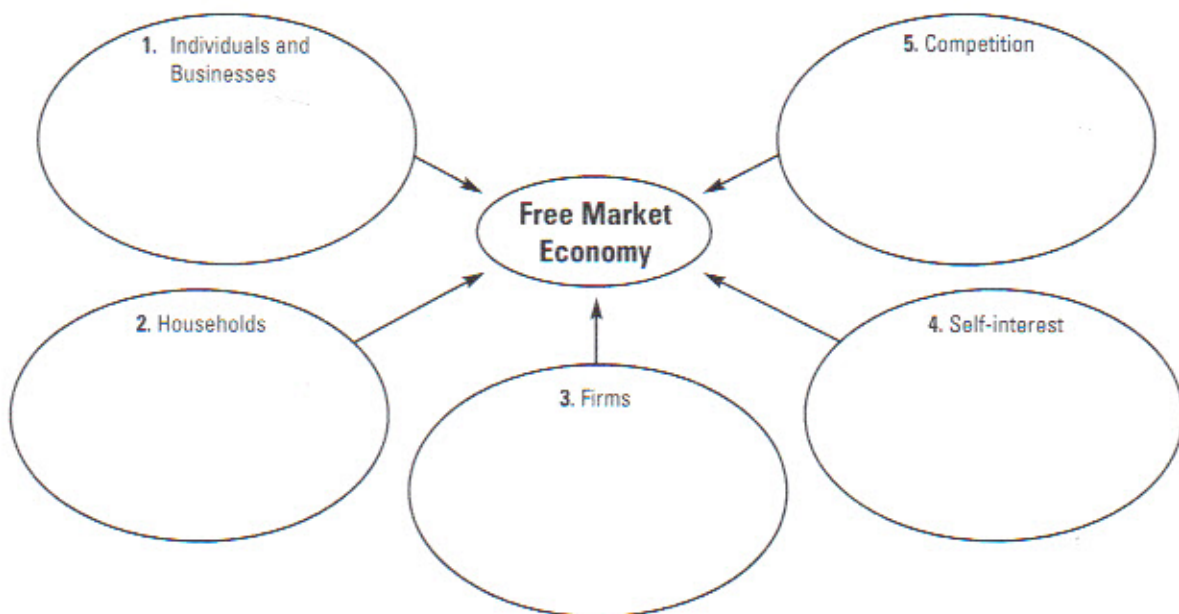
Section 2: Guided Reading and Review The Free Market



A. As You Read

As you read Section 2, list the role or roles played in a free market economy by each factor in the diagram below.

Roles and Functions in a Free Market Economy



B. Reviewing Key Terms

Match the definitions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided. You will not use all of the terms.

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Column I

- _____ 6. market in which households purchase the goods and services that firms produce
- _____ 7. an expectation that encourages people to behave in a certain way
- _____ 8. power of consumers to decide what gets produced
- _____ 9. market in which firms purchase the factors of production from households
- _____ 10. financial gain made in a transaction
- _____ 11. concentration of productive efforts of individuals and firms on a limited number of activities
- _____ 12. an arrangement that allows for exchange among buyers and sellers

Column II

- a. profit
- b. competition
- c. product market
- d. market
- e. incentive
- f. self-interest
- g. specialization
- h. factor market
- i. consumer sovereignty