

Name _____

Period _____

Market Economic Systems

Basic Principles – The Free Enterprise System is based on:

_____ We can own just about anything. The system encourages individuals to own _____.

Intellectual Property Rights

- Are protected in a free enterprise system

- _____ – If you patent an invention, _____ to that item or idea.

- _____ – A _____, or color that identifies a good or service and that cannot be used by anyone but the owner.

- _____ – Involves anything that is _____ by an individual, such as writings, music, and artwork.

_____ -- the struggle between companies for customers.

Two kinds:

_____ competition focuses on the price.

_____ competition -- factors not related to price such as quality, service, location, reputation.

Monopolies

When there is no _____ and one firm controls the whole market.

U.S. Government only allows a _____, such as _____

_____ -- the potential for loss or failure.

–As the _____ gets greater, so does the risk.

–One of every _____ businesses in the U.S. _____ after one year.

-Introducing new _____ is also risky.

_____ – the money earned from conducting business after all costs and expenses are paid.

-Profit is the _____ for taking a risk.

-Profits are _____ when sales are _____ and costs are _____.

Supply and Demand Theory

In a market-oriented economy, supply and demand _____
_____ of goods and services produced.

_____ -- The amount of goods _____
_____ and sell

_____ -- The amount of goods _____

- _____ – Price and quantity supplied move in the same direction. _____

- _____ – Price and quantity demanded move in the _____. As price increased, the quantity demanded decreases.

- _____ – occur when _____
demand

- _____ – occur when _____
supply

- _____ – the amount being supplied is equal to the amount being demanded. _____.