

# Guided Reading Activity

## The American Free Enterprise System

### Lesson 2 *Roles & Responsibilities in a Free Enterprise Economy*

#### Review Questions

**Directions:** Read each main idea and answer the questions below. Refer to your textbook as you write the answers.

#### A. The Role of the Entrepreneur

**Main Idea:** Entrepreneurs are vital to the success of a free enterprise economy because they start businesses.

1. Why do entrepreneurs try to start businesses or develop new products? Are they more likely to succeed or fail?

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2. Who benefits from the activities of entrepreneurs, and how?

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#### B. The Role of the Consumer

**Main Idea:** Consumers tell businesses WHAT to produce in our economy.

1. Why is the customer always right?

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2. Explain how consumer sovereignty helps drive progress.

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# Guided Reading Activity *cont.*

## The American Free Enterprise System

### C. The Role of Government

**Main Idea:** In our mixed free enterprise economy, the government acts as a protector, provider, regulator, and consumer.

1. How does the government act as protector of the economy?

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2. What goods and services does the U.S. government supply its citizens?

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3. What services do state and local governments provide?

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4. Why is government regulation important?

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5. Why do all levels of government consume so much?

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# Guided Reading Activity *cont.*

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### D. Mixed or Modified Free Enterprise

**Main Idea:** Though government involvement means the United States economy is not a purely capitalistic one, the public demands the benefits that government involvement provides.

- 1. Why is a mixed (or modified) free enterprise economy necessary? Why not do away with government regulation?

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### Summary and Reflection

**Directions:** Summarize the main ideas of this lesson by answering the question below.

Explain how the entrepreneur, consumer, and government interact in our economy.

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