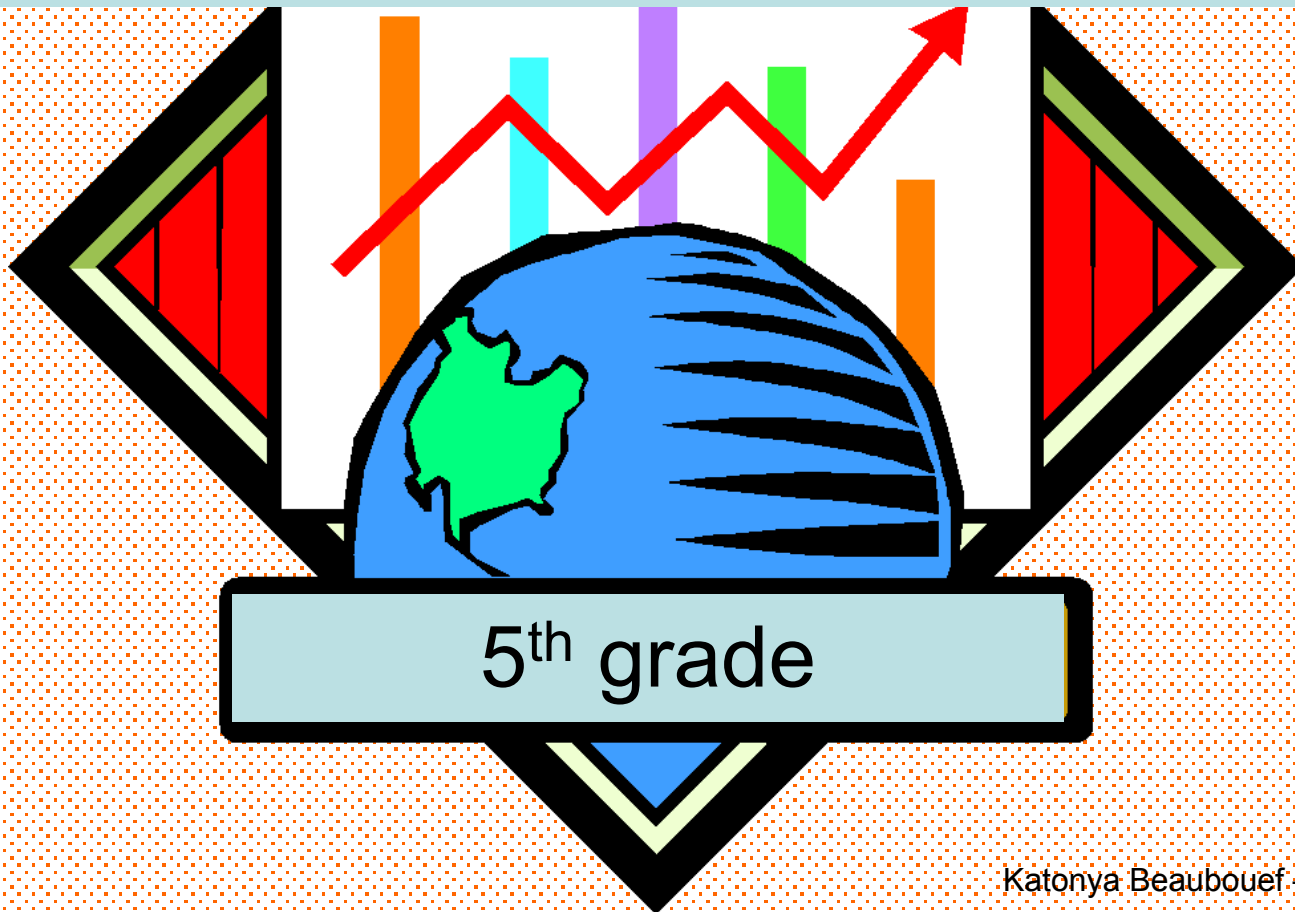


Free Enterprise



5th grade

Free enterprise

- The freedom to start a business and sell, for profit, any product or service allowed by law.



Free Enterprise

- Free Enterprise is another term used to describe the American economy.
- In a free enterprise economy, competition is allowed to flourish with a minimum of government interference.



American Free Enterprise

American Free Enterprise

American Free Enterprise

- Some of the most famous Americans have not been politicians, sports figures, or actors.
- John D. Rockefeller – Standard Oil Company, Andrew Carnegie – Carnegie Steel, Bill Gates – Microsoft.
- Each of these people started with an idea and through persistence, vision, and effort built that idea into a huge business success.
- They became some of the richest people in the world and they helped fuel the economy.

Consumer

- A person who buys a product or service.



The Role of the Consumer



- Consumers have the power in the economy because they determine which products are likely produced.
- If consumers like a product, it will sell, and the producer will be rewarded for his or her efforts.
- If consumers reject the product, the firm may go out of business.

demand

- The desire or need for a product or service.



When will the demand for a product be small? High?

supply

- The amount of goods offered for sale by a business.



Explain the difference between supply and demand.

How Supply and Demand Work

SUPPLY	DEMAND	PRICE
High	High	Low
High	Low	Very low
Low	High	Very high
Low	Low	High

Monopolies

- A company that has control of an entire industry

These are bad for towns because they have no competition and can charge whatever they choose.



Corporations & Stocks

- A business that is owned by investors
- They sell “stocks” which are shares of the company
 - A consumer pays the corporation money
 - The company uses the money to buy supplies or equipment towards the business
 - When the company makes a profit, the investor receives a percentage of it.

