

Section Answer Keys

Chapter 5 The Free Enterprise System

Section 5.1 Traits of Private Enterprise

Review Key Concepts

1. Individuals have used their time, creativity, and skills to develop intellectual property, just as others have used their time and skills to make products or to provide services. Therefore, intellectual property deserves to be protected just like other things that people produce.
2. A company's failure affects the government because it then receives fewer tax dollars. In addition, it may have to pay unemployment benefits to laid-off workers. It affects consumers because they then have fewer choices. If another company then has a monopoly, prices might go up.
3. The company can decrease the supply to raise the demand and therefore the price can be increased resulting in profits going up.

Practice Academics

Social Studies

4. The demand for a basic car wash would go down if the price went from \$5 to \$15. If the price went from \$15 to \$5, the demand would go up. Other factors that could influence consumer demand in these situations might be the weather (rainy or snowy season), location of the car wash, competition, and the quality of the car wash.

Mathematics

5. Four percent. ($\$328 \text{ million} \div \$8.2 \text{ billion} = .04 = 4\%$).