Unit III: The Free Enterprise System: Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Define each of the terms below in your own words, in the space provided.

2. Give an application for the magic word in the space provided. This could be a drawing diagram, sentence or example.

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| **Magic Words** | | **Definition** | **Application** |
| 1. Profit motive |  | |  |
| 1. Open opportunity |  | |  |
| 1. Private property rights |  | |  |
| 1. Free contract |  | |  |
| 1. Voluntary exchange |  | |  |
| 1. Competition |  | |  |
| 1. Interest groups |  | |  |
| 1. Public disclosure laws |  | |  |
| 1. Public interest |  | |  |
| 1. Macroeconomics |  | |  |
| 1. Microeconomics |  | |  |
| 1. Gross domestic product (GDP) |  | |  |
| 1. Business cycle |  | |  |
| 1. Work ethic |  | |  |
| 1. Technology |  | |  |
| 1. Public good |  | |  |
| 1. Public sector |  | |  |
| 1. Private sector |  | |  |
| 1. Free rider |  | |  |
| 1. Market failure |  | |  |
| 1. Externality |  | |  |
| 1. Poverty threshold |  | |  |
| 1. Welfare |  | |  |
| 1. Cash transfers |  | |  |
| 1. In-kind benefits |  | |  |
| 1. Temporary assistance to needy families |  | |  |
| 1. Social security |  | |  |
| 1. Unemployment compensation |  | |  |
| 1. Workers compensation |  | |  |