

Chapter 18, Section 3

Being an Economically Smart Citizen

(Pages 416–419)

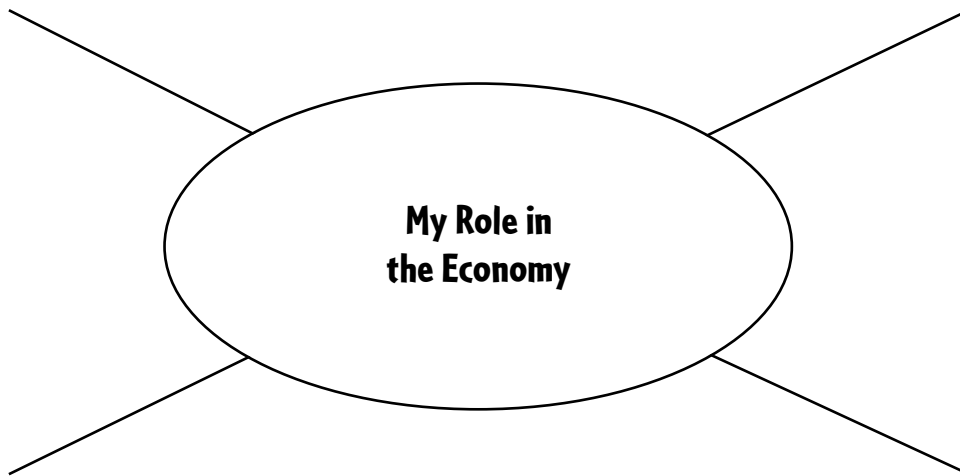
Reason To Read

Setting a Purpose for Reading Think about these questions as you read:

- Why is it important to be informed about economic activity?
- What is rational choice?

Main Idea

As you read pages 416–419 in your textbook, complete the web diagram by describing your rights and responsibilities in a market economy.



Understanding Your Role in the Economy (pages 416–418)

Summarizing

As you read, complete the following sentences. Doing so will help you summarize the section.

1. Our _____ is a system in which people make allocate resources based on supply, demand, and prices.
2. A market economy is often based on _____ .
3. Three types of incentives used to persuade people to take certain economic actions include _____, _____, and _____ .
4. The government uses incentives such as _____ to encourage production of goods.

Terms To Know

Define or describe the following terms from this lesson.

market economy

capitalism

free enterprise

incentive

Academic Vocabulary

Define the following academic vocabulary word from this lesson.

likewise

Sum It Up

What are incentives?

Making Wise Choices (pages 418–419)

Drawing Conclusions

As you read, write three details about making wise economic choices. Then write a general statement on the basis of these details.

1.

2.

3.

General Statement

Terms To Know

Define or describe the following term from this lesson.

rational choice

Academic Vocabulary

Circle the letter of the word that has the closest meaning to the underlined word.

ultimate

1. The ultimate reason for buying that car was its fuel efficiency.
- a. fundamental b. first c. recent

generate

2. That engine can certainly generate power!
- a. concentrate b. produce c. enhance

Sum It Up

Do all rational consumers think alike? Why or why not?

Section Wrap-up

*Now that you have read the section, write the answers to the questions that were included in **Setting a Purpose for Reading** at the beginning of the lesson.*

Why is it important to be informed about economic activity?

What is rational choice?
