

Choices and Enterprise

How economic freedom shaped the new nation

8.14 "Economics. The student understands the origins and development of the free enterprise system in the United States. The student is expected to: explain why a free enterprise system of economics developed in the new nation..."

NAME _____

DATE _____

1 READ AND MARK _____ Read it twice

YOUR JOB Underline reasons Americans wanted less government control, circle characteristics of free enterprise, and number two benefits of the system so you can connect its origins to its effects.

Building an Economic System

- ① After winning independence, many Americans remembered British trade rules and taxes they had opposed. They wanted people to make economic choices with less control from a distant government. The new nation protected private property, meaning people could own land, tools, shops, and profits. Governments still collected some taxes and enforced laws, but leaders generally favored lower taxes and fewer regulations than under British rule. They believed secure ownership and voluntary exchange would encourage citizens to work, invest, and start businesses.
- ② In a free enterprise system, individuals and businesses decide much of what to produce, buy, sell, and invest. Consumers can choose among goods, while businesses compete for customers. A person may risk money to open a mill, store, or railroad company, hoping to earn a profit. Prices usually result from buyers and sellers making choices, rather than being set by government officials. Courts helped by enforcing contracts, and patent laws gave inventors temporary rights to their creations. These rules supported, rather than directed, private enterprise.
- ③ By 1877, this system had helped expand farms, factories, railroads, and new products. Competition could lead businesses to improve goods or lower prices, giving consumers more choices. The chance to keep profits encouraged innovation and investment. Property rights also made it easier for people to use land or equipment as security when borrowing money. Yet opportunities were not equal: wealth, discrimination, and limited access to credit kept many people from gaining the same benefits. Free enterprise created growth, but it did not guarantee success for every person.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 How did Americans' memories of British rule affect the kind of economic system they wanted?

2 What are property rights, and how could they encourage a person to start or expand a business?

3 How did courts and patent laws support free enterprise without directing private businesses?

4 Name two benefits of free enterprise by 1877, then explain one reason its benefits were not shared equally.

3 YOUR TURN _____ Your own words

Imagine you live in 1870 and are opening a small business. Write 80 to 100 words explaining how property rights, voluntary exchange or competition, and profit would shape your plan. Include one benefit for consumers and one reason not all people could benefit equally.

PART 1 • READ AND MARK

Underline reasons Americans wanted less government control, circle characteristics of free enterprise, and number two benefits of the system so you can connect its origins to its effects. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	How did Americans' memories of British rule affect the kind of economic system they wanted?	Many Americans wanted less control from a distant government, lower taxes, and fewer regulations than they associated with British rule.
2	What are property rights, and how could they encourage a person to start or expand a business?	Property rights allow people to own land, tools, shops, and profits. Secure ownership encouraged people to work and invest, and property could be used as security for a loan.
3	How did courts and patent laws support free enterprise without directing private businesses?	Courts enforced contracts, and patent laws gave inventors temporary rights to their creations. These laws protected private activity rather than telling businesses what to produce or sell.
4	Name two benefits of free enterprise by 1877, then explain one reason its benefits were not shared equally.	Benefits included expanded farms, factories, railroads, and products; improved or lower-priced goods; more consumer choices; and innovation and investment. Benefits were unequal because wealth, discrimination, or limited access to credit blocked many people.

PART 3 • YOUR TURN (SAMPLE ANSWER)

In 1870, I would open a tool shop near a growing railroad town. Because I can own my shop and its tools, I would use them as security for a loan. I would sell tools only to customers who choose to buy them, and I would compete by offering reliable tools at fair prices. If the shop earns a profit, I could buy more supplies. Customers would benefit from better choices. However, a person denied credit or treated unfairly might not have the same chance to open a shop.

Accept equivalent explanations that connect limited government, taxation, property rights, voluntary exchange, competition, consumer choice, profit, contracts, or patents to free enterprise. For the open response, accept historically reasonable business plans that include all required economic connections and recognize unequal access to opportunity.