

Why Do Free Markets Work?

Test Your Knowledge: Answer the questions based on the video and information sheet, "Why Do Free Markets Work?"

1. Which of these answers is wrong? In a free market, all transactions (trades or deals) are:

- a) voluntary and consensual
- b) negotiated for mutual benefit
- c) controlled by the government

2. Free markets are typically part of which economic system?

- a) socialism
- b) capitalism
- c) feudalism

3. Free markets have resulted in _____ since World War II.

- a) fast economic growth
- b) economic collapse
- c) oppressive governments

4. In extreme cases, a free market can result in a monopoly.

True / False

5. What are three benefits of free market economics?

6. What are three drawbacks of free market economics?

