

### free enterprise economy

free enterprise economy, also called The capitalist economic system is a politicoeconomic mode of production in which all decision on the management of the community are made by individuals this type of economy is based on the following criteria. - Private property, i.e, private ownership and control of the means of production. - Private profit, i.e, creation of economic activities by individuals in order to make more profit. - Creation of market structure which regulates these economic activities. - Laissez-faire principles which lead to competition between the different supplies of goods and services. In this mode of production, the state does not intervene in other economic sphere. Its role is supportive rather than interventionist. In other words, the state seeks to provide the conditions which are necessary for the economic framework to prosper. In the later forms of capitalism, the role of the state has become more influential and significant, in the sense that it attempts to control the economy. The aim of such interventions is to create stability and to protect local capital.

#### Questions:

- Answer the following questions :

- 1- What is the capitalist economic system?
- 2- What are the main characteristics of this type economy?
- 3- What is the role of the state in the earlier form of capitalism?
- 4- What is the role of the state in the later form of capitalism?
- 5- Why does the state control the economy?

- Match the words in the box with the definitions below:

Leadership	Manager	Liquidity
Creditors	Stock	debtors

1. person charged with the responsibility of administrating and directing an organization' s activities.....
2. ability for individual or company to convert assets into cash or cash equivalents without significant loss.....
3. customers who owe money for goods or services not yet paid for.....

4. upper level of management that provides vision and direction for the company.....

5. goods stored ready for sale.....

6. suppliers who are owed money for purchases not yet paid for.....

• **Give the meaning of the following words in Arabic.**

– Production ..... . – Ownership .....

– Property ..... . – Means .....

**GOOD LUCK**