

The Price System

Directions Write the correct word from the Word Bank to complete each sentence.

Word Bank

incentive
resources

relative worth
price system

externalities
pay

negative externality
positive externality

market failures
public goods

1. Communication between buyers and sellers is called the _____.
2. Prices tell businesses about the _____ consumers put on goods.
3. A low price on a good can be a(n) _____ for consumers to buy.
4. Increasing workers' _____ encourages them to apply for jobs or switch jobs.
5. When consumers pay high prices, producers know that they are using their _____ well.
6. Problems in the price system are called _____.
7. Side effects of an economic situation are called _____.
8. Sometimes people benefit from economic change. That side effect is a(n) _____.
9. Sometimes people suffer from economic change. That side effect is a(n) _____.
10. _____ are usually paid for by taxes.