

GI- Economic Systems

- Market: Based on supply and demand, people can own businesses for profit (Adam Smith or capitalist)
- Command: government controlled production of goods (Marx and communist)
- Traditional: based on mainly on tradition, culture, agriculture, barter & trade of goods, found in Africa and tribal societies
- Mixed: has elements of privately owned businesses and government owned businesses

Sample Questions

1. What is a key principle of a market economy?
 - (1) The means of production are controlled by the state.
 - (2) Supply and demand determine production and price
 - (3) Employment opportunities are determined by social class.
 - (4) Businesses are owned by the people collectively.
2. Which statement describes one major aspect of a command economy?
 - (1) Supply and demand determines what will be produced.
 - (2) Most economic decisions are made by the government.
 - (3) The means of production are controlled by labor unions.
 - (4) The economy is mainly agricultural.
3. In a traditional economic system, which type of goods is most often produced?
 - (1) agricultural products
 - (2) heavy industrial machinery
 - (3) military supplies
 - (4) electronics and computers
4. Which statement best describes a mixed economy?
 - (1) The government determines the production and distribution of goods and services.
 - (2) The products that consumers demand determine what goods are produced.
 - (3) Some industries are owned by the state, and others are privately owned.
 - (4) People produce the same goods, but in different amounts, every year.