

Name:

Hr:

Economic Systems

Civics

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**DIRECTIONS:** Use the *reading* to complete the information below about different economic systems

**Traditional Economy:**

- Decisions follow patterns of behavior that are unlikely to \_\_\_\_\_
- \_\_\_\_\_ is the basic unit, all members work together to support the society
- Don't produce enough to sell just enough to live, therefore cannot earn enough extra \_\_\_\_\_ to buy better equipment
- \_\_\_\_\_ own resources and make own day-to-day decisions
- Usually small
- Very few traditional markets exist today, some parts of Central and South America, Africa and \_\_\_\_\_

**Free Market Economy:**

- Private individuals make choices about production, \_\_\_\_\_, and distribution
- Citizens are free to develop many different types of \_\_\_\_\_
- Major economic decisions are made by \_\_\_\_\_, not by a centrally controlled government
- Producers compete to \_\_\_\_\_ the wants of consumers
- In a free market economy people want to make \_\_\_\_\_
- Another name for a market economy is \_\_\_\_\_, in which capital is privately owned

**Command Economy:**

- \_\_\_\_\_ owns the resources and businesses
- Government decides what to produce, how much, the price, and wages
- \_\_\_\_\_ people's choice of jobs, products, and services
- Consumers have \_\_\_\_\_ or \_\_\_\_\_ control over parts of the economy
- Examples of a command market include North Korea and Cuba

**Mixed Economy:**

- Some businesses are owned by the \_\_\_\_\_ and others are owned by \_\_\_\_\_ citizens or groups
- Examples of mixed economies include the United States, India, Japan, Great Britain and many more

**DIRECTIONS:** Read the following scenarios and decide which economic system each belongs. Choices are Command, Free Market, Traditional, and Mixed

**Scenario 1:** Under a Communist government for many years, Russia was an industrial giant. The government controlled all factories and farms, told managers what to do, how much to produce and where to sell goods. The government also set prices, worker's wages, and took about  $\frac{3}{5}$  of all profits. Russia had a \_\_\_\_\_ economy. In the early 1900s the Russian government began to sell its businesses to private owners. It stopped controlling prices and wages. Russia was trying to change to a \_\_\_\_\_ economy.

**1. Justify and explain:**

**Scenario 2:** Fertile soil and abundant water supply makes Southeast Asia one of the great rice-producing areas of the world. For the most part, the region's farmers use ancient agricultural methods. They plant rice by hand and harvest with hand tools. Tractors are rare and farmers use water buffalo to pull rake-like plows. Most Southeast Asian countries have \_\_\_\_\_ economies.

**2. Justify and explain:**

**Scenario 3:** Manufacturing is the basis of Japan's economy. The country's privately owned businesses make the country one of the world's leading producers and exporters of automobiles and electronic equipment such as televisions and radios. Other privately owned businesses that are highly profitable for the country are the chemical, iron, and steel industry. Japan has a \_\_\_\_\_ economy.

**3. Justify and explain:**

**DIRECTIONS:** Read the statements below and decide if it is Traditional (T), Free Market (FM), or Command (C).

4. \_\_\_\_\_ Family is the basic unit structure
5. \_\_\_\_\_ Also known as Capitalism
6. \_\_\_\_\_ Competition between businesses and making a profit are key components
7. \_\_\_\_\_ People's choices are limited to what government wants them to have
8. \_\_\_\_\_ Members are focused on producing just enough to survive, not a extras
9. \_\_\_\_\_ Citizens are free to start their own business, make decisions and set prices
10. \_\_\_\_\_ Usually exists in small, rural communities or tribes
11. \_\_\_\_\_ We have a version of this economy in the United States
12. \_\_\_\_\_ Government owns resources/businesses and controls transportation/communication