

Name \_\_\_\_\_

Date \_\_\_\_\_

SECTION

**1**

RETEACHING ACTIVITY

# Introduction to Economic Systems

## Comparing the Different Economic Systems

Fill in the chart to compare the different kinds of economic systems.

CHAPTER 2

	Traditional Economy	Command Economy	Market Economy
Description of economic system			
Advantages			
Disadvantages			

COMMAND ECONOMIES, *CONTINUED*

**APPLICATION**

CHAPTER 2

<b>Comparing Communism and Socialism</b>		
	<b>Communism</b>	<b>Socialism</b>
Property rights	Resources owned by the government	Basic resources owned by government, the rest privately owned
Allocation of goods and resources	Determined by centralized planning	Allocation of basic resources determined by centralized planning; market forces determine allocation of privately-owned resources
Employment	Workers employed by government or government-owned cooperatives	Workers employed by private businesses or government, or are self-employed
Investment	Undertaken by government in accordance with the objectives of central planners	Undertaken by government and by private parties seeking profits
Income distribution	Determined by central planners in the government	Determined by central planners in government-owned businesses, by market forces in privately-owned businesses

**12. MARK IT UP!** Reread your notes on “Government Controls.” Highlight the definitions of the different vocabulary terms. In the table, place the numeral 1 next to the name of the system that has the most command elements.

**13.** How do communism and socialism differ in terms of the role that government plays in the economy?

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**14.** How do you think incentives for individuals would differ between the two systems?

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SECTION  
**3**

RETEACHING ACTIVITY  
**Market Economies**

**A. Reviewing Economic Vocabulary**

Select the term that best completes each sentence. Write the term in the blank.

- |                         |                    |
|-------------------------|--------------------|
| capitalism              | product market     |
| competition             | profit             |
| consumer sovereignty    | specialization     |
| factor market           | voluntary exchange |
| private property rights |                    |

CHAPTER 2

- The place where people buy and sell goods and services is called the \_\_\_\_\_
- Whenever two people or two sets of people make a trade in which all involved believe that what they are getting is worth more than what they are giving up \_\_\_\_\_ has occurred.
- \_\_\_\_\_ occurs when people concentrate their efforts on the activities they do best.
- The economic system that is based on private ownership of the factors of production is called \_\_\_\_\_
- \_\_\_\_\_ occurs when sellers act independently to get consumers to purchase their products.
- The rights individuals have to own belongings, ideas, workplaces, and labor are called \_\_\_\_\_
- The place where people sell land, labor, capital, and entrepreneurship is called the \_\_\_\_\_
- The financial gain that a seller makes from a business transaction is known as \_\_\_\_\_
- The idea that people who purchase goods and services have ultimate control over what gets produced because they are free to buy what they want and they do not have to buy anything that they do not want is referred to as \_\_\_\_\_

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