

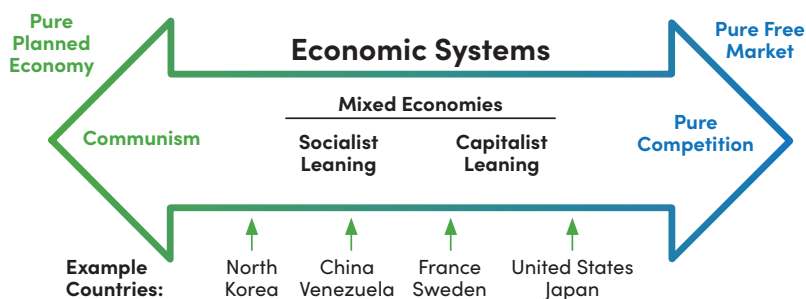
EXPLORING ECONOMIC SYSTEMS

Read each statement describing an economy. Review the information on page 1 to determine which economic system the scenario is describing.

Place a **T** in the blank for traditional economy, a **C** for command, **MAR** for market, and **MIX** for mixed.

- C** A centralized government controls all economic activity.
- MAR** Free market principles guide the exchange of goods and services.
- T** This economic system relies primarily on individual labor and focuses on basic goods and services being traded in a small community.
- MIX** A combination of free market activity and centralized government controls characterize this economic system.
- T** In this barter economy, individuals exchange the goods and services they need for the goods and services they can provide others.
- MAR** This economic system promotes capitalism, a free market system with minimal government intervention.
- T** This system exists only in small, isolated communities today but was more common in earlier societies.
- MIX** This economic system has mostly privately-owned industries, but there are also a number of government-run utilities.
- C** North Korea is one of the few countries that has this economic system, characterized as having little or no independently-owned businesses.
- T** If a child at the school lunch table trades her bag of chips for another child's apple, it is an example of practices most common in this economic system.
- MIX** The United States allowing independently-owned delivery businesses and also supporting a government-run postal system is an example of this economic system.
- C** In this economic system, consumers do not have many choices. They purchase what the government produces at the price the government decides.

Bonus question: Examine the Economic Systems graphic below and write two or three sentences explaining how Venezuela's economic system compares to Japan's. **Sample answer**



Venezuela and Japan both have mixed economies with individually-owned businesses and government-owned businesses. Venezuela is positioned closer to the “pure planned economy” side of the graphic, so it has more government-owned businesses. Japan is positioned closer to the “pure free market” side of the graphic, so it has more individually-owned businesses.