

Name \_\_\_\_\_

### Chapter 2.1: Economic Systems

1. The free enterprise system can also be accurately called \_\_\_\_\_.
2. A(n) \_\_\_\_\_ is defined by how a society answers the three economic questions.
3. In \_\_\_\_\_, government controls and may own many of the resources.
4. An economic system that is based on customs, skills, and cultural beliefs is called a(n) \_\_\_\_\_ economy.
5. \_\_\_\_\_ wrote *The Wealth of Nations* and believed that self-interest causes people to work hard and take risks, which benefits society.
6. What are the 3 major questions pertaining to the production and distribution of goods?
  - a.
  - b.
  - c.
7. Complete the following chart comparing Free Enterprise vs. Socialism

	Free Enterprise	Socialist
Resources		
Gov't Role in Economy		
Economic Plans		
Income Distribution		
Controlling Prices		
Private Property		

8. What is a mixed economy?

9. How are the mixed economies of the United States and China different?

10. Give an example of a traditional economy.

11. Use the following key to label each of the statements in questions 9-18 as more like the vision of Adam Smith or Karl Marx.

AS-Adam Smith

KM-Karl Marx

- \_\_\_\_\_ Resources are owned by private individuals.
- \_\_\_\_\_ Government decision makers write economic plans.
- \_\_\_\_\_ Private property is sacred.
- \_\_\_\_\_ Government makes major decisions concerning the use of resources and the production of goods.
- \_\_\_\_\_ Much attention is given to distribute income away from high earners toward low earners.
- \_\_\_\_\_ Government owns and controls many resources.
- \_\_\_\_\_ Government does not attempt to control prices.
- \_\_\_\_\_ Government sets wages and the prices of goods.
- \_\_\_\_\_ Government owns most property and uses it for the benefit of the people.

