

Economic Systems & the American Economy Worksheet

The various types of economic systems answer the 3 basic economic questions in different ways. This exercise will help you review this information.

The following sentence fragments each complete the sentence started below. Beside each fragment, indicate whether that statement best describes a traditional (T), command (C), or market (M) economy. Label it with a *T*, *C*, or *M*.

“In my country ...

1. ____ the government controls the economy. It assigns jobs, sets production goals, & decides wages.”
2. ____ business is based on competition. Success comes from doing something better & cheaper than your competitors.”
3. ____ producers decide what & how much to make based on what people want to buy.”
4. ____ we have no need for money. By custom, some of us hunt, some fish, others farm, & we are all taken care of.”
5. ____ central planners decide when we should expand old factories or build new ones.”
6. ____ the government makes economic decisions.”
7. ____ the government has a very small role.”

List the five major characteristics of a U.S. free-enterprise system. Give an example of how each may apply to your life in the American economy.

8. _____

9. _____

10. _____

11. _____

12. _____
