

THREE ECONOMIC SYSTEMS

TRADITIONAL ECONOMY	COMMAND ECONOMY	MARKET ECONOMY
Economic decisions generally repeat those made in earlier times or by previous generations. Continuity is valued.	Economic decisions are made largely by an authority such as a government agency.	Economic decisions are made by individuals in their roles as consumers, workers, business owners, and savers.
WHAT The goods and services produced today are the same as those produced in previous generations.	WHAT A central planning authority decides what goods and services to produce.	WHAT Businesses seek profits producing what consumers want.
HOW Method of production is the same as in previous generations.	HOW A central planning authority determines sites of factories, number and wages of employees, methods of production, and quotas for each good and service.	HOW Individual business owners decide the method of production to equal or better competition.
WHO Finished goods and services are traded locally for other finished goods and services.	WHO Members of party in power and other designated individuals receive finished products first.	WHO Finished goods and services are distributed to those individuals who are willing and able to buy them.

Read each statement below. Determine if the statement best represents:

- a traditional economy (**T**) • a command economy (**C**) • a market economy (**M**)

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| <p>1. _____ A farmer can own his land, barn, and animals.</p> <p>2. _____ Government decides not to produce chewing gum.</p> <p>3. _____ Sons of plumbers become plumbers just like their fathers.</p> <p>4. _____ Auto worker decides to join a union, go on strike.</p> <p>5. _____ Wages of waitresses are determined by the supply and demand for them.</p> <p>6. _____ Students who test well are given free education and assigned occupations.</p> <p>7. _____ Workers must have permission to change jobs or to move to another city.</p> <p>8. _____ Certain jobs, like farming, are dominated by one sex.</p> <p>9. _____ Businesses produce what consumers want.</p> <p>10. _____ Mechanic chooses to retrain and become an accountant.</p> <p>11. _____ Cotton producers plant cotton on the same day using the same tools as previous generations.</p> <p>12. _____ A committee sets quotas for cheese plants and wages of the cheese workers.</p> <p>13. _____ A central authority decides where shoe factories should be located.</p> <p>14. _____ Anyone has the opportunity to go to college and choose his major.</p> <p>15. _____ The price of lettuce is set by a food authority.</p> | <p>16. _____ Any individual can open a pizza business.</p> <p>17. _____ Skateboards are distributed to those people who are willing and able to buy them.</p> <p>18. _____ People are assigned low-rent apartments and given free medical care.</p> <p>19. _____ All pro basketball players earn the same wages.</p> <p>20. _____ A guitar company produces the same number of guitars as it did twenty years ago.</p> <p>21. _____ Supporters of the political party in power get tennis shoes first.</p> <p>22. _____ The farmer trades his grapes for blankets.</p> <p>23. _____ The weak government does not interfere with continuing the production of coconut juice.</p> <p>24. _____ The central authority decides that only one plant will manufacture bicycles.</p> <p>25. _____ The price of a haircut remains the same for generations.</p> <p>26. _____ Buyers and sellers determine the price of jeans.</p> <p>27. _____ Three pizza shops compete for business in a small town.</p> <p>28. _____ Sons inherit farmland from their fathers.</p> <p>29. _____ Gymnasts are selected for training by the state at an early age.</p> <p>30. _____ The decision to produce a new type of shampoo is made by an entrepreneur.</p> |
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