

## Reteaching Activity 26



### Comparing Economic Systems

The economies of the world can be categorized as market economies, command economies, mixed economies, and traditional economies. The United States is dependent on other nations to supply certain products and services that are not produced here. All countries tend to produce products and services in which they have a comparative advantage. Therefore, free trade is important to many countries. Tariffs and quotas are applied when countries believe they must protect industries at home.

**DIRECTIONS: Completing a Table** Market and command economies are very different. In the table below, write the letter of the characteristic in the box that corresponds to each specific economy.

★	Market Economy	Command Economy ★
<b>Another name for this system:</b>		
<b>Chief characteristic:</b>		
<b>How prices are set:</b>		
<b>Government involvement:</b>		
<b>Goal of system:</b>		
<b>Example of country with this system:</b>		

Copyright © by The McGraw-Hill Companies, Inc.

**Another name for this system**

- A. socialist
- B. capitalist

**Chief characteristic**

- C. Private citizens own the factors of production.
- D. Government owns the factors of production.

**How prices are set**

- E. Prices are based on the interaction of supply and demand.
- F. Government sets prices.

**Government involvement**

- G. Government decides what to produce, how to produce it, and for whom to produce it.
- H. Government provides public goods, ensures markets stay competitive, and encourages positive externalities.

**Goal of system**

- I. Goal is for wealth to be equally distributed among all citizens.
- J. Goal is to decentralize the economic decision making to all the people in the economy.

**Example of country with this system**

- K. United States
- L. Cuba