Guided Reading Activity

Economic Systems and Decision Making

Lesson 2 Mixed Economies

Review Questions

Directions: Read each main idea and answer the questions below. Refer to your textbook as you write the answers.

A. Characteristics of Mixed Economies

Main Idea: Mixed economies—economic systems where tradition, government, and markets each answer some of the WHAT, HOW, and FOR WHOM to produce questions—exist for several reasons.

1. What factors can lead to the development of mixed economies? What led to the development of U.S. government economic programs in the 1920s and 1930s?

2. Who owns most of the resources in a market or capitalistic economy? In a socialist or command economy? What determines ownership in a traditional economy?

3. Are most economies purely capitalistic, purely command, purely traditional, or mixed? Of the economies that are mixed, what form is likely to be the most economically developed?

B. Examples of Mixed Economies

Main Idea: Mixed economies usually share characteristics with all three economic systems-market, socialist, and traditional.

1. Define communism. What is the difference between communism and a command economy?

Guided Reading Activity cont.

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2. Are there any true communist economies today? Which economies call themselves communist, and what are they actually, if not communist? 3. Describe the reason Sweden is no longer considered a socialist country. When did it change, and what is its economy today? 4. Name some other mixed market economies. 5. Is the United States a purely capitalistic market economy? Why or why not? C. Evaluating Mixed Economies Main Idea: Mixed economies offer both benefits and disadvantages to members of society. 1. Why are former socialist and command economies, like those of China, Cuba, and Russia, adopting more free market practices?

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2. What advantages does a mixed economy have over a purely capitalistic	c market economy?
3. In an economic downturn, what can happen in countries that depend programs?	on high taxes to fund social
4. Why might rulers of command and socialist economies see market-or leadership?	iented reforms as a threat to their
Summary and Reflection	
Directions: Summarize the main ideas of this lesson by answering the que	stions below.
Why are the majority of the world's economies mixed? What benefits and dis have compared to "pure" types of economies (traditional, socialist/command	
