

# Review Economic Systems

Economic System	Characteristics	Strengths	Weaknesses
Traditional			
Mercantilism			
Capitalism			
Communism			

Name: \_\_\_\_\_

- 1) d What to produce?
- d How to produce?
- d For whom to produce?

Which social scientist studies how these questions would be answered for a specific society?

- A) an economist                      B) a geographer                      C) a sociologist                      D) an anthropologist
- 2) Hunting and gathering, subsistence agriculture, and the barter system are characteristics of a
    - A) market economy                      C) command economy
    - B) traditional economy                      D) mixed economy
  - 3) In a traditional economic system, which type of goods is most often produced?
    - A) agricultural products                      C) military supplies
    - B) heavy industrial machinery                      D) electronics and computers
  - 4) Which statement is a description of a market economy?
    - A) Individual decision making and supply and demand greatly influence basic economic decisions.
    - B) The national government controls all resources, labor supply, and means of production.
    - C) Government planning agencies make some economic decisions and private businesses make others.
    - D) Customs, religions, and traditions determine most economic decisions.
  - 5) What is a major reason for the differences in economic prosperity in various areas of the world today?
    - A) religious unity between nations                      C) membership in the United Nations
    - B) the success of nationalist movements                      D) an unequal distribution of resources
  - 6) d A British bank makes a loan to a South American nation.  
 d A United States corporation purchases large amounts of land in Guatemala.  
 d A Japanese investment firm becomes the major shareholder in a Bolivian silver mine.

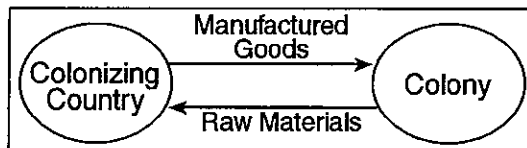
Which concept is illustrated by these situations?

- A) nationalization                      B) isolationism                      C) interdependence                      D) protectionism
- 7) In Europe, joint stock companies, shareholders, entrepreneurs, and the bourgeoisie contributed to the
    - A) development of feudalism                      C) increase in power of the guilds
    - B) decline of communism                      D) rise of capitalism
  - 8) The purpose of colonies is to ship raw materials to the colonial power and buy finished goods from the colonial power.

This statement reflects the basic idea of which economic system?

- A) mercantilism                      B) socialism                      C) capitalism                      D) communism
- 9) A key principle of the economic theory of communism is
    - A) restoration of a bartering system                      C) government ownership of property
    - B) privatization of business                      D) organization of workers' unions
  - 10) What did Karl Marx and Friedrich Engels believe would be the result when communism finally emerged as the dominant political and economic system?
    - A) Only two classes would exist in society.
    - B) All the evils of industrial society would disappear.
    - C) The Soviet Union would become the world's only superpower.
    - D) Citizens would own their individual homes and farms.

11) Which economic system is shown in the diagram below?



- A) mercantilism  
 B) manorialism  
 C) socialism  
 D) laissez-faire capitalism
- 12) Under the policy of mercantilism, colonial powers considered their colonies to be
- A) possessions to benefit the imperial power  
 B) possessions being prepared for independence  
 C) independent nations that traded throughout the world  
 D) independent nations that had special relationships with European powers
- 13) The economic theory of laissez-faire capitalism proposes that
- A) the practices of mercantilism should be expanded  
 B) the nobility should have strict control over business and industry  
 C) governments should not interfere with business  
 D) command economies should provide the greatest opportunity for national growth
- 14) Which statement is supported by the ideas of Karl Marx?
- A) Industrial capitalism allows workers and employers to work together for a common purpose.  
 B) Countries should benefit from the wealth of their colonies.  
 C) Private ownership of businesses helps workers.  
 D) Industrialization benefits the wealthy and exploits the poor.