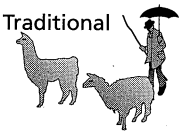
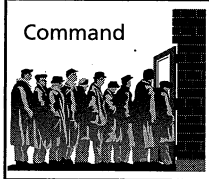
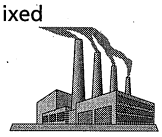
Chapter 3 Test Form B (continued)

Applying Skills: Reading a Chart Use the chart below to answer the questions that follow. *(5 points each)*

Economic System	WHAT, HOW, and FOR WHOM to produce	Examples (in theory)
Traditional 	Customs and traditions determine what and how to produce. Resources are usually shared. Many traditional systems use bartering to exchange goods and services.	• Inuit • Some parts of Africa and South America
Command 	Government owns resources and controls production, prices, and wages. Shortages of consumer goods occur because government sets prices low and resources are often used for military goods.	• China • North Korea • Former USSR
Market	Individuals own resources and determine what and how to produce. Prices and wages are determined by producer supply and consumer demand.	• United States
Mixed 	Individuals own most resources and determine what and how to produce. Government regulates certain industries.	• Most nations

_____ **21.** Who makes key decisions in a command economy?

A. the government
C. individuals
B. no one; resources are shared
D. private businesses

_____ **22.** How are goods and services exchanged in a traditional economy?

A. through prices and wages
B. through government regulation
C. through barter
D. through shortages and surpluses

_____ **23.** How are prices and wages determined in a market economy?

A. by government control
C by customs and traditions
B. by supply and demand
D. through federal agencies

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