

Name _____

The Amazing World of Economic Systems

Short Answer Key

1. In a traditional economy, people might engage in farming the same way their ancestors did.
2. The primary role of the government in a command economy is to make most economic decisions, including what to produce and how to distribute goods and services.
3. Incentives are important because they motivate individuals to work hard, be innovative, and invest in the economy.
4. The economic system can determine whether wealth is distributed equally or based on individual effort and contribution.
5. An economic system can contribute to economic stability by implementing regulations and policies that prevent extreme fluctuations and crises.

