

Name _____

Central Planning: The Pros and Cons of a Centrally Planned Economic System

Multiple Choice Questions

1. What is one advantage of a centrally planned economic system?
 - a) Limited government control
 - b) Economic stability and predictability
 - c) Income inequality
 - d) Lack of public services

2. How does a centrally planned economy typically address income inequality?
 - a) By promoting competition
 - b) By allowing market forces to determine wages
 - c) By setting wages and prices to promote fairness
 - d) By eliminating government control

3. What is a potential disadvantage of central planning in an economy?
 - a) Lack of incentives for innovation
 - b) Efficient resource allocation
 - c) Abundant consumer choices
 - d) Economic stability

4. Why might centrally planned economies experience shortages and surpluses of goods?
 - a) Due to efficient resource allocation
 - b) Because of government intervention in production
 - c) As a result of market forces
 - d) To promote consumer choice

5. What is one way centrally planned economies can adapt to changing circumstances?
 - a) By eliminating government control entirely
 - b) By maintaining a rigid economic structure
 - c) By transitioning to mixed economies
 - d) By increasing bureaucracy

