

Name _____

Government's Role in the Economic Symphony: A Tale of Different Systems

Open-Ended Response Answer Key

1. Advantage: Limited government intervention in a capitalist economy allows for economic freedom and innovation. Disadvantage: It may lead to issues like income inequality and insufficient social safety nets.
2. Central planning in a planned economy might face challenges in rapidly changing industries where flexibility is crucial, as well as in ensuring efficient resource allocation. For example, adapting to technological advancements can be challenging.
3. The government's role in various economic systems can impact income inequality by promoting equity in socialist and planned economies and potentially leading to reduced income disparities. Social welfare programs can also provide support to those in need.
4. In capitalism, the government enforces rules and regulations, protects property rights, and provides limited social safety nets. In socialism, it focuses on equitable distribution and social welfare. In planned/command economies, it engages in central planning and often owns or controls major industries. The key differences lie in the extent of government intervention and ownership.

