

Guided Reading

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International Trade and Economic Systems

Lesson 2 *Economic Systems and Development*

ESSENTIAL QUESTION

- *Why and how do people make economic choices?*

Market Economies

1. **Explaining** Answer these questions about market economies.

- **Who** owns the factors of production? _____
- **Who** makes the major economic decisions?

- **What** are the factors of production? _____
- **How** are the prices of goods and services set?

2. **Contrasting** As you read, complete the chart to list the positive and negative characteristics of a market economy.

Market Economy Characteristics	
Positive	Negative
• • •	• • • •

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Command Economies

3. Explaining Answer these questions about command economies.

- **Who** owns the factors of production? _____

- **Who** makes the major economic decisions?

- **What** is one advantage and one disadvantage of command economies?

- **How** does growth in command economies compare with growth in market economies?

4. Sequencing Show the steps that countries take when they switch from a command economy to a market economy.

Steps to a Market Economy

1.

2.

3.

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Mixed Economies

5. **Describing** As you read, add details to the chart to describe the economy in the United States.

U.S. Economic System

- The United States is not a pure market economy because _____.
- A mixed economy _____.
- The United States is considered _____.
- _____ define the U.S. economy.
- The U.S. government provides _____.
- Examples of U.S. government intervention include _____.

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Developed and Developing Countries

6. **Organizing** As you read, complete the chart by listing the characteristics of developed, newly industrialized, and developing countries. Then list the obstacles to development for all of them.

Developed Countries	Newly Industrialized Countries	Developing Countries	Obstacles to Development