

Learning Goal: Students will identify different economic systems and be able to explain how traditional, command, market, & mixed economies answer the three fundamental questions.

Define the following essential vocabulary for this unit.

consumer sovereignty

copyright

eminent domain

externality (spill-over)

factor market (resource market)

free rider

incentive

"Invisible Hand"

laissez faire

patent

price competition

product market (goods market)

specialization

Essential Questions: Use as many vocabulary terms as possible when answering the questions. Underline each term you use in your answers.

1) What are the three main types of economic systems and how does each answer the 3 fundamental questions?

2) How do socialism and communism differ? How are they similar?

3) In what ways does self-interest shape the nature of a market economy?

4) Why are most modern economies mixed economies?

5) What are the fundamental elements of the free enterprise system in the United States?

6) Why is the difference between a public good and a private good, and how does a government manage externalities?