

What Is an Economy? | Worksheet



Matching

Match the definition in Column A with the term in Column B.

Column A

- _____ Economic pattern of expansion and contraction
- _____ Government owns and controls production
- _____ Supply and demand set prices and production
- _____ One who purchases goods within an economy
- _____ One who sells goods within an economy

Column B

- a. Producer
- b. Consumer
- c. Business Cycle
- d. Command-Based Economy
- e. Market-Based Economy

Multiple Choice

1. **What is one consequence for consumers when a long economic contraction occurs?**
 - a. Consumers spend more money.
 - b. Consumers spend less money.
 - c. Consumers spend the same amount of money.
 - d. Economic contraction has no long-term effects.
2. **How long does an economy contract before it is officially in a recession?**
 - a. Three months
 - b. Four months
 - c. Five months
 - d. Six months
3. **What would be the initial result of high demand in a market-based economy?**
 - a. As profit increases, prices rise.
 - b. As profit decreases, prices drop.
 - c. As profit increases, prices drop.
 - d. As profit decreases, prices rise.
4. **Why would a command-based economy decrease private ownership of businesses?**
 - a. Private ownership is encouraged by the government.
 - b. Private ownership is controlled by the government.
 - c. Private ownership is discouraged by the government.
 - d. Private ownership is not affected by the government.

Application

You open a new business and are excited to see your products flying off the shelves. You hire more employees, buy more materials, and increase your supply of goods. However, a competitor opens up a similar business across from you, and you begin to notice your sales are down. What can you do to ensure your business continues to grow? List some actions you could take below.



What Is an Economy | Answer Key

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Match the definition in Column A with the term in Column B.

Column A

- c. Economic pattern of expansion and contraction
- d. Government owns and controls production
- e. Supply and demand set prices and production
- b. One who purchases goods within an economy
- a. One who sells goods within an economy

Column B

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- b. Consumer
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4. Why would a command-based economy decrease private ownership of businesses?

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Application

Actions listed should encourage demand for goods (lowering prices, advertising specials or deals, improving customer experience, etc.)