Answer Key

Chapter 2

Case Study Resources

Main Ideas

1. The policy changes reflect the substantial role that government plays in the North Korean economy. The use of free market seems to have been intended only to provide a basis for restrengthening government control.
2. Answers may vary. Most students will note that characteristics of a market economy, such as competition and the profit motive, have provided incentives for South Korean producers to develop superior products.
3. Answers will vary. Most students will suggest that North Korea's command economy seems to be focused only on meeting the basic needs of the people. South Korea's market economy, however, meets basic needs comfortably and is able to focus on meeting consumer wants for such items as automobiles.

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