Solutions

Each answer shows the steps, then the **result**.

2.1

- command, market, mixed

2.2

- through the price mechanism (supply and demand)

2.3

- any one of: efficiency vs equity, or freedom vs government control

3.1 B

3.2 B

3.3

(a)

- a mixed economy

(b)

- prices give efficient signals and incentives

(c)

- to provide public goods, correct market failures, or improve equity (any one)