

Three Big Choices

Compare how economic systems decide what, how, and for whom to produce.

SS6E1.a "Compare how traditional, command, and market economies answer the economic questions of 1-what to produce, 2-how to produce, and 3-for whom to produce."

NAME _____

DATE _____

1 READ AND MARK _____ Read it twice

YOUR JOB In each paragraph, number the detail that answers **1** what to produce, **2** how to produce, and **3** for whom to produce. This will help you compare who makes economic choices in each system.

Economic Choices Across the Americas

- ① In a traditional economy, customs guide many economic choices. Imagine a rural community in the Andes where families have long grown potatoes, woven wool, and traded at a local market. Tradition helps answer what to produce: familiar crops and goods. It helps answer how to produce: families use learned skills and local tools. It also helps answer for whom to produce: households, neighbors, and trading partners receive goods according to custom. Real communities may also use money and modern technology.
- ② In a command economy, the government makes many major economic decisions. Cuba has long used a system in which the state directs important parts of the economy. Government plans can decide what goods or services state businesses will provide, how workers and resources will be used, and who will receive goods or services. For example, officials may direct resources toward public transportation, health care, or food distribution. Cuba also has some private businesses, so its economy includes features beyond a pure command system.
- ③ In a market economy, people and businesses make many choices through buying and selling. Canada is mainly a market economy. Consumers help answer what to produce when their purchases show what they want. Businesses decide how to produce by choosing workers, materials, and methods that can serve customers and earn a profit. People who can pay for a good or service usually receive it. Canada's government also provides services and sets rules, so Canada is a mixed economy, not a completely free market.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 How does a traditional economy answer the three economic questions in the Andes community?

2 Compare Cuba's command system with Canada's market system. Who makes many of the major economic decisions in each place?

3 How is the question of *for whom to produce* answered differently in the traditional Andes community and in Canada's market economy?

4 Why does the passage describe both Cuba and Canada as having features beyond one pure economic system?

3 YOUR TURN _____ Your own words

A coastal town can make fish baskets and nets. Complete the chart to show how the same town could answer the three economic questions in a traditional, command, and market economy. Use brief, clear phrases in each cell.

ECONOMIC SYSTEM	WHAT TO PRODUCE	HOW TO PRODUCE	FOR WHOM TO PRODUCE

PART 1 • READ AND MARK

In each paragraph, number the detail that answers **1** what to produce, **2** how to produce, and **3** for whom to produce. This will help you compare who makes economic choices in each system. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	How does a traditional economy answer the three economic questions in the Andes community?	Custom guides what to produce, families use learned skills and local tools to make goods, and households, neighbors, and trading partners receive goods according to custom.
2	Compare Cuba's command system with Canada's market system. Who makes many of the major economic decisions in each place?	In Cuba, the government or state makes many major decisions. In Canada, consumers and businesses make many choices through buying and selling.
3	How is the question of <i>for whom to produce</i> answered differently in the traditional Andes community and in Canada's market economy?	In the traditional community, goods go to households, neighbors, and trading partners according to custom. In Canada's market economy, people who can pay usually receive a good or service.
4	Why does the passage describe both Cuba and Canada as having features beyond one pure economic system?	Cuba has some private businesses even though the state directs important parts of its economy. Canada's government provides services and sets rules even though Canada is mainly a market economy.

PART 3 • YOUR TURN (SAMPLE ANSWER)

ECONOMIC SYSTEM	WHAT TO PRODUCE	HOW TO PRODUCE	FOR WHOM TO PRODUCE
Traditional	Baskets and nets the community has always made	Families use learned weaving skills	Households and trading partners according to custom
Command	Nets chosen by government planners	State workers use assigned materials	Fishing communities selected by the government
Market	Baskets and nets customers want to buy	Businesses choose efficient workers and materials	Customers who can pay

Accept other logical, consistent examples. Each row should show that customs guide traditional choices, government planning guides command choices, and consumer demand and business decisions guide market choices.