

Three Questions, Three Systems

Compare how economic systems make production and distribution choices.

SS6E10.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, underline words that tell what to produce, circle words that tell how to produce, and write F beside the sentence that tells for whom goods are produced.

Who Makes the Choices?

- ① In a traditional economy, customs guide most choices. Consider a community whose families have shared knowledge of local seasons and resources for many generations. People produce foods, tools, and shelter materials their community has long used. They use familiar methods taught by elders, such as gathering, fishing, or making tools. Goods go mainly to family and community members according to custom, need, and sharing rules. The three economic questions are answered by tradition in daily life.
- ② In a command economy, government leaders make the main economic choices. They decide what factories or farms should produce, perhaps ordering wheat, buses, or medical supplies. Government agencies tell workers and managers how to produce goods, including which materials, machines, and work plans to use. The government also decides for whom goods are produced. It may send supplies to regions it chooses, give goods to people with certain jobs, or distribute goods based on rules it sets. This system relies on central decisions, not custom or buyer choice.
- ③ Australia has a market economy, although its government also provides services and sets some rules. In markets, businesses choose what to produce by noticing what customers want and can pay for. A bakery may make more bread if many buyers want it. Businesses decide how to produce by comparing workers, materials, and technology, often seeking an efficient method. Goods and services are produced for people who choose to buy them at the price offered. Consumer choices and competition strongly influence the three answers.

2 ANSWER WITH EVIDENCE Use the passage

1 How does the traditional economy example answer all three economic questions?

2 In a command economy, who decides what to produce, how to produce it, and for whom goods are produced?

3 How do customers and businesses help answer the three economic questions in Australia's market economy?

4 Compare the main decision-maker in each system. Who has the strongest influence in a traditional, command, and market economy?

3 YOUR TURN Your own words

Imagine a remote Australian town needs rainwater tanks. Complete the table to show how each economic system could decide what tanks to produce, how to produce them, and for whom they are produced.

ECONOMIC SYSTEM	WHAT TANKS OR SUPPLIES ARE PRODUCED?	HOW ARE THEY PRODUCED?	FOR WHOM ARE THEY PRODUCED?

PART 1 • READ AND MARK

In each paragraph, underline words that tell what to produce, circle words that tell how to produce, and write F beside the sentence that tells for whom goods are produced. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	How does the traditional economy example answer all three economic questions?	It produces familiar foods, tools, and shelter materials, uses methods taught by elders, and provides goods to family and community members under custom, need, and sharing rules.
2	In a command economy, who decides what to produce, how to produce it, and for whom goods are produced?	Government leaders and agencies decide all three. They choose the goods, direct the production methods, and set rules for distributing goods.
3	How do customers and businesses help answer the three economic questions in Australia's market economy?	Businesses make goods customers want and can pay for. Businesses choose workers, materials, and technology, and goods go to people who choose to buy them at the offered price.
4	Compare the main decision-maker in each system. Who has the strongest influence in a traditional, command, and market economy?	Traditional economies are guided by customs. Command economies are guided by government leaders. Market economies are strongly influenced by businesses, customers, consumer choices, and competition.

PART 3 • YOUR TURN (SAMPLE ANSWER)

ECONOMIC SYSTEM	WHAT TANKS OR SUPPLIES ARE PRODUCED?	HOW ARE THEY PRODUCED?	FOR WHOM ARE THEY PRODUCED?
Traditional	The town makes the tank style families have used for years.	Families use local materials and methods taught by elders.	Tanks go to households according to sharing customs and need.
Command	The government orders standard tanks and pipes.	Government agencies assign a factory, materials, and workers.	The government sends tanks to households on its list.
Market	Businesses offer different tanks that customers want.	Each business chooses workers, materials, and machines that control costs.	Tanks go to customers who buy them at the listed price.

Accept equivalent descriptions that correctly identify customs in a traditional economy, government decisions in a command economy, and business and consumer choices in a market economy. For the table, check that each row addresses all three economic questions and matches its system.