Economy on a Line

Read how private choices and government control shape mixed economies.

SS6E10.b "Explain that countries have a mixed economic system located on a continuum between pure market and pure command."

NAME ______________________________ DATE ______________

1 READ AND MARK

Read it twice

YOUR JOB Underline two examples of private decision making, circle two examples of government control, and number the two sentences that describe movement toward an endpoint on the continuum.

Australia Between Two Extremes

1 Every country must decide what goods and services to produce, how to produce them, and who receives them. In a pure market economy, individuals and businesses own resources and make most choices. Prices, competition, and customer demand guide production. In a pure command economy, the government owns major resources and directs production, prices, and jobs. These two systems are endpoints on an economic continuum, a line that shows many possible positions between two extremes for countries.

2 Australia has a mixed economic system, so it lies between the endpoints. Most farms, shops, mines, and technology companies are privately owned. Business owners usually choose what to sell and compete for customers. At the same time, Australian governments collect taxes and provide services such as public schools, roads, police, and Medicare. Governments also make rules about workplace safety, consumer protection, and pollution. These government actions move Australia away from the pure market end, but private choice remains important.

3 No country uses a completely pure system in everyday life. Even governments that control many businesses may allow some private selling, while market-focused governments set rules and offer public services. A country can move along the continuum when leaders change laws, taxes, ownership, or spending. For example, if a government takes control of an industry, its system moves closer to the command end. If it sells that industry to private owners, it moves closer to the market end. The continuum helps compare degrees of government control and private decision making.

2 ANSWER WITH EVIDENCE

Use the passage

1. How does a pure market economy differ from a pure command economy?

2. Give one example of private choice in Australia and one example of government action in Australia.

3. What happens on the continuum when a government takes control of an industry?

4. Why is Australia described as having a mixed economic system instead of a pure market system?

3 YOUR TURN

Your own words

Invent a country with a mixed economic system. Write exactly five sentences that include two private-business choices, two government actions, and a statement explaining which endpoint your country is closer to and why.

PART 1 · READ AND MARK

Underline two examples of private decision making, circle two examples of government control, and number the two sentences that describe movement toward an endpoint on the continuum. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How does a pure market economy differ from a pure command economy?	**In a pure market economy, individuals and businesses own resources and make most choices. In a pure command economy, the government owns major resources and directs production, prices, and jobs.**
2	Give one example of private choice in Australia and one example of government action in Australia.	**Private choice: business owners choose what to sell and compete for customers. Government action: governments provide public schools, roads, police, or Medicare, or make rules about safety, consumers, and pollution.**
3	What happens on the continuum when a government takes control of an industry?	**The country moves closer to the command end.**
4	Why is Australia described as having a mixed economic system instead of a pure market system?	**Private businesses make many choices in Australia, but governments collect taxes, provide public services, and make rules. Australia combines private choice with government action.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

In Coastland, people own most stores and farms. Companies choose what to make and set many prices. The government funds public schools and requires safe workplaces. It also runs the water service. Coastland is closer to the market end because private businesses make most production choices.

Accept varied fictional countries if students include two clear private-business choices, two government actions, and a logical placement closer to one endpoint. A mixed system must include both private decision making and government involvement.