Who Decides?

Compare three ways economies make choices.

SS6E4.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 Underline words or phrases that show who makes economic decisions. Write 1 beside details about what to produce, 2 beside details about how to produce, and 3 beside details about for whom to produce.

Three Ways to Decide

1 Every economy must decide three things: what goods and services to make, how to make them, and who receives them. In a traditional economy, customs passed through families and communities guide these choices. For example, a coastal community may fish with methods taught by elders, prepare the catch in familiar ways, and share it according to long-held rules. People produce goods their community has traditionally needed. Families or groups named by custom receive much of the output.

2 In a command economy, the government makes the main economic decisions. Government leaders may choose to produce buses, medicine, or steel, decide which factories will make them, and set production goals. The government can direct workers and resources, such as land, machines, and fuel, toward its plan. It also decides how goods are distributed, perhaps sending medicine first to clinics or providing buses to cities. In this system, government plans, rather than custom or buyer choices, guide the three questions.

3 In a market economy, buyers and sellers make many choices through prices. Businesses usually produce items customers are willing and able to buy. They choose workers, materials, and tools that can help them earn a profit while meeting customer demand. People who can pay the price receive the goods, although governments may provide some services. Canada and the countries of Latin America have mixed economies. They use markets, but governments also make rules and provide public services. The three models help compare how economic decisions can be made.

2 ANSWER WITH EVIDENCE

Use the passage

1. How do customs answer the three economic questions in a traditional economy?

2. In a command economy, how does the government decide what to produce and how to produce it?

3. Compare who receives goods in a command economy and in a market economy.

4. Why does the passage describe Canada and the countries of Latin America as having mixed economies?

3 YOUR TURN

Your own words

Imagine that a town needs winter coats. Complete the table to show how each type of economy might answer the questions about what coats to make, how to make them, and for whom to make them.

ECONOMIC MODEL	WHAT COATS TO PRODUCE	HOW TO PRODUCE THEM	FOR WHOM TO PRODUCE THEM

ANSWER KEY **Who Decides?** GRADE 6 · SS6E4.a

PART 1 · READ AND MARK

Underline words or phrases that show who makes economic decisions. Write 1 beside details about what to produce, 2 beside details about how to produce, and 3 beside details about for whom to produce. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How do customs answer the three economic questions in a traditional economy?	**Customs guide what goods are made, how they are made, and which families or groups receive them.**
2	In a command economy, how does the government decide what to produce and how to produce it?	**Government leaders choose goods to produce, choose factories, set production goals, and direct workers and resources.**
3	Compare who receives goods in a command economy and in a market economy.	**In a command economy, the government decides how goods are distributed. In a market economy, people who can pay the price receive goods.**
4	Why does the passage describe Canada and the countries of Latin America as having mixed economies?	**They use markets, but their governments also make rules and provide public services.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

ECONOMIC MODEL	WHAT COATS TO PRODUCE	HOW TO PRODUCE THEM	FOR WHOM TO PRODUCE THEM
Traditional	Coats that the community has usually made	Families use inherited hand-weaving methods	Elders share coats using customary rules
Command	Government-planned warm coats	Government directs factories, workers, and materials	Government sends coats to selected towns or families
Market	Coats that customers want to buy	Businesses choose materials and workers to earn a profit	Customers who can pay the price

Accept different sensible examples if each row correctly identifies the decision maker. Traditional responses must use customs, command responses must use government planning, and market responses must use buyer demand, businesses, and prices.