

Three Choice Systems

Compare how economic systems make production and sharing decisions.

SS6E7.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 details about what to produce, circle details about how to produce, and write 1, 2, or 3 beside each paragraph to show who mainly makes the choices: 1 for tradition, 2 for government, and 3 for consumers and businesses.

Who Makes the Economic Choices?

- ① In a traditional economy, customs guide economic choices. Families may grow the crops, raise the animals, or make the crafts their grandparents made. They usually use familiar tools and methods passed from one generation to the next. Goods often go to the family, village, or people with a customary role. For example, a mountain village might keep sheep because it has long done so. Tradition answers what to produce, how to produce it, and for whom it is made.
- ② In a command economy, government leaders make many major economic decisions. They may choose to produce steel, buses, or medicine after setting national goals. Government agencies direct factories about materials, workers, and production methods. Leaders also decide how goods are shared, perhaps sending supplies first to hospitals or setting rules for who can buy them. The government, rather than custom or individual buyers and sellers, answers the three questions. North Korea is a modern example with many command-economy features.
- ③ In a market economy, individual consumers and businesses make most choices. Consumers use their money to signal what they want, while businesses decide what goods or services might sell. A bakery may use an oven, workers, and ingredients in the way its owners think will work best. People who are willing and able to pay for bread can buy it. Prices and competition help guide the answers. Germany has a largely market-based economy, although its government also provides rules and services.

2 ANSWER WITH EVIDENCE Use the passage

- 1 How do customs answer the questions of what to produce, how to produce, and for whom to produce in a traditional economy?

- 2 Compare who mainly answers the three economic questions in a traditional economy and a command economy.

- 3 How do consumers and businesses help answer the what-to-produce and how-to-produce questions in a market economy?

- 4 Compare how a command economy and a market economy decide for whom goods are produced.

3 YOUR TURN Your own words

Imagine a town needs bicycles. Complete the table to show how each economic system could answer what bicycles to produce, how to produce them, and for whom to produce them.

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

PART 1 • READ AND MARK

Underline details about what to produce, circle details about how to produce, and write 1, 2, or 3 beside each paragraph to show who mainly makes the choices: 1 for tradition, 2 for government, and 3 for consumers and businesses. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	How do customs answer the questions of what to produce, how to produce, and for whom to produce in a traditional economy?	Customs guide what families make, familiar methods guide how they make it, and goods go to families, villages, or people with customary roles.
2	Compare who mainly answers the three economic questions in a traditional economy and a command economy.	Tradition and customs mainly answer the questions in a traditional economy. Government leaders and agencies mainly answer them in a command economy.
3	How do consumers and businesses help answer the what-to-produce and how-to-produce questions in a market economy?	Consumers signal what they want by spending money. Businesses decide which goods or services might sell and choose production methods they think will work best.
4	Compare how a command economy and a market economy decide for whom goods are produced.	In a command economy, government leaders decide how goods are shared and who can receive them. In a market economy, people who are willing and able to pay can buy goods.

PART 3 • YOUR TURN (SAMPLE ANSWER)

ECONOMIC SYSTEM	WHAT BICYCLES TO PRODUCE	HOW TO PRODUCE THEM	FOR WHOM TO PRODUCE THEM
Traditional	Make the bicycle style the town has made for years.	Families use familiar hand tools and methods.	Give bicycles to families or people with customary roles.
Command	Government leaders choose how many bicycles and what types to make.	Government factories follow directions about workers and materials.	Leaders decide which groups receive the bicycles first.
Market	Businesses make bicycle types that customers want to buy.	Owners choose workers, tools, and materials they think are best.	Sell bicycles to people willing and able to pay.

Accept accurate paraphrases that identify customs in a traditional economy, government control in a command economy, and consumers and businesses in a market economy. For the table, accept any logical bicycle example that addresses all three economic questions for each system.