

Choices and Control

Compare how economic systems make production decisions.

SS7E4 "Analyze different economic systems."

NAME _____

DATE _____

1 READ AND MARK _____ Read it twice

YOUR JOB Circle each economic-system label. Underline each clue that shows who makes an economic decision, then use the clues to compare the systems.

Who Decides?

- ① Every economy must decide what goods and services to produce, how to produce them, and for whom to produce them. In a traditional system, customs guide these choices. For example, a fishing community might use family methods, make tools it has long made, and share work or goods according to custom. In a command system, government leaders make many major choices. They may set production goals, direct workers, or control prices. These systems place decision-making in different hands.
- ② Southwest Asian countries use mixtures rather than pure systems. In Saudi Arabia, the government owns Saudi Aramco, the major oil company, and oil income supports public programs. At the same time, private shops, farms, and other businesses sell goods to customers. This combines government direction in an important industry with market choices by buyers and sellers. Israel also has private businesses, while its government funds services and regulates parts of the economy. Both are mixed economies, but government roles can differ.
- ③ On a continuum, a pure command economy lies at one end, where government makes nearly all production decisions. A pure market economy lies at the other end, where individuals and businesses make most choices through buying and selling. Mixed economies fall between these ends. When a government controls a major resource, provides services, or sets rules, it moves toward the command side. When private owners compete and consumers choose among products, it moves toward the market side. A country can show both kinds of evidence.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 How do traditional and command systems differ in who makes major production decisions?

2 Give one detail showing government direction in Saudi Arabia and one detail showing market choices there. Why is Saudi Arabia a mixed economy?

3 What moves an economy toward the command side of the continuum? What moves it toward the market side?

4 How do Israel's private businesses and government actions provide evidence that it has a mixed economy?

3 YOUR TURN _____ Your own words

Write three sentences about an imaginary Southwest Asian country. Include one decision about what to produce, one about how to produce, and one about for whom to produce, then identify its economic system and explain its place on the continuum.

PART 1 • READ AND MARK

Circle each economic-system label. Underline each clue that shows who makes an economic decision, then use the clues to compare the systems. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	How do traditional and command systems differ in who makes major production decisions?	Traditional systems use customs to guide decisions. Command systems place many major decisions in the hands of government leaders.
2	Give one detail showing government direction in Saudi Arabia and one detail showing market choices there. Why is Saudi Arabia a mixed economy?	The government owns Saudi Aramco, while private shops, farms, and businesses sell goods to customers. It is mixed because it has both government direction and market choices.
3	What moves an economy toward the command side of the continuum? What moves it toward the market side?	Government control of a major resource, public services, or rules moves it toward command. Private competition and consumer choice move it toward market.
4	How do Israel's private businesses and government actions provide evidence that it has a mixed economy?	Israel has private businesses, but its government funds services and regulates parts of the economy. These are both market and government roles.

PART 3 • YOUR TURN (SAMPLE ANSWER)

In Almar, private companies choose what clothing to make. Factory owners use hired workers and machines to make it. The government sends water to villages first, so Almar is mixed and somewhat toward the command side.

Accept any logical fictional example that includes decisions about what, how, and for whom to produce. The explanation must match the stated system and continuum position.