Choices Shape Economies

How communities answer three economic questions

5.7a "Different types of economic systems have developed across time and place within the Western Hemisphere. These economic systems, including traditional, market, and command, address the three economic questions: what will be produced..."

NAME ______________________________ DATE ____________

1 READ AND MARK

Read it twice

YOUR JOB Underline one detail for each economic system that tells who makes economic choices. Write T, M, or C beside the detail to show traditional, market, or command.

Three Ways to Choose

1 Every community must make choices about goods and services. It must decide what to produce, how to produce it, and who will receive it. Across the Western Hemisphere, people have used different economic systems to answer these three questions. A traditional economy uses customs passed from older generations. A market economy uses choices by buyers and sellers. A command economy uses decisions made by a government.

2 For many generations, Inuit communities in Arctic regions used a traditional economy. Knowledge about hunting, fishing, sewing warm clothing, and sharing food was taught within families. The environment and long-used customs shaped what people produced and how they produced it. Food and useful items were often shared with family members and others in the community. Today, Inuit people also take part in modern market economies.

3 In the United States and Canada, market economies allow businesses to offer goods and services that customers may choose to buy. Prices can help guide these choices. In Cuba, the government has played a large role in a command economy by making many decisions about production and distribution. Although the systems differ, each one answers the same three questions. The answers affect daily life, from food and clothing to transportation and housing.

2 ANSWER WITH EVIDENCE

Use the passage

1. What are the three economic questions that every community must answer?

2. How did Inuit communities decide what and how to produce? How were many goods shared?

3. Who makes many economic choices in a market economy, and who makes many choices in a command economy?

4. What important job do traditional, market, and command economies all have in common?

3 YOUR TURN

Your own words

Create a realistic example for each economic system. In each row, show what is produced, how it is produced, and who gets it.

ECONOMIC SYSTEM	WHAT IS PRODUCED?	HOW IS IT PRODUCED?	WHO GETS IT?

ANSWER KEY **Choices Shape Economies** GRADE 5 · 5.7a

PART 1 · READ AND MARK

Underline one detail for each economic system that tells who makes economic choices. Write T, M, or C beside the detail to show traditional, market, or command. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	What are the three economic questions that every community must answer?	**What to produce, how to produce it, and who will receive it.**
2	How did Inuit communities decide what and how to produce? How were many goods shared?	**The environment and long-used customs shaped what and how people produced. Food and useful items were often shared with family members and others in the community.**
3	Who makes many economic choices in a market economy, and who makes many choices in a command economy?	**In a market economy, buyers, sellers, businesses, and customers make choices. In a command economy, the government makes many decisions.**
4	What important job do traditional, market, and command economies all have in common?	**They all answer the questions of what to produce, how to produce it, and who will receive it.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

ECONOMIC SYSTEM	WHAT IS PRODUCED?	HOW IS IT PRODUCED?	WHO GETS IT?
Traditional	Fish and warm boots	Families use skills taught by elders.	Community families share them.
Market	Bicycles	Businesses hire workers and sell bicycles.	Customers who choose and pay get them.
Command	City buses	Government-run factories make buses.	The government distributes buses to cities.

Accept accurate examples that match each system's decision-making process and answer all three economic questions. Traditional examples should use customs, market examples should include buyer and seller choices, and command examples should show government decisions.