



POWELL CENTER FOR
ECONOMIC LITERACY

Lesson Plan

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Making Informed Choices for Life

Time Required

15 - 20 Minutes

Grade Level and Subject

Secondary; Government or Social Studies

Keystone Principles

[Principle #4](#) – Economic Systems Influence Choices

Voluntary National Content Standards in Economics

[Content Standard #3](#) – Allocation of Goods and Services

Economic Concepts

Choice – *A selection among alternatives. Scarcity requires individuals, businesses, and nations to make choices.*

Command Economy – *An economy in which most economic issues of production and distribution are resolved through central planning and control.*

Free Market Economy – *An economy that relies on a system of interdependent market prices to allocate goods, services, and productive resources and to coordinate the diverse plans of consumers and producers, all of them pursuing their own self-interest.*

Traditional Economy – *An economy in which customs and habits from the past are used to resolve most economic issues of production and distribution.*

Overview

Different economic systems influence the choices people make, but they don't control those choices. This lesson is intended as a review of the study of the three major economic systems. Students are expected to be familiar with the basic characteristics of each of the systems.

Objectives

Students will use prior knowledge of the basic characteristics of each of the three major economic systems to identify influences of those characteristics on the choices available to an average teenager in each system. Teachers should recognize that most economies are a mixture, to varying degrees, of the three economic systems.

Materials and Handouts

- Paper
- Colored pencils or markers
- Handout #1 – Review of Basic Characteristics of the Three Major Economic Systems
- Handout #2 – Teacher Answer Key

Teaching Activity

1. Give each student a blank copy of the review handout.
2. Discuss and fill in the first three columns of the handout.
3. Divide the class into three sets, one for each of the economies. Then divide each set into groups of 3 or 4 students, depending on the class size.
4. Have the students imagine that they are 16-year-olds in an economic system of a given country or time period. Each group will draw a separate picture to represent each of the following for their economy:
 - a. What kind of food choices would they have?
 - b. What kind of job choices would they have?
 - c. What kind of clothing choices would they have?
5. Have the students report as groups on what they have drawn and why.
6. Ask the students to make observations and draw conclusions about the differences and similarities represented and write down those conclusions in the last column of the handout. If time permits, discuss the conclusions as a class.

Review of the Basic Characteristics of The Three Major Economic Systems

In any given country or region, the economic system in place can be described by reference to the answers it provides for the three basic questions of economics:

- What to produce?
- How to produce?
- For whom to produce?

<i>Type of economic system</i>	<i>Who answers the 3 basic questions from above?</i>	<i>Who owns the means of production?</i>	<i>How are price, output, and allocation decisions made?</i>	<i>How does the economic system influence choice?</i>
TRADITIONAL				
COMMAND				
MARKET				

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TRADITIONAL	Past decisions are perpetuated.	It depends. Often families, clans or tribes.	By looking to the past for guidance. Variance is frowned on.	
COMMAND	Central authority	Central authority	Central authority	
MARKET	Buyers and sellers – at mutually agreeable terms	Private ownership	Supply and Demand	