

Three Essential Questions of Production ~ Economic Understandings SS7E5a

Name _____ Date _____ Class 1 2 3 4

	Traditional Economies	Command Economies	Market Economies	Mixed Economies
What is produced?	In this type of economic system, what is produced is based on custom and the habit of how such decisions were made in the past.	In a command economy, the central government decides what goods and services will be produced, what wages will be paid to workers, what jobs the workers do, as well as the prices of goods.	In a market economy, the wants of the consumers and the profit motive of the producers will decide what will be produced. A.K.A. Free-enterprise, Laissez-faire & capitalism.	<p>Nearly all economies in the world today have characteristics of both market and command economic systems.</p> <p>This means that most countries have characteristics of a free market/free enterprise as well as some government planning and control.</p>
How is it produced?	The methods of production are primitive. Bartering, or a system of trading in goods and services, replaces currency in a traditional economy.	In a command economy, no one can start their own business. The government determines how and where the goods produced would be sold.	Labor (the workers) and management (the bosses/owners) together will determine how goods will be produced in a market economy.	
For whom is it produced?	The primary group for whom goods and services are produced in a traditional economy is the tribe or family group.	In a command economy, the government determines how the goods and services are distributed.	In a market economy, each production resource is paid based on what is contributed to the production of goods and services.	

Definition: An economic system is a collection of formal and informal institutions, laws, systems of beliefs, and values which provide a framework for collective decision making.

Notes:

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