

Economic Systems



**How do economic
systems answer the
questions of what, how,
and for whom to
produce?**

Standards:

- **SS6E1a, SS6E5a, SS6E8a.**
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
- **SS6E1b, SS6E5b, SS6E8b.**
Explain how most countries have a mixed economy located on a continuum between pure market and pure command.

Economic Systems

A Country must decide how to distribute its resources to meet the needs of its people.

How a country makes these decisions determines its type of economic system.

**An Economic System is
the way a society
organizes the production,
distribution, and
consumption of goods
and services.**

Economic Systems

There are 3 basic types of economic systems that have to answer three basic questions:

- (1) What to produce?
- (2) How to produce?
- (3) For Whom to produce?

Economic Systems

- **WHAT TO PRODUCE?** (What kinds of goods and services should be produced?)
- **HOW TO PRODUCE?** (What productive resources are used to produce goods and services?)
- **FOR WHOM TO PRODUCE?** (Who gets to have the goods and services?)
- The way a society answers these questions determines its economic system.