# Economics-in-Marketing CTE Lesson Plan

## Lesson Title
Who’s In Charge? Comparative Economic Systems

## Lesson Objective
At the completion of this lesson, students will be able to compare and contrast traditional, market, command, mixed, and socialist economies, answer the three basic economic questions, and explain why most economies are mixed.

## Concepts
**CTE Concept(s)**
Economic Systems

**Economic Concept(s)**
Major Economic Systems

## Standards/Benchmarks
**Michigan Career and Technical Education**
Segments 12
I.D.3 Explain economic systems in which marketing activities are performed.

**Michigan Department of Education High School Content Expectations**
**Social Studies: Economics**
3.1.1 Major Economic Systems. Give examples of and analyze the strengths and weaknesses of major economic systems (command, market and mixed), including their philosophical and historical foundations (e.g., Marx and the Communist Manifesto, Adam Smith and the Wealth of Nations). (National Geography Standard 11, p. 206)

## Supplies Needed
| Lesson Supplies | kite string, 2-ply plastic bags, electrical insulation tape, hardwood dowel |
| Student Handout 1 | Types of Economic Systems (1 per student) |
| Student Handout Answer Key 1 | Types of Economic Systems Key |
| Student Handout 2 | Market and Command Economy (1 per student) |
| Student Handout Answer Key 2 | Market and Command Economy Key |
| Teacher Resource 1 | Bead Game Simulation: six balls of light packaging string, wooden or plastic hobby beads (each of red, blue, yellow and green), a ruler, scissors, and bead “bowl” for each group |
| | • Values and Goals sheets, pages 5-7. (Each group receives one of the scenarios.) |
| | • Reproducible, pages 8-10 (1 per group) |
| Teacher Resource 2 | Economic System Cards (1 per group) |
| Teacher Resource 3 | 5 Paragraph Essay Rubric |
| Video 1 | Life as it is in North Korea |
Economics-in-Marketing CTE Lesson Plan

1. Introduce the CTE lesson.

[Grading is left to the discretion of the teacher.]

A. Conduct a class discussion about systems and compare it to economic systems.

1. Systems and economic systems are very similar. They both have a process, which in turn, creates an end result.

2. **System**: a way to manage, control, or organize something that follows a set of rules

3. **Economic system**: The institutional framework of formal and informal rules that a society uses to determine what to produce, how to produce and how to distribute goods and services.

Discussion #1: Ask students why economic systems are important.
*Possible Answers: Economic systems are important because countries do not have enough resources to fulfill everyone’s needs and wants.*

B. Introduction Activity

1. Show the following supplies to the students.
   a. String: flying line (recommended 30 pound Nylon)
   b. 2-ply plastic bags (at least 2 feet wide and 4 feet tall)
   c. Electrical insulation tape (black tape)
   d. Hard-wood dowel (5 mm in diameter)

Discussion #2: Ask students probing questions about the supplies. Ask students what could be made with the products, who would want the finished product, and who determines who would get the finished product?

C. There are three economic questions that are answered by all countries, which determine the economic system that is used.

1. The three economic questions are:
   a. What should we produce?
   b. How should we produce it?
   c. Who should get the products?

D. How a country answers the economic questions determines the type of economy.
2. Assess students’ economic awareness as it relates to the CTE lesson.

A. Distribute Student Handout 1: Types of Economic Systems

1. Students will fill in what they believe the definitions of each economy are on Student Handout 1: Types of Economic Systems.

B. Define a command, market, traditional, socialist, and mixed economy.

1. **Command economy**: an economy in which most economic issues of production and distribution are resolved through central planning and control.
   a. Also referred to as planned economy, centrally planned economy, or control economy.

2. **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.
   a. Also referred to as free enterprise economy, free market economy, or capitalist economy.

3. **Traditional economy**: an economy in which customs and habits from the past are used to resolve most economic issues of production and distribution.

4. **Socialist economy (Socialism)**: an economic and political system based on public or collective ownership of the means of production.
   a. Emphasizes equality rather than achievement, and values workers by the amount of time they put in rather than by the amount of value they produce.

5. **Mixed economy**: an economy in which some industries are privately owned and others are publicly owned or nationalized.

C. Relate the three economic questions and the types of economic systems to the introductory activity.

1. Explain if the consumers (students) determine a product other than a kite they want produced, then the government (teacher) overrules the decision and produces the kite. If the government makes the decision, it is a command economy. If the consumers make the decision, then it is a market economy. If it was a traditional economy, the supplies would have been bartered, hand-made, or substituted based on their resources.

**Discussion #3**: Ask students what type of impact economic systems have on businesses. Relate back to the kite example.
3. **Work through the economic lesson as it is embedded in the CTE lesson.**

   A. Discuss characteristics and examples of each economic system and complete the section on the Student Handout 1: Types of Economic Systems throughout the discussion.

   1. Command Economy
      
      a. Controlled by the government or other centralized force.
      b. Supply and demand are not king.
      c. Profits are not the main driver.
      d. Example: North Korea

   2. Market Economy
      
      a. No government involvement
      b. Individuals and companies own businesses
      c. Competition for consumers
      d. Example: Brazil

   3. Traditional Economy
      
      a. Cultural or religious practices
      b. Ideas are passed from one generation to the next
      c. Sense of community
      d. Examples: Some parts of the Middle East, Asia, and Africa

   4. Socialist Economy
      
      a. More social services
      b. Taxes contribute to finance and government services
      c. Pay higher taxes
      d. Examples: Canada, Germany, and Sweden

   5. Mixed Economy
      
      a. Different influences
      b. Businesses must follow laws and regulations
      c. Labor laws

   B. Using the Internet and library resources, students will work with a partner to identify three advantages and three disadvantages of each economic system on a separate sheet of paper.

   C. Each group will list one advantage and one disadvantage on the board.

      1. Give students 5-10 minutes to research. Create a T chart for each economic system listed on the board.

      2. Each group adds an advantage and disadvantage to each system on the board without duplication.
3. Discuss the advantages and disadvantages from the board. Complete Student Handout 1: Types of Economic Systems.

4. Distribute Student Handout 2: Market and Command Economy. Complete Student Handout 2: Market and Command Economy and discuss as a class. Utilize Student Handout Answer key 2: Market and Command Economy to fill-in additional advantages and disadvantages.

Discussion #4: Ask students what the similarities and differences are between command and market economies that students did not cover.

D. Discuss mixed economies.


A. Show Video 1: Life as it is in North Korea.

Discussion #5: Ask students how the economic system in North Korea impacts business.

5. Work through traditional economic examples.

A. Work through Teacher Resource 1: Bead Game Simulation.

1. Supplies
   - Six balls of light packaging string
   - Wooden or plastic hobby beads (each of red, blue, yellow and green)
   - A ruler, scissors, and bead “bowl” for each group
   - Copies of each of the systems values and goals sheets
   - Overhead of the score board sheet
   - Student copies of Systems Chart and Countries GDP and System (Included in Bead Simulation PDF)

6. Students demonstrate their understanding.

A. Complete role play in groups of 3-5.


2. Divide your students into mixed ability groups. Each group will receive an economic system card. Tell them not to share their system with the other groups. Groups will have 15 minutes to prepare a 2-3 minute role play. The purpose of the role play is for them to act out a scene, and the class will have to determine which economic system each group represents. Each group member needs to have an active part in the role play.

3. Groups will present to the class. After each role play presentation, ask students which of the five economic systems they observed in the role play. Students need to explain how they were able to determine the economic system.

(NC Civic education consortium, n.d.).
7. **Formal assessment.**

A. Students will write a five paragraph essay describing the strengths and weaknesses of three economic systems. Be sure to include a strong introduction and conclusion.

1. Remind students to include examples with detail using Student Handout 1: Types of Economic Systems.
# Standards

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