

Week Twenty-Six: Introduction to Economics

Weekly Focus: Comprehension
Weekly Skill: Research for Comparison

Lesson Summary: This week students will begin thinking about this unit's essential question, "What does success look like?" For the social studies class, students will be asked to consider this question in economic terms. Although success is certainly a relative term, there are ways that certain economies measure success, and we will be looking at these economic indicators in the coming weeks.

Materials Needed: Laptops and Internet, Projector, video, Introduction to Economics, Introduction to Traditional Economics worksheet, Types of Economies Chart, Types of Economic Systems reading, highlighters

Objectives: Students will be able to...

- Read a graphic map and demonstrate understanding by answering questions
- Identify the major types of Economic Systems
- Describe the qualities of the various Economic Systems
- Define "Economics"

Common Core Standards Addressed:

Notes: One of the handouts is listed in the Additional Resource column on the webpage.

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Activities:

Warm-Up/Review: Define Economics

Time: 20 minutes

- 1) Introduce this unit's essential question. Explain that in Social Studies, we will be considering this question in relationship to economics. First, however, we must determine what "economics" means.
- 2) Distribute Handout. Have students work in pairs or small groups to try to come up with a definition of "economics." They may use dictionaries, but should also try to put the definition in their own words.
- 3) Have a few groups share their definitions with the class.
- 4) Together as a class, come up with a working definition of "economics" that you will use over the next few weeks. If possible, post this on a wall somewhere.

Activity I: Economics Introduction

Time: 30 minutes

- 1) Tell students we are now going to look at someone else's video of economics. Show video up to 3:47 mark. Have students try to answer questions on their handouts as the video goes on. You may also choose to divide questions up so that students are only responsible for one (numbering the class off by 3's would be an easy way to do this).
- 2) After video, first go back to your definition of economics. Is there anything that students would like to change?
- 3) Go over answers to questions together as a class.
- 4) Then, in small groups, have students come up with examples of goods, bads, and resources and list them on the chart. Share.
- 5) Finally, if time, show the rest of the video, explaining that we will be discussing many of these concepts in the coming weeks.

Break: 10 minutes

Activity II: Market Economy vs. Traditional and Planned Economy Research

Time: 60 minutes

- 1) Hand out "Introduction to traditional economics" worksheet. After students answer these questions, explain that these are questions that people living in a "traditional" economy would have to answer. Ask students if they believe we are living in a "traditional" economy in the United States today. (we aren't)
- 2) Explain to students that all nations must answer three important questions: "What to Produce?," "How to Produce?," and "For Whom to Produce it?" Depending on these answers, the nation will fall into one of three basic economic systems. Explain to students that there are no pure economic systems. All economic systems are mixed. However, most nations will fall mostly under one of three types of economic systems. We will look at these systems today.
- 3) Go over comparative chart together.
- 4) Hand out Types of Economies Reading. Read together. Have students **highlight** answers to the questions asked in the chart so that they get used to identifying necessary information in a text.
- 5) As a class, fill in the "Traditional Economic System" in the Types of Economies Research Chart.
- 6) Break students into groups. Assign each group one of the other economy types (Command or Market) to complete from the "Types of Economies" research chart. Optional: Have students

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research online to find the additional information to supplement the short reading. Create a larger version of the chart on the board and have students fill in the answers there.

- 7) Go over as a class. Talk about a mixed economy as large group. Together, decide which type of economy the United States is. (mostly market, although there are certainly some command elements such as government programs.)

INTRODUCTION TO ECONOMICS HANDOUT

Warm-Up

1) What do you think economics means?

Economics: Introducing Basic Concepts Video Questions

1) What is one definition that the video gives for economics?

2) What are goods? What are bads?

3) What are resources?

Goods	Bads	Resources

Types of Economies

	MARKET ECONOMY	TRADITIONAL ECONOMY	PLANNED or COMMAND ECONOMY
Definition			
Examples of Countries with this Economy			
How does this economy decide: What to produce? How to produce? For whom?			
What would an economically successful person in this economy look like? (for example, would she have a lot of money? Would she use no money at all?)			

Types of Economic Systems

www.shmoop.com/economic-systems/types.html

Economists generally recognize four basic types of economic systems—traditional, command, market, and mixed.

A **traditional economic system** is—here's a shocker—shaped by tradition. The work that people do, the goods and services they provide, how they use and exchange resources... all tend to follow long-established patterns. These economic systems are not very dynamic—things don't change very much. Standards of living are static; individuals don't enjoy much financial or occupational mobility. But economic behaviors and relationships are predictable. You know what you are supposed to do, who you trade with, and what to expect from others.

In many traditional economies, community interests take precedence over the individual. Individuals may be expected to combine their efforts and share equally in the proceeds of their labor. In other traditional economies, some sort of private property is respected, but it is restrained by a strong set of obligations that individuals owe to their community.

Today you can find traditional economic systems at work among Australian aborigines and some isolated tribes in the Amazon. In the past, they could be found everywhere—in the feudal agrarian villages of medieval Europe, for example.

In a **command economic system** or **planned economy**, the government controls the economy. The state decides how to use and distribute resources. The government regulates prices and wages; it may even determine what sorts of work individuals do. **Socialism** is a type of command economic system. Historically, the government has assumed varying degrees of control over the economy in socialist countries. In some, only major industries have been subjected to government management; in others, the government has exercised far more extensive control over the economy.

The classic (failed) example of a command economy was the communist Soviet Union. The collapse of the communist bloc in the late 1980s led to the demise of many command economies around the world; Cuba continues to hold on to its planned economy even today.

In **market economies**, economic decisions are made by individuals. The unfettered interaction of individuals and companies in the marketplace determines how resources are allocated and goods are distributed. Individuals choose how to invest their personal resources—what training to pursue, what jobs to take, what goods or services to produce.

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And individuals decide what to consume. Within a **pure market economy** the government is entirely absent from economic affairs.

The United States in the late nineteenth century, at the height of the laissez-faire era, was about as close as we've seen to a pure market economy in modern practice.

A **mixed economic system** combines elements of the market and command economy. Many economic decisions are made in the market by individuals. But the government also plays a role in the allocation and distribution of resources.

The United States today, like most advanced nations, is a mixed economy. The eternal question for mixed economies is just what the right mix between the public and private sectors of the economy should be.