



Why Economic Systems Matter | Lesson Plan

How does an economic system impact people's freedom and quality of life?

Students will understand how different economic systems—command, free market, and mixed—affect the availability of goods and services, individual freedoms, and the quality of life within a country.

Learning Objectives:

- Analyze the characteristics of command, free market, and mixed economies to determine how each system affects individual financial choices and access to goods and services.
- Evaluate the pros and cons of different economic systems by examining how each system impacts personal responsibility, quality of life, and economic freedom.
- Apply knowledge of economic systems to hypothetical scenarios, making decisions as a consumer or business owner within command, free market, and mixed economies.
- Explain the influence of supply and demand in a free market economy and how competition among businesses affects product quality and consumer choice.

Key Vocabulary:

- **Economic System:** A system that determines what goods and services are produced, how they are made, and who can buy them.
- **Command Economy:** An economy where the government controls production, prices, and supply of goods and services.
- **Free Market:** An economy where private businesses and consumers make economic decisions with little government interference.
- **Mixed Market:** An economy that allows private business but includes government regulations and intervention.
- **Market Competition:** The rivalry between businesses to attract customers by improving quality, lowering prices, or innovating

Educational Standards: CCRA.R.7, CCRA.R.10, CCRA.W.2, CCRA.W.4, CCRA.W.7, CCRA.SL.1, CCRA.SL.2, CCRA.L.6

Academic Subject Areas: Economics, Financial Literacy, Decision Making, Government & Civics

What You'll Need

- Video: *Ca\$h Cour\$e: Why Economic Systems Matter* (Watch [Here](#))
- Worksheet: *Ca\$h Cour\$e: Why Economic Systems Matter* (Click [Here](#))
- Lined notebook paper for taking notes, index cards for exit ticket
- Classroom whiteboard and dry-erase markers.

Scan to watch episode:



Lesson Plan (45 mins.)

Warm-Up: (10 mins.)

1. Hand out a note-taking sheet to each student and explain that today's lesson will explore different economic systems and how they impact our everyday choices. Explain that as you introduce each term and concept, they'll be taking notes and following along with examples.
2. Begin by asking students to imagine they are walking into a grocery store with many different kinds of goods available, including lots of varieties of fruits, vegetables, snacks, meats, and drinks. Now, have them imagine walking into a grocery store in a country where they're lucky to find a few items at all, even if they have the money to buy them.
3. Write **Economic Systems** on the board. Explain that economic systems determine what will be made, how it will be made, and who can buy it. There are a variety of economic systems in the world today, ranging from strict to free.
4. Write two columns underneath and label them **Command Economy** and **Free Market**. Explain that these are the two main types of economic systems. Write a few examples in each column. For instance:
 - **Command Economy:** The government has almost all the control and decides who can make things, what they'll make, and who can buy them. Examples are North Korea and Cuba.
 - Result: People have fewer choices, products are typically low-quality because other companies are not competing to make better stuff, and are often subject to shortages, so rationing is a regular part of this system. Think of having only one type of shoe available to buy because the government says so.
 - **Free Market (Capitalist Market):** The government plays a small role, and businesses make most of the decisions. You can start a business, set prices, and determine your own supply and demand.
 - Result: There is a large variety of products and services, often of higher quality, to attract customers. Now, rather than one type of shoe, you have many competing to make the best. Examples are the U.S. and Switzerland.
5. Next, explain that a **Mixed Market** exists between these two systems. In this market, countries opt to employ aspects of both economies. You can start a business and make some decisions, but the government will have more control over what you're offering and at what price. Examples of mixed markets include Canada and Germany.
6. Explain why different countries choose different systems. They are influenced by the following:
 - Politics and Government: Different countries have different leaders, laws, and government structures that shape their economies.
 - Cultures and Social Trends: What people value, their traditions, and their social priorities affect how their economy is organized.

7. Guide students in a brief discussion on why understanding economic systems matters: A country's economic system affects everything from job opportunities to the variety of goods and services available in stores.

Watch and Apply: (25 mins.)

1. Introduce the video, *Ca\$h Cour\$e: Why Economic Systems Matter* and instruct students to pay attention to key concepts, particularly how each economic system operates and impacts people's daily lives.
2. Encourage students to note examples and explanations from the video that relate to command, mixed, and free market economies.
3. After the video, break students into small groups and distribute the worksheet. Students will answer questions on the different economic systems and how they impact choice, competition, and quality of goods.
4. Review answers as a class. Clarify misunderstandings, and ask students to share examples or real-life experiences that illustrate key concepts (e.g., choosing between different brands or wanting a wider variety in stores).

Wrap-Up: (10 mins.)

1. Give a quick recap of the information learned in this lesson:
 - Command economies are government-controlled, often with fewer choices and lower quality due to lack of competition. Shortages and rationing are standard practice in these types of economies.
 - Free markets allow more choice, higher quality, and encourage competition. Shortages rarely happen, and many people have never experienced rationing.
 - Mixed markets have both elements, combining freedom with government regulations.
2. Exit Ticket: End the lesson by asking students to answer this question on an index card or on the back of their worksheet:
 - If you had grown up in a command economy and moved to a free market economy, how would you feel about the selections available to you? How would this influence your thoughts on government control?
3. Collect the responses and completed worksheets as students leave to check their understanding and encourage them to reflect on the lesson.

Don't have time for the full lesson? Quick Activity (10-15 mins.)

Distribute the worksheet and allow students to complete it while they follow along with the video. Or, have students watch the video at home and use the worksheet as a quick quiz the next day in class.