

# ***DIFFERENT ECONOMIC SYSTEMS***



## **Introduction**

The new cars and trucks have arrived! Should you buy a medium-sized car? As you may know, they are efficient and more economical to operate than a truck. But the new pickups are so flashy, and they offer all the conveniences of a car! Decisions! Decisions! Decisions! Speaking of decisions, can you even afford a new vehicle? If you don't have enough cash, you'll have to finance. Financing or borrowing means another monthly payment -- one that could put a damper on your future recreational spending. Perhaps you better think about this further.

Making a decision to buy a new vehicle can be difficult and there are several options available. Our "market driven" economy allows privately owned corporations to produce many styles of vehicles to meet the needs and interests of the American consumer. Purchasing a new vehicle means selecting a specific make and model that comes equipped with the latest in "gadgets." Additionally, one must select from a wide range of colors. Obviously, purchasing a new vehicle involves more than one decision, but at least we have the freedom to make those choices.

Do people living in other countries go through the same process when they consider buying a new vehicle? In some countries they do, in others they don't. Economic systems differ. As such, making economic decisions in some countries is quite different from economic decisions that are made by Americans.

## **In this activity, you will:**

Use the resources you have accumulated to write an essay that analyzes the similarities and differences between two economic systems.

## **Details about your task**

Select one of the five combinations of economic systems listed below as the subject of your comparison/contrast essay:

- Capitalism—mixed economy
- Capitalism—socialism
- Mixed economy—socialism
- Mixed economy—communism
- Socialism—communism

Write an essay that includes each of the following supported by details to substantiate your descriptions of comparative or contrasting features:

- Identification of the two economic systems you selected.
- Descriptions of the elements of an economy as they relate to the systems chosen.
- Analysis of similarities between the two economic systems.
- Analysis of differences between the two systems.

# ***DIFFERENT ECONOMIC SYSTEMS***

## **Teacher Supplement**

### **Description**

In addition to use in studying different economic systems, this assessment *Different Economic Systems* may be integrated into a unit on the Industrial Revolution. Using the resources provided and following the step-by-step procedures outlined, students become acquainted with the four economic systems that exist in the world today. Ultimately, students must write an essay that provides an analysis of the similarities and differences between two economic systems. The two systems are selected from five combinations offered.

### **Prerequisite Knowledge and Skills**

- General economic terms;
- Market vs. a command economy;
- Elements of four economic systems: Capitalism, mixed economy, socialism, and communism;
- Five elements of economic systems: Ownership of property, ownership and operation of business, supply and demand, level of competition and degree of government regulation.

### **Intended Depth of Knowledge (DOK) Essay- Level 3**

- Apply evidence in multiple situations
- Analyze similarities and differences
- Makes connections across time and place
- Draw conclusions

### **Suggested Application to Body of Evidence**

The assessment can be used in American History, World History, Economics, Current Events, Government.

### **Optional Instructional Materials for Different Economic Systems**

A series of sequenced handouts and transparencies is provided as instructional tools only. Teachers may choose to use these supplemental instructional materials with the accompanying lesson plan, or they may develop their own instructional materials for use prior to administering the assessment activity.

## Social Studies Assessment Activity #14: Different Economic Systems Standards and Benchmarks

An “A” in the table below indicates the standards and benchmarks in this assessment activity that have the potential to elicit evidence of student learning. An “I” indicates that instructional strategy that is assumed, but not assessed. An “A\*” indicates the standards and benchmarks that are assessed only by the optional component. This activity has been recoded to the revised Wyoming 2003 Standards by members of the Wyoming Body of Evidence Activities Consortium.

### 11.1. Citizenship/ Government/ Democracy

Students demonstrate how structures of power, authority, and governance have developed historically and continue to evolve.

	<b>Benchmarks</b>
	11.1.1 Students describe unique freedoms, rights, and responsibilities of living in a democratic society and explain their interrelationships.
	11.1.2 Students explain and/or demonstrate how to participate in the political processes and express personal beliefs and convictions.
	11.1.3 Students explain the historical development of the U.S. Constitution and how it has shaped the U.S. and Wyoming governmental systems.
	11.1.4 Students demonstrate an understanding of the major distinguishing characteristics of the United States and Wyoming Constitutions.
	11.1.5 Students demonstrate an understanding of the U.S. civil and criminal legal systems and distinguish differences between those systems.

### 11.2 Culture/ Cultural Diversity

Students demonstrate an understanding of different cultures and how these cultures have contributed and continue to contribute to the world in which they live.

	<b>Benchmarks</b>
	11.2.1 Students explain how various cultural influences impact society.
	11.2.2 Students communicate how shared cultural experiences influence peoples’ perceptions of prominent historical figures, groups, institutions, and world events.

### 11.3 Production, Distribution, and Consumption

Students demonstrate an understanding of economic principles and concepts and describe the influence of economic factors on individuals and societies.

	<b>Benchmarks</b>
A	11.3.1 Students explain how different economic systems are organized for production, distribution and consumption of goods and services.
	11.3.2 Students formulate solutions to economic problems
	11.3.3 Students describe the impacts of global economic interdependence.
	11.3.4 Students demonstrate an understanding of economic principles that influence individual financial planning.

#### 11.4 Time, Continuity and Change

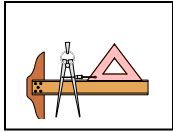
Students demonstrate an understanding of the people, events, problems, ideas, and cultures that were significant in the history of our community, state, nation and world.

	<b>Benchmarks</b>
11.4.1	Students analyze the interactions among individuals and groups and their impact on significant historical events.
11.4.2	Students analyze current events to better understand the world in which they live.
11.4.3	Students evaluate the impact of technology and how it has shaped history and influenced the modern world.
11.4.4	Students explain how past events impact the present and the future.

#### 11.5 People, Places, and Environments

Students demonstrate an understanding of interrelationships among people, places, and environments.

	<b>Benchmarks</b>
11.5.1	Students interpret charts, maps, and graphs to answer questions dealing with people, places, events, or environments.
11.5.2	Students analyze how physical characteristics of the earth and human interactions with the environment have affected the development of societies, cultures, and individuals.
11.5.3	Students demonstrate an ability to organize and process information about people, places, and environments.



## Assessment Guide: Social Studies Assessment Activity #14 Different Economic Systems

<b>Criterion:</b> <i>Identifies and analyzes two economic systems.</i> <b>Standards and Benchmarks:</b> 11.3.1 <b>Source:</b> Extended Response Essay			
			<b>Intended Depth of Knowledge: Level 3</b>
Level 4	Level 3	Level 2	Level 1
<p>Meets the requirements of a level 3,</p> <p>Comments persuasively with supporting details on impact of economic systems on personal behavior and society.</p> <p><b>OR</b></p> <p>The essay explores the difference between the 2 systems in regard to their impact on personal and social behavior with persuasive reasoning and/or examples.</p>	<p>Identifies economic systems being compared and describes the major elements of those systems.</p> <p>Provides an analysis of the similarities and differences with supporting examples and relevant details, using appropriate terminology.</p> <p style="text-align: center;"><b>AND</b></p> <p>There may be minor omissions or inaccuracies.</p> <p><b>Support:</b> Student received no support or minor support.</p>	<p>Identifies economic systems being compared, but the descriptions of the major elements of those systems are not fully developed.</p> <p style="text-align: center;"><b>OR</b></p> <p>Analysis of the similarities and differences is not fully developed and/or is not supported with relevant details.</p> <p style="text-align: center;"><b>OR</b></p> <p>Written expression interferes with understanding.</p> <p style="text-align: center;"><b>OR</b></p> <p>There are significant omissions or inaccuracies.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Support:</b> Response fulfills the requirements of a Level 3, but the student received support without which the work would not be of a Level 3 quality.</p>	<p>Attempts to identify economic systems, but the descriptions of the major elements are minimal.</p> <p style="text-align: center;"><b>OR</b></p> <p>Analysis of the similarities and differences is absent.</p> <p style="text-align: center;"><b>OR</b></p> <p>There are major omissions or inaccuracies.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Support:</b> Response fulfills the requirements of a Level 2, but the student received support without which the work would not be of a Level 2 quality.</p>

## **Anchors – Social Studies Assessment Activity #14: Different Economic Systems**

This section contains sample student work that has been assessed by Wyoming teachers who participated in the Wyoming Assessment Activities Consortium. Using the rubrics for this assessment activity, each example has been assigned score levels and includes accompanying annotated student work and “justifications” explaining assignment of scores.

The examples represent a range of student work collected as a result of piloting in Wyoming high schools during the 2004-2005 school year. In some cases sample student work for particular score points or for particular parts of assessment activities was not available at the date of publication.

Anchor papers in this set include:

DE1-020  
DE1-025  
DE1-039  
DE1-003  
DE1-011

<b>Social Studies Assessment Activity # 14: Different Economic Systems</b>
<b>ANCHOR #:DE1-020</b>
<b>Criterion: Identifies and Analyzes 2 economic systems</b> <b>(view at 125% or more for clarity)</b>
<b>Level: 4</b> The document is a Level 4 because all of the criteria stated at a level 3 in the rubric are included (two economic systems identified, essential elements of an economy are described, relevant details in relation to similarities and differences), and the author prioritizes differences identifying the most fundamental factor(s) that distinguish the 2 economic systems. (“The only major difference is the role the govt plays...in regulating businesses...”)



**Anchor #: DE1-020**

**Social Studies Assessment Activity #14: Different Economic Systems**

DE 020

HANDOUT #7

U.S. History  
Standards Assessment  
#3 - Production, Distribution, and Consumption

Name \_\_\_\_\_ Per. 5<sup>th</sup> Date 2/25/09

Level of Performance \_\_\_\_\_

**COMPARATIVE ECONOMIC SYSTEMS: ANALYSIS AND UNDERSTANDING**

Using all notes and handouts provided as instructional tools, select one of the five economic combinations for a compare - contrast essay: capitalism-mixed economy, capitalism-socialism, mixed economy-socialism, mixed economy-communism, or socialism-communism. Based on information related to the economic systems stated, write an essay that includes (1) identification of the economic combination you selected, (2) describe the major elements of the combination selected (3) analysis (identify and support with relevant details) of two similarities, and (4) analysis (identify and support with relevant details) of two differences.

**Essay:**  
Identifies two economic systems.

There are two basic types of economics in the world. There are market economics, which are controlled by the consumers, and there are command economics, which are controlled by the government.

**Essay:**  
Intertwines the elements of an economy.

Today I will be comparing & contrasting ~~the~~ the two economic systems of capitalism and mixed economy.

**Essay:**  
Similarities explained throughout.

The first and most obvious similarity between these two systems is that they are both market economies. This means that private individuals own the businesses and <sup>and compete freely</sup> decide what will be produced and how it will be produced. These economic <sup>systems</sup> markets also are controlled by the consumers. In other words, the people that are buying the product decide what they buy, therefore influencing how much money the company makes, among other things. For example, if a company's product isn't selling well, it may cause them to go out of business.

Another major similarity between capitalism and a mixed economy is the huge role that supply and demand plays in the economy. Supply and demand is basically how much of the product is available, and how much is being bought. In market economies

04

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**Anchor #: DE1-020**

**Social Studies Assessment Activity #14: Different Economic Systems**

the law of supply and demand determines prices and wages. If a company's product is in high demand, they will be able to raise the prices, and subsequently the people employed there will see ~~higher~~ higher wages. On the other hand, if a company's product is not selling the prices & wages will drop.

There are not too many differences between these economics, but there is one that stands out. That is the amount of government regulation. In a true capitalist economy there is absolutely no government involvement in the business world. Businesses are free to do whatever they want, and there would be no minimum wage. This would be like the United States government in the late 1800's. A mixed economy is a little bit different on this issue. The government doesn't play a huge role in business but it is present to regulate certain factors. Things the government ~~is~~ tries to do in this system are prevent monopolies, and protect the public's health and safety. It also produces certain services such as roads, and regulates things such as the bank.

As you can see these systems have many more similarities. They both give businesses a lot of freedom. ~~The~~ The only major difference is the ~~role~~ role the government plays. ~~In~~ In a mixed economy the government plays a minor, yet vital role in ~~the~~ regulating businesses, whereas in capitalism the government's role is nonexistent.

**Essay:**  
Elements of an economy intertwined throughout.

**Essay:** Sums up the major difference.

**Essay:** Numerous differences with examples.

DS

DE1-020

<b>Social Studies Assessment Activity # 14: Different Economic Systems</b>
<b>Anchor #: DE1-025</b>
<b>Criterion: Identifies and Analyzes 2 economic systems</b>
<b>Level: 3</b> The document is a Level 3 because the two economic systems are identified (capitalism and a mixed economy) and all major elements of an economic system are stated (paragraph 2). Similarities (private property and private ownership) and differences (government regulation of business and ownership of utilities) are analyzed. There are minimal inaccuracies (“...both have total private property...”). The author could have achieved a Level 4 by providing a more in-depth discussion of the elements of an economy, such as specific examples of a government’s role in regulating business or examples of monopolies.

**Anchor #: DE1-025**

**Social Studies Assessment Activity #14: Different Economic Systems**

DE1-025

**HANDOUT #7**

U.S. History  
Standards Assessment  
#3 - Production, Distribution, and Consumption

Name \_\_\_\_\_ Per. 5 Date 2/29/05

Level of Performance B.C

**COMPARATIVE ECONOMIC SYSTEMS: ANALYSIS AND UNDERSTANDING**

Using all notes and handouts provided as instructional tools, select one of the five economic combinations for a compare - contrast essay: capitalism-mixed economy, capitalism-socialism, mixed economy-socialism, mixed economy-communism, or socialism-communism. Based on information related to the economic systems stated, write an essay that includes (1) identification of the economic combination you selected, (2) describe the major elements of the combination selected (3) analysis (identify and support with relevant details) of two similarities, and (4) analysis (identify and support with relevant details) of two differences.

**Essay:** Two economic systems are identified.

The 2 economic systems I wish to compare are a Capitalistic economy and a mixed economy. The elements that make up economic systems like these are whether or not they are privately or government owned, who owns and operates the business, the supply and demand of the business product, the competition between the several different companies that market the same item, and the regulation of the company.

**Essay:** The elements of an economy are stated.

Between the two economic systems one of the first similarities is private property. Both have total private property. Another similarity between the 2 is that the Business owners will decide what to produce, how much to produce, and how much to produce it for.

**Essay:** Similarities are stated; ties in elements.

**Essay:** Differences are stated; ties in elements.

A difference between the 2 is Regulation of businesses. In a capitalist economy no one says how much to produce, how clean the product must be and how much to pay the workers. On the other hand Mixed economy the govt tells the business regulations and minimum wage.

Another example of a difference in the two economies

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**Social Studies Assessment Activity #14: Different Economic Systems**

is the owning of utilities. In a Mixed Economy the govt owns certain utilities. Such as the govt owns the water but power is private. In a capitalist economy nothing is owned by the govt.

**Essay:**  
Differences stated; ties in elements.

**Essay:**  
Similarity stated.

Both Capitalist and Mixed Economies are market economies. This means that they are controlled by consumer decisions based on the law of supply and demand. Compared to being a Command economy which are controlled by short & long range plans set-up by the government.

DE1-025

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<b>Social Studies Assessment Activity # 14: Different Economic Systems</b>
<b>Anchor #: DE1-039</b>
<b>Criterion: Identifies and Analyzes 2 economic systems</b>
<b>Level: 3</b> The essay is a Level 3 because the two economic systems are identified (mixed economy and communism) and an analysis of the similarities and differences between the two systems is included (paragraphs 2 and 3). The author includes relevant details in relation to the elements of an economy (paragraph 2), but some inaccuracies are present (“...and such, but only to the extent of the public’s concern and well being.....you gain intelligence for the work you’ve done.”)

**Anchor #: DE1-039**

**Social Studies Assessment Activity #14: Different Economic Systems**

DE1-039

Economic Essay

**Essay:** Describes major elements of an economy.

Economics is a very complex and sophisticated system of how nations gain and divide wealth through production, distribution, and consumption of goods and services. In this system (or study) there are two types of economy that the whole world lives by. Market economy is the type that is controlled by the consumer and their decisions based on supply and demand, and competition. Examples of this economy would be the United States and Canada. Command economy is the system that is controlled by the governments short and long term range economic plans for their country. The consumer is out of the picture and has no say in anything. Examples would be China and Vietnam. Between these two economies are four economic systems. Capitalism and mixed economy fall under market economy, and socialism and communism fall under command economy. This essay will compare, contrast, and define mixed economy and communism and explain the pro's and con's of each.

**Essay:** Identifies the two economies and provides a brief analysis.

**Essay:** Similarities and differences are dispersed throughout.

There are not very many similarities when it comes to mixed economy and communism, seeing as how one is consumer driven and the other is government developed. One similarity could be government regulations, where communism's government regulates and plans all aspects of the economy, and mixed economics government regulates economic factors critical to the public welfare, such as nutritious health labels on food and medicine, working regulations, school regulations, and such, but only to the extent of the publics concern and well being. The pro's and con's of mixed economy are that rewards are worth working for, and you gain intelligence for the work you've done. Yet, the con for that is it strikes down on the disabled and sick. Competition brings out more qualities and a hard worker, but more qualities includes selfishness and greed. There is much more competition for mixed economy, but overrunning companies and enterprises take out small businesses. Pro's and con's for communism are that it gives equal rights to rich and poor equally, but yet it doesn't allow people to earn as much money as they're capable of making. Communism teaches you social responsibility and cooperation, although it takes away the freedom and the drive people need to do their best. It also promotes equal treatment for all, but then the Black Market comes in because of supply

**Essay:** Some minor inaccuracies.

A7

DE1-039

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**Social Studies Assessment Activity #14: Different Economic Systems**

and demand. People want to run and own things on their own.

As for the differences, mixed economy and communism are almost exactly opposite. The difference between mixed economy and communism is the government runs everything in communism, and most everything in a mixed economy is privately owned. Home ownership, small businesses, and personal use items are privately owned in a mixed economy, when communism has no ownership of anything, except higher powers, who own things privately. Communism has a government that runs everything, it owns and operates all businesses and industries for the entire community. In a mixed economy, most businesses and industries are privately owned and operated, but the government controls few businesses for the common good and critical health of the community. There is very little or no competition in a communist economy, seeing is how the government owns everything and no one is allowed to own their own business. Yet, mixed economies businesses compete freely for profit, but like I said, overrunning businesses and enterprises can take small industries out of business easily. There is absolutely no supply and demand in communism, because everyone is equal and has the same amount of items and the same salary. Mixed economies supply and demand determines the shipping and marketing of goods. It's consumer driven.

**Essay:** Some exemplar of private ownership provided.

**Essay:** Analysis of differences is included.

There are very, very few similarities between communism and mixed economy, but with the differences, it's easy to tell which one is more increasingly widespread and open towards the world. Although each of these economies have their own pro's, they also have con's with them, you have to take the good with the bad. They are similar in some ways though....they both have business, products, consumers, government regulations (to some extent), and a stable economies. This essay was to compare and contrast two of the economic systems and define the great differences that the world lives in between market economy and command economy. Economic study can be very structured and complex, even for those who know what they're doing.

A8

DE1-039

**Essay:** Conclusion does not attempt to prioritize differences as to which is most important.



<b>Social Studies Assessment Activity # 14: Different Economic Systems</b>
<b>Anchor #:DE1-003</b>
<b>Criterion: Identifies and Analyzes 2 economic systems</b>
<b>Level: 2</b>
This essay is a level 2 because two economic systems are identified (capitalism and socialism). Although the similarities (“...government plays a role in both economies...”, “...currency is exchanged for goods and services...”) and differences (“...wages and competition...”) are present, they are not fully developed. Some information related to the elements of an economy are present, but depth of analysis is lacking and some inaccuracies are present ( paragraphs 3 and 4). If these elements and similarities and differences were explained, the author could have achieved a level 3.

**Anchor #: DE1-003**

**Social Studies Assessment Activity #14: Different Economic Systems**

DE1-003

In the world today there are many types of economies. One way is through capitalism. Another is through socialism. Both capitalism and socialism have their likes and differences. In the following, one will learn about the economic systems of socialism and capitalism and how they differ.

**Essay:**  
Identifies two economic systems.

Merchants and trade are as old as civilization itself, but capitalism had its origins in Europe in the 13<sup>th</sup> century, toward the close of the feudal era. In capitalism, production facilities (land and capital) are privately owned. Entrepreneurs as well as the people they employ are free to pursue their own self-interests in seeking maximum gain from the market. Finally, consumers are free to spend their incomes in ways that will yield their greatest wants.

**Essay:** Some elements of an economy are discussed.

With regard to capitalism, in a socialist economy the means of production are owned by the workers rather than by a rich minority of capitalists. In this economy the society can control production. A socialism economy is run for the benefit of the vast majority. Socialism dates back to the mid nineteenth century. In a

**Essay:**  
Significant inaccuracy.

bl

DE1-003

**Anchor #: DE1-003**

**Social Studies Assessment Activity #14: Different Economic Systems**

socialism economy it is particularly forthright to advocating direct pursuit of working class interests.

Socialist and capitalist economies are a like in some ways, however, they are different as well. For example, in both socialist and capitalist economies currency is exchanged for goods and services. To add, government plays a role in both economies.

**Essay:** Similarities stated, but not fully developed.

Although it plays more of a role in socialism. On the other hand, in a socialist economy everyone makes around the same wages.

**Essay:** Significant inaccuracy stated.

However, in a capitalist economy wages vary because the money is not controlled by the government so much. Also, in a capitalist economy the people are always free to improve their wages by working harder in market and being competitive. Whereas, in a socialist economy, there is no competition, so there is no way to improve wages.

**Essay:** Differences stated, but not fully developed.

In conclusion, there are many ways to run an economy. One way is through capitalism, where the people are always free to improve. Another way is through socialism where the market is controlled by the government. Both of these can be compared and

B2

DE1-003

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contrasted when one thinks about it. If one wants to reach new heights, capitalism is for them. However, if one wants to be average socialism would fit their needs.

B3

DE1-003

<b>Social Studies Assessment Activity # 14: Different Economic Systems</b>
<b>Anchor #: DE1-011</b>
<b>Criterion: Identifies and Analyzes 2 economic systems</b>
<b>Level: 1</b> The essay is a Level 1 because the two economic systems are identified (capitalism and a mixed economy), but the descriptions of the major elements are minimal. Analysis of the similarities and differences between the economic systems are absent and some inaccuracies are present (“...capitalism has no government...”).

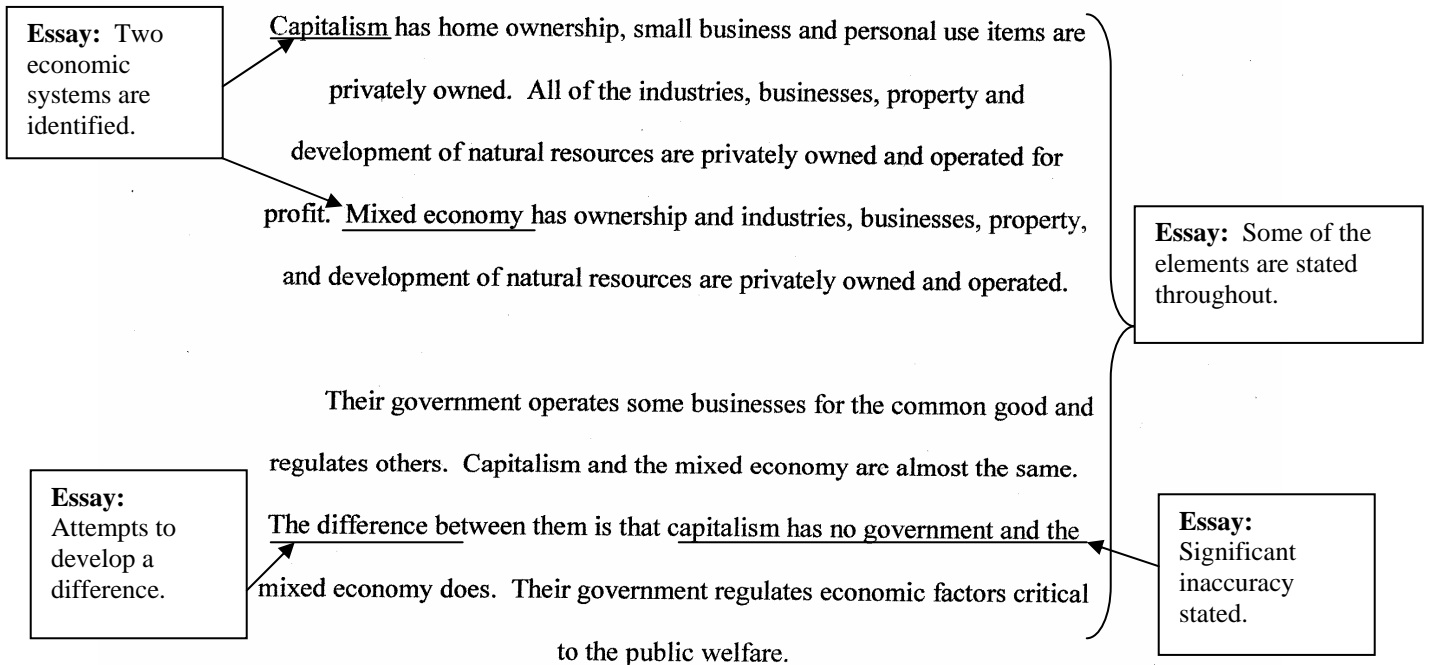
**Anchor #DE1-011**

**Social Studies Assessment Activity #14: Different Economic Systems**

DE1-011

World Geography Essay

B.O.E



B21

DE1-011

2