

## MODULE OVERVIEW

**SKILL: COMPARISON; DATA ANALYSIS; AND SUPPORTING ARGUMENTS WITH EVIDENCE**

**CONTENT: TYPES OF ECONOMIES**

DAY  
1

**LESSON QUESTION: WHAT ARE THE MAJOR TYPES OF ECONOMIES FOUND IN THE WORLD TODAY?**

**CLASS ACTIVITY: Understanding the Major Economic Systems: Command, Market, and Fixed Economies**

Working collaboratively, students will learn about and define the three major economic systems found in the world today - Command, Mixed, and Market Economies. After building definitions and understanding of each of these economic structures, students will work in teams using data analysis of charts and graphs from different global economies to attempt to classify which type of economy is represented in each.

**CHECK FOR UNDERSTANDING: Exit Ticket**

Students will use their understanding of each of the three main economic systems and their analysis of charts and graphs to formulate an argument as to which economic system best describes the United States, China, and North Korea, providing evidence to support their assertion.

DAY  
2

**LESSON QUESTION: WHERE DO MODERN GLOBAL POWERS FALL ON THE ECONOMIC CONTINUUM?**

**CLASS ACTIVITY: Determining Components of Real-World Economies to Determine What Economic System is in Place**

Working in teams, students will use their new understanding about components and definitions of each economic system to place pictures, graphs, data charts, and other economic indicators on a continuum spanning from Command to Market Economies. In placing these sources on the continuum, students will be required to provide explanations and reasoning for the placements. Through this activity, students will begin to understand that there is much overlap between these different economic systems and that most modern economies fall into the category of Mixed Economies.

**CHECK FOR UNDERSTANDING: Exit Ticket**

Students will use the information from their source analysis economic continuums to attempt to determine where the United States, China, and North Korea fall on the continuum from Command to Market Economies.



### ASSESSMENT

Students will analyze the impact that changing from a command to a market economy has on increasing democratization of a nation. Students will then make an argument as to whether they believe that North Korea will become more democratic in the future based on the current economic structure.

## DAY 3

BASED ON A 60-MINUTE CLASS

### Lesson Question: Does a Move Toward a Market Economy Lead to Increasing Democratization in a Country?

#### AP MICROECONOMICS COURSE FRAMEWORK KEY CONCEPTS

Learning Objective MKT 1.B - Define how resource allocation is influenced by the economic system adopted by society.

- Essential Knowledge - MKT 1.B.1 - Resource allocation involves answering three basic questions: What goods and services to produce? How to produce those goods and services? And who consumes those goods and services?
- Essential Knowledge - MKT 1.B.2 - Resource allocation is significantly influenced by the economic system adopted by society, such as command economy, market economy, or mixed economy. Each system involves a particular set of institutional arrangements and a coordinating mechanism for allocating scarce resources and distributing output.

#### AP MACROECONOMICS COURSE FRAMEWORK KEY CONCEPTS

Learning Objective MOD 1.A - Define scarcity and economic resources.

- Essential Knowledge MOD 1.A.1 - Individuals and societies are forced to make choices because most resources are scarce.

#### VOLUNTARY NATIONAL CONTENT STANDARDS IN ECONOMICS

Content Standard 1: Scarcity

- Students will understand that: Productive resources are limited. Therefore, people can not have all the goods and services they want; as a result, they must choose some things and give up others.
- Students will be able to use this knowledge to: Identify what they gain and what they give up when they make choices.

Content Standard 9: Competition and Market Structure

- Students will understand that: Competition among sellers usually lowers costs and prices, and encourages producers to produce what consumers are willing and able to buy. Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them.
- Students will be able to use this knowledge to: Explain how changes in the level of competition in different markets can affect price and output levels.

Content Standard 16: Role of Government and Market Failure

- Students will understand that: There is an economic role for government in a market economy whenever the benefits of a government policy outweigh its costs. Governments often provide for national defense, address environmental concerns, define and protect property rights, and attempt to make markets more competitive. Most government policies also have direct or indirect effects on people's incomes.
- Students will be able to use this knowledge to: Identify and evaluate the benefits and costs of alternative public policies, and assess who enjoys the benefits and who bears the costs.

Content Standard 17: Government Failure

- Students will understand that: Costs of government policies sometimes exceed benefits. This may occur because of incentives facing voters, government officials, and government employees, because of actions by special interest groups that can impose costs on the general public, or because social goals other than economic efficiency are being pursued.
- Students will be able to use this knowledge to: Identify some public policies that may cost more than the benefits they generate, and assess who enjoys the benefits and who bears the costs. Explain why the policies exist.

## Historical Reasoning Skills: Comparison; Data Analysis; and Supporting Arguments with Evidence

### OVERVIEW

After learning about the three main economic systems and determining key features of each, students will apply that knowledge to address broader issues of democratization. For this assessment, students will analyze World Systems Theory and evaluate the impact that changing from a command economy to a market economy has on increasing democratization of a nation. Students will then make an argument as to whether they believe that North Korea will become more democratic in the future based on the current economic structure.

#### MATERIALS NEEDED FOR:

##### In Class Activity

- [World Systems Theory Handout](#) (one per student)
- [Does the Move to a Market Economy Lead to Increased Democratization? Handout](#) (one per student)

### SEQUENCE OF INSTRUCTION

#### CLASS ACTIVITY: WARM UP/INTRODUCTION

WARM UP/INTRODUCTION (10 MINUTES): Reviewing Student Findings About North Korea, China, and the United States' Economic Systems

##### ACTIVITY 1:

- Begin the class by reviewing students' findings from their [Analyzing North Korea, China, and the United States' Economic Systems Exit Ticket](#) from Day 2.
  - If you collected this as an exit ticket, pass these back to students to review what they wrote down in the previous class. If students completed this as a homework assignment, have them take this out to review at this time.
- Working in teams of three to four, have students share their findings from the previous day's activity and discuss where they thought North Korea, China, and the United States all fell on the economic continuum. Explain that teams should come to a conclusion about each of these countries' economies and be able to defend their decisions with evidence. Tell teams that they will be asked to share their rankings with the class and defend the reasoning behind their decisions.
- After five minutes, call on different teams to share where they ranked North Korea, China, and the United States on the economic continuum and explain their reasoning. Encourage the class to challenge other team's rankings with evidence that they feel weakens that team's arguments.
- After having several teams share, see if the class can come to an agreement on where each of these three nations falls on the economic continuum.

## Teacher Notes

While teams will likely come to an agreement on the economic continuum rankings for the United States, China, and North Korea, it is possible that the class will not be able to reach an agreement. As long as student teams are making their rankings by using evidence from the previous day's activity, it is not necessary that they come to complete agreement. However, students should determine that North Korea is closest to a Command Economy, China falls between a Command and Market Economy, and that the United States is closest to a Market Economy. The key is for students to see that for each of these economies there is overlap and, therefore, most economies will fall somewhere in the Mixed Economy range.

### Teaching Tip



Giving students an opportunity to share their answers in a small group before having to share them with the class can help build confidence and encourage students to be more willing to share their findings.

Also, the process of pushing teams to come to an agreement and provide evidence to support their argument helps to reinforce the information that students have learned and works to develop students' reasoning skills.

## CLASS ACTIVITY PART 1: Introduction to World Systems Theory

CLASS ACTIVITY (5 MINUTES): Defining and Classifying Core, Semi-Periphery, and Periphery Nations

### ACTIVITY 1:

- Hand out the [World Systems Theory](#) handout and ask students to read the explanation of World Systems Theory and the current classifications of North Korea, China, and the United States based on this theory.
  - Instruct the students to only read the sections labeled "What is the World Systems Theory" and "Current World Systems Theory Classifications of the United States, China, and North Korea." They should not answer the question at the bottom of the page at this point.
- After giving students time to read through this information, call on students to check for understanding. The following questions can be used to ensure students have fully comprehended the information provided:
  - Define Core, Semi-Periphery, and Periphery nations.
  - How would North Korea, China, and the United States be classified according to the World Systems Theory?
  - Give ONE specific reason why each nation has been given that classification.
- After ensuring students have a strong grasp of World Systems Theory and the classifications, have the students answer this question in the space provided in the Questions & Analysis box at the bottom of the page:

- Based on your investigations into the economies of these three nations, do you agree with the above classifications? Why or why not? Explain your answer with examples from the information you studied in the Day 2 Activities.
- Once students have answered the questions, you can call on them to share their responses or you can have them share and discuss their responses with a partner.

### Teacher Notes

The purpose of this activity is to provide students with a strong understanding of World Systems Theory and the current classification of China, North Korea, and the United States using this theory. This knowledge will be necessary for students to complete the assessment.

## CLASS ACTIVITY PART 2: Assessment - Evidence-Based Argumentative Essay

CLASS ACTIVITY (30-45 MINUTES): Does the Move to a Market Economy Lead to Increased Democratization?

### ACTIVITY 1:

- Now that students have a thorough understanding of World Systems Theory and have reviewed their conclusions about the economies found in North Korea, China, and the United States, they will be examining the role economics plays in democratization.
- Provide students with the [Does the Move to a Market Economy Lead to Increased Democratization?](#) [handout](#) to complete this assessment.
- Students will be required to begin by reading an excerpt from “Comparative Democracy: The Economic Development Thesis” by Ross E. Burkhart and Michael S. Lewis-Beck. This scholarly article, published in *The American Political Science Review*, discusses the connection between economies and the level of democracy found in nations.
  - This excerpt can be difficult for some students to read and understand, so an area has been provided for students to brainstorm what they believe the excerpt is arguing with guiding questions to help the process.
- After students have read and examined the excerpt, explain that they will now write an evidence-based argumentative essay to answer the following question:
  - To what extent does a nation’s economy (Command, Mixed, or Market) impact the levels of democracy in that nation?
- Students should be instructed to use the information that they just learned about World Systems Theory and the conclusions they made about the economies of North Korea, China, and the United States to help them in their evaluation. Also explain that since this is an evidence-based argumentative essay, they must provide evidence to support their claims.
  - Although the directions for the Assessment mention this information, it is beneficial to remind students that they should reference the information that they learned about each of the different nation’s economies from the economic continuums created in the Day 2 activity.
- This assessment can be given during class or provided for students to complete at home.

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## Teacher Notes

Due to the complicated nature of the excerpt from “Comparative Democracy: The Economic Development Thesis,” you can choose to allow students to work with partners to analyze the excerpt and compare their Brainstorming Notes. Depending on the level of your students, you may also wish to provide an overview to the class before moving to the assessment. Understanding the basic argument made in the excerpt is essential to the completion of the assessment.

For the assessment, depending on your goals and the levels of students in your class, you can have students write responses of differing lengths. The question would easily allow for students to write a five paragraph essay, with an introduction, three body paragraphs each discussing one of the nations (North Korea, China, and the United States), and a conclusion. However, this response can be adapted and shortened as needed.

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# World Systems Theory

Name: \_\_\_\_\_ Period: \_\_\_\_\_

## What is the World Systems Theory?

The World Systems Theory, developed by the American Sociologist and Economic Historian Immanuel Wallerstein during the 1970s, states that the nations of the world are classified into three categories: Core, Semi-Periphery, and Periphery. These categories are defined as follows:

<b>Core Nations</b>	Core nations are industrialized and control the global trade market. They are wealthy and have many resources.
<b>Semi-Periphery Nations</b>	Semi-periphery nations are often still industrializing and are typically located geographically between core and periphery nations. These nations have aspects of both Core and Periphery nations.
<b>Periphery Nations</b>	Periphery nations are less developed than the core and semi-periphery nations and generally account for a small amount of global trade and wealth. These nations are often dependent on Semi-Periphery and Core nations.

## World Systems Theory Classifications of the United States, China, and North Korea

Using the World Systems Theory, some modern-day economists classify the United States, China, and North Korea in the following manner:

<b>Location</b>	<b>World Systems Theory Classification</b>
United States	Core Nation
China	Semi-Periphery Nation
North Korea	Periphery Nation

<b>Questions &amp; Analysis</b>	
Based on your investigations into the economies of these three nations, do you agree with the above classifications? Why or why not? Explain your answer with examples from the information you studied in the Day 2 Activities.	

# Does the Move to a Market Economy Lead to Increased Democratization?

Name: \_\_\_\_\_ Period: \_\_\_\_\_

## **Does the Economy of a Nation Play a Role in Determining its Level of Democracy?**

Read the following statement discussing the role of the economy in determining the levels of democracy in a nation.

### **Excerpt from “Comparative Democracy: The Economic Development Thesis”**

“On balance, it is clear that economic development substantially improves a nation’s democratic prospects... Thus, around the world, economic development works to foster democracy... To the extent that this finding holds for nations currently in democratic transition, the implication is that democratic reform by itself cannot be counted on to bring about the needed economic development. However, this is no counsel to dictatorship. Just as clearly, we found that democracy, while not apparently a direct cause of economic development, certainly does it no harm.”

SOURCE: Burkhart, Ross E., and Michael S. Lewis-Beck. “Comparative Democracy: The Economic Development Thesis.” *The American Political Science Review* 88, no. 4 (1994): 903–10. <https://doi.org/10.2307/2082715>.

### **Analyzing the Excerpt**

Use the space below to summarize the main points of the excerpt above in your own words. Use the guiding questions to help organize your thoughts.

#### **Brainstorming Notes**

What is the authors’ main argument?

How does this connect DEMOCRACY and ECONOMICS?

## ASSESSMENT: Evidence-Based Argumentative Essay

Using the information you learned about World Systems Theory AND the conclusions you made about the economies of North Korea, China, and the United States, evaluate the excerpt from “Comparative Democracy: The Economic Development Thesis” above to answer the following question. (Be sure to use specific examples from the Economic Continuums you completed as part of your Day 2 Activities to support your argument.)

**To what extent does a nation’s economy (Command, Mixed, or Market) impact the levels of democracy in that nation?**