# Coats and Choices

How economic systems allocate a scarce good

**SS24.E.3** "Compare the methods that various economic systems use to allocate goods and services. 3a Describe the key elements of command, market, and mixed economic systems..."

NAME _____ DATE _____

## 1 READ AND MARK

Read it twice

**YOUR JOB** In each paragraph, underline a phrase showing who decides what to produce, circle a phrase showing how production is decided, and write a 3 beside a phrase showing who receives the coats. Use your marks to compare the three systems.

### A Coat Shortage, Three Responses

1. Imagine three communities facing the same problem: a sudden shortage of winter coats. In the first, a planning office directs a state-owned factory to make 10,000 coats. Officials assign fabric and workers, set production targets, and distribute coats first to residents in the coldest districts. This command system answers what, how, and for whom through administrative decisions rather than customers' purchases. Factories do not compete for buyers, and earning a profit is not their main goal. Officials can prioritize need, but a central plan may miss local preferences or struggle to adjust when a shipment of fabric is delayed.

2. In the second community, privately owned coat makers choose styles and quantities after watching sales and prices. They decide how to produce, perhaps investing in faster sewing machines when the savings justify the cost. Stores sell coats to customers willing and able to pay, so purchasing power helps determine who receives them. Competing firms try to win buyers, and the prospect of profit encourages them to respond to demand. Consumers exert influence through their purchases, often called consumer sovereignty. Yet a market outcome may leave people who cannot afford a coat without one, even when they urgently need it.

3. The third community blends markets and public decisions. Private firms compete to sell coats and usually choose their materials and production methods, but the government requires safety labels and pays for coats for qualifying low-income households. Firms still seek profit, while public funding changes who can obtain a coat. Voters and officials, as well as customers, influence what gets produced: a contract for durable children's coats can shift some factory output. This mixed system keeps consumer choice for many purchases while using regulation and spending to address goals that sales alone might not meet. Different mixed systems make different policy choices.

## 2 ANSWER WITH EVIDENCE

Use the passage

1. Who decides what kinds and quantities of coats to produce in the command system and in the market system?

2. Compare how the command system and the market system decide which workers or equipment to use.

3. How does the mixed system change who can receive coats compared with the market system?

4. Compare ownership, competition, and the role of profit in the command and mixed systems. What regulation appears in the mixed system?

## 3 YOUR TURN

Your own words

In 4 to 6 sentences, compare how a command system and a mixed system might allocate emergency water filters after a flood. Explain what, how, and for whom each would produce, and include one difference in competition, private ownership, regulation, or profit.

ANSWER KEY

# Coats and Choices

GRADE 12 · SS24.E.3

## PART 1 · READ AND MARK

In each paragraph, underline a phrase showing who decides what to produce, circle a phrase showing how production is decided, and write a 3 beside a phrase showing who receives the coats. Use your marks to compare the three systems. Accept any marking that follows this job and points at the right text.

## PART 2 · ANSWERS

| # | QUESTION | ANSWER |
|---|---|---|
| 1 | Who decides what kinds and quantities of coats to produce in the command system and in the market system? | **In the command system, the planning office sets the factory's target. In the market system, private coat makers choose styles and quantities after watching sales and prices.** |
| 2 | Compare how the command system and the market system decide which workers or equipment to use. | **Command officials assign workers and fabric. Market firms choose production methods, such as buying faster sewing machines when the savings justify the cost.** |
| 3 | How does the mixed system change who can receive coats compared with the market system? | **In the market system, coats go to customers willing and able to pay. In the mixed system, the government also pays for coats for qualifying low-income households.** |
| 4 | Compare ownership, competition, and the role of profit in the command and mixed systems. What regulation appears in the mixed system? | **The command system uses a state-owned factory that does not compete for buyers or treat profit as its main goal. In the mixed system, private firms compete and seek profit, while the government requires safety labels.** |

## PART 3 · YOUR TURN (SAMPLE ANSWER)

After a flood, a command system could order a public factory to make portable water filters and assign workers and materials to that task. Officials could send the filters first to neighborhoods whose wells are contaminated. In a mixed system, private companies could compete to make different filters using methods they choose. The government could set safety standards and buy filters for households that cannot afford them, while other buyers purchase filters in stores. Both systems could direct filters toward urgent needs, but the mixed system would also allow private ownership and competition.

Accept plausible alternatives that distinguish decisions made by public officials from those made by private producers and buyers. For Part 3, look for what, how, and for whom in both systems, plus an accurate comparison of at least one named economic feature.