Who Decides?

Trace government's role in three economic systems

GE.2.4 "Explain the fundamental role, if any, of government in the various economic systems."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline each decision made by a government, and circle each decision made by a business or shopper. Number the paragraphs 1 to 3 to show where each economic system is described.

The Case of Winter Coats

1. Imagine a town where winter coats are in high demand. In a market economy, privately owned shops decide which coats to sell, and customers decide what to buy. Prices respond to buyers and sellers rather than a central production plan. Government still has a fundamental role: it protects property, enforces contracts, and sets rules against fraud. Some market economies also use taxes to pay for public services. The amount of regulation differs across countries.

2. In a command economy, a central government makes the main production decisions. For winter coats, officials might set how many factories make, what materials they receive, and where finished coats go. The government may also set prices instead of letting buyers and sellers determine them. This gives officials direct control over supply, but a plan can miss changes in demand. A government can respond by revising its plan, though changes may take time.

3. Most countries do not follow either model completely. In a mixed economy, private businesses can choose what to make and shoppers can choose what to buy, while government guides some outcomes. A government might require safe coat factories, tax sales to support public services, or buy coats for people facing severe cold. These actions do not mean officials decide every coat's price or production. The balance between private choice and government action varies by country.

2 ANSWER WITH EVIDENCE

Use the passage

1. Why does government still have a role in the market economy described here?

2. How does government control the supply of coats in the command economy?

3. In the mixed economy, how can government affect coats without deciding every price or production level?

4. Compare who makes the main production decisions in the market and command economies.

3 YOUR TURN

Your own words

A city needs bus service. In four sentences, describe a plausible government role in a market, a command, and a mixed economy, then explain why the roles differ.

Who Decides?

PART 1 · READ AND MARK

Underline each decision made by a government, and circle each decision made by a business or shopper. Number the paragraphs 1 to 3 to show where each economic system is described. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Why does government still have a role in the market economy described here?	**It protects property, enforces contracts, and sets rules against fraud, even though shops and customers make buying and selling decisions.**
2	How does government control the supply of coats in the command economy?	**Officials can decide how many coats factories make, what materials they receive, and where the coats go.**
3	In the mixed economy, how can government affect coats without deciding every price or production level?	**It can require safe factories, tax sales to support public services, or buy coats for people facing severe cold.**
4	Compare who makes the main production decisions in the market and command economies.	**Private shops make those decisions in the market economy. Government officials make them in the command economy.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

In a market economy, private bus companies could choose routes while government enforces safety rules. In a command economy, government could operate the buses and decide their routes and fares. In a mixed economy, private companies could run some routes while government pays for service on others. The roles differ because each system gives government a different degree of control over production.

Accept other plausible government roles if the response distinguishes private decisions from government control. Market economies can have public services, and mixed economies vary in how much government provides.