# Who Makes Coats?

Compare government decisions in two economic systems

**USG.C.1.5.A** "Compare the role of government in a market versus command economic systems."

NAME _____ DATE _____

## 1 READ AND MARK

Read it twice

**YOUR JOB** Underline two ways government acts in a market economy, and circle two ways it directs production or distribution in a command economy. Write 1 beside a market-economy trade-off and 2 beside a command-economy trade-off.

### Coats Before Winter

1. When a cold snap arrives, people rush to buy winter coats. In a market economy, privately owned clothing companies decide how many coats to make and which styles to offer. Rising sales may lead a company to order more fabric, hire workers, or raise prices. Government does not normally assign each factory a coat quota. It still shapes the market: it enforces contracts, sets workplace safety rules, and can require honest product labels. These rules limit some business choices, but customers and competing sellers largely determine which coats are produced and sold.

2. In a command economy, government planners direct major production decisions instead. Suppose planners estimate that the country needs one million coats before winter. They may direct publicly owned factories to make set amounts, assign fabric to those factories, and set retail prices. They might send extra coats to colder regions even if shops elsewhere could charge more. This approach can prioritize a public goal, but planners may misjudge sizes or demand. A factory cannot simply switch its output because shoppers ask for a different coat; it may need approval or new instructions.

3. Now imagine that a sudden blizzard doubles the demand for coats. In a market economy, higher prices and sales give firms a reason to increase supply, but some buyers may be unable to afford a coat. Government might offer emergency aid without taking over all factories. In a command economy, planners could order more coats and direct them to the hardest-hit areas, but changing production plans can take time and create shortages elsewhere. Neither system is free from trade-offs. The key difference is who directs major production and distribution decisions, private producers responding to buyers or government planners.

## 2 ANSWER WITH EVIDENCE

Use the passage

1. Who decides how many coats factories make in each system, and how do those roles differ?

2. Compare how coat prices and the distribution of coats are determined in the two systems.

3. How is setting workplace safety rules different from assigning fabric to factories?

4. After the blizzard, what could government do in each system, and what difficulty might each approach face?

## 3 YOUR TURN

Your own words

A storm leaves a town needing battery-powered lanterns. In four or five sentences, compare what government would do in a market economy and a command economy to help residents get lanterns, and identify one possible drawback of each approach.

ANSWER KEY

# Who Makes Coats?

HIGH SCHOOL · USG.C.1.5.A

## PART 1 · READ AND MARK

Underline two ways government acts in a market economy, and circle two ways it directs production or distribution in a command economy. Write 1 beside a market-economy trade-off and 2 beside a command-economy trade-off. Accept any marking that follows this job and points at the right text.

## PART 2 · ANSWERS

| # | QUESTION | ANSWER |
|---|---|---|
| 1 | Who decides how many coats factories make in each system, and how do those roles differ? | **In a market economy, private companies decide how many coats to make. In a command economy, government planners direct factories to make set amounts.** |
| 2 | Compare how coat prices and the distribution of coats are determined in the two systems. | **In the market economy, sellers may raise prices as sales rise, and customers and sellers largely determine which coats are sold. In the command economy, planners may set retail prices and send extra coats to colder regions.** |
| 3 | How is setting workplace safety rules different from assigning fabric to factories? | **Safety rules regulate how private companies operate in a market economy. Assigning fabric is a direct government decision about production in a command economy.** |
| 4 | After the blizzard, what could government do in each system, and what difficulty might each approach face? | **In the market economy, government could offer emergency aid, though some buyers might still be unable to afford coats. In the command economy, planners could order and direct more coats, but changing plans could take time and cause shortages elsewhere.** |

## PART 3 · YOUR TURN (SAMPLE ANSWER)

In a market economy, private sellers would decide how many lanterns to stock, while government could provide vouchers to families who cannot afford one. If demand drives up prices, some residents might still struggle to buy lanterns. In a command economy, government planners could order factories to make more lanterns and send shipments to neighborhoods without power. However, changing factory plans could take time, delaying delivery.

Accept other passage-supported comparisons that distinguish market regulation or aid from command-economy direction of production and distribution. For Part 3, accept plausible government actions and a distinct drawback for each system.