

Connecting the Reading and Activity

After reading Section 3, fill in the missing information for the type of economy your group represented in the activity. As your class reviews the answers, record information for the other type of economy.

Command Economy		Market Economy	
Activity	Reading	Activity	Reading
	The state, or government, decides what, how, and for whom to produce.		Workings of the market are not planned or directed. Individual buyers and sellers make decisions.
Production rewards were equal, based on predetermined quotas or goals.		Production rewards were based on what was produced.	
	Factors of production are controlled by the government, which cannot possibly foresee all market needs. Shortages are common.		Factors of production are sold by households and purchased by firms according to what people are willing to produce and consume.
All products sold for the same price.		Prices varied and were set by producers.	
	No incentive to produce high-quality goods or to innovate. Goods are often poor quality or not what consumers want or need.		People benefit more by working harder, so they tend to be more innovative and produce higher-quality goods in line with what consumers want.