



POWELL CENTER FOR  
ECONOMIC LITERACY

*Lesson Plan*

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## **Economic Systems and Choice: A Lesson from *Moscow on the Hudson***

### **Time Required**

15 Minutes

### **Grade Level and Subject**

High school, Economics/Social Studies

### **Keystone Economic Principles**

Principle #1 – We all make choices.

Principle #4 – Economic systems influence choices.

Principle #7 – Quantity and quality of available resources impact living standards.

### **Voluntary National Content Standards in Economics**

[Standard 1 – Scarcity](#)

[Standard 3 – Allocation of Goods and Services](#)

[Standard 9 – Role of Competition](#)

[Standard 10 – Role of Economic Institutions](#)

[Standard 16 – Role of Government](#)

## Economic Concepts

**Basic Economic Questions** – “What to produce? How to produce? For whom to produce?”

**Choice** – The selection of one alternative among others.

**Command Economy** – An economic system in which most or all economic decisions are controlled by a relatively small group within the government.

**Economic System** – The institutional framework of formal and informal rules that a society uses to determine what to produce, how to produce and how to distribute goods and services.

**Goods** – Tangible objects that satisfy economic wants.

**Institutions** – Economic systems create rules and organizations to help people make choices and satisfy their wants. Rules include laws, beliefs, customs and traditions. Organizations can include things like banks, unions, trade, and enforcement groups.

**Market Economy** – An economic system where most or all economic decisions are dispersed to the individual participants with each consumer or producer making their own choices without hindrance by others.

**Mixed Economy** – An economic system that incorporates aspects of command, market and traditional economies.

**Rationing** – Any method of allocating goods and services. Usually it involves limiting the quantities of a good or service that are available or that may be purchased. It can also involve allocation based on age, gender, race or ethnicity. Price is considered an efficient way to ration products.

**Shortage** – Insufficient supply to meet current demand at a given price.

## Overview

Modern economies are generally a mix of command, market and traditional systems and are referred to as mixed economies. However, we can frequently find examples in popular media that use examples of command and market systems to illustrate the difference in something as fundamental as “choices” available to a system.

## Objectives

- Students will read or discuss the differences between command and market economies.
- Students will then view select scenes from the film *Moscow on the Hudson* starring Robin Williams.
- Students will then discuss and identify how resources are allocated in command and market economies, and how this can impact choices available to consumers.

## Materials and Handouts

- DVD of *Moscow on the Hudson*. (© Columbia Pictures, 1984) Starring Robin Williams. **CAUTION: The film is rated “R” and has scenes that may be objectionable. Consequently, you may not wish to show it in its entirety. Use only indicated clips for the lesson.** This film should be available at most video rental stores or through retail outlets.
- *Handout 1 – Choice in Command and Market Systems*
- *Handout 2 – Economic Systems Worksheet*

## Teaching Activity

1. Provide a copy of *Handout 1* to each student.
2. Have the students read the brief essay on the impact of economics systems and choice. Alternatively: Discuss the main points of the essay, drawing students' attention to who makes choices and who gets to make choices in a command system and in a market system.
3. Distribute a copy of *Handout 2* to each student.
4. Show the following clips from *Moscow on the Hudson*:  
Chapter 1: Mark 3:00 to 3:55.  
Chapter 17: Mark 1:01:40 to 1:02:46
5. Have students complete the worksheet and then discuss: Alternatively, use the worksheet as a basis for discussion, having students complete it as you go along.

# Choice in Command and Market Systems: A Lesson from *Moscow on the Hudson*

## Handout 1

We tend to think of different economic systems in terms of who makes choices. But often, we only consider who is making the “big choices.” “Who will produce automobiles? How many automobiles will be produced? Where is the steel for the auto bodies and various components smelted?” We often overlook the choices of consumers within economic systems.

In a command system, production decisions are limited to a small group of people within government. They make the choices that determine the Basic Economic Questions – What to produce? How to produce? For whom will it be produced?

In addition, institutions (rules) are in place that control how goods are rationed or distributed. The rules are also made by a small group of people. These rules have the effect of limiting the choices consumers can make. By allowing choices to be made by a few people, the repercussions for consumers can be significant. Their choices are often severely limited.

In a market system, production decisions are not limited but are spread out. Many people can decide to develop and market a product. The Basic Economic Questions are answered by many different people every day. As a result, the choices available to consumers are more and, as a result, the decisions can be harder.

The film, *Moscow on the Hudson*, is about a musician (played by Robin Williams) in the former Soviet Union. At the time, the Soviet Union was largely a command economy. In the course of the story, the musician visits New York City as part of an exchange program and defects – which means he gives up his Soviet citizenship and asks to stay in the United States.

Early in the film, we get to see a shopping situation in the old Soviet Union that was not unusual. Then we get to compare it to a typical shopping situation in the United States.

## **Economic Systems and Choice**

### ***Moscow on the Hudson* worksheet**

#### **Shopping in the Soviet Union**

1. What good or goods was the character looking for? Was he able to find it?
2. What decisions appear to have been made regarding the goods available? (Hint: Think about the Basic Economic Questions.)
3. Were there any institutions (rules) regarding the choices available to consumers?

#### **Shopping in New York City**

1. What good or goods was the character looking for? Was he able to find it?
2. What decisions appear to have been made regarding the goods available? (Hint: Think about the Basic Economic Questions.)
3. Were there any institutions (rules) regarding the choices available to consumers?

#### **General Questions**

1. Which system appears to offer more choices for the consumer? Is that good or bad? Explain.
2. What was the consequence of having decisions made by fewer people when it came to making goods available for consumers?