

Name:

Econ 101 Reading Assignment #3 – *Excerpt, Red Plenty*

Spufford, Francis. 2010. Red Plenty. Faber and Faber: London, England. Pgs. 215-223

Context: It's 1963 in the USSR (modern day Russia) and Maksim Maksimovich Mokhov is Deputy Director of the Sector of Chemical and Rubber Goods in Gosplan, the agency charged with planning the national economy. A problem has arisen in the plan for the economy, and Maksim enters the records department to adjust "the balances" (the national plan for the economy). The following segment is a good example of the challenges of managing the allocation of scarce resources in the absence of markets.

1. What is the problem with the Solkemfib plant?
2. If the Solkemfib plant has its output of tyre (the British spelling of tire) cord cut in half, what are the potential knock-on effects to other industries?
3. Rather than adjusting the plan to account for a shortage of tire cord, Maksim plans to make up the loss of tire cord output at the Solkemfib plant. How? What are the problems this solution causes for the wider plan?
4. The Solkemfib plant is requesting a replacement machine. What is the impact of this request on another sector?
5. What makes yarn production simple, from Maksim's perspective? What about viscose production?