Ms. Dobbs Economic Systems at Work

**Economic Systems**

* Economics = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + System society uses to produce & distribute \_\_\_\_\_\_\_\_\_\_ & \_\_\_\_\_\_\_\_\_\_\_\_\_
* Econ systems needed and vary across the globe
  + Needs =
    - Ex:
  + Wants =
    - Ex:
  + Want-satisfaction chain = goods/services to satisfy wants
  + Competition = main factor in setting prices

**Types of Economic Systems**

* Traditional Economy – based on traditions, culture, history
  + -
  + -
  + Common in undeveloped countries
* Command Economy – government makes all decisions
  + **-**
  + Communist governments (ex.\_\_\_\_\_\_\_\_\_\_\_ & \_\_\_\_\_\_\_\_\_\_\_\_\_)
* Market Economy – decisions made by individuals
  + -
  + -
  + Little or no government interference
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_ - right to buy and sell goods as you choose
  + -

**Market Economy**

* Based on 5 economic freedoms:
  + -
  + -
  + -
  + Freedom of workers to compete for jobs
  + -
* Desire to make profit - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - is essential for market economies
* Competition for resources
  + \_\_\_\_\_\_\_\_\_\_\_\_ - limited resources & unlimited wants = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

* + People have to make decisions / causes prices to vary
* \_\_\_\_\_\_\_\_\_\_\_\_\_ & \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Most basic of all the economic principles
  + Usually leads to price changes
  + Law of Supply - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Law of Demand - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Want to reach a balance (equilibrium price)
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - businesses operate with little government interference
  + No limits on profits, but \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Competition is important for low prices & \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Innovation or new ideas
  + Patent –
  + Copyright –
* Capitalism - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Driving force of the American economy
  + -
  + Freedom to \_\_\_\_\_\_\_\_ & \_\_\_\_\_\_\_\_ as you please
  + Benefits society as a whole
* Monopolies - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Usually banned in market economy countries
  + Price fixing / gouging can occur
  + -
  + Natural monopolies are legal –

**U.S. Economic Systems**

* -
* Mixed economy - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Businesses have freedom, but have certain regulations to meet
    - Ex:
* American business:
  + Large businesses came about in late 1800s
  + Grew by reinvesting
  + -
  + Conglomerate = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Small businesses thrive too