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