**Economy Notes**

**What is Economics?**

* **Economics studies how individuals and societies seek to satisfy\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and wants through incentives, choices, and allocation of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ resources.**

**Factors of Production**

* + **Natural Resources – raw \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ found in nature that are used to produce goods**
  + **Human Resources – people’s knowledge, efforts, and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ used in their work**
  + **Capital Resources – used to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ goods and services (buildings, materials, and equipment)**
  + **Entrepreneurial Resources - recognize the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for new goods or service**
  + **Scarcity – \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of resources**

**Why Economic Systems?**

* **Nations use economic systems to determine how to use their \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ resources effectively.**
* **Primary goal of an economic system is to provide people with a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ standard of living, or quality of life.**
* **Different types of Economic Systems**
  + - **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Economy**
    - **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Economy (free enterprise)**
    - **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Economy**
    - **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Economy**

**Traditional Economy**

* **Found in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, under-developed countries–** 
  + **Vanuatu**
  + **Pygmies of Congo**
  + **Eskimos & Indian tribes**
  + **Belarus**
* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ govern the economic decisions that are made**
* **Farming, hunting and gathering are done the same way as the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ before**
* **Economic activities are centered around the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or ethnic unit**
* **Men and women are given different economic \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and tasks**
* **Advantages: people have specific roles; \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in the way things are done**
* **Disadvantages: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is not used; difficult to improve**

**Market Economy (Free Enterprise)**

* **Also called a *Free Market Economy or Free \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Economy***
* **Businesses and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ decide what they will produce and purchase and in what quantities**
* **Decisions are made according to law of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_& \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
* **Supply and demand of goods and services determine \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is produced and the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ that will be charged.**
* **Advantage—\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to have the best products and services**
* **Disadvantage—\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ between wealthy and poor**
* **Note: a true market economy does \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ exist.**

**Command Economy**

* **The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (or central authority) determines what, how, and for whom goods and services are produced.**
* **Two types: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Command – where government makes \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ decisions (communism – China, Cuba)** 
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Command – where some form of private enterprise exists but the state \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ major resources (socialism – France and Sweden)**
* **Advantages**
  + **Guarantees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ standard of living for everyone**
  + **Needs are provided for through the government**
* **Disadvantages**
  + **Minimal \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + **Less \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of items**
  + **No incentive to produce \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ products or engage in entrepreneurship**
* **Also known as a *Planned or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Economy***

**Mixed Economy**

* **Combination of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ economy**
* **Government takes care of people’s \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
* **Marketplace takes care of people’s \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.**
* ***\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ nations have a mixed economy:* United States, England, Australia**
* **Advantage—\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of needs and wants met by government and in marketplace**
* **Disadvantage—citizens have to pay \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**