**Economic Systems**



**Def.** The m\_\_\_\_\_\_\_\_\_\_\_ used by a society to p\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and distribute goods and s\_\_\_\_\_\_\_\_\_\_.

Or, How the g\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ tells us what we can get and h\_\_\_\_\_\_\_ to get it!

**All Economic Systems Must Consider the Following Questions:**

1. W\_\_\_\_\_\_ goods and services to produce?
2. H\_\_\_\_\_\_ will they produce them?
3. W\_\_\_\_ will get them?
4. H\_\_\_\_ much will they produce now, and how much later?

Each economic system answers these questions in a D\_\_\_\_\_\_\_\_\_\_\_\_\_\_ WAY.

There are\_\_\_\_ basic types of economic s\_\_\_\_\_\_\_\_.

1. **T\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Economy**

* Economic questions are answered by habits and c\_\_\_\_\_\_\_\_\_\_\_\_ (the way it has always been done)
* C\_\_\_\_\_\_\_\_\_\_\_\_\_\_ work the same jobs parents worked, often f\_\_\_\_\_\_\_\_\_ or hunter/gatherer
* Fear C\_\_\_\_\_\_\_\_\_\_\_!
* Ex. E\_\_\_\_\_\_\_\_, the A\_\_\_\_\_\_\_\_\_\_

1. **C\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Economy (centralized**)

* The g\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ answers the basic economic questions
* A\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: able to act quickly in emergencies, provide for all people e\_\_\_\_\_\_\_
* D\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: Inefficient, no i\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to work hard or be c\_\_\_\_\_\_\_\_\_\_
* Ex. Communist Countries (C\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Vietnam, North K\_\_\_\_\_\_\_\_\_\_\_\_\_\_, former

Soviet Union, Cuba)

1. **Free M\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Economy (Decentralized)**

* Economic questions are answered by individual b\_\_\_\_\_\_\_\_\_ and s\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* S\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and d\_\_\_\_\_\_\_\_\_\_\_\_\_\_ influence economy
* People act out of self i\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_; motive for profit (m\_\_\_\_\_\_\_\_\_\_\_) drives the economy
* Also known as FREE ENTERPRISE or C\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Ex. The United States, Western Europe, Japan

1. **M\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Economy:** No economy is pure market, pure command or pure traditional, elements of each appear in all economies, some have more elements of one economy than another.

**American Mixed Economy**

While the United States is mostly a free market economy, it does have elements of a c\_\_\_\_\_\_\_\_\_\_\_\_ economy.

**Features of American Free Market Economy**

1. ***Economic F\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_:*** individuals have the right to c\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. ***C\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_:*** more than one p\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of good/services insures choice
3. ***P\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Property:*** individuals have the r\_\_\_\_\_\_\_\_\_\_ to own their own property, including

b\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. ***Self-I\_\_\_\_\_\_\_\_\_\_\_\_\_:*** individuals make decisions based on what is b\_\_\_\_\_ for them
2. ***V\_\_\_\_\_\_\_\_\_\_\_Exchange:*** individuals may f\_\_\_\_\_\_\_\_\_ buy and sell goods
3. ***P\_\_\_\_\_\_\_\_\_\_Motive:*** individuals are driven by a desire to profit (make m\_\_\_\_\_\_\_\_\_\_\_\_)

**Features of American Command Economy**

1. Government r\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of some business practices

Ex. W\_\_\_\_\_\_\_\_\_\_\_\_, labor hours, s\_\_\_\_\_\_\_\_\_\_\_ practice.

1. Government l\_\_\_\_\_\_\_\_\_\_\_ certain choices

Ex. C\_\_\_\_\_\_\_\_\_\_\_\_\_\_ buy or produce certain goods/services (weapons of mass destruction)

1. Government provides aid to the n\_\_\_\_\_\_\_\_\_

Ex. Medicare, Medicaid, w\_\_\_\_\_\_\_\_\_\_\_\_

**How would my pizzeria function under different economic systems?**

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