

I. Economic Systems (EF4a,b)

A. Traditional economies: Allocation of resources come from

_____, _____ or _____

1. Roles defined by customs of _____ and _____.

2. Examples:

3. Advantages

a) Everyone knows

b) Little uncertainty over _____, _____ to produce

4. Disadvantages

a) Discourages _____, _____

b) Lower _____

B. Command economy. Resources allocated by _____

1. Roles defined by _____

2. Examples:

3. Advantages

a) Change _____ quickly

b) Universal services such as

4. Disadvantages

a) Doesn't meet consumer _____

b) No incentive to _____

c) Requires _____

d) No _____ to fix problems

C. Market economy: Allocation of resources decided by

_____ and _____ acting in their own _____.

1. Roles defined by _____

2. Examples: democracies, free republics

3. Advantages

a) High degree of _____

b) Relatively small degree of _____

c) Decision-making _____

d) High degree of consumer _____

4. Disadvantages

a) Basic needs not _____

- b) Does not provide enough services that people value highly
- c) Relatively high degree of _____
- d) Market economies can _____

II. Evaluating Economic Performance (Go over homework answers)

III. Capitalism and Economic Freedom

A. Competition and Free Enterprise

1. Economic freedom: It's all about _____
2. Voluntary exchange: Benefits _____ and _____
3. Private property: Both _____ and _____ possessions
 - a) Gives people incentive to _____, _____, _____
4. Profit motive: All about _____
5. Competition: It's all about _____

B. The Entrepreneur

1. Organizes/manages _____, _____, _____
2. benefits of a successful entrepreneur:
 - a) He gets _____
 - b) Workers get _____
 - c) Consumers get _____ and _____ products
 - d) Government gets more _____

C. Role of the Consumer

1. _____ with its dollars on what is produced or not

D. Role of government; focus on regulator (EF5a)

1. Protector: Pure Food and Drug Act
2. Regulator: Preserving _____ in the marketplace
 - a) Deregulation is intended to promote _____