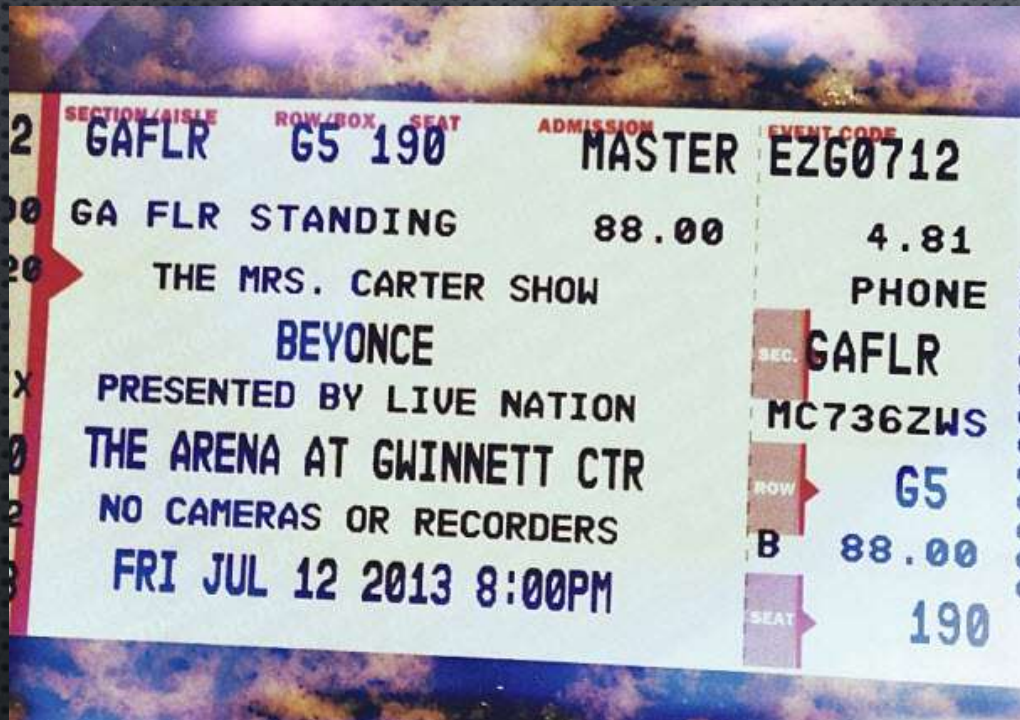


# METHODS OF ALLOCATION

# -ALLOCATE: TO DISTRIBUTE RESOURCES OR DUTIES FOR A PARTICULAR PURPOSE



# PRICE

**-THOSE WHO ARE ABLE TO PAY FOR A PRODUCT RECEIVE THE PRODUCT**

**-EXAMPLE: A PERSON WHO IS ABLE TO PAY FOR A HIGH-DEMAND CONCERT TICKET**

# MAJORITY RULE

-WHEN A GROUP OF PEOPLE WHO HAVE CONTROL VOTE TO DECIDE HOW THE PRODUCT WILL BE DISTRIBUTED.

-EXAMPLE: NATIONAL, STATE, AND LOCAL GOVERNMENTS SOMETIMES VOTE TO ESTABLISH PUBLIC PARKS AND GREENSPACE. SOMETIMES THERE ARE CITIZENS WHO WOULD RATHER THE LAND BE USED FOR COMMERCIAL PRODUCTION. WHEN THE MAJORITY OF ELECTED REPRESENTATIVES VOTE FOR THE PUBLIC LAND USE, THOSE WHO FAVOR PRIVATE OWNERSHIP OF THE LAND ARE UNABLE TO ACCESS THE FACTOR OF PRODUCTION.

# CONTESTS

**-THOSE WHO RECEIVE GOODS AND SERVICES ARE THOSE WHO WIN A COMPETITION**

**-EXAMPLE: THE CLASSROOM THAT READS THE MOST BOOKS GETS A PIZZA PARTY**

# FORCE

**-GOODS, SERVICES, AND FACTORS OF PRODUCTION ARE GIVEN OR TAKEN AWAY UNDER USING THREATS.**

**-EXAMPLE: IN THE UNITED STATES, MOST PEOPLE ARE FREE TO CHOOSE THE WORK THEY WOULD LIKE TO DO. HOWEVER, WHEN THE UNITED STATES HAD A MILITARY DRAFT DURING THE VIETNAM WAR, THE UNITED STATES ARRESTED THOSE WHO DID NOT REPORT FOR MILITARY DUTY.**

# SHARING

**-GOODS AND SERVICES  
ARE DIVIDED EQUALLY**

# LOTTERY

**-METHOD OF ALLOCATION THAT INVOLVES CHANCE.**

**-EXAMPLE: DRAWING NAMES FROM A HAT FOR A PRIZE**



# AUTHORITY

**-A PERSON IN AUTHORITY DECIDES WHO RECEIVES THE GOODS AND SERVICES AVAILABLE**

**-EXAMPLE: TEACHER DECIDES WHICH STUDENTS GET TO USE THE COMPUTERS IN THE CLASSROOM**

# FIRST-COME, FIRST-SERVED

**-THOSE FIRST IN LINE OR THOSE WHO ARE FIRST RECEIVE THE GOOD OR SERVICE**

**-EXAMPLE: FIRST PERSON TO CALL IN TO A RADIO SHOW RECEIVES A PRIZE**

# PERSONAL CHARACTERISTICS

**-PEOPLE RECEIVE A GOOD OR SERVICE  
BASED ON A CERTAIN CHARACTERISTIC**

**-EXAMPLE: AT A BASEBALL GAME, A  
FREE BOBBLE HEAD IS GIVEN TO THOSE  
12 YEARS OLD OR YOUNGER**

# **SPECIALIZATION AND DIVISION OF LABOR**

# **SPECIALIZATION**

- WORKERS FOCUS ON PERFORMING SEPARATE TASKS**
- SPECIALIZATION INCREASES PRODUCTIVITY**
- IT ALSO REQUIRES TRADE AND INCREASES INTERDEPENDENCE**

# DIVISION OF LABOR

**-AN ARRANGEMENT IN WHICH WORKERS PERFORM ONLY ONE STEP OR A FEW STEPS IN A LARGER PRODUCTION PROCESS (AS WHEN WORKING ON AN ASSEMBLY LINE).**

# DIVISION OF LABOR

**-WORKERS WHO FOCUS ON ONE JOB BECOME MUCH BETTER AT DOING IT**

**-WITH SPECIALIZATION, THE TIME THAT IT WOULD TAKE TO SWITCH BETWEEN JOBS IS ELIMINATED**

**-WORKERS WHO SPECIALIZE ON ONE JOB OFTEN INVENT MORE EFFECTIVE WAYS FOR DOING THE JOB.**

# TRADE, EXCHANGE, AND INTERDEPENDENCE

**“PEOPLE DO NOT MAKE EVERYTHING THAT THEY AND THEIR FAMILY USE: THAT IS, THEY DO NOT GROW ALL THEIR OWN FOOD, SEW THEIR OWN CLOTHES, BUILD THEIR OWN HOUSE AND PROVIDE THEMSELVES PERSONALLY WITH HEALTH CARE AND EDUCATION. INSTEAD, PEOPLE FOCUS ON A PARTICULAR JOB AND THEN USE THE WAGES THAT THEY EARN FROM THAT JOB TO PURCHASE THE GOODS AND SERVICES THEY DESIRE. IN THIS WAY, AN ECONOMY FORMS AN INTERLINKED NETWORK OF TRADE, EXCHANGE AND INTERDEPENDENCE.”**



**-TRADE—VOLUNTARY EXCHANGE OF  
GOODS AND SERVICES FOR MONEY OR  
OTHER GOODS AND SERVICES**

**-INTERDEPENDENCE—A RELATIONSHIP  
BETWEEN TWO OR MORE  
PEOPLE, REGIONS, NATIONS IN WHICH  
EACH IS DEPENDENT ON THE OTHER FOR  
NECESSARY GOODS OR SERVICES.**

**-MOST COUNTRIES DO NOT PRODUCE ALL OF WHAT THEY CONSUME. INSTEAD, THEY FOCUS MORE HEAVILY ON PRODUCING CERTAIN PRODUCTS AND TRADING WITH OTHER COUNTRIES.**

**-THE GLOBAL ECONOMY IS A NETWORK OF TRADE AND INTERDEPENDENCE.**