

Unit 1: Part II

SSEF4

SSEF4:

- Compare and contrast different economic systems and explain how they answer the three basic questions of,
 - 1) What to produce?
 - 2) How to Produce?
 - 3) For Whom to Produce?

SSEF4: A:

- Compare Traditional, Market, and mixed economy systems with regard to Private ownership, profit motive, consumer sovereignty, and government regulation

Learning Target:

- Economic Systems
- I can compare traditional, command, market, and mixed economic systems in regard to private ownership, profit motive, consumer sovereignty, competition, and government regulation.

Traditional



- Making just enough to survive
- There social class & Factors of Production are passed down...generation to generation
- *Why does the wealthy benefit?*

Command Economies



- Have a high degree of gov't interaction, Gov't owns Factor of Production, All the people
- The MAIN reason that modern command economies have failed is that Gov't decision-making led to shortages and inefficiency

- <http://www.bbc.com/news/av/world-latin-america-31989893/how-long-does-it-take-to-buy-basic-goods-in-venezuela>

Market Economy



- Producers and consumers determine what gets made
- Factors of Production are owned by the people
- Little to none gov't regulation

Mixed Econ System

- Most nations have a mixed System in the world today.
- Offers great freedom to economic actors while at the same time implementing enough government control to hopefully avoid economic catastrophes

SSEF4.A Chart:
Learning Target: I
can compare and
contrast different
economic systems.

Traditional

**Private
Ownership**

Traditional Rules of the culture...commune

**Profit
Motive**

Work in the field of their
ancestors.....example.....medicine man

**Consumer
Sovereignty**

What has always been produced

Competition

Little to none....operation the same way as
ancestors

**Government
Regulation**

Traditional leaders, chief, the elders will make
decisions based on the culture and the past.

SSEF4.A Chart:
Learning Target: I
can compare and
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Command

Private Ownership

Very Little, Central Planner can confiscate at anytime ,
Everyone owns everything...even the Factors of Production!

Profit Motive

Extreme little, Central Planner takes all income

Consumer
Sovereignty

Little Choice for producers and consumers
and limit what is available.

Competition

Gov't produces most goods and serves.
No competition

Government
Regulation

Complete and total

Market

Private Ownership

Strong Property Rights, firms own the Factors of Production

Profit Motive

Incentives is the profit, Keep most if not all profits (Little taxes)

Consumer Sovereignty

Firms Produce only the goods and service consumers want.

Competition

Extremely high because firms can open and close freely

Government Regulation

Minimal (protecting property and consumers from harm.)

1

Mixed

Private
Ownership

Individuals, firms, and the Government can own land

Profit Motive

Entrepreneurs can start a business, expect to pay taxes and follow government regulations

Consumer
Sovereignty

Business can produce what consumers want to buy, the government may produce certain goods and services too.

Competition

Competition exist and some monopolies are allowed to exist while others are broken up

Government
Regulation

Government may require licenses and government paperwork to start a business: Labor, consumer safety and environmental laws.

EQ:

- How do the six Broad Social goals answer the three basic economic questions?

SSEF4.b

- Analyze how each type of system answers the three economic questions and meets the broad social and economic goals of freedom, security, equity, growth, efficiency, price stability, full employment, and sustainability.

Learning Targets

- 1 . I can identify the three basic economic Questions.
- 2. I can identify how each system answers the three economic questions.
- 3. I can identify how each system meets the broad social and economic goals.

(6) Broad Social Goals Vocab.

- 1. Econ Efficiency~ Refers to how well scarce productive resources are allocated to produce the goods and services people want...with the lowest costs possible.

2. Econ Equity~

- What is “Fair”? Econ actions and policies have to be evaluated in terms of what people think is right or wrong.

3. Econ Freedom~

- The freedom of consumers to decide how to spend or save their income, the freedom of workers to change jobs

4. Econ Growth

- Refers to increasing the production of goods and services over time.

Econ growth is measured by changes in the level of real gross domestic product (GDP). A target annual growth rate of 3-4% in real GDP is generally considered to be reasonable and sustainable.

5. Econ Security~

- protecting consumers, producers, and resource owners from risks that exist in society. Each society must decide from which “uncertainties” individual can and should be protected, and whether individuals, employers, or the government should provide for this protection.

6. Econ Stability~

- Maintaining stable prices and full employment and keeping economic growth reasonably smooth and steady. Price stability means avoiding inflation or deflation. Full employment occurs when an economy's scarce resources, especially labor, are fully utilized.

7. Full Employment

- All those who are willing to and able to work have the opportunity to do so.

8. Sustainability

- Refers to the goal of individual countries to maintain an upward trend of real GDP growth trend in the long-run

SSEF4.B 3-econ	Traditional	Command	Market	Mixed
What to produce	Generational, based on the passed	Central Planner	Consumers taste and preferences	Consumers and governments need
How to produce	Passed from generation to generation	Central planner selects the methods	Method that results in selling goods and services for the most profit \$\$\$	Methods for a profit, but the government may tax firm profits or mandate production process
Whom to produce	However the past methods were used	Whomever the central planner says should get a good	Who ever is willing and able to pay	Willing and able to pay, the government may restrict people from getting goods.

- Try to complete the chart based on what you know so far.....use the reading for guidance

SSEF4.c

Compare and Contrast strategies for allocating scarce resources, such as by price, majority rule, contests, force, sharing lottery, authority, first-come-first served, and personal characteristics.

Price

- Auction



Majority Rule



Contest

Miss Colombia...

I WAS JUST KIDDING!



Forced

- Factors of production of goods and services are given or taken away under threats....command economies.
- Taxes...The Draft

Sharing



Lottery

- Random selection, gives everyone who wants the good, service, or factor of production equal odds of obtaining it!



First Come, First Served

- Good, service or F of P if they get to it first or are one the people close enough to the front of the line to receive ...before none remain!



Personal Characteristics

- Based on need or merit!



**YOUR ANSWER TO THIS ONE QUESTION WILL DETERMINE
YOUR PERSONAL CHARACTERISTIC**

TAKE THIS QUIZ