

Chapter 2: Classification of Business

Stages of the economy

- The **primary sector** of industry extracts and uses the natural resources of the earth to produce raw materials used by other businesses
- The **secondary sector** of industry manufactures goods using raw materials provided by the primary sector
- The **tertiary sector** of industry provides services to consumers and the other sectors of industry
- **De-industrialization** occurs when there is a decline in the importance of the secondary, manufacturing sector of the industry
- A mixed economy has both a private and a public sector
- Capital is the money invested into a business by the owners
- The public sector usually controls the following business activities:
 1. Health
 2. Education
 3. Defense
 4. Public transport
 5. Water supply
 6. Electricity supply