*Directions: Using your active notes (unless indicated otherwise), discuss each of the terms in your own words (unless indicated otherwise)*

| Economics | Economics is the study of how wealth is distributed among society |
| --- | --- |

**3 Basic Needs**

The Need Photo Example

| Food/Water | Foods That May Lead to a Healthier Gut and Better Health - The New York  Times |
| --- | --- |
| Shelter | Winter survival shelters you should know how to build |
| Clothing | 27 Best Men's Clothing Brands in 2021: Basics, Sweats, T-Shirts, Underwear,  Chinos, and More | GQ |

| **Resources/Factors of Production** |  |
| --- | --- |

| **Land** (what we discussed in class) | Explanation: The physical space and the natural resources in it. All things found in nature (examples: water, timber, oil) |
| --- | --- |
| Insert a photo of an example (different from the one you used in your notes) | Economics 101: What Are Factors of Production? Learn About Land, Labor, and  Capitol and Their Impact on the Economy - 2021 - MasterClass |

| **Labor** | Explanation: The work and activities that people do in out to make those products.The people are able to transform the goods into goods and services |
| --- | --- |
| Insert a photo of an example (different from the one you used in your notes) | Opinion: It's time migrant children labor laws grew up |

| **Physical Capital** (what we discussed in class) | Explanation:Physical Capital are manufactured items that people use to make other goods and services. |
| --- | --- |
| Insert a photo of an example (different from the one you used in your notes) | Physical capital Archives • FREE NETWORK |

| **Entrepreneurship** (what we discussed in class) | Explanation: **A risk being taken to start a business, company, reorganization,Determining what to do w/ the land, labor, and capital. Organization/Managerial skills and risk taking necessary to start a new business or introduce a new product** |
| --- | --- |
| Insert a photo of an example (different from the one you used in your notes) | Top 5 Takeaways On The Importance of Entrepreneurship - DCID |

| This may not be in your notes but we definitely discussed this: what is the difference between a **good** and a **service**? | A good is a tangible or physical product that someone will buy, tangible meaning something you can touch it satisfied peopleś want, and a **service is when you pay for a skill**. A service is something intangible, which can't be physically touched or stored. |
| --- | --- |
| Insert a photo of an example of a **good** | Goods - Wikipedia |
| Insert a photo of an example of a **service** | Planning Center Services: Worship Planning Software |

| Explain what **trade-offs** are | Trade offs are replacements for doing something that you usually do like going to the gym instead of school, or doing anything alternative to school/work. Things that we are willing to give up when making decisions. To give up something to gain sometihng |
| --- | --- |

| What is the difference between **trade-offs** and **opportunity cost**? | The 2nd best alternative or another trade offf that has to be given up when you are making a decision if you can't give up your best trade off.The opportunity cost of an economy investing resources in new capital goods is the production of consumer goods given up for today. A trade-off arises where having more of one thing potentially results in having less of another. |
| --- | --- |

| What is the **opportunity benefit** for bringing 3 cans of food to your 3rd period class? | The opportunity benefit of bringing 3 cans of food to your 3rd period class is that the [people in want and need of those cans can benefit from it. If we raise more cans then esperanza, then we would win the battle of the boulevard |
| --- | --- |

| To the right, insert the photo of the **PPC** that you drew in your notes |  |
| --- | --- |
| What can we say about a country that is producing **INSIDE/BELOW** the PPF? | If the economy is producing less than the quantities indicated by the PPF, this is a sign that resources are not being used to their full potential. If a country uses resources inefficiently then it will operate inside |
| What can we say about a country that is producing **ON** the PPF? | Its sign that resources are being used to their full potential. If a country uses resources efficiently then it will operate inside. It uses their resources efficiently |
| What can we say about a point that is **BEYOND** the PPF? | It's not possible unless you have more resources.**Choices outside the PPF are unattainable.** |

| Explain what it means to be “efficient” | When a person is doing some productive or desire effects |
| --- | --- |

| To the right, insert the photo of the PPC showing **economic growth** | 2.3 Macroeconomic objectives - Economic growth - The IB Economist |
| --- | --- |
| 1st Cause of Economic Growth (Replace the underlined portion with the correct words) | Increase in the Quality of resources |
| 2nd Cause of Economic Growth (Replace the underlined portion with the correct words) | Increase in the Quantity of resources |

**3 Basic Economic Questions** That All Communities Must Answer (This does not have to be in your own words)

| What goods and services should be produced? |
| --- |
| How should these goods and services be produced? |
| Who consumes these goods and services |

**Command Economies**

| What historical figure laid the groundwork for the idea behind Command Economies? | Karl Marx |
| --- | --- |

| What central idea is much more important in Command Economies rather than Market Economies? | Equal distribution of wealth |
| --- | --- |

| In a command economy, who owns the factors of production? | The Government owns all the factors of production |
| --- | --- |

| In a command economy, who answers the 3 basic economic questions? | The government answers the 3 basic economic questions |
| --- | --- |

**Advantages of a Command Economy** (this does not have to be in your own words. This can be from your notes)

| 1. Low levels of unemployment |
| --- |
| 1. Job Security- the government will find you work |
| 1. In theory, equal incomes means no extremely poor people |
| 1. In theory, 3 Basic Needs Are Received |

**Disadvantages of a Command Economy** (this does not have to be in your own words. This can be from your notes)

| 1. Less incentive to work hard |
| --- |
| 1. Less incentive to innovate or come up with good ideas |
| 3. No competition lowers the quality of goods |
| 4. Potential for corrupt government officials |
| 5. Fewer individual freedoms |

| What historical figure laid the groundwork for the idea behind Command Economies? | Karl Marx |
| --- | --- |

| What central idea is much more important in Command Economies rather than Market Economies? | Economic system |
| --- | --- |

What two countries’ economies best resemble Command Economies?

| Cuba |
| --- |
| North Korea |

**Market Economies**

| Who is the person in history whose ideas and writings have laid the foundation for Market Economies? | Adam Smith |
| --- | --- |

| In a Market economy, who owns the factors of production? | Individuals own resources(private ownership |
| --- | --- |

| In a Market economy, who answers the 3 basic economic questions? | Individual answers the 3 economic questions |
| --- | --- |

| Use the internet to look up the term **“Laissez Faire”**. What does it mean and how does it relate to market economies? | Less gov’t involvement in the economy(Laissez Faire= Let it be).Laissez-faire is an economic system in which transactions between private groups of people are free from or almost free from any form of economic interventionism such as regulation and subsidies.a policy or attitude of letting things take their own course, without interfering. |
| --- | --- |

| Use the internet to look up the term **“Invisible Hand Theory”**. What does it mean and how does it relate to market economies? | The invisible hand is a metaphor for the unseen forces that move the free market economy. Through individual self-interest and freedom of production and consumption, the best interest of society, as a whole, is fulfilled.The Invisible Hand is an economic concept that describes the unintended greater social benefits and public good brought about by individuals acting in their own self-interests. The concept was first introduced by Adam Smith in The Theory of Moral Sentiments, written in 1759.The option that best describes the idea of the “invisible hand” is “the government sets policy for producer and consumers, which guides the economy. |
| --- | --- |

**Advantages of a Market Economy** (explain each reason in your own words)

| Inspires/encourages more people to work harder and longer |
| --- |
| Ingenuity |
| People and businesses to be productive and **efficient** |

**Disadvantages of a Market Economy** (explain each reason in your own words)

| Can lead to the exploitation of workers/poor |
| --- |
| Failed businesses |
| Unemployment |
| Severe disparity between the rich and the poor |
| Ethical and Environmental Violations |

| Given what we have discussed about market economies, explain how pursuing self-interest can actually lead to better outcomes for most of society. Make sure to use the terms “profit incentive” and “competition” in your explanation | The purpose of self-interest is not only to drive the larger economic engine of society. It also ensures that individuals direct their moral energy in a way that is consistent with their limited abilities and knowledge. Self-interest, then, becomes the germ from which virtuous, other-regarding behavior grows. |
| --- | --- |

**Mixed Economies**

| What is a mixed economy (can be the words from your notes)? | A mixed economy is an economic system blending elements of a market economy with elements of a planned economy, markets with state interventionism, or private enterprise with public enterprise. |
| --- | --- |

| What country’s economy resembles a mixed economy? | China and United States resemble a mix economy |
| --- | --- |

**Traditional Economies**

| How does a traditional economy answer the 3 basic economic questions? | People follow their customs and make only what is needed to take care of oneself |
| --- | --- |

| Where in the world might you find a traditional economy? | Most countries are mixed economies |
| --- | --- |