# Intro. to Business Name \_\_\_\_\_\_\_\_\_\_\_\_

# Ch. 2 - Economic Resources & Systems Date \_\_\_\_\_\_\_\_\_\_\_\_\_

# **What is Economics?**

## When you were in the middle of doing something have you ever had a shortage of resources?

# **Factors of Production = Economic Resources**

## Scarcity -

## A basic economic problem for any society is…

## 4 Factors of Production:

## Natural Resources

# The economy of many countries is based on its natural resources.

## Saudi Arabia…

## Many Latin American countries…

## Other countries have few natural resources…

# **Renewable vs. Nonrenewable Resources**

## **Renewable Resources**

## **Nonrenewable Resources**

# **Human Resources**

## Skilled vs. Unskilled Labor

## U.S. is experiencing a shortage in nurses.

### 78 million baby boomers will begin turning 65 in a decade.

### What is going to happen?

# **Capital Resources**

# **Entrepreneurial Resources**

## The key to dealing with scarcity –

### Example: Pioneer Hi-Bred & DuPont are developing and improving insect resistant corn to protect against corn rootworm, which is a costly expense to farmers.

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## What is scarcity?

## What are the four factors of production?

## What are some examples of capital resources?

# **Making Decisions About Production**

# **Basic Economic Questions**

## What and how much…

## How should…

## Who should…

# **What & how much should be produced?**

## *Example: Land be used to grow wheat or corn but it cannot also be a site of a factory, park, etc.*

# **How should it be produced?**

## What methods will be used?

## 2 Important Factors to Consider:

### How the goods are to be produced?

### Quantity of available resources?

#### *Example: In a country where there are workers but very little capital resources, it’s probable that little equipment and larger amounts of labor are used in producing goods.*

# **Who should share in what is produced?**

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## When a society chooses to use a resource for one purpose and gives up the opportunity to use it for some other purpose, what cost is involved?

## What happens to production methods when a country discovers new ways to combine economic resources?

## In most countries, what determines how many goods and services a person can buy?

# **Types of Economic Systems**

## Economics –

## Primary goal of an economic system –

## Opposing Economic Systems:

# **Market Economy** ( , )

## Economic decisions are made according to the laws of ­­­­­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ & \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

## Price –

# **Demand**

# **Supply**

## Equilibrium Price –

# **Supply & Demand Curve** pg. 24

# **Market Economy** ( , )

## Governmental control is \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

### Goal of Government:

## Examples: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ & \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

# **Market Economy Motivators**

## Profit Motive -

## 

## Competition -

# **Problem with Market Economy**

## Great \_\_\_\_\_\_\_\_\_\_\_ in the midst of \_\_\_\_\_\_\_\_\_\_\_.

### An average CEO makes 500 times as much money as an average blue collar worker.

# **Command Economy** ( , )

## A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ makes key economic decisions.

## 2 Types:

### Strong Command Economy – ­­­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

### Moderate Command Economy - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

# ***Strong* Command Economy**

## AKA - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

## 

## Examples:

# ***Moderate* Command Economy**

## AKA – \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

## Examples:

# ***Advantages* of Command Economy**

# ***Disadvantages* of a Command Economy**

# **Mixed Economy**

## Combination of a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ & \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ economy.

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## What is an economic system?

## What is the difference between a market economy and a command economy?

## What are the advantages and disadvantages of a command economy and a market economy?