

Economic & Political Systems Overview

ECONOMIC SYSTEMS

1. Define economy:

MAIN ECONOMIC SYSTEMS TYPES

CAPITALISM/FREE MARKET – most things are owned by people or companies and they decide what to produce, how much to make, and what to charge based on supply and demand. ex. United States, Japan

SOCIALISM/MIXED – the government supplies goods and services that people need at a reduced price, while other items that people want are produced by individuals and companies, and price is based on supply and demand. ex. Germany, Canada

COMMUNISM/COMMAND – the government owns or controls all basic and non-basic items and it decides what to make, how much to make, and sets price. ex: North Korea

Type	Strengths 😊	Weaknesses ☹️
Capitalism/ Free Market		
Socialism/ Mixed		
Communism/ Command		

Why do many people in the U.S. believe **capitalism** is the best system?

UNDERSTANDING SUPPLY AND DEMAND:

When a new popular video game first comes out, what happens to the price?

- A) goes up B) goes down C) sells for list price

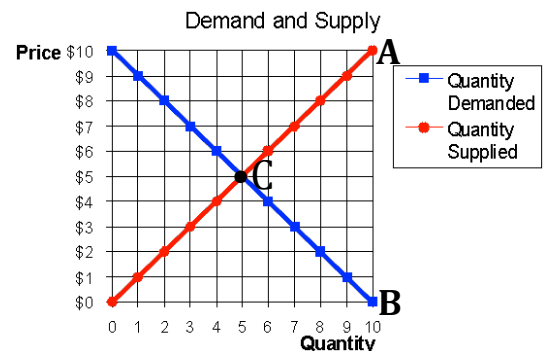
After the video game has been out for two years, what happens

- A) price goes up B) price goes down C) no change in price

Why do you think the “supply” line slopes up?

Why do you think the “demand” line slopes down?

Equilibrium point is where there is just enough supply and demand to meet needs. What letter do you think that is? **A B C**



GOVERNMENT SYSTEMS

1. Define government:
2. Name several things a government does or is responsible for.
3. How are governments able to provide these goods and services?
4. What are the roles and responsibilities citizens have in a representative democracy?
5. Why do many people in the U.S. believe **representative democracy** is the best system?

MAIN GOVERNMENT SYSTEM TYPES

Democracy – citizens hold political power

-*Direct* – all citizens hold political power by directly making decisions. ex ancient Athens

-*Representative* – citizens elect representatives to make decisions for them. ex Canada, U.S.

Monarchy – Rule by a royal family passed down from generation to generation

-*Absolute* – King/Queen hold all power and make final decisions. ex. Saudi Arabia

-*Constitutional* – King's/Queen's power limited by a constitution, laws, or elected officials. ex. Great Britain

Dictatorship/Single Party Rule – forceful rule by one or a limited number of people

-*Military* – Military leaders rule with support of the armed forces. ex North Korea

-*Single Party/Person* – A single person or single party makes all the decisions. ex China

Transitional – Unstable time when a country changes from one type of government to another

Type	Strengths	Weaknesses
Representative Democracy		
Absolute Monarchy		
Constitutional Monarchy		
Dictatorship/ Single Party Rule		
Transitional		