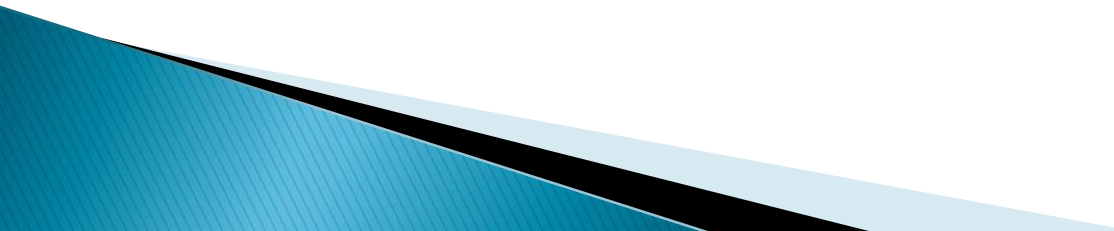


# What are the traits of a command economy?



# Answer!

- ▶ Central ownership
  - ▶ Lack of choice
  - ▶ Centrally-planned
- 

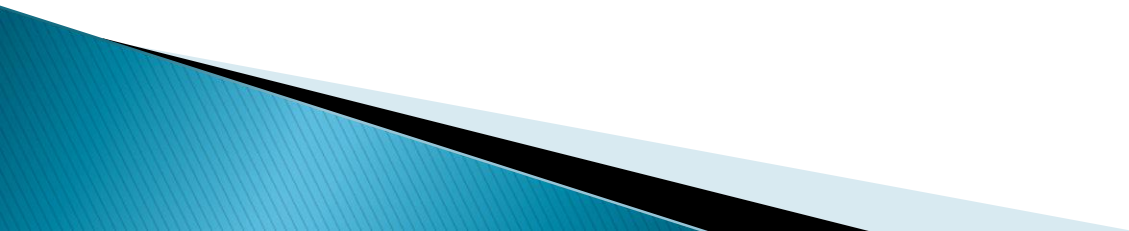
# Which economy is based on custom?



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# Answer!

## Traditional Economy



# SOL 11.c

The student will demonstrate knowledge of how economic decisions are made in the marketplace by describing the characteristics of the United States economy, including limited government, private property, profit, and competition.

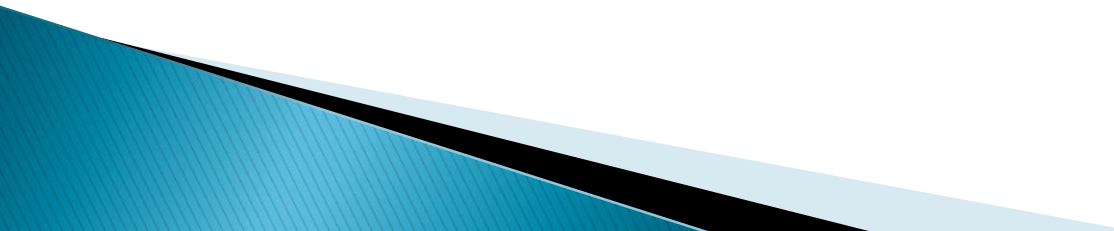


# Today's Guiding Question

- ▶ What are the essential characteristics of the United States economy?

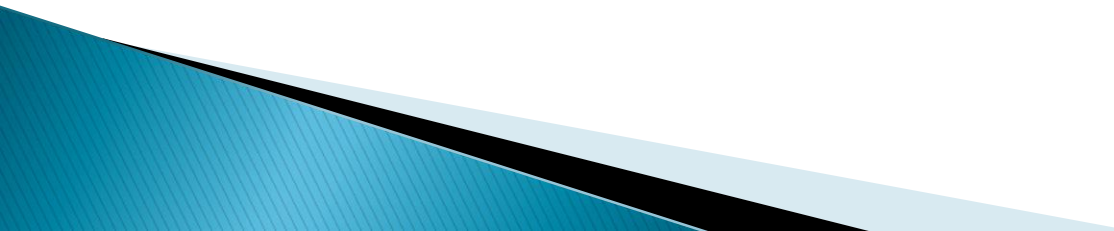


# Characteristics of the U.S. Economy

- ▶ Markets
  - ▶ Private property
  - ▶ Profit
  - ▶ Competition
  - ▶ Consumer sovereignty
  - ▶ Government involvement in the economy is limited
- 

# Markets are...

...generally allowed to operate without undue interference from the government. Prices are determined by supply and demand as buyers and sellers interact in the marketplace.





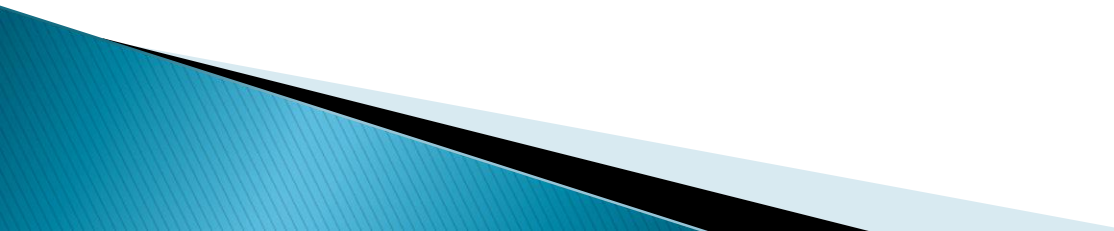
# Which Means...

...the market, or where buyers and sellers interact, is unhindered by the government.



# Private Property...

... Individuals and businesses have the right to own real and personal property as well as the means of production without undue interference from the government.



# Which Means...

...people in the US can own their property without government hindrance



# Profit...

... consists of earnings after all expenses have been paid.



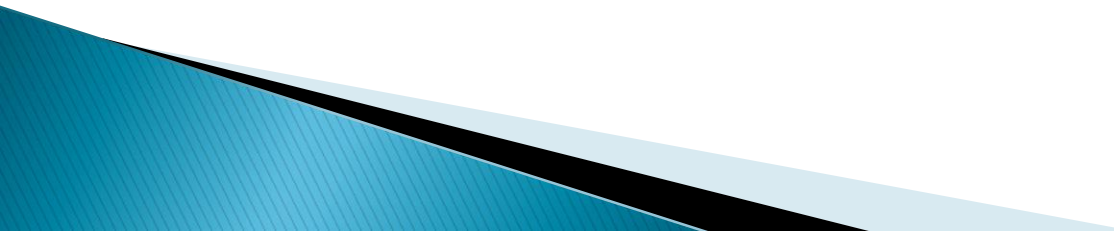
# Which Means...

...the money an entrepreneur (producer) makes when selling a product (goods & services). The amount “made” is determined with the equation below.

$$P(\text{price of product}) - C(\text{cost to produce}) = \text{Profit}$$

# Competition...

...is the rivalry between producers and/or between sellers of a good or service usually results in better quality goods and services at lower prices.



# Sum up!

Competition is useful...

- ▶ Based on quality
- ▶ Based on location
- ▶ Based on price

Monopolies can arise...



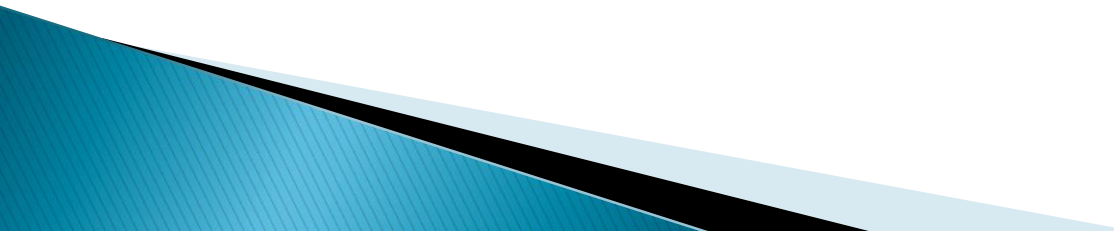


# A Picture Example of Competition



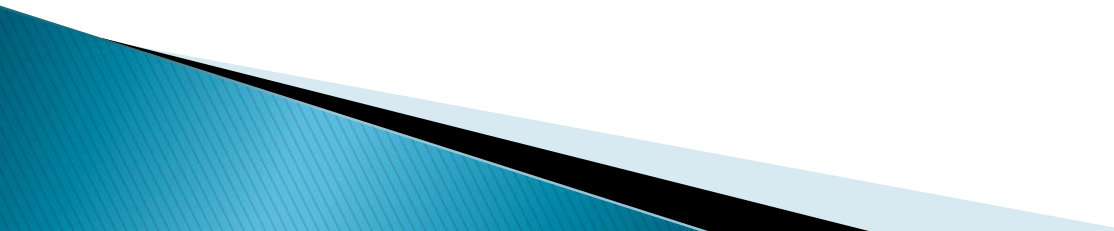
# Consumer sovereignty...

...Consumers determine through purchases what goods and services will be produced. Government involvement in the economy is limited. Most decisions regarding the production of goods and services are made in the private sector.



# In other words...

Consumer is King! He makes the decisions over what is produced and his demand determines price.






A Basic  
Economic  
Principle!



As a consumer, I am like a king. What consumers want, businesses produce!

# Worksheet Time

- ▶ On your own, complete the worksheet that I am about to pass out to you by the end of class.
  - ▶ We will go over the directions together and I will explain what you have to do
  - ▶ I will collect this at the end of class for a **grade!**
- 

# Work Time for the Rest of Class

- ▶ Work on your notes for 11c.
  - ▶ Once you have finished both the book notes and packet notes, you can move on to your note cards.
  - ▶ You must ask me before moving on to the note card for 11c
- 