

SOL 11C QUIZ REVIEW

CHARACTERISTICS OF THE UNITED STATES ECONOMY

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




MARKETS

Markets are where buyers and sellers interact generally without undue interference from the government.



PRIVATE PROPERTY

Individuals and Businesses in the U.S. can own their own property as well as the means of production (resources) without government hindrance.



PROFIT

The earnings after all the expenses (costs) have been paid.

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


So if a Gatorade costs \$2 and it costs \$1 to produce.....the Profit would be \$1



COMPETITION

The rivalry between producers and/or between sellers of a good or service which usually results in higher quality goods and services at a lower price.

Think about that worksheet we did Monday about the local Salem businesses like Mac and Bob's and Macado's for example.




COMPETITION



CONSUMER SOVEREIGNTY

Consumer is King! What the consumer wants, businesses and sellers will produce. The consumer determines what gets produced by his or her purchases. The demand of the consumer is what determines price.





A Basic
Economic
Principle!



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

OTHER STUFF....

Individuals, business, and the government make the decisions in the American Economy.

The United States is a Mixed Economy!

If a consumer does not like something then it could cause that product to stop being produced!

