

STUDY GUIDE: Economics and Government

Name _____ Date _____ Brown or Gold

1. Know the definition for each of following vocabulary words:

- Import: Products we bring into our country.
- Export: Products we sell to other countries that EXIT our country.
- Command economy: A system of economics that is entirely controlled by the **government**.
- Traditional economy: A system of economics based on **traditions** and **customs**. Trading is often used more than money.
- Market economy: A system of economics ruled by **money** and what consumers want.
- Natural resources: Resources that come from the earth, such as water, silver & gold.
- Trade barrier: Something that stops or prevents trade.
- Sanctions: A penalty forced on one country by another country - could include a ban on trade.
- Globalization: Countries around the world interacting with each other.
- Tariffs: A tax on imported goods & services.
- Quota: A limit on the number of products that can be imported/exported.

2. Understand the advantages and disadvantages of each economic system.

😊 Advantages	COMMAND	Disadvantages 🙄
<ul style="list-style-type: none"> • Whatever is needed most will be produced. • There is no uncertainty (people are told when and how to work) • Free education, health care, and other public services 		<ul style="list-style-type: none"> • Economy designed to meet <i>needs</i> not <i>wants</i> • No incentive to work hard

😊 Advantages	TRADITIONAL	Disadvantages 🙄
<ul style="list-style-type: none"> • There is little to no uncertainty • Everyone knows what role to play • Life is generally stable, predictable, and continuous 		<ul style="list-style-type: none"> • Tend to discourage new ideas and new ways of doing things • Lack of progress lowers standard of living

😊 Advantages	MARKET	Disadvantages 🙄
<ul style="list-style-type: none"> • High degree of individual freedom • Because individuals make the decisions, everyone has a voice • Many choices = high degree of consumer satisfaction 		<ul style="list-style-type: none"> • Poverty: only those with money can participate • Market does not provide for basic needs. • High degree of uncertainty: people lose jobs, businesses fail • Greed based system puts profit before people

3. Know a few facts about each of the following government systems:

- Monarchy: a government ruled by a king or queen
- Dictatorship: a government where one person has all the control
- Presidential Democracy: a government where the **president** is the head of the executive branch
- Parliamentary Democracy: a government in which their leader, the **Prime Minister**, is chosen by the party with the greatest representation in the legislature.

4. Know the main differences between a dictatorship and a democracy:

<u>Dictatorship</u>	<u>Democracy</u>
<ul style="list-style-type: none"> • Citizens have few rights and no say in their government. • A single, powerful leader has total control. • The government controls the economy 	<ul style="list-style-type: none"> • Citizens hold political power through elected officials • Representatives make and enforce the laws • Individual rights are protected.