**Quiz Study Guide**

Most questions are based on economic systems and political systems. Use this guide to study.

|  |  |  |  |
| --- | --- | --- | --- |
| **Economic systems** | **What to Produce?** | **How to Produce?** | **For whom to Produce?** |
| **traditional economy** | based on custom; generations produce the same products; usually based on agriculture | products are produced the same as in the past | based on custom; producers traditionally barter |
| **market economy**  **(free enterprise)** | based on the demand of the consumer | based on innovation and competition | prices are set by producer; whoever can afford the product can purchase |
| **command economy**  **(socialism)** | based on government decision | based on government decision | based on government pricing or rations |

|  |  |  |
| --- | --- | --- |
| **Factors of Production** | **Definition** | **Examples - McDonalds** |
| Natural Resources | materials from the earth that have value | lettuce, tomatoes, cows, land, potatoes |
| Labor | those who work to make the product | employees, cook, cashier |
| Capital | man-made materials used to produce | money, cash register, oven, grill, tables, chairs |
| Entrepreneur | the owner of the company | franchise owners |



|  |  |
| --- | --- |
| **Limited Government** | **Unlimited Government** |
| all authority figures must obey law, citizens have freedom and the right to vote for their leader, **citizens have the power**, there is a constitution so the **government does not have too much power**  *Example:*  *Rule by one - democracy* | there is no constitution to limit the power of the leader, leader does not have to obey laws, **citizens are not free and have very few rights**  *Examples:*  *rule by few – oligarchy*  *rule by one – dictatorship, monarchy* |