

Remind: @phuecon20
Instagram: @phueconomics

Welcome back to Economics Club!

10/21/2020 General Meeting

Welcome Back to Economics Club!

1. National Economics Challenge!
2. Econ Lessons
3. Games (Kahoots, Jeopardy, etc.)
4. Casual Research
5. Guest Speakers
6. Books

General meetings are every other week from **2:30 until 3-3:30**.

Remind Join Code: @phuecon20 or text @phuecon20 to 81010 to join!

Teams Code: iscj7za or use the QR code on our flyer.

T-Shirt Designs

- Submit all of your designs (front only!) to PHUECONOMICS@GMAIL.COM
 - Scanned drawing :)
- Be Creative!
- You get 1 membership point for 1 design
- You get 2 membership points for 1+ designs

What we're going to cover today!

- Economic Systems
 - Traditional
 - Command
 - Market
 - Mixed
- The Circular Flow Model

The Three Economic Questions

Every society must answer three questions:

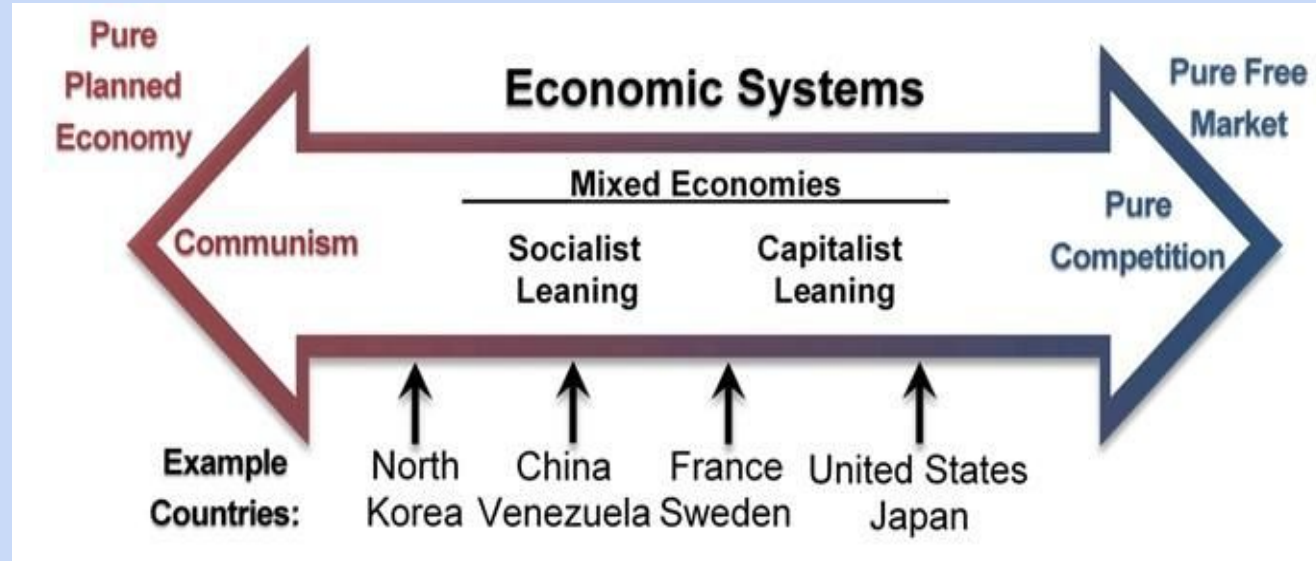
- 1.) What goods and services should be produced?
- 2.) How should these goods and services be produced?
- 3.) Who consumes these goods and services?

The way these questions are answered determines the economic system.

An economic system is the method used by a society to produce and distribute goods and services.

Economic Systems

- 1.) Command Economy
- 2.) Free Market Economy
- 3.) Mixed Economy
- 4.) Traditional Economy



Economic Systems -> Market

- A market economic system is where the focus of supply and demand determine how economic questions will be answered or how economic decisions will be made.
- There are many countries including the United States, the United Kingdom, Ireland, Canada, etc. that use a market economy to some extent. However, in most of these countries, a market economy is not the only type of economic system present.

Economic Systems -> Traditional

- A traditional economic system is an economy in which economic decisions are made based on tradition.
- These economies are often based on things like agriculture and the people in the economy live in families or tribes.
- Ex. Haiti uses a traditional economic system as most of their economy relies on subsistence farming and government regulation is widely constrained.

Economic Systems -> Command

- In a command economy (aka centrally planned / communism), the government...
 - 1. Owns all the resources
 - 2. Answers the 3 economic questions
- Examples: Cuba, former Soviet Union, North Korea
- Centrally planned economies face problems of poor-quality goods, shortages, and unhappy citizens -> there is little incentive to work harder and central planners have a hard time predicting preferences.

Advantages & Disadvantages -> Command

- **Advantages of communism**

- Low unemployment - everyone has a job
- Great Job Security - the government doesn't go out of business
- Less income inequality
- "Free" Health Care

- **Disadvantages of communism**

- No incentive to work harder
- No incentive to innovate / come up with good ideas
- No competition keeps quality of goods poor
- Corrupt leaders
- Few individual freedoms

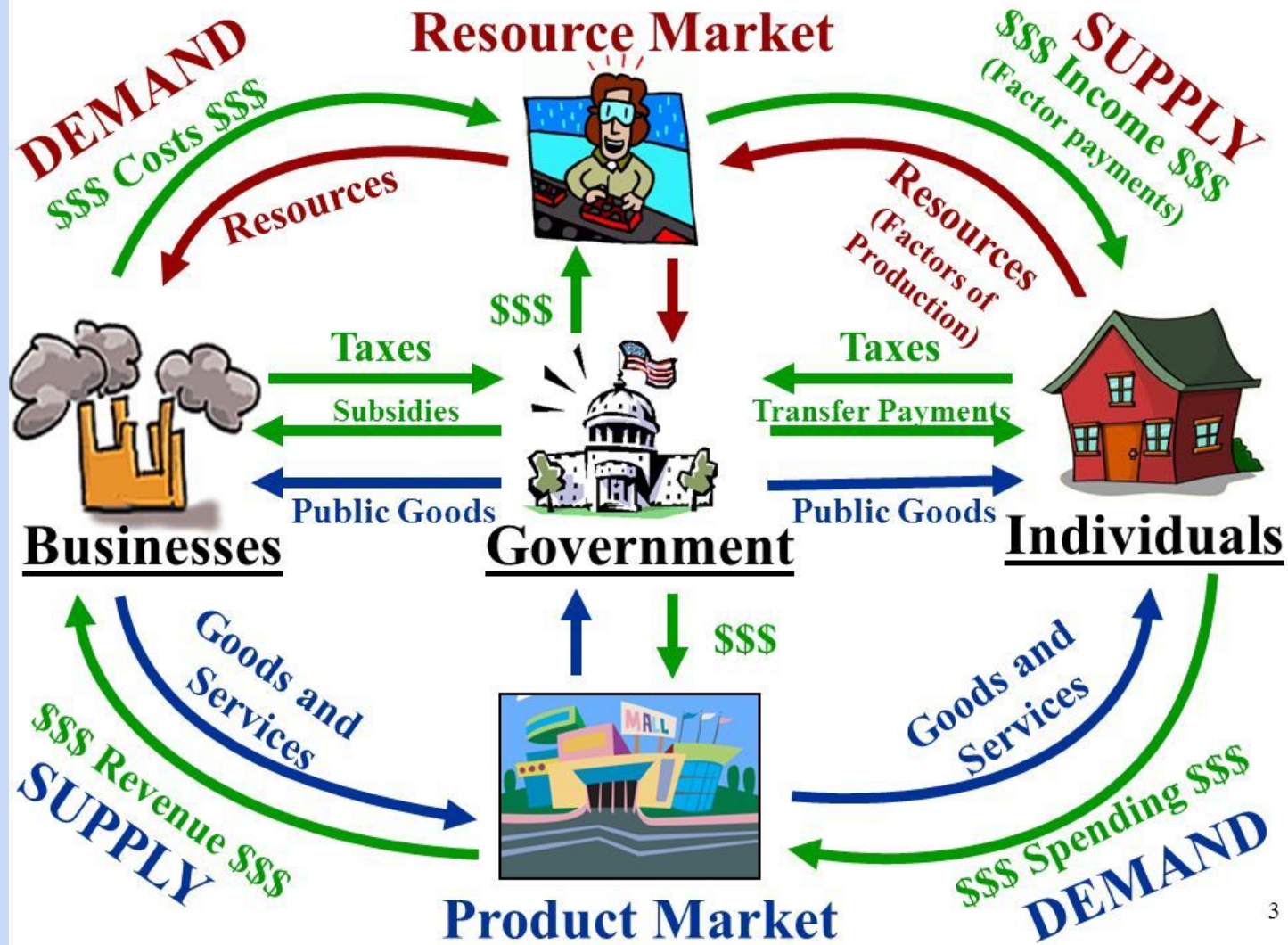
Economic Systems -> Mixed

- A system with free markets but also some government intervention.
- Almost all countries, including the US, have mixed economies (rather than purely market, command, or traditional)
 - I.e. the Amish in PA (US) -> traditional

Market + Command + Traditional = Mixed

Circular Flow

- The Product Market: Where goods and services produced by businesses are sold to households.
- The Resource Market: Where resources (land, labor, capital, and entrepreneurship) are sold to businesses.



More Circular Flow Vocab

- **Private Sector**- Part of the economy run by individuals and businesses.
- **Public Sector**- Part of the economy that is controlled by the government.
- **Factor Payments**- Payment for the factors of production (rent, wages, interest, and profit)
- **Transfer Payments**- When the government redistributes income (welfare, social security).

Thank you for coming!

Questions?

Suggestions?

Comments?

Concerns?

Website: phuhseconomics.weebly.com

BE SURE TO JOIN OUR REMIND!!!
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NEXT MEETING: 11/4/2020 via Teams