

Unit one : Economics as a science

Lesson : Economic system

1_ introduction :

Every society faces a basic problems : scarcity of resources (land, labor, capital) . These resources are limited but human wants are unlimited . To solve this problems society create economic systems ways of organising production distribution and consumption of goods and services.

2_ Definition of Economic systems :

Is the method or frame work by which a country manages its resources and economic activity including what to produce, how to produce and for whom to produce.

3_ types of Economic systems :

- traditional economy : based on customs , traditions and beliefs people produce what they need for living (farming , hunting, fishing)

- command economy (planned economy) : government control all major economic decisions , the states own lands , factories and resources .ex : North Korea

- Market economy (capitalism) : descicion are made by individuals and businesses based on supply and demand and private property and competition are important .ex : USA

- Mixed economy : combination of market and government control. Government provides public services (health , education) while private businesses operate freely. Ex : Algeria, France, UK

4_ Importance of Economic systems :

- _ organize resources efficiently.
- _ Ensure People's needs are met .
- _ Influence standard of living and development.