

Chapter 2 Economic Resources and Systems

Section 2.2 Economic Systems

Section Summary with Key Terms and Academic Vocabulary

Business Activities Businesses supply goods and services with the motivation of making profits. Companies thrive on competition, the contest between businesses to win customers. All businesses undertake these activities: identifying opportunities, evaluating demand, obtaining money, managing production, marketing to consumers and businesses, and keeping records. Consumers affect businesses by deciding what kind of goods and services to buy. Businesses affect consumers by making decisions about what products and services to offer and by providing jobs.

Key Terms

economics The study of how individuals and groups of individuals strive to satisfy their wants and needs through making choices

economic system The method that a society chooses to use and distribute resources

e-learning Electronic learning; the process of learning online

market economy An economic system in which economic decisions are made in the marketplace, where buyers and sellers meet to exchange goods and services, usually for money

price The amount of money given or asked for when goods and services are bought or sold

supply The amount of goods and services that producers will provide at various prices

demand The amount or quantity of goods and services that consumers are willing to buy at various prices

equilibrium price The point at which the quantity demanded and the quantity supplied meet

command economy An economic system in which a central authority makes the key economic decisions

mixed economy A combination of a market economy and a command economy

Academic Vocabulary

relationship The state of being related or interrelated

interact To act together, toward others, or with others

observe To watch carefully

control To exercise power or influence over something