

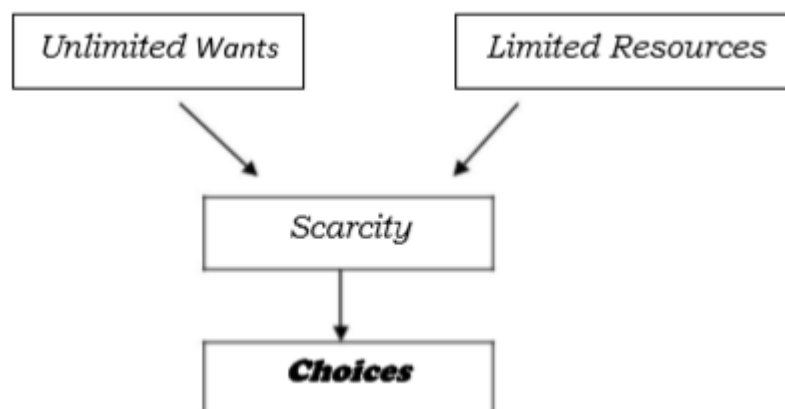
**RATU NAVULA COLLEGE
YEAR 10 COMMERCIAL
STUDIES 2021**

**WEEKLY HOME STUDY
LESSON NOTES/WORKSHEETS
JULY WEEK 1
(# 33 – 36)**



RATU NAVULA COLLEGE**LESSON NOTES****School:** Ratu Navula College**Year / Level:** 10**Subject:** Commercial StudiesLesson : 33**Strand:** Economics IISubstrand: Introduction to EconomicsContent Learning Outcome: Explain economic problems using different economic systemsThe Economic problem

The Economic problem is the scarcity of resources i.e. resources are not enough to satisfy the wants of consumers.



- An economic system is a method by which a society decides what, how and for whom goods and services are to be produced.
- The 3 economic questions are: what, how and for whom goods and services are to be produced.
- Therefore to solve the economic problem economists have divided the economies into four systems:
 - Traditional Economy
 - Free Market Economic System
 - Command Economy
 - Mixed Economy

Activity

Complete the table given below by explaining one advantage and one disadvantage for each economic system:

	Traditional Economy	Mixed Economy
Advantage		
Disadvantage		

LESSONS 34 - 35**Strand: Economics II**

Substrand: Introduction to Economics

Content Learning Outcome: Explain economic problems using different economic systems

The 4 Economic Systems

Economic Systems	Definitions	Features	Advantages	Disadvantages
Traditional	The traditional economic system is controlled by the cultural beliefs and customs and habits developed and handed down through generations	-Families and society decides on how to answer the economic questions of what to produce, how to produce and for whom to produce goods and services.	-It is based on barter system therefore there is no need for money. Wealth is measured in terms of a number of pigs and plantation one has -Has no industrial pollution.	-It has a low level of standard of living with no economic growth and development as medium of exchange is absent. -They have little choice or variety of goods for consumption.

Free market	<p>Free Market Economic System is where all the major decisions are made by the private individuals or business firms. This system is also known as Capitalist, Free Enterprise or Laissez – Faire. It is called Laissez Faire because there is no government interference in the market forces and invisible hands determine price and production</p> <p>.</p>	<p><u>Consumer Sovereignty</u> - consumers demand determines what goods and services are to be produced.</p> <p>-Production is heavenly dependent on market forces since there is consumer sovereignty (demand side) and profit motive (supply side).</p>	<p>-Freedom of choice by both the consumer and suppliers</p> <p>-It encourages efficient use of resources which creates competition and motivations</p>	<p>-There is no motivation to produce services such as police force, court orders, laws, highways and hospitals due to high cost.</p> <p>-High social costs from production such as pollution are often ignored by the business firms</p> <p>-There is often inequality in distribution of income</p>
Planned	<p>-The economic system is controlled by the state or the government .It is also known as collective or planned economic system</p>	<p>-Government or state controls and owns most of the resources</p> <p>-The government influences most of the production activities.</p> <p>-Production is specialized. There is strong emphasis on producing capital goods.</p>	<p>-Productions are directed towards peoples need and not for profit seeking thus fair allocations of resources.</p> <p>- It is claimed that it minimizes the wastage of resources</p>	<p>-There is excessive bureaucratic which is characterized by repetition, unnecessary delays in making decision, lack of responsibilities and efficiency.</p> <p>-There is no freedom of choice for consumers (no consumer sovereignty) state dictates production.</p>
Mixed	<p>-In this economic system resources are owned and controlled by private individuals and the state</p> <p>-A mixed economy has some features</p>	<p>- Profit motive and free enterprise</p> <p>-Private ownership of property</p> <p>-Freedom of choice of goods and services</p>	<p>-Provide ample scope for private initiative, self-interest and profit motive.</p> <p>-It provides for freedom, economic liberty</p>	<p>-Private sectors are not willing to produce goods and services if they are not profit making. They are reluctant to provide public and</p>

	characteristics of a free market economic system and a planned economic system.		and consumer sovereignty -It retains the right to private property	merit goods. -There is national tendency for monopolies to occur and they may restrict output in order to increase prices this may be against public interest.
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LESSONS 36

Strand: Economics II

Sub strand: Introduction to Economics

Content Learning Outcome: Explain economic problems using different economic systems

Activity A

1. Describe any two economic problems that exist in all economies
2. Describe two features of a Traditional Economy

Activity B

1. Define Barter system
2. State two disadvantages of traditional economic system

Activity C

1. Every society tries to answer the three basic economic questions. Give one type of economic question which society needs to answer.
2. Differentiate the ownership of resources in a Command Economy from a Free Market Economy

Activity D

Describe one feature of a Command economy.