

CRASH COURSE: ECONOMICS

Episode 3: Economic Systems and Macroeconomics

STUDENT QUESTIONS

1. What song lyric from the Rolling Stones expresses a powerful economic idea?
2. What three questions define any economic system?
3. What three things did Karl Marx identify as the “factors of production” – or, those things you need to have in order to produce goods?
4. In a planned economy, who controls the factors of production?
5. A planned economy is --not-- the same thing as communism. What single sentence did Karl Marx use to sum up the theory of communism?
6. How many countries in world history have ever truly been communist?
7. If an economy is completely controlled by the government, right down to the number of shoes that should be produced, it is referred to as ----.
8. In a free market economy, who owns the factors of production?
9. In a free market economy, why do businesses produce a certain good?
10. Explain the concept of the “invisible hand.”
11. According to the video, there are some things that governments must do because free markets won't. Name some of these things.
12. In what ways does the U.S. government tell car producers what to produce and how to produce them?
13. Which is more common among modern economies, to be completely free market or completely free?
14. What nation was explained as an example of a command economy where production is entirely controlled by the government?
15. What nation was explained as an example of a free market with private property, few taxes, and few regulations?
16. Most economies (“the rest of the world”) are given what label?
17. Who are the three big players in the circular flow model of an economy?
18. In the same model, which two markets are linked together by buying and selling activities?
19. What are the two primary ways the government gets the money it spends?
20. Over time, Denmark and Canada have added more “planned economy” elements to their economies. Which nation was cited as having added more “free market economy elements?”
21. What is the ideal amount of government involvement in the economy?
22. What did economist Thomas Sowell claim about economics providing solutions to problems?
23. What do mixed economies appear to be better at handling?

Extra Credit Questions / Discussion Prompts

- Why is inaccurate to label an American politician as a “communist” simply because he or she expresses a desire to increase government involvement in some aspect of the economy?
- In your opinion, what aspects of the economy should be subject to some government regulation, involvement, or oversight?
- Draw a circular flow diagram. Be sure to label each of the two markets in the economy and all three of the major players that participate in those markets. For each market, list at least five different things that are bought and sold in those markets.