Political and Economic Systems

**Pg 49 in your notebooks**

I. The World’s Countries

 A. Four characteristics that make a country

 1. Clearly defined territory

 2. Population

 3. Sovereignty

 4. Government

 B. Territory

 1. “A country’s territory includes the land, water, and natural resources within its boundaries”

 2. Wars are often fought over territory and natural resources

 3. Boundaries are not fixed, they can change

 4. Location and natural resources can affect how much power a nation has

 C. Population

 1. Population is not always the same in all countries

 2. Citizens of a country must do certain things (ex. Taxes) and in return gain protection from their gov.

 D. Sovereignty

 1. **Sovereignty** – a country’s ability to rule itself, create its own set of laws, and basically be independent

 2. Physical features of a country can help it keep or lose its sovereignty

II. Types of Government

 A. The point of government is to…

 1. Keep order

 2. Enforce laws

 3. Protection

 4. Provide services to its people

 B. Government Structure

 1. **Unitary system** – one central government runs the nation

 - Ex. Great Britain, Japan

 2. **Federation** – some powers are given to the national government and other powers are reserved for more local governments

 - Ex. United States

 3. **Confederation** – in this system smaller political units keep their sovereignty and give the central government only very limited powers

 C. Government Authority

 1. **Authoritarian** – Government in which the leaders hold all, or nearly all, political power

 2. Most common form of authoritarian gov today are **dictatorships**

 - **Dictatorships** – power is held by a small group or a single person, people do not get to express their opinion

 3. **Totalitarianism** is the most extreme form of a dictatorship

 - **Totalitarian** – a government that controls every part of society, politics, the economy, and people’s lives

 4. **Monarchies** are the most common type of authoritarian gov in history

 **- Monarchy** – kings, queens, pharaohs, etc. are born into a ruling family

 5. **Democracy** all of the nation’s eligible adult citizens have the right to choose the representatives making the countries laws. EX: United States

 -Many countries have switched democratic forms of government.

 -The United States is a democratic republic.

III. Types of economic systems.

 A. Introduction

 1. Economic systems should answer 3 basic questions.

 -What goods and services will be produced?

 -How will these be produced?

 -How will the products and wealth from their sale be distributed?

 B. Traditional Economy

 1. **Traditional Economy** aka subsistence economies, because little surplus is produced and there is little need for markets where people can buy or sell excess goods.

 C. Market Economy

 1. **Market economy** an economic system that gives great freedom to individuals and groups (aka free enterprise system).

2. Capitalists market economy – individuals and groups decide what to produce and how much of it and the prices.

3. “Pure” capitalism = government does not interfere with the economy.

 D. Command Economy

 1. **Command economy** – economic system is controlled by a single, central government that makes all economic decisions

 2. Economic decisions are often made to achieve social or political goals

 3. Ex: Communism – the state owns and operates all the major farms, factories, utilities, and stores.

 E. Mixed Economy

 1. Some nation’s economic systems are a mix of traditional, command and market economies

 Ex: Socialism

 2. Socialists believe that wealth should be distributed more equally and that everyone is entitled to certain goods and services