

## Unit 1 The Economy: Big Questions

Use webnote **99** to build your answers. This is work to be completed in class:

**Webnotes 102 -115 are your resources:**

### **1. How does an economy work?**

- Tip: circular flow of income
- What is the relationship between government, household and the firm
- Look for the 3 questions that every economy must answer
- **Webnote sources : 102,114,106**

### **2. Why is the mixed market the best resource allocation system?**

- Tip: see PPC / Circular Flow / Business Cycle
- Does the mixed market economy answer the 3 resource allocation questions effectively? Look at the 2 Koreas.
- maybe the PPC
- **Webnote sources: 113, 104**

### **3. What are the economic objectives of a government ?**

- Growth, jobs, stable prices, standard of living, sustainability
- Find examples for your research country where (if?) governments achieve these goals
- **Webnote sources: 112, 115**