NAME_____ Date_____ Period_____

ECONOMY

An **economy** is a system in which people produce, sell, and buy things. The production of **goods** and **services** is known as economic activity. An economy exists because of **scarcity** – the world only has a limited supply of resources and dividing them up is important.

Natural resources are things made by nature that people can use to create a product. Plants, wood, and water are all natural resources. Canada's natural resources make it a lot of money from trade.

Human resources are the people needed to produce goods and provide services. Teachers, dentists, waiters, and painters are all human resources.

Capital resources are goods that are used to make other goods or to provide services.

Because we cannot make everything we need, we have to trade with other countries. We trade the goods and services we have for the goods and services we need. The United States **exports**, or sends its goods and services to countries all over the world. It also **imports**, or brings in goods and services from other countries.

There are three major types of economies. There is a **Command Economy**, where the government commands what the people may produce and sell. This can also be called *Communism*.

A **Market economy** is when the people have control over the production and purchasing of items. The government is not involved.

A **mixed economy** is where the government has some control over the economy, usually to regulate businesses, but the people still have a say in what they want to produce and purchase.

1. **Right There**: What is scarcity?

   _____

2. Write an example of each type of resource below.

Natural Resource	Capital Resource	Human Resource

3. Describe the difference between an **import** and an **export**:
   a. **An import is ....** _____.
   b. **An export is ...**_____.

4. There are three major types of economies. Define them below.

Market	Mixed	Command

LIVEWORKSHEETS