

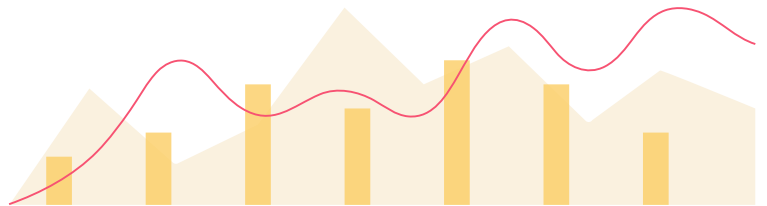
The Economy:

Who decides what gets made?



In some countries, the government controls the production and supply of goods and services, and it doesn't generally work.

- Government officials can't accurately predict what people will want and how to price it
- This often leads to shortages and waste.



So, who controls supply and demand, if not the government?

We all do. Each purchase decision we make as consumers helps companies figure out how much to produce and what the price should be.

If an item is in high demand, prices generally rise, but that attracts new producers with competitive products, which helps drive down prices



DISCUSSION

1. Why shouldn't the government set manufacturing quotas and limits?
2. How do our purchase decisions affect supply and demand?
3. How does competition create lower prices?