
3.2

Managing Resources

Distribution of Economic Resources

Learning Outcome Notes

LO 3.2 - Explain how individuals, organisations (for profit and not-for-profit) and the government work together to distribute economic resources used to produce goods and services.

WHAT IS AN ECONOMY

Economy ^{Def} This is the way goods and service are made, sold and used. The goal of the economy is to use the resource available effectively.

Economic Resources ^{Def} These are the factors that are used to produce and distribute goods and services.

ECONOMIC SYSTEMS

Countries have to decide on the following 1. What will be produced, 2. How will it be produced, 3. Where will it be produced, 4. Who will produce it. The amount of choice to consumer will depend on the economic system

Economic Systems ^{Def} This is the method countries use to distribute their economic resource, goods and services

Economic system deal with the following -

1. Allocation of resources (Scare),
2. The production of goods and services,
3. The distribution of goods and services and 4. The role of the public and private sector

There are 3 different types of economic systems. These include -

1. Centrally planned Economy

Centrally Planned ^{Def} This is where the Government has control over economic resources and the decisions made.

Example of a centrally planned economy is North Korea (Communism)

This is where the state makes all the decisions about the goods and service produced in a county. The government owns all the business - no individual can set up a business

2. Free market Economy

Free Market ^{Def} This is an economy where individual control the resource and make all the decisions.

An example of a Free Market is USA

Individual set up the companies and make the decision. Success is based on Supply and demand.

3. Mixed Economy

Mixed Economy ^{Def} This is one that has both centrally planned and free market economies.

An example of a Mixed Economy is Ireland

The production of goods and services are shared between the government (Health, Transport)

And Individuals who set up their own business

Countries who have a lot of involvement from Government usually have

1. High tax,
2. A lot of state services and
3. Equal distribution of wealth and resource

Countries who have very little government involvement have

1. Lower taxation,
2. Low level of public services,
3. Less equal distribution of wealth and 4. A gap between rich and poor

SECTORS OF THE ECONOMY

In Ireland there are 3 sectors of the economy -

1. Public Sector (Controlled by the Government),
2. Private Sector (Individual Business) and
3. Third Sector (Social and charities)

1. **Public Sector**

1. Local Government

There are 31 local authorities in Ireland. The service they provide include the following

- Housing
- Fire Service
- Pollution control
- Facilities

2. National Government

Department

1. Department of Health
2. Department of Education and Skills
3. Department of Communication,
Climate Action and Environment

Services

- Hospitals, Treatment
- Education and Training
- Telecommunication and broadcasting

[Click here](#) to view more departments.

3. State owned.

Commercial

Transport Bus Eireann

Entertainment RTE

Communication AN Post

Energy Electric Ireland

Non Commercial

Regulation Environmental Protection Agency

Marketing Faille Ireland

Bus Dev Enterprise Ireland, IDA

2. Private Sector

This is the sector where individual set up their own business with the aim of making a profit.

Business	Sector
Eir	Telecommunications
Ryanair	Transport

3. Third Sector

This sector is made up of social enterprises and not for profit organisations. They operate independently of the Government and are also known as NGO (Non-Government Organisations)

1. Not for Profit Organisation

Charites ^{def} These are set up to benefit others. This is done by raising money through fundraising. Their aim is also to help the less well-off and relieve poverty.

Charity

Oxfam

ISPCA

Focus Ireland

Aim

Reduce poverty.

Prevent cruelty to animals.

Support people in homelessness.

Irish Cancer Society

Provides a service to cancer patients in Ireland for Free

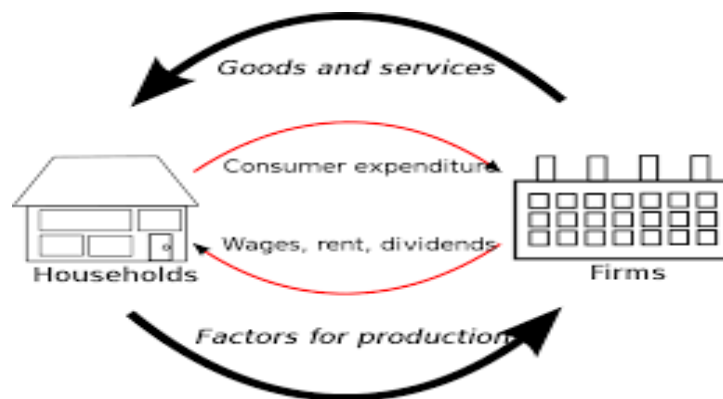
2. Voluntary Organisations

These organisations provide a serve to it members. They raise finance by charging memberships and running fundraisers. They are managed and run by a committee. For example, GAA

3. Social Enterprise

These enterprises have a social or environmental aim. There aim is to make a profit to benefit for a cause rather than the owners.

THE CIRCULAR FLOW OF INCOME



Circular flow of Income

Def This looks at the movement of economic growth and wealth in an economy.

1. Business use the factors of production - which they sell to households.
2. The household spend money on the goods and service supplied by firms.
3. This money is then used by the business to pat wages, interest and rent.

1. If household don't spend all their money, they save it so it leaves the circular floe of income
2. Banks use this money for investment so it will be returned to the economy in the form of services.
3. In an economy where the government makes the decision money will leave the circular flow of income in the form of taxes but will be returned when the government start spending

4. Imports and exports also play a part in the Circular flow of income. Imports means the money is leaving the circular flow and exports means that money is coming into the circular flow.