

CONCEPTS OF DEMOCRACY

1. A recognition of the fundamental worth and dignity of every person.
2. A respect for the equality of all persons.
3. A faith in majority rule and an insistence upon minority rights.
4. An acceptance of the necessity of compromise.
5. An insistence upon the widest possible degree of individual freedom.

Democracy and Free Enterprise

⦿ Free Enterprise System:

- Economic system characterized by the private ownership of capital goods, investments made by private decision, not by government directive, and success or failure determined by competition in the marketplace.

Fundamental Factors of Free Enterprise System

- ⦿ (1) private ownership;
- ⦿ (2) individual initiative;
- ⦿ (3) profit;
- ⦿ (4) competition

Market Forces

- ① The MARKET decides what kinds of goods to produce
- ① Democracy is not the same as the Free Enterprise System, but they reinforce each other

Democracy and Free Enterprise

A State needs at least some people.

Mixed Economy

- Exists when a government significantly regulates a free enterprise economy and promotes certain sectors, or parts, of the economy

Examples of Promotion: Amtrak



Amtrak

- Amtrak's *Sunset Limited* line from New Orleans to Los Angeles was one of the least used routes, and one of the biggest money losers for the government owned transportation company.
- Three years later, the cost per trip ticket has risen, but the loss per passenger still remains around \$400.

Agricultural Subsidies



Regulation





Financial Regulation

