

Types of Economies Flipbook

Create another flip book with 3 sheets of paper

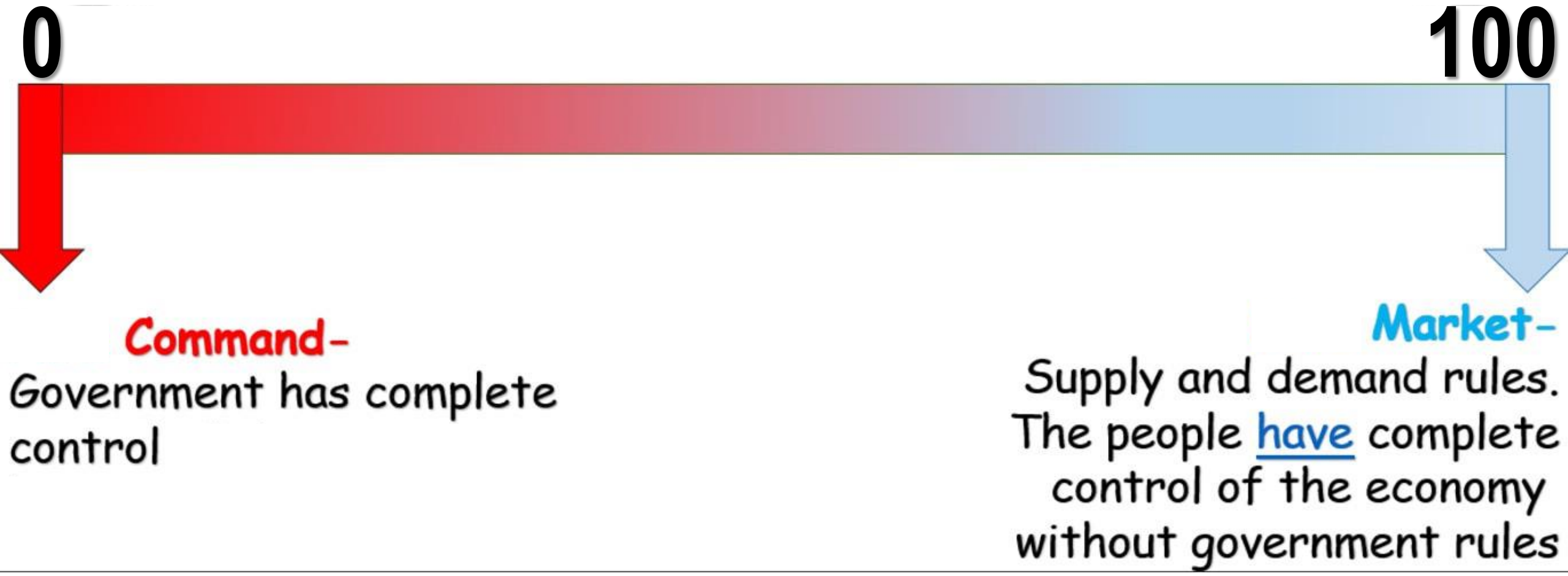
- **Label the tabs from top to bottom:**
 - Economics
 - Traditional
 - Mixed
 - Market
 - Command
 - Continuum & Notes

Start on the last tab- Continuum & Notes

Economic Continuum

Mixed Economy-
Government and citizens
control businesses

Traditional Economy-
Not on the economic
continuum..



- The way a country produces, buys, and sells its goods and services varies around the world.

- They answer the 3 economic questions differently:
 1. What to produce
 2. How to produce
 3. Whom to produce for

1. Traditional Economy

- People meet their needs based on tradition. What ever has been done in the past
- Families pass on their work to their children
- People live a much simpler life

3 Economic Questions in Traditional

- **What:** produce no surplus product, almost everything produced is what is necessary to survive
- **How:** they produce in the same manner their ancestors did. (tradition & whatever has been done in the past)
- **For Whom:** for themselves, there is little surplus to be traded usually.

Where: all human societies started with a traditional economy.
There are almost none left on Earth. There isn't one country with a traditional economy but tribes & small people groups.

Positives & Negatives

- It is very secure
- Everyone knows their jobs

- Not an advanced society

Examples:

Inuit Peoples of the Arctic



Zulu Tribe in South Africa



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2. Market Economy

- **Synonyms:** Capitalism or Free Enterprise System/ private sector
- people make their own decisions about money
- own businesses with little government interference.
- Decisions are driven by supply & demand.
- Unequal distribution of resources
- **In a pure Market:** no taxes & no government regulation
- Focus on meeting the WANTS of the people
- The individual decides:
 - What to sell
 - How much to make
 - How much to charge

- It's important for everyone in a free enterprise not to cheat the system, lie about profits, or overprice goods and services.
- People get to choose their jobs & careers & what they want to sell.
- Private property exists- you can own your own homes & businesses

3 Economic Questions in Market

- **What:** based on supply & demand.
- **How:** based on supply & demand.
- **For Whom:** goods & services are produced for people who have the money to buy them.
Consumers.

Command Economy

- **Synonym:** Communist Economy
- Government controls all industry and there is little private property. People do not decide what to sell or how much to charge for it.
Tend to be less efficient than Market econ.
- Focus on meeting the **NEEDS** of the people

3 Economic Questions in Command

- **What:** determined by the government. Prioritize the government's interest over the peoples'.
- **How:** determined by the government
- **For Whom:** determined by the government (ex: fishing rods will only be produced for professional fisherman)

Where: no country follows pure command but North Korea is closest

Positives & Negatives

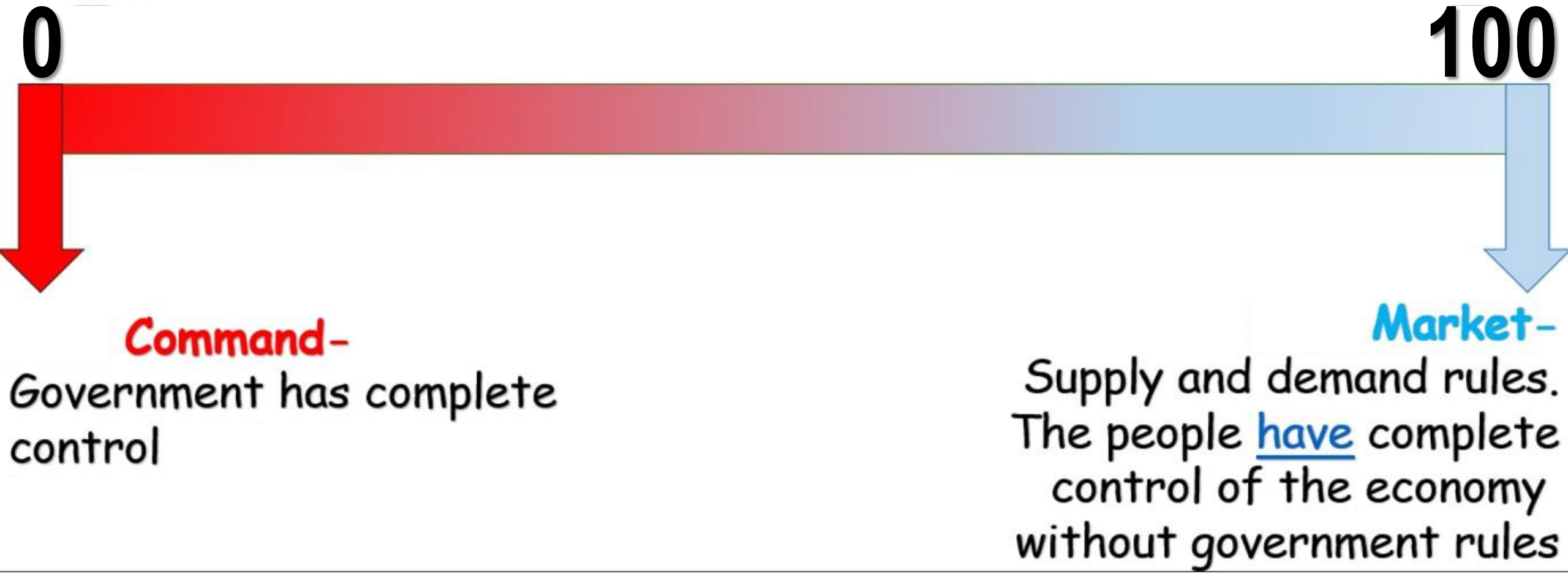
- Low unemployment rates
- Healthcare is provided

- Lower standard of living usually
- No say in your job, spending, etc.
- No working hard to achieve your dreams

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Mixed Economy

- There are no pure Market or Pure Command Economies in the world today
- People make most decisions for themselves, but the government has control as well
- Every country in the world is a mixed economy.
 - EX: “I get free healthcare and education, but pay very high taxes.”

Continuum & Notes...

- **The MAIN purpose of an economic system is**
 - to satisfy the needs and/or wants of the citizens
 - to allocate (distribute) scarce resources

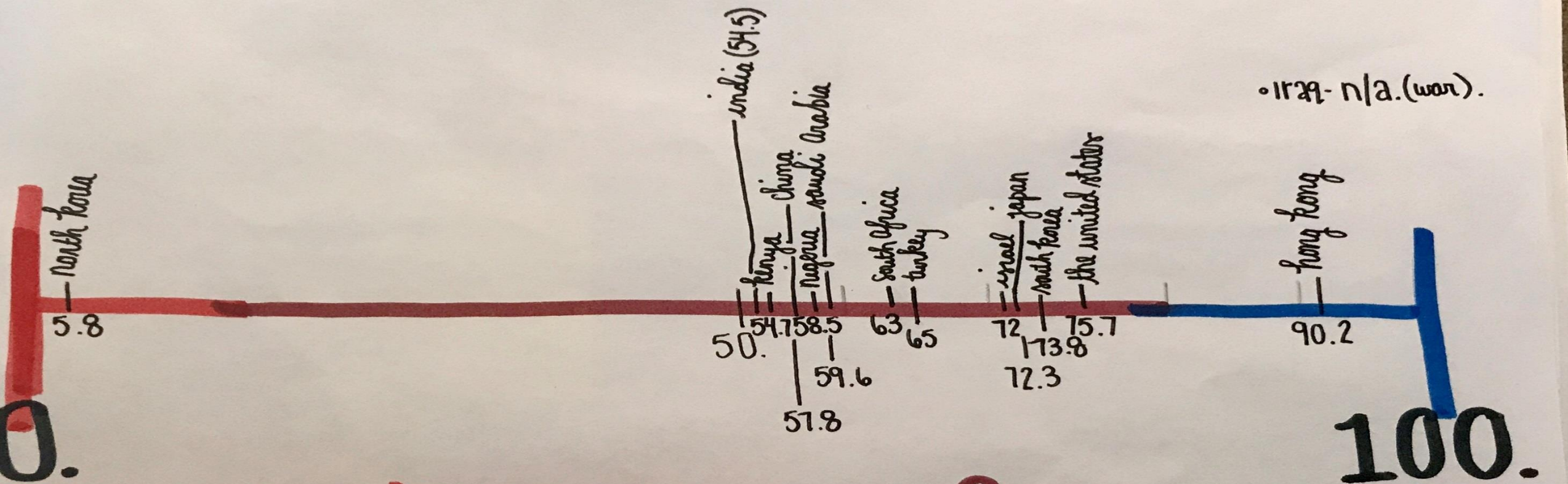
Economic Freedom Index

- www.heritage.org/index/

- Use the website above to find the EFI for the following countries & plot them on your continuum

- United States
- Nigeria
- Israel
- Turkey
- India
- North Korea
- Hong Kong
- South Africa
- Kenya
- Saudi Arabia
- China
- Japan
- South Korea
- Iraq

* traditional econ.
not on the econ. continuum



0. Command. mixed.

government has complete control.

government : citizens control business

100. market

supply : demand rules. the people have complete control of the economy. without government rules

Continuum : notes.