

Comparing Economies: Traditional, Command, Market, and Mixed

Traditional Economy

- In an traditional economy individuals and tribes make the decisions.
- Often these decisions are based on customs, traditions, and religious beliefs.

Traditional Economy

- Goods are produced by hunting, fishing, gathering, and harvesting.
- In a traditional economy everyone owns and uses the land together.



Traditional Economy

- Examples of Traditional Economies in history.
 - Native Americans
 - Tribes in Africa
 - Amish Community



Command Economy

- In a command economy the government makes all the decisions.
- Governments in a command economy are usually led by a dictator and/or are totalitarian governments.

Command Economy

- In an command economy the government owns the major industries.
- Because of this the government controls the quantity (amount) of goods produced and there prices.
- The government also controls the wages of the workforce producing the goods.

Command Economy

- Examples of command economies in history:
 - The Soviet Union under Joseph Stalin.
 - China under Mao Zedong
 - Cuba under Fidel Castro



Market Economy

- In a market economy businesses make decisions based on consumer demands.
 - Consumers and supply and demand decide what should be made.
- There is NO government involvement.
 - Laissez-faire: government is “hands off”

Market Economy

- Businesses produce goods based on consumer's demands.
- Supply and demand determines the price of goods.
- In a market economy businesses are owned by individuals, entrepreneurs, and private businesses.

Market Economy

- Examples of market economies in history:
 - England/ Great Britain during the Industrial Revolution.
 - The U.S. during the Industrial Revolution.

Mixed Economy

- In a mixed economy decisions are made by business based on consumer demands.
- However, the government also makes some decisions:
 - Regulates trade
 - Ensures safety of consumers
 - Protects the environment.

Mixed Economy

- Businesses produce goods based on consumer's demands.
- Supply and demand determines the price of goods.
- In a market economy businesses are owned by individuals, entrepreneurs, and private businesses.

Mixed Economy

- Examples of Mixed Economies in History:
 - The United States
 - Majority of today's nations.