

SS7E1:

THE STUDENT WILL ANALYZE DIFFERENT ECONOMIC SYSTEMS.

- a. Compare how traditional, command, and market economies answer the economic questions:**
- **What to produce?**
 - **How to produce?**
 - **For whom to produce?**

ECONOMIC SYSTEMS

TRADITIONAL

ECONOMIC
SYSTEMS

MARKET

COMMAND

What is a Traditional Economy?

- **A pure traditional economy answers the basic economic questions according to tradition. Things are done as they were in the past, based on tradition, custom, and beliefs (like religious beliefs).**
- **Resources are inherited and there is a strong social system.**
- **It is based on primitive methods and tools.**
- **It is strongly connected to subsistence farming.**
- **Usually developing countries.**

What is a Market economy?

- National and state governments play a minor role.**
- Capitalism is a pure market economy.**
- Consumers and what they buy drives the economy.**
- The market is freely chosen between buyers and sellers of goods and services.**
- The market plays a major role in deciding the right path for a country's economic development.**

What is a Command economy?

- **The government controls the production and makes all decisions.**
- **This could be one person, a small group, or central planners who decide what resources to use at each step of production and the distribution of goods and services.**
- **The government decides the role everyone will play. It guides the people into certain jobs.**

What is a Mixed economy?

- **Many economists doubt that “pure” economic systems ever existed.**
- **A mixed economy contains elements of the market, command, and traditional economies.**
- **In some countries there is some private ownership of businesses, such as in China.**

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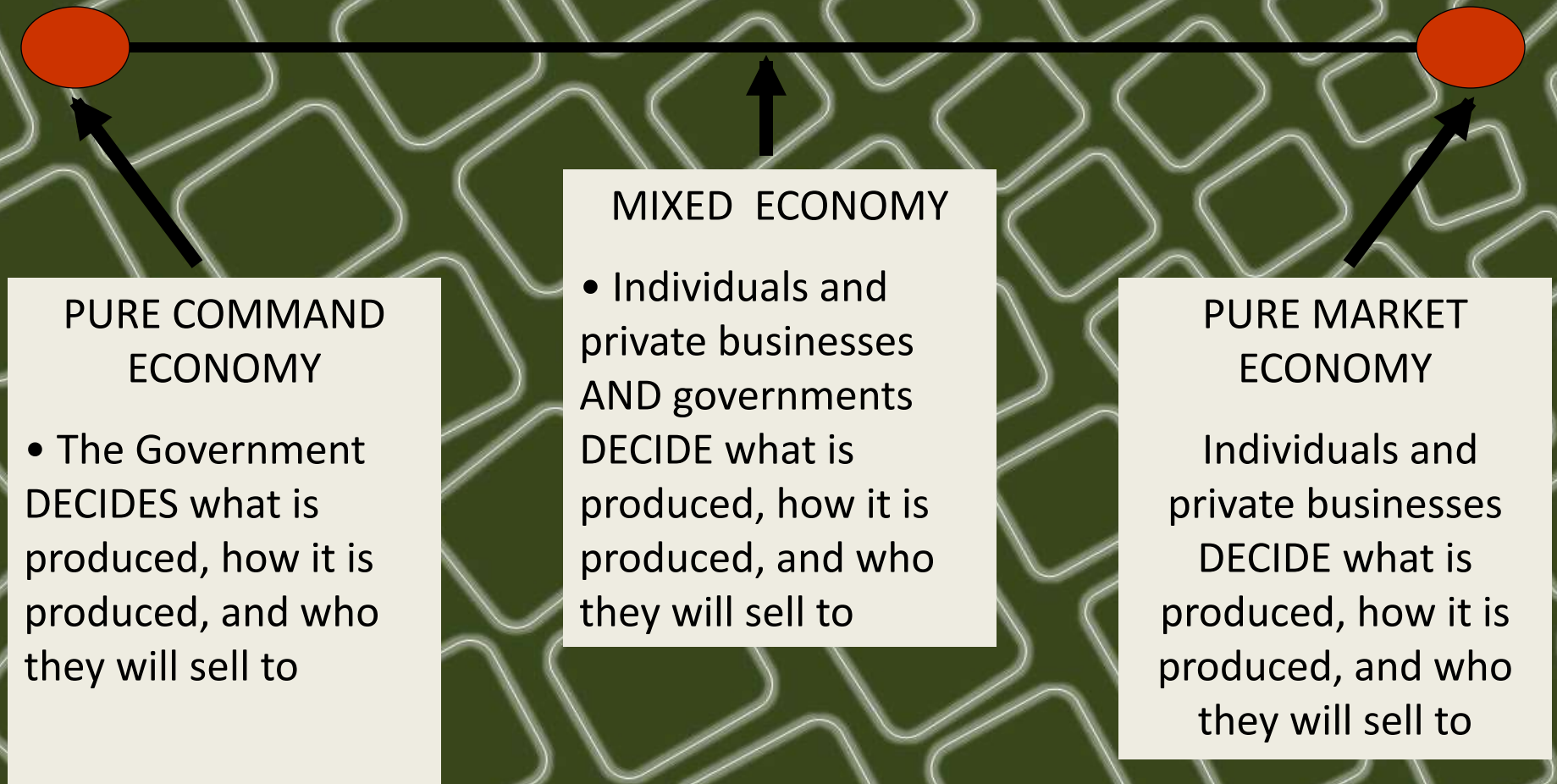
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- b. Explain how most countries have a mixed economy located on a continuum between pure market and pure command.**

WHAT IS A CONTINUUM?

- **A continuum is the range between two things, usually opposites of extremes.**
- **On an economic continuum the range is from a pure market economy on one far end to a pure command economy on the other end.**
- **Almost all countries have a mixed economy that falls somewhere in the middle or closer to one end than the other.**

ECONOMIC CONTINUUM



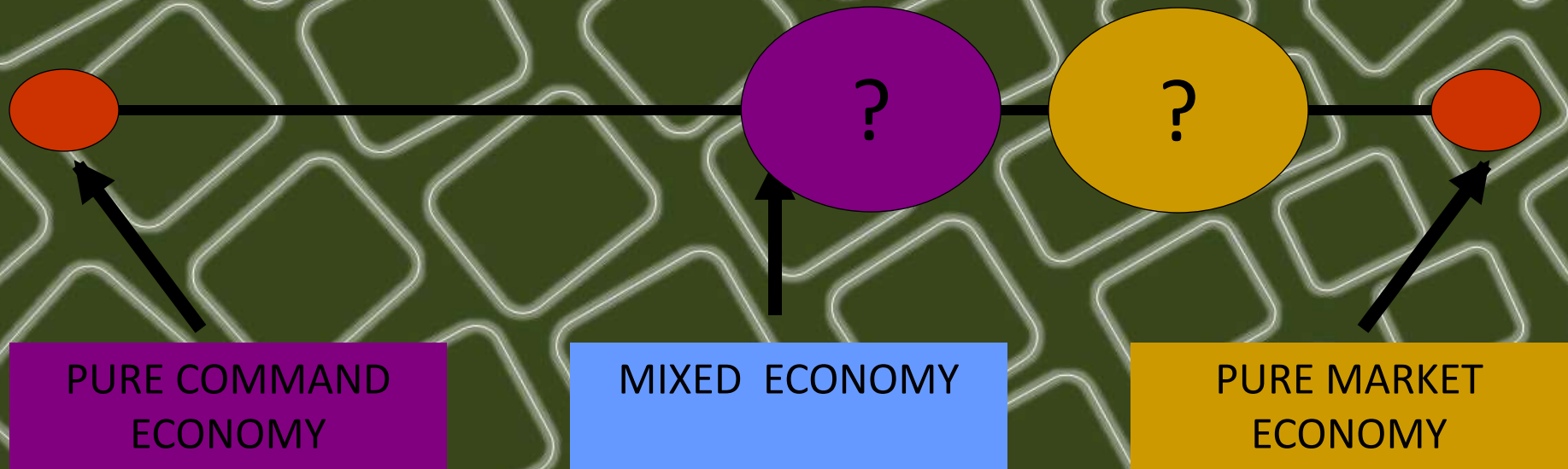
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- c. Compare and contrast the economic systems in South Africa and Nigeria.**

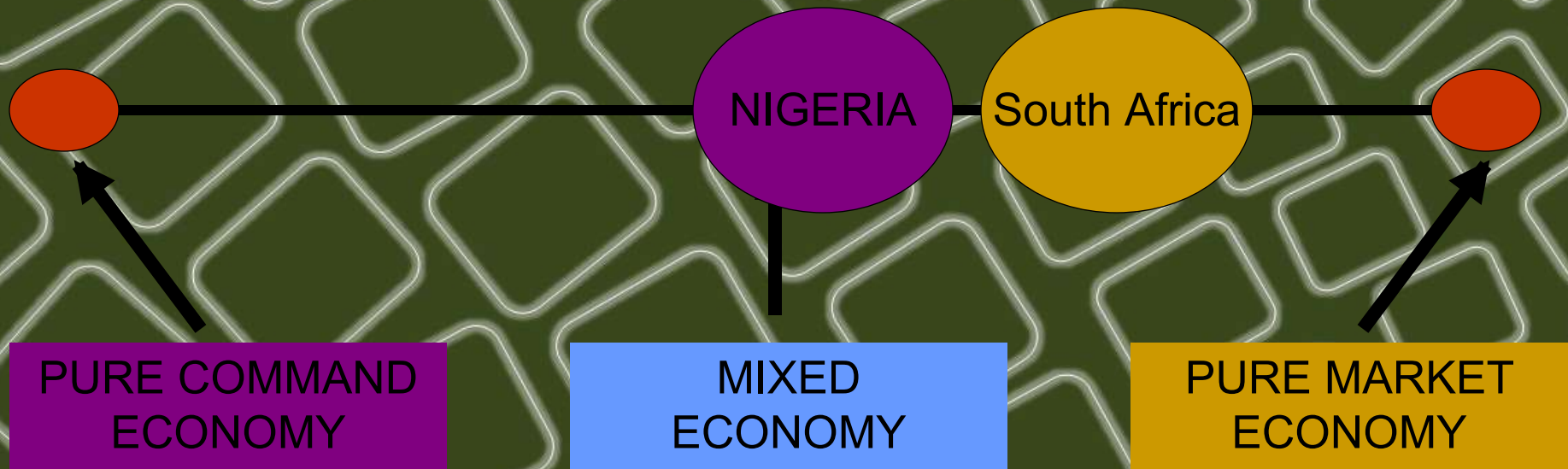
ECONOMIC CONTINUUM

Where do the economies of South Africa and Nigeria fall on an economic continuum?



ECONOMIC CONTINUUM

Where do the economies of South Africa and Nigeria fall on an economic continuum?



South African Economy

Area of Comparison	South Africa
Type of economy	A technologically advanced market economy with some government control. One of the strongest economy in the region.
Goods produced	Mining (platinum, diamonds, and gold), automobile assembly, machinery, textiles, iron and steel, chemicals, fertilizer
Leading exports	Gold, diamonds, platinum, other minerals, machinery and equipment
GDP per capita	\$9,800
Labor Force	Agriculture – 9%, Industry – 26%, Services – 65%
Unemployment rate	24%

Nigerian Economy

Area of Comparison	Nigeria
Type of economy	Poorly organized economy after a long period of military dictatorship and corruption. They are now trying to reorganize with more private enterprise allowed. They want to be able to take advantage of a strong world oil market.
Goods produced	Oil and petrochemicals are the primary market goods. Nigeria once exported food and other agricultural products but now must import them.
Leading exports	Oil and petrochemical products
GDP per capita	\$2,400
Labor Force	Agriculture – 17%, Industry – 52%, Services – 30%
Unemployment rate	4.9%

Economic Systems

SOUTH AFRICA

MIXED with more of a MARKET ECONOMY

Natural Resources
Gold and Diamonds

GOV'T CONTROLS
BASIC SERVICES

MODERN
INFRASTRUCTURE

MODERATE
ENTREPRENEURSHIP

APARTHEID STRUGGLES

COMMERCIAL FARMING

LIBYA

MIXED with elements of COMMAND and MARKET ECONOMIES

• Oil and Natural Gas Resources

• GOV'T CONTROLS OIL INDUSTRY AND OTHER SERVICES

• SUBSISTENCE FARMING

• POOR INFRASTRUCTURE

• GOV'T INSTABILITY (Civil War and Corruption)

• LIMITED ENTREPRENEURSHIP

• **NATURAL RESOURCES**

• **HIGH UNEMPLOYMENT**

• **PAST CONFLICTS**