**Traditional Economic System**

* Economic system where decisions are based on customs and beliefs
* People will make what they have always made and will do the same work as their parents did
* Exchange of goods is done through bartering: trading without using money.

**What to produce?**

People follow their customs and make only what is needed to take care of oneself.

**How to produce?**

People grow and make things the same way that their ancestors did.

**For Whom to produce?**

Self and trading purposes. (People in the village who need them.)

* **Strengths**

Predictable job and lifestyle

* **Weaknesses**

Lack resources and limited production

* **Examples**

Villages in Africa, Inuit Tribe in Canada, Caste System in Rural India

**Command Economic System**

* Government makes all economic decisions & owns most of the property
* Sometimes called communism

* **Examples**

Cuba, North Korea, former Soviet Union

* This system has not been very successful and more and more countries are abandoning it.

**What to produce?**

Government makes all economic decisions

**How to produce?**

Government decides how to make goods/services

**For Whom to produce?**

Whoever the government decides to give them to

* **Strengths**

People do not have worry about employment, housing, education and healthcare

* **Weaknesses**

Consumers own nothing, no choice/freedom, limited innovation by individuals

**Market Economic System**

* In a market economy, buyers and sellers answer the economic questions
* All resources are privately owned

**What to produce?**

Whatever the market demands that will produce a profit

**How to produce?**

Private Producers (businesses)

**For Whom to produce?**

Consumers who demand the product and are willing to pay

* **Strengths**

People can start their own businesses, more choices

* **Weaknesses**

The desire for money may lead to poor quality of goods and services, business owners have to risk losing money

**Mixed Economy**

* **Market + Command = Mixed**
* There are no pure command or market economies. To some degree, all modern economies show characteristics of both systems and are often referred to as mixed economies
* Most economies are closer to one type of economic system than the than another.
* For example, businesses own resources and determine what and how to produce, but the government regulates certain industries
* Most Democratic countries fall in this category
  + There are no truly pure markets or command economies
* **Examples**
  + **USA**
  + **Brazil**
  + **Mexico**
  + **Canada**
  + **UK**