

## FOUR TYPES OF ECONOMIES

### →The three economic questions

- 1.
  - 2.
  - 3.
- The answers to the three economic questions are different for each \_\_\_\_\_.
  - How people \_\_\_\_\_ their wants also distinguishes each \_\_\_\_\_ of economy.

### →Types of Economies

**1) Traditional Economy:** things are done “ \_\_\_\_\_.”



Photo One: Farmer Plowing Dry Soil with Oxen, Senegal  
(Photo from Africa Focus, University of Wisconsin)

- *Ex: you farm the same way your great-great grandfather farmed.*
- Little new \_\_\_\_\_
- \_\_\_\_\_ & \_\_\_\_\_ determines the answers to the 3 basic economic questions.

**2) Command Economy:** All businesses are owned & operated by the \_\_\_\_\_ for the benefit of all citizens.



- People are paid \_\_\_\_\_ even though they do different jobs.
- Nicknames: \_\_\_\_\_, Marxism, planned economy
- Examples: Cuba, \_\_\_\_\_
- \_\_\_\_\_ determines the answer to the three economic questions

3) **Market Economy** -production and exchange is regulated by \_\_\_\_\_ between individuals ( \_\_\_\_\_ ) and businesses ( \_\_\_\_\_ ).



- People have the right to own \_\_\_\_\_
- Individuals and firms make decisions based on what is in their \_\_\_\_\_
  - ❖ Businesses produce goods for profits = “Profit Motive”
- Everyone’s needs are met b/c producers will make the most profit by making what consumers want.
  - ❖ Producers \_\_\_\_\_ what is \_\_\_\_\_ by consumers.
- Nicknames: *Laissez-Faire* “ \_\_\_\_\_,” Capitalism, Free Enterprise System, Invisible Hand
- Examples: \_\_\_\_\_, England, Germany, \_\_\_\_\_
- \_\_\_\_\_ answers the 3 economic questions.

4) **Mixed Economy:** combination of a \_\_\_\_\_ and \_\_\_\_\_ economy.

- \_\_\_\_\_ and the \_\_\_\_\_ answer the 3 economic questions.
- Governmentt regulates business to protect \_\_\_\_\_ and \_\_\_\_\_. EX: In a meat packing plant the government regulates working conditions and the level of sanitation of the plant.
- \_\_\_\_\_ is a market economy and a mixed economy because we have some gov’t regulation (min. wage, no monopolies, pollution limits, etc) on \_\_\_\_\_

**SHOW YOU KNOW**

- If these economies were a song, which song would they be?

Ex: For Mixed economy I choose “Best of Both Worlds” by Hannah Montana because Mixed economy combines Market and Command

- 1.
- 2.
- 3.
- 4.