

THE FOUR TYPES OF ECONOMIES



TRADITIONAL ECONOMIC SYSTEM



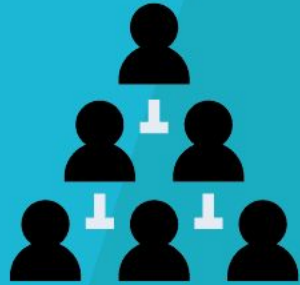
Agriculture, farming, hunting



Barter system



5 TRAITS OF A TRADITIONAL ECONOMY



CENTER AROUND
FAMILY OR TRIBE



EXISTS IN A
HUNTER-GATHERER
AND NOMADIC
SOCIETY



TRADE RELIES
HEAVILY ON
BARTER



PRODUCE ONLY
WHAT YOU NEED
(SURPLUS OR
LEFTOVERS ARE
RARE)



THEY EVENTUALLY
EVOLVE TO FORM
SOME FORM OF
CURRENCY FOR
TRADE



JARAWA TRIBE OF THE ANDAMAN ISLANDS



COMMAND ECONOMY

~~Laws of demand
and supply~~

~~Competition~~

~~The needs of
the societies~~



"Bosses of the Senate," Puck, January 23, 1889, by Joseph Keppler



Five Characteristics of a Command Economy

01

The government creates a central economic plan.

02

The government allocates all resources according to the central plan.

03

The central plan sets the priorities for the production of all goods and services.

04

The government owns monopoly businesses.

05

The government creates laws, regulations, and directives to enforce the central plan.



▪ North Korea



▪ Cuba



MARKET ECONOMY

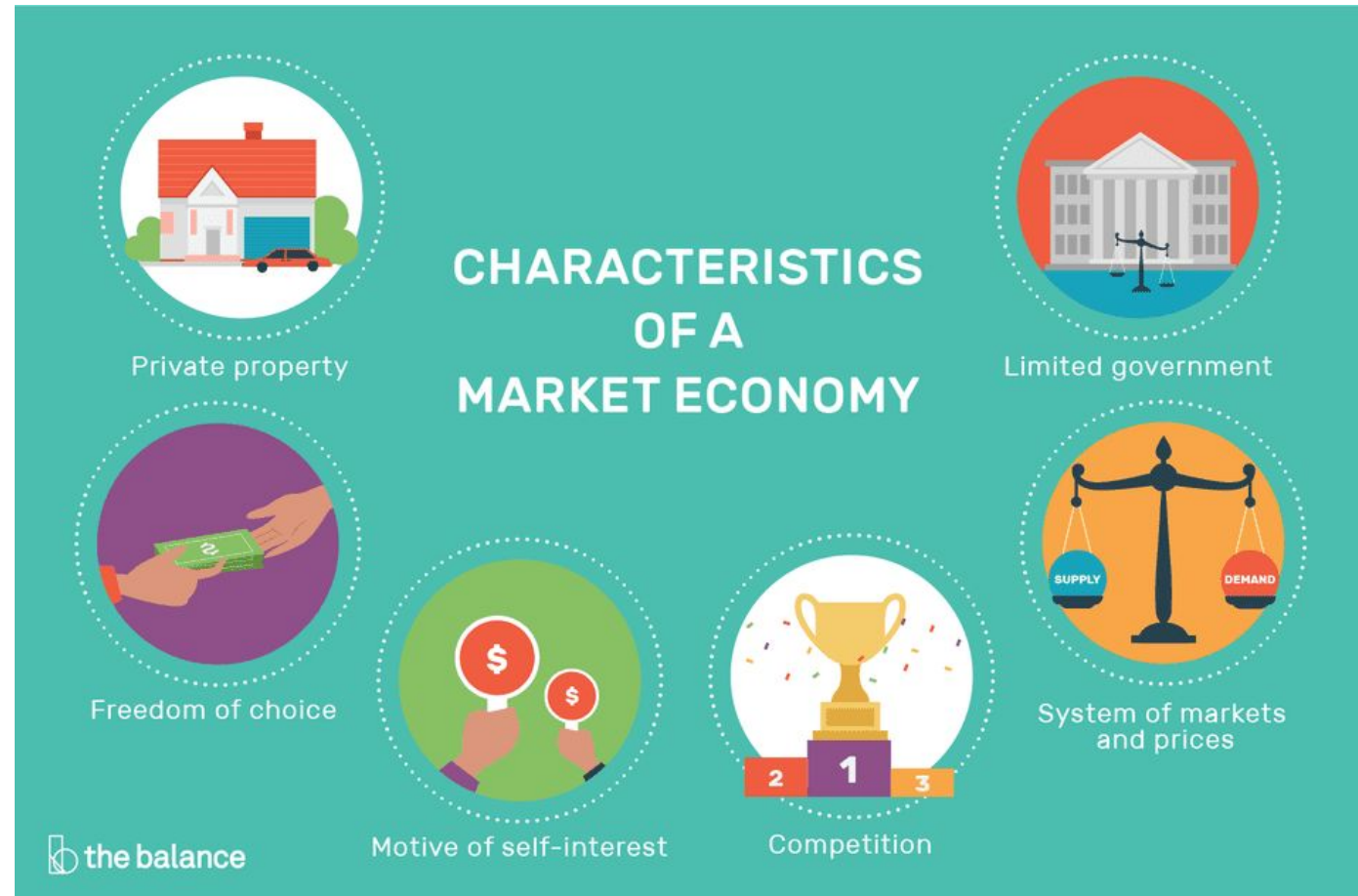
IS A SYSTEM WHERE THE

LAWS OF SUPPLY AND DEMAND DIRECT THE PRODUCTION OF GOODS AND SERVICES.

A free flow of ideas —>
innovation

Laws of demand and
supply

Competition



THE INVISIBLE HAND OF MARKET



EXAMPLES OF MARKET ECONOMY

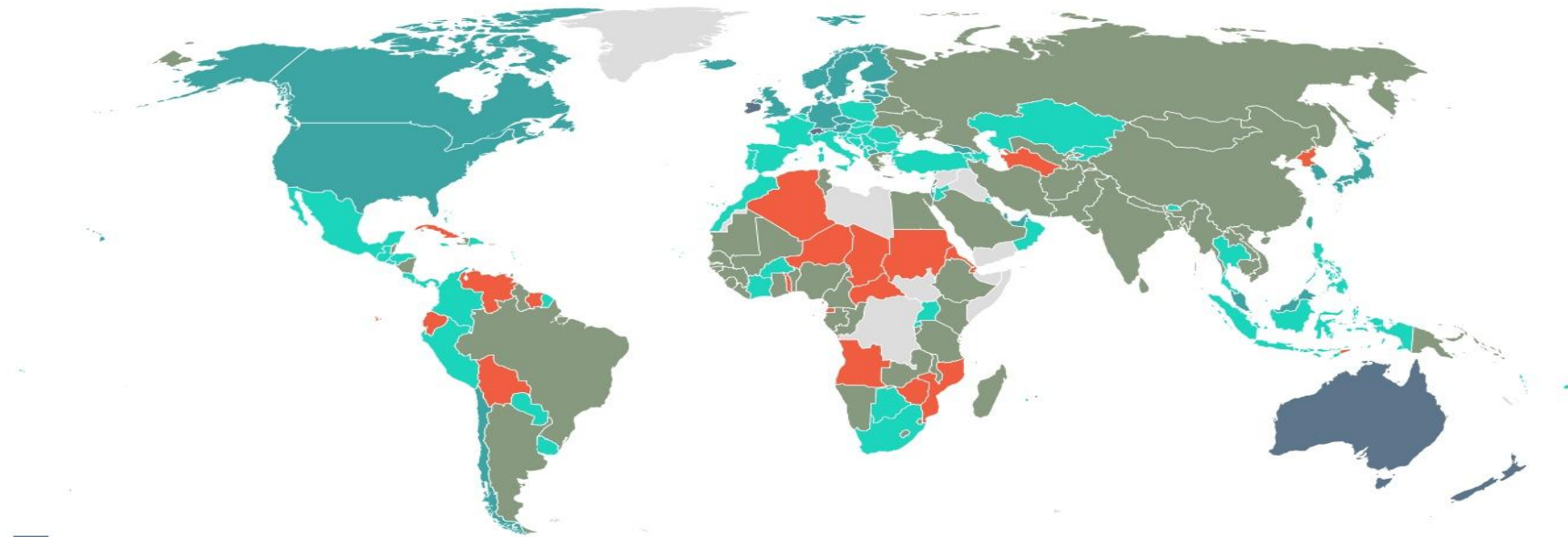


MIXED ECONOMY

IS A SYSTEM THAT COMBINES CHARACTERISTICS OF MARKET AND COMMAND ECONOMIES.



Hover over each country to see its 2018 Index of Economic Freedom score. The Index of Economic Freedom considers a scale of 0 to 100 for each country, based on four indicators—rule of law, limited government, regulatory efficiency and open markets.



- Free
- Mostly Free
- Moderately Free
- Mostly Unfree
- Repressed

Map: The Balance • Source: [The Heritage Foundation](#)

