

# THE FOUR TYPES OF ECONOMIES



# TRADITIONAL ECONOMIC SYSTEM



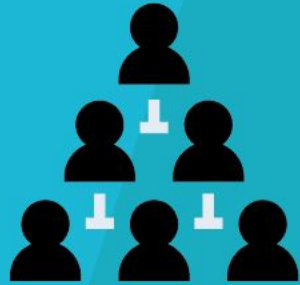
Agriculture, farming, hunting



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



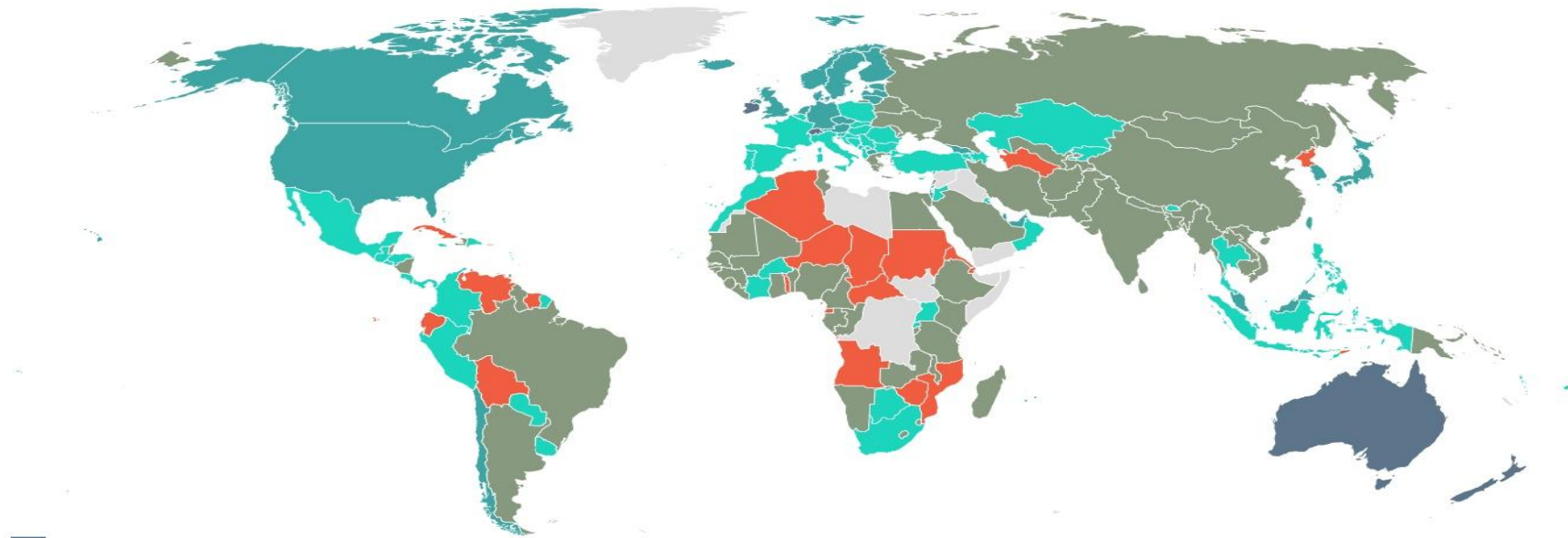


# MIXED ECONOMY

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](#)

