

Types of Economic Systems

Societies can answer the four basic economic questions by using certain economic systems. In Chapter 2 you learned about these systems: **1. Traditional**, in which custom and religion dictate how things are done, **2. Command**, in which an authority determines policies, **3. Market**, in which the needs of buyers and sellers answer the basic questions, **4. Mixed**, a combination of the command and market systems. Below is a scale on which all four systems have been placed. Indicate where on the scale you would place each of the following economies. (your answer can be "2 ½" for example, if you think that an economy is mixed but leaning toward pure economy.)



- _____ 1. The kind of economic system advocated by Adam Smith.
- _____ 2. Feudal (King and Peasants) economy in the Europe during the Middle Ages.
- _____ 3. The United States: trend is away from government regulation.
- _____ 4. Canada: allows free enterprise but the government run things like the health care system.
- _____ 5. Britain: allows free enterprise, but in which government pays for retirement costs.
- _____ 6. An economy in which individuals own all the factors of production and decide for themselves the answers to the four basic economic questions.
- _____ 7. The old Soviet Union's economy, in which the government determines most, though not all, of the answers to the basic economic questions.
- _____ 8. The economy of the Bushman of the Kalahari Desert, in which people follow the examples of their ancestors.
- _____ 9. China, communist government but does allow some free enterprise (especially in Hong Kong).
- _____ 10. An economy with a strong ruler who often relies on religious leaders to decide economic policies.

