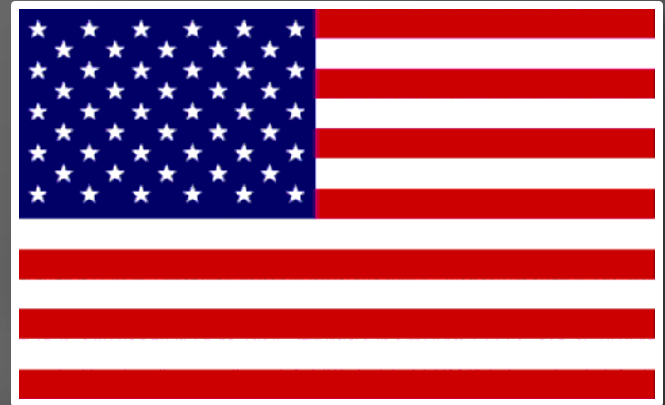


ECONOMIC SYSTEMS

Analysis

- Who makes the economic decisions?
- Who possesses the Factors of production?
- How are the resources allocated?
- How are goods and services distributed?

Market Economy



- ❑ Minimum interference from the State
- ❑ Factors of Production owned by private businesses and private people
- ❑ Resources are supplied according to supply and demand
- ❑ Distribution of Goods and services motivated by profits

Planned Economy



- ▣ State has full control of the economy – Dictatorship
- ▣ No private ownership of the Factors of Production
- ▣ Government controls the supply of goods and services
- ▣ Prices set by the government – goods and services are rationed

Mixed Economy



- ❑ Economic decisions made by the state and private individuals
- ❑ Factors of production owned by the state and private individuals
- ❑ Resources are distributed according to supply and demand
- ❑ Distribution of goods and services motivated by profits and the needs of the people