

SAMPLE ANSWERS: Economic Systems

System	Characteristics
Traditional	<p>The main characteristics of a traditional economic system rely on the value of tradition to be the driving force. Customs and beliefs shape the production and distribution of goods and services.</p> <p>The group of people, tribe, or village remain rooted in their original way of life.</p>
Command	<p>The main characteristics of a command economy involve complete and total government ownership and control. Production and distribution are all managed by the government and no private ownership exists. Incentives do not exist as consumer preferences are not considered.</p>
Market	<p>The main characteristics of a market economy all rely on supply and demand. Because there is no government involvement, production and prices fluctuate based on the need. There is unrestricted competition between privately owned businesses.</p>
Mixed-Market	<p>The main characteristics of a mixed economy include individual and government ownership of the factors of production. The government may at times take control of production facilities and resources.</p> <p>Government intervention in the economy tends to occur when the government chooses to pursue social or economic objectives to better the country.</p>

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Communism	The main characteristics of a communist economy are that the factors of production are owned by a single government entity. Communism is an ideology that aims to establish a community of economic equality. There is no competition and consumer choices are few. Communism is the opposite of a capitalist ideology.
Socialism	The main characteristic of a socialist economy is that a collective owns the means of production. Most economic activity is planned through a committee rather than through market forces. Production is prioritized for the satisfactions of people's needs rather than for profit. The government regulates the ownership of natural resources based on connections to societal needs.
Capitalism	The main characteristics of capitalism include personal ownership of property, profit motive, free market competition, and minimal intervention from the government. Capitalism emphasizes individual consumption and production for personal gain or profit.