

# 1. ECONOMIC SYSTEMS



INVESTICE DO ROZVOJE VZDĚLÁVÁNÍ

Výuka jazyků  
prostřednictvím ICT

CZ.1.07/1.1.10/03.0026

# ECONOMIC SYSTEMS

- are mechanisms in society which are there to solve fundamental economic problems:
  - What and how much to produce
  - How to produce it
  - For whom to produce



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# TYPES OF ECONOMIC SYSTEMS

- Traditional economy
- Market economy
- Command/Centrally planned economy
- Mixed economy



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# TRADITIONAL ECONOMY

(SUBSISTENCE ECONOMY)

- Typical for Neolithic Civilisation
- Based on agriculture
- Barter trade



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# FREE MARKET ECONOMY

- Goal: to earn profit
- Based on supply, demand and competition
- Mostly focused on consumer goods



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# COMMAND ECONOMY

(Centrally Planned Economy)

- Goal: to fulfil the plan
- Controlled by government
- Usually focused on industrial goods



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# MIXED ECONOMY

- In most developed countries
- Combination of market and command economies
- Consumer goods controlled by market forces
- Some industries controlled by government

# HUMAN NEEDS AND WANTS

- Needs – material items which people have to have to survive (food, clothing, shelter)
  - Wants – items people wish to have (special clothes, entertainment, jewellery)
- are the driving force behind the demand for goods and services

# HUMAN NEEDS AND WANTS

are divided in different ways:

- Basic (food), luxury (car, jewellery) and cultural (books, education, theatre)
- Individual and social
- Material and immaterial
- Essential and non-essential
- Biological and cultural
- Present and future