

The type of economy is determined by the amount of government involvement in economic decision making.

Free Market

A free market economy is characterized by private ownership of property / resources, profit, competition, consumer sovereignty, and individual choice.

Adam Smith was one of the founders of free-market capitalism.

Mixed economy

Individuals and businesses make decisions for the private sector.

Government makes decisions for the public sector.

Government's role is greater than in a free-market economy.

Most economies today are mixed economies.

Command economy

A command economy is characterized by central ownership of property / resources, centrally-planned economy and lack of consumer choice.

Karl Marx provided the ideological foundation for communist /centrally-planned economies.

The student will demonstrate knowledge of economic systems by
b) comparing the characteristics of free market, command, and mixed economies, as described by Adam Smith and Karl Marx.