

Part a: identify and explain four types of



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Part A: Identify and explain four types of economic system. There are four types of economic systems which are mixed economic system, market economic system, traditional economic system and command economic system.

Firstly, mixed economic system is an economic system where it is the combination of market and command economic systems. It has both public sector (businesses controlled and owned by the government) and private sector (businesses owned by individuals). It is also recognized as the dual economy.

Secondly, in command economic system, it is usually the government who dominates all the economic activity which includes the productions and resources of the country. Communism is one of the examples of a command economic system. Planned economy is another name for command economic system. Thirdly, the market economic system is the opposite of command economic system. Businesses and firms in the market economic system are owned by private sectors. The government does not make any decisions in the market economic system, but firms and businesses do. Moreover, supply and demand are the ones that decide the prices and productions in the country.

Lastly, traditional economic system is the most old-fashioned type of economy in the world. It produces products and services based on the traditions, beliefs, and religion. Most of the goods produced in the traditional economic system are fully utilized without any waste loss. Part B: Describe advantage and disadvantage of each economic system. Firstly, the

advantages of the mixed economic system are there is a balance of control between private and public sector. Unlike command economic system and market economic system, the mixed economic system gives both government and private firms and businesses to share decision making. Additionally, individuals firms and consumers have the freedom to buy and sell anything they want in a mixed economic system.

The disadvantages of the mixed economic system are that it can lead to higher taxes as the government will want to further expand or improve the country by receiving tax revenue from firms and consumers. Another disadvantage is that it may be difficult to gain a proper stability between the private sector and public sector which if it is not managed carefully, it may cause the country to collapse. Secondly, the advantages of command economic system are prices of goods and services are kept under control so everyone is able to afford the goods and services. Furthermore, there will be a low level of unemployment where many people will get a job as the government will try to keep the unemployment rate low. However, the disadvantages of command economic system are the government restricted consumers to only buy the goods and services produced by the government. There is no competition between firms which may cause the quality of goods to be of poor and cheap quality. Thirdly, the advantages of the market economic system are there will be a variety of different types of goods and services available for the consumers to choose from. Since there are lots of firms to produce goods and services, it can easily satisfy a person's needs and wants.

The disadvantages of the market economic system are unemployment because of technology and machines replace human labor as they are more efficient than humans and make less error than humans. Another disadvantage will be pollution created by firms- air and sound pollution- as there is no restriction from the government to stop the firms. Lastly, the advantages of the traditional economic system are no waste are produced as it only produces goods and services for its own use. Also, it doesn't pollute or damage the environment. Yet, the disadvantages are it will lead to lower productivity as the people may be told to do things they do not like to do.

The people will also have a low standard of living because they have to follow the same lifestyle as their ancestors. Part C: All systems had their advantages and disadvantages - which one do you support ? Justify your opinion. I support the mixed economy system because it is the best option among the four economic systems. In a mixed economic system, individuals (private sectors) focus on producing goods and services whereas government (public sector) focuses on funding to improve medical healthcare, education and public transportation.