

# The 3 types of economic systems

[Economics](#)



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## **The 3 Types of Economic Systems**

- Centrally planned economy
- Mixed economy
- Market economy

### **Centrally Planned Economy**

System in which a nation's resources are owned by the government. Came from the ideology that the welfare of the group is more important than individual well being, the idea came from Karl Marx. The decline of Centrally planned economies was in the 1980's nations began to dismantle communist central planning in favor of market based economy. Mixed economy

Economic system in which resources are more equally divide between private and government ownership. It came from the idea that a successful system must be not only efficient and innovative but should also protect society. Most economies around the world are mixed economies but most mixed economies are trying to convert more of a market economy. This is called " Privatization" or " Privatizing". Market Economy

The majority of nations resources are privately owned. Economic decisions are determined by supply and demand. Based on the belief that individual concerns should be placed above group concerns. The best features are free choice, free enterprise and price flexibility. The governments role is enforcing antitrust laws, preserving property rights, providing a stable fiscal and monetary environment and preserving political stability. Personally I would prefer to live in a mixed economy. I say this because it is the best kind of economic system in my eyes.

A mixed economy lies between a free market economy and a centrally planned economy. A mixed economy combines elements from free market and centrally planned to create a more favorable economy. Most nations operate mixed economies with varying combinations of capitalist and socialist features. Some benefits of a mixed economy are free enterprise, private ownership, a “ safety net” and the ability for the government to step in if needed. This is very appealing because the benefits are unmatched from the other two main economic systems. I like the idea of private ownership and the government being able to step in during times of need, these two examples are the main reasons I prefer to live in a mixed economy.