Command System

Value: Fairness; equality

Political Name: Communism

Example: USSR, China until 1979, North Korea

-Major Economic decisions (what is made, how much, who does what work, who gets what) made by the government.

-Got started because people has a problem with the inequality of a market system (a lot of very poor people; very few but very rich people)

-Agriculture is run like a factory.

-Industry is government run.

-Services are often corrupt and limited.

-Most people are guaranteed a basic standard of living.

-Few people are allowed to be rich.

-There is no major reason to work any harder than the minimum.

-Command systems usually aren’t able to make as much stuff as a market system

Market System

Value: Freedom

Political Name: Capitalism

Example: US in the late 1800s; Brazil

Most large economies start out as market systems.

-Major Economic decisions made by individuals.

-Government interferes with the economy only in the most important instances (like public health and criminal business practices)

-Agriculture is usually commercial, sometimes run by corporations.

-Industry is run by individuals, usually in large, powerful companies.

-There are often many services.

-There is often a lot of inequality.

-Many people will find it difficult to meet their family’s basic needs.

-Some people have the opportunity to become very rich.

-Taxes are usually low.

Mixed Market

Value: Freedom when possible, equality where it makes sense

Political Name: Socialism

Example: Sweden, France

-Major economic decisions will be made by government but other decisions will be made by individuals.

-Government will have a lot rules companies have to follow to make things fair for workers, the environment and other workers.

-Agriculture is usually commercial, sometimes run by corporations.

-Industry is run by individuals, usually in large, powerful companies.

-There are often many services.

-There is a basic standard of living the government gives to all citizens.

-People who live in mixed markets systems can usually expect healthcare paid for by the government, help with child care, money for college, support if they become injured, sick or old.

-Wealthier people will have to pay high taxes to pay for the benefits poorer people receive.

-Sometimes wealthier people will move and take their businesses and money with them so that they don’t have to pay such high taxes.

North Korea

In 1945, Korea was divided into two because of World War 2 (it had been a colony of Japan; when Japan lost, the United States and the Soviet Union took over). The United States had control of South Korea and the Soviet Union (U.S.S.R.) took over North Korea. The US made the South Korea economy like the one it had with a lot of individual freedom and choices. The Soviet Union organized North Korea’s economy like its own. The Soviet Union was a Communist country which meant they believed it was very wrong to let some people be very rich and some very poor. Their solution was to take decision-making away from people and have the government make economic decisions for everyone. That way, the thinking went, everyone could have a fair share. So it was in North Korea. It has stayed that way for over 60 years. The government of North Korea decides what will be made, who will do what work, and how the results of that labor will be divided up. Most of the food grown is grown on collectivized farms where people work the land in large groups and give what they grow to the government. Factory workers are told what to make and the government is responsible for making sure they have all the resources they need to make whatever they are instructed to make. The government then takes all the things are made and grown and gives them out to the people the way they government thinks is fair. The way it is supposed to work is that one decision maker should be able to create an economy that is very efficient (works very well without a lot of waste).

Unfortunately, North Korea’s economy is a wreck. They do not grow enough food to feed everyone so most of the time the rest of the world has to donate food or else hundreds of thousands of people will probably die. The people in North Korea are several inches shorter than their close relatives in South Korea because they have never gotten enough to eat in their entire lives. The factories are filled with equipment that is broken so it is very difficult to make the stuff the government wants them to. Another problem is that a command system takes away the possibility that people will improve the lives of their families through their work. No matter how hard they work they will still get the same amount as most everyone else so they can get the same amount whether they are lazy or hardworking. Their biggest problem, though, is that their leaders have been very bad since World War 2. The Kim family seems interested in making sure they are very rich and they do not seem to care about the people they are supposed to take care of. For example, the second leader, Kim Il Jong, liked to make movies so he paid a lot of money to make movies while people in his country were starving.

China

China had an economy like the Soviet Union for a long time, too. After World War 2, people in the country fought a civil war. The winners were Communists who changed the name of the country to the People’s Republic of China. Over time, they changed the economy to a system based on collectivized agriculture. There was very little industry (believe it or not!). For a long time, pretty much everyone in China was very poor and sure they were going to be poor forever (although it may not have been a big deal since everyone else was poor, too). The leader in China who thought this was a great idea died in 1976. Since he was gone, they decided to experiment with some of their ideas about allowing some freedom into the economy in the hopes of increasing everyone’s standard of living and adding more industry. So they let some people open up their own factories and make deals to make stuff for other countries. Other industries, ones that helped make heavy equipment and machines were built quickly by the government and run by the government. They also let farmers grow some food to eat and sell individually. These reforms (changes in how things are run) were very successful. Because of this, they have continued to slowly introduce more freedom in their economy. China now has the most powerful economy in the world and it continues to grow.

Japan

After World War 2 ended and Japan surrendered (do you see a theme developing here?), the United States was in COMPLETE CONTROL of Japan. The US needed Japan to be successful so they helped to rebuild the economy along the lines of the US. After the US gave control back to the Japanese, they were very successful. Part of the reason is that the Japanese had industrialized a long time ago and so were used to having a developed economy. But another reason includes the fact that the Japan chose to focus on making certain products that they thought they could export at a high price to other countries. They chose to focus on advanced electronics, new technology, and very efficient cars. Big corporations in Japan are well known throughout the world. Companies such as Nissan, Toyota, Nintendo, and Sony have made decisions about what should be made in Japan and how they should be sold. People in Japan are free to choose who to work for and if they are lucky enough to get a job with a big company, they can usually expect to have the job until they retire (in other words, they are not going to be fired). The government makes some decisions and suggestions but at the same time, the government listens to what the big companies want and try to help them get what they need. Japan has the third largest economy (after China and India—although they lost out to India because of the earthquake they suffered in 2009 messed up their economy).

Sweden

Sweden’s economy is very strong in Europe. It is so strong that they have refused to join parts of the European Union because they think it will affect their economy in a negative way. Sweden makes a lot of industrial products, most of which they trade to other countries. They have very technologically advanced factories. The government puts limits on companies but they also let the companies make important decisions. One thing the government does do is make sure that everyone has a basic living standard. They also provide benefits that many people think improve their lives. For example, Sweden makes sure that when a baby is born, the parents have enough time off. The government makes sure that people who cannot work, are very old, or sick have enough money to live on. If a family cannot afford a house, the government will help them pay for a place to live. Everyone in Sweden has health care. The government of Sweden pays for these expensive programs by placing high taxes on most everyone. In Sweden, people can expect to bring home about 40% of what they actually make after they get done paying all of the taxes they are required to. In the US, that number can range from 100% to about 60%.

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| Ism Comparison | Command | Market | Mixed Market |
| Also Known As |  |  |  |
| Who Decides |  |  |  |
| Value |  |  |  |
| Agriculture |  |  |  |
| Industry |  |  |  |
| Services |  |  |  |
|  |  |  |  |
| Example |  |  |  |
| Positive |  |  |  |
| Positive |  |  |  |
| Negative |  |  |  |
| Negative |  |  |  |