COMPARATIVE ECONOMIC SYSTEMS

INTRODUCTION

What would life be like in the North Korean economy? How would things be different in the economy of Chad? In this lesson, you will have the opportunity to compare 2 types of economies, and you’ll practice using some tools that can help you to study any economy in the world.

TASK

In this lesson you will define market economies, command economies, and developing economies. You will also compare one country with another by reference to factors associated with economic performance. There are 3 tasks for you:

1. You will complete a comparison worksheet,
2. Answer some overarching questions and
3. Prepare a presentation.

PROCESS

First we need to take a moment to look at how economists categorize economies. A market economy is characterized by private ownership of the means of production (for example, farms and factories), and supply and demand are responsible for the price and allocation decisions. The United States, Hong Kong, and Germany are considered market economies. A command economy is characterized by government (or central) control ownership of the means of production, and with a central authority setting prices of goods and services and for most allocation decisions. North Korea and Cuba are command, or more specifically communist, economies. A developing economy is one which is not yet industrialized, but is developing. Chad, Ecuador, and Bangladesh are considered developing nations.

In this lesson, you will compare several aspects of the economies of a market economy and EITHER a command economy OR a developing economy. Print the Comparative Systems Worksheet. Go to the CIA World Factbook website to find the information needed to complete the chart.

Use the information from the worksheet to consider the following seven questions.

1. How can the presence or absence of natural resources and arable land affect a nation’s economy, regardless of the type of economic system?
2. How can life expectancy and literacy rates affect the quality of labor in the economy?
3. How can fertility rates affect the use of scarce resources?
4. How can GDP per capita and poverty rates indicate standards of living in each system?
5. How can the size of the industrial/service sector and the agriculture employment rate indicate the level of industrialization?

6. How can electricity, communication, and transportation facilities indicate the potential for industrial growth?

7. Considering the lack of natural resources, the labor problems, and the lack of capital and little industrialization of developing countries, how can developing countries develop? (Hint: Look at Economy - Overview for Chad).

CONCLUSION

Market and command nations tend to place different priorities on the role of government in the economy, with the government sector generally playing a larger role in command nations. Given their resources, market and command nations can choose to focus on increased industrialization and expansion into new markets. Developing nations, however, often lack resources necessary for industrialization and must seek aid or investment from industrialized economies in order to grow. With increased globalization, we are becoming more acutely aware of the interdependence of all nations in our world economy.

ASSESSMENT ACTIVITIES:

1. Complete the Comparative Systems Worksheet

2. Now that you have studied the economic characteristics of these 2 countries, define the terms market, command, and developing economy in your own words. For each term, describe the specific characteristics of the countries you studied that would help to support your definition.

3. Prepare a presentation similar to that on the Comparative Systems Worksheet, illustrating the most important points of comparison between the nations you have selected to study. Use Google Slides, Prezi, etc. – check the Online Media Creation Resources page on my website

Lists of Economies (feel free to research your own)

<table>
<thead>
<tr>
<th>Market</th>
<th>Command</th>
<th>Developing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>Iran</td>
<td>Bangladesh</td>
</tr>
<tr>
<td>Germany</td>
<td>Cuba</td>
<td>Haiti</td>
</tr>
<tr>
<td>Sweden</td>
<td>North Korea</td>
<td>Burkina Faso</td>
</tr>
<tr>
<td>UK</td>
<td>China</td>
<td>Sudan</td>
</tr>
<tr>
<td>USA</td>
<td></td>
<td>Peru</td>
</tr>
<tr>
<td>Singapore</td>
<td></td>
<td>Mexico</td>
</tr>
<tr>
<td>Australia</td>
<td></td>
<td>Cameroon</td>
</tr>
</tbody>
</table>

http://mclingovecon.weebly.com/chapter-2-project--test.html