

## ECONOMIC SYSTEMS

An economic system is the way in which a country manages the production and distribution of its goods and services. The three major economic systems are capitalism, socialism and communism. The basic difference in the three systems is the ownership of property and resources.

<b>CAPITALISM</b>	<b>SOCIALISM</b>	<b>COMMUNISM</b>
<p>Capitalism is an economic system based on the private ownership of property. In a capitalistic society, individuals and businesses invest money in various means of productions - such as factories, machines, or land - in order to gain a profit. Individuals also invest in or own the means of distribution for finished products and goods. They decide how much they will charge for those goods, although prices are largely determined by the demands of the marketplace. The United States, Canada, and many other countries have capitalistic economies.</p>	<p>Socialism is an economic system in which the principal means of production are controlled or owned by the central government. For example, the government owns and operates major forms of industry, such as steel mills, and major resources such as forests. In socialistic economies, the government might also control major service industries, such as transportation. Individuals may own and operate small businesses. A goal of socialism is to provide all citizens with basic economic needs. Socialists ideal have influenced the economies of Great Britain, Denmark, Sweden and many other nations.</p>	<p>Communism is often defined as the final stage of socialism. The goal of a communistic economic system is to eliminate social classes, replace competition with cooperation and ultimately meet the economic needs of everyone in the society. The means of economic production and distribution are owned and controlled by society as a whole (usually represented by a central government). Communism is being replaced by capitalism in many countries. For example, the former USSR, before it was disbanded, was a communist nation. The largest communist nation in the world today is China</p>