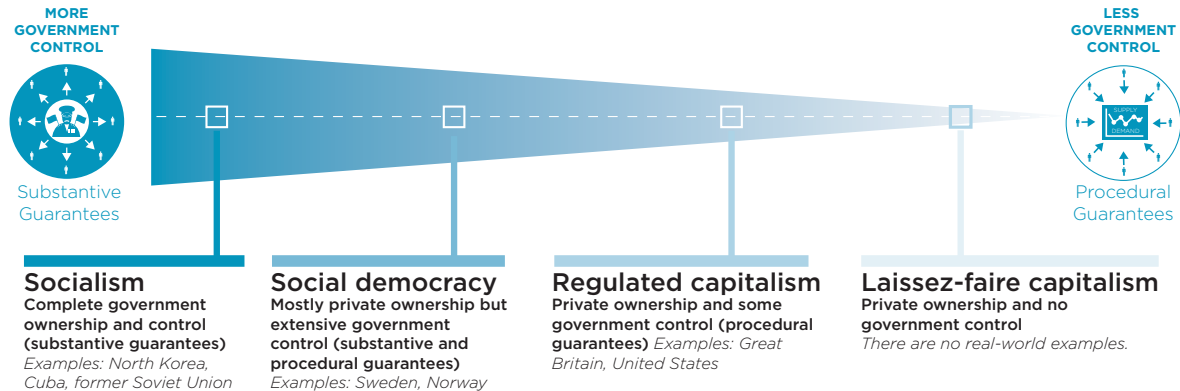


FIGURE 1.1 A COMPARISON OF ECONOMIC SYSTEMS



Economic systems are defined largely by the degree to which government owns the means by which material resources are produced (for example, factories and industry) and controls economic decision making. On a scale ranging from socialism—complete government ownership and control of the economy (on the left)—to laissez-faire capitalism—complete individual ownership and control of the economy (on the right)—social democracies would be located in the center. These hybrid systems are characterized by mostly private ownership of the means of production but considerable government control over economic decisions.