

Topic 18.2 Economic systems - Alternatives to the market economy

- traditional economy (traditional economies)
NOUN-COUNT

In a **traditional economy** each new generation retains the economic position of its parents and grandparents. The customs, beliefs and traditions of the society shape the goods and services that are produced and the way trade and commerce is performed.

The Oribu tribe is a group of nomads that live in certain area of the Brazilian Jungle Forest and function as a traditional economy.

- market economy (market economies) NOUN-COUNT

Market economies are based on consumers and their buying decisions rather than government control. They do not utilize price controls or subsidies and prefer less regulation of industry and production. Economic decisions rely on supply and demand for pricing. Government's role is to create a stable economy for the market to operate properly.

President Trump praised the benefits of a 'strong market economy' but did not echo warnings from scientists on rising temperatures.

- command economy (command economies)
NOUN-COUNT

In a **command economy**, the government controls all economic activity.

On 18 December 1978, the then leader, Deng Xiaoping, opened a meeting that officially initiated China's transition from a command economy, dominated by old-style Maoist communism, to a market economy, or "socialism with Chinese characteristics".

- mixed economy (mixed economies) NOUN-COUNT

A **mixed economy** combines qualities of market and command systems into one. In many countries where neither the government nor the business entities can maintain the economy alone, both sectors are integral to economic success.

A social democratic mixed economy recognises that only a synergy between state and enterprise prospers

- peer-to-peer ADJ
P2P ADJ

In a **peer-to-peer (P2P)** economy or business model, two individuals interact to buy or sell goods and services directly with each other, without intermediation by a third-party, or without the use of a company of business. Because of this, the producer owns both the tools (or means of production) and the finished product.

The last thing governments can afford to do is ignore the boom in peer-to-peer services and their impact on the economy.

While the peer-to-peer economy may bring with it improved competition, lower prices and better services for consumers, there is some concern that it will reduce wages.

Money is money, after all, and the peer-to-peer platforms intended to provide it at a better price by becoming an internet middleman between borrower and lender — ditching all that expensive physical and human infrastructure [of banks] in the process.

- collaborative consumption NOUN-UNCOUNT

Collaborative consumption uses technology such as smartphones and peer communities to unlock the unused or idling capacity of assets by matching 'needs' and 'haves' in ways that create greater efficiency and access.

Collaborative consumption has the power to revolutionise how we tap into idling capacity, and by doing so change the way we view and become a part of communities in unique and meaningful ways.

- idle ADJ
idle (idles, idling, idled) VERB
idling ADJ

When something is not being used, or not moving, it is **idle**. When something such as a space, time, skill, time, garden or thing is not being used, its social and economic value **is idling**. The **idling capacity** of an asset is its untapped social economic and environmental value

There's an extraordinary amount of unused stuff sitting idle in storage facilities.

Networks, smart phones and real-time platforms create the efficiency and social glue to trade, swap, barter, lend, gift or share "idling capacity" in ways that can enhance all aspects of our daily lives.

- pay-as-you-live CLASSIFIER

In a **pay-as-you-live** lifestyle, people prefer not to purchase goods. Instead they hire or rent them.

The pay-as-you-live lifestyle enables you to easily access a better and more affordable lifestyle by hiring or sharing goods and services on a temporary basis, rather than buying and owning outright.

- barter (barters, bartering, bartered) VERB
barter economy (barter economies) NOUN-COUNT

When you **barter** something for something else, you trade one commodity for another in a direct exchange. In a **barter economy** there is no commonly accepted currency, so all exchanges must be made with goods and services because money does not exist.

In Capetown, rare shell fish are bartered for drugs.

Many of us are used to bartering, swapping or trading. But these networks are now wired up globally, so this kind of networking and exchanging is second nature, even between strangers and across myriad commodities.

- swap (swaps, swapping, swapped) VERB

When you **swap** something for something else, you trade one commodity for another in a direct exchange and no money is exchanged.

In a cash-free transaction, the Triads swap the abalone for the ingredients to make methamphetamine, or 'tik'.

Instead, prisoners are pushed towards a barter economy, in which goods are swapped rather than bought and sold with money.

- sharing economy NOUN

The **sharing economy** is an economic system based on sharing underused assets or services, for free or for a fee, directly from individuals.

- on-demand ADJ

On-demand services use platforms to directly match customer needs with providers to immediately deliver goods and services.

Pizza Hut and Amazon one-hour delivery aren't the sharing economy, and these on-demand apps are no different; they are mobile-driven versions of point-to-point delivery.

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1. Match a term in the box with the economic system or business model that each person is talking about. Sometimes more than one answer is possible.

traditional economy	sharing economy	peer-to-peer	mixed economy	pay-as-you live
market economy				

- a.  I think it's great. I don't make a lot of money in my job, but, because my kids have left home, I can rent out their bedrooms and supplement my income. I've met all sorts of people doing that.
- b.  I wouldn't like to live in one. There's no choice. I mean if your father's a fisherman, you'd have to be a fisherman too.
- c.  Instead of a bulging wardrobe, my clothes rail is an ever-changing parade of vintage or second-hand designer pieces bought in charity shops, on eBay or the designer resale website Vestaire Collective. There are some cherished staples, but I buy more ephemeral items second-hand, wear them for a few seasons, and sell them on for what I bought them for. If a big event came up, I'd borrow a designer gown from a friend – or rent the latest Badgley Mischka for £89 from the online service Girl Meets Dress.
- d.  Teresa Amato is wrong when she says we should subsidize the legal profession so that poor people can have greater access to lawyers. We should deregulate it to lower its costs, rather than subsidize it.
- e.  It's quite simple. The profit motive or incentive for a financial reward for enterprise stimulates production. Information regarding available products and services needs to be available to producers and consumers. Producers use the information to set accurate prices and procure supplies at the lowest cost. Price relates directly to the costs and benefits of product creation and use and required profit.
- f.  Imagine you're a craftsperson and you want to sell beaded jewellery. Building a store is time-consuming and requires big investments on your part. However, you can use an Etsy-like platform to host your beaded jewellery. The platform has an active user base and can become an online shop of its own.

2. Complete the text with the expressions in the box.

swapped	trade	trading up	bartering app	trades	bartering
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1. When Tamio Stehrenberger, 34, of Laguna Niguel, California, had a set of speakers he wanted to get rid of, he decided to post it on Craigslist to see if he could find someone who wanted to do an electronics _____.
- Over the next couple months, Stehrenberger ended up making a series of _____ on Craigslist—each time for a higher-priced item.
5. It's called "_____" in _____ circles—and here's how it went for Stehrenberger: He _____ the speakers for a Sony desktop computer, then the computer for a Pitster Pro 125cc pit bike, then that bike for a Kawasaki 250cc dirt bike, the second bike for a front-load washer/dryer, the appliance for a Yamaha 450cc dirt bike, the third bike for a 1971 Plymouth Satellite—and finally the Satellite for a 2004 Audi Allroad Wagon.
10. "At each step, I cleaned up the item and possibly did a little here and there to increase the value, but overall, it's just about finding people who want your item more than what they have to offer," explains Stehrenberger, who has since launched his own _____, MatchTrade.
- Trading up happens, he says, because people value items differently. "I might have something that I don't care about—but you could really want or need that item," he explains. "Both parties can walk away thinking
15. they got the better end of the deal."

Source: <https://www.forbes.com/sites/learnvest/2015/07/20/bartering-in-the-modern-day-how-people-are-swapping-skills-and-services-for-free/#319195c17ed6>

3. Use the information from the text in 2. to answer the questions.

- What does 'the appliance' (*line 8*) refer to?
- Why did Tamio Stehrenberger post his set of speakers on Craigslist?
- Is it essential to improve the item you have bought and wish to sell if you are trying to trade up?
- What is the basic principal behind trading up?
- What business model is described in the text?