Types of Economic Systems Graphic Organizer

More Vocabulary

GDP-the total market value of the goods and services produced in a country in a given year

Standard of Living- How well people live in a country

Literacy Rate-the percentage of people in a country that can read or write

Human Capital (Labor)- humans working

Physical Capital (Capital)-machines and tools

Natural Resources (Land) things that come from the land like minerals and trees

Entrepreneurship- includes the ideas, innovation and risk involved in starting a business

Specialization- countries specialize in what they do best so they are more efficient and makes costs lower

Vocabulary

Scarcity- the idea that there are too few goods in a world with unlimited wants

3 Economic Questions- What to produce, how to produce it, and for whom to produce it?

Laissez-faire-the idea that there should be no government intervention in an economy

Trade Barriers-

Tariff- taxes on imported exported goods

Quota- restrictions on the amount of a good that can be imported in to a country

Embargo- forbids trade with another country

Free Trade Zone- agreement for countries to trade without charging tariffs

Currency Exchange- An exchange rate is the price of one nation’s currency in terms of another nation’s currency

Opportunity Cost-the value of what is given up when a choice is made

Traditional

Found in agricultural societies where people live the same way their parents and grandparents lived

Mixed

Most countries have a mixed economies that fall somewhere between a pure market economy and a command economy.

Market

(Free Enterprise, Capitalism)

Private citizens and companies own the factors of production. So economic decisions are based on what people want to buy or sell.

Command

The government controls what is produced and how it is produced The government owns the factors of production

Continuum

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