

# Opening

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- Turn to the next blank page in your Government Section of your notebook. Number 1-4.



1. Group of rulers with all the power  
autocracy or oligarchy?

2. This is the government that allows for most citizen participation...

oligarchy or autocracy or democracy?

3. Type of government where power is mostly held by central government

unitary or confederation or federal?

4. Type of government where power is shared between central govt and regional govts

unitary or confederation or federal?

# ECONOMY VOCABULARY



Standards SS6E1,  
SS6E2, SS6E3,  
SS6E5, SS6E6,  
SS6E7

# Economy

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- the production, consumption, and distribution of goods and services



# Public vs. Private Businesses

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- Public means it is owned by the government
- Private means it is owned by citizens
  - ‘PUBLIX’ grocery store is a private business!!!



# International Trade

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- The sale of goods or services across country borders
- Trade between different countries



# Voluntary Trade

- Same as international trade, but the countries both benefit from trade and they voluntarily decide to trade with one another





# Currency

- Something people exchange for goods or services
- Ex: The money in circulation in any country





# Gross Domestic Product (GDP)

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- The total value of all the goods and services produced in a country in a year.
- Often an indicator of Standard of Living (just like the literacy rate)
  - ...it's like a big (imaginary) calculator that keeps track of all the money spent in a country in a year.



# Top 5 highest GDPs on Earth

**YEAR 2012 estimate – The World Bank**

1	European Union ( <i>together</i> )	\$16,417,100,000,000
2	United States	\$15,680,000,000,000
3	China	\$8,227,000,000,000
4	Japan	\$5,964,000,000,000
5	Germany	\$3,401,000,000,000



**World GDP 2012: \$71,666,350,000,000**

# Top 5 lowest GDPs on Earth

**YEAR 2012 estimate – The World Bank**

188	Sao Tome & Principe	\$264,000,000
189	Palau	\$228,000,000
190	Marshall Islands	\$187,000,000
191	Kiribati	\$176,000,000
192	Tuvalu	\$37,000,000



**World GDP 2012: \$71,666,350,000,000**

# GDP per capita

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- When you take the GDP and divide it by the population of that country.
- Is a more accurate picture of how much \$\$ a country has compared to the GDP
- The average amount spent per person that year



# Top 5 highest per capita GDPs on Earth

**YEAR 2012 estimate – The World Bank**

1	Luxembourg	\$88,318
2	Qatar	\$86,507
3	Norway	\$62,767
4	Singapore	\$61,803
5	Brunei	\$53,348



**United States GDP per capita 2012:  
\$49,965 (7<sup>th</sup> in the world)**

# Top 5 lowest per capita GDPs on Earth

**YEAR 2012 estimate – The World Bank**

176	Niger	\$665
177	Liberia	\$655
178	Eritrea	\$566
179	Burundi	\$560
180	Democratic Republic of Congo	\$422

**\*all 5 countries are located in Africa**



**United States GDP per capita 2012:  
\$49,965 (7<sup>th</sup> in the world)**

# Market Economy

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- An economy where private citizens or groups of citizens own businesses.
- Citizens are free to develop many different types of businesses, so people have a wide variety of jobs, goods, and services
- People in a market economy are free to choose how to make and spend their money





# Command Economy

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- An economy where the government owns the country's resources and businesses.
- The government decides what goods should be produced and what services will be available.
- Seriously limits citizen's choices of jobs, goods, and services.



# Mixed Economy

- Some businesses are government owned and others are privately owned by citizens
- A mix of different economic systems



# Traditional Economy



- An economy where people use the same work methods and tools generation after generation.
- Citizens do not have enough goods to have a surplus (more than they need), so they cannot earn extra money to buy better equipment.
- Without better equipment, they continue to work in the same way, never changing their methods.



# Opening

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EQ:

What is a **barrier**?

What are some barriers to learning?



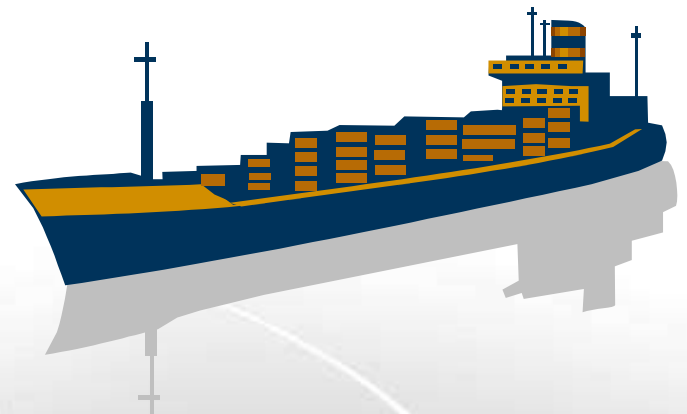
# Trade Barrier

- Barrier = wall
- Something that prevents trade
- Examples:
  - Tariff
  - Quota
  - Embargo
  - Geography (geography that prevents easy trade, like mountains, oceans, etc.)

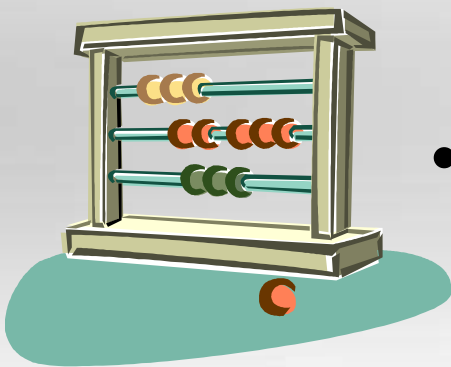


# Embargo

- A government law stopping trade between two countries.
- A government restriction on trade with a foreign nation.
- **Stops** trade



# Quota



- A **limit** on the amount of products allowed from other countries.
- Examples:
  - A restriction on the quantity (number) of a good that can be imported during a specific time period would be called an “import quota”.
  - If the United States government only allows 50 tons of corn to be imported into the US each year, this would also be called an “import quota”.
  - If your teacher has given you 20 minutes to work on an assignment, your “time quota” is 20 minutes.





# More QUOTA examples

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- Money Quota: Your parents give you \$20 a week to spend. Once you spend all \$20, you have met your “money quota”. You will not receive any more money until next week.
- Paper Quota: Your job only allows you to use 1,000 sheets of paper per year. If you use all 1,000 sheets, then you have met your “paper quota”. You will not receive any more paper until next year.



# Tariff

- A **tax** that the government puts on imported or exported goods.
- Makes trade more expensive



# Entrepreneur/Entrepreneurship

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- When a person starts, organizes and manages a business.
- They're willing to **risk** everything for the possibility of success & profits



# Capital Good/Resource

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- The products, items, and machines a business needs to run & succeed.
- Examples:
  - Machines
    - Ice machine
    - Coin press
  - Factories
    - A car manufacturing plant
  - Technology
    - Computers
    - Software



# Human Capital/Resource

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- A person who has skills for a job
- A worker or employee
- Examples:
  - A worker in a factory
  - A hair stylist
  - An actor
  - Waiter/waitress
  - A person who mows lawns
  - Teacher
  - Carpenter

