

ECONOMIC FORCES THAT INFLUENCE GDP

GDP (Gross Domestic Product)

The total dollar value of all final goods and services made within a country's borders during a 12-month period.

The 3 Economic Systems

TRADITIONAL

An economy in which beliefs, customs, or traditions answer the **WHAT**, **HOW**, and **FOR WHOM** questions.

COMMAND

An economy in which the central authority (government) makes most of the **WHAT**, **HOW**, and **FOR WHOM** decisions.

MARKET

An economy in which people (consumers and producers) answer the **WHAT**, **HOW**, and **FOR WHOM** questions

MIXED ECONOMY

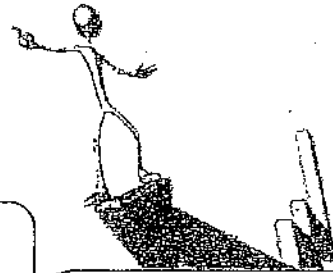
The **ECONOMIES** of ALL COUNTRIES are **MIXED**. Countries lie on an economic continuum, in which some countries are closer to a market economy and others closer to command

The 4 FACTORS OF PRODUCTION

Natural Resources: Resources found in nature used in the production of goods and services.

Human Capital: The skills, talents and education of people used in the production of goods and services.

Capital Resource: Goods such as Machines and tools used in the production of other goods and services.



Entrepreneur: Someone who takes the risk to start a business by using natural resources, capital resources, and human capital, to produce goods and services.

TRADE BARRIERS

Quota

Limit on the quantity of imports

Tariff

A tax on imported goods

Embargo

When one nation stops all trade with another nation for political reasons