A QUICK GUIDE TO

ECONOMICS

Economic Systems				
System	Description	Example		
Traditional	Produce what they need to survive (hunting, farming, or gathering)	Amish		
Command	Government control	Cuba		
Market	People control based on supply and demand			
Mixed	Mixture of pure Command and pure Market	Brazil, Canada, and US		

An economic system must answer three basic questions:

What to produce?

How to produce?

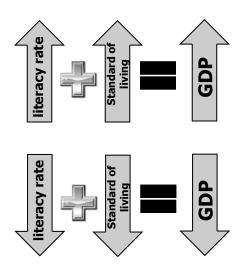
For whom to produce?

Trade Barriers Embargo = forbids trade Tariffs = taxes placed on imported goods Quotas = restrictions or limits amount of goods imported

NAFTA

North America Free Trade Agreement

- Signed in 1993
- Canada, US, & Mexico
- Eliminated tariffs
- Removed restrictions
- Removed customs barriers
- Set regulations



	FACTOR	DEFINITON	EXAMPLE
Factors that affect GDP	Human capital	<i>People</i> (humans) who perform labor	
	Capital goods	items that people need to perform their jobs	
ctors tha	Natural Resources	resources that come from <i>nature</i>	
Fa	Entrepreneurs	people with <i>new ideas</i> that are willing to take risks to start a business or make a product	

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Word	Definition
supply	how much a person has
demand	what or how much a person wants (demands)
GDP (Gross Domestic Product)	the value of all the goods and service produced in a country in one year
human capital	people who perform labor, invest by training and education
capital goods	items that people need to perform their jobs (factories, machinery, technology), invest in it by updating machinery and new computers
natural resources	resources that come from nature (timber, minerals, etc)
entrepreneurs	people with new ideas that are willing to take risks to start a business or make a product
standard of living	how well citizens live based on good public services, education, health care, good jobs
literacy rate	the ability to read and write, affects standard of living
specialization	specialize in what they do best
opportunity cost	value of what is given up when a choice is made
currency	money (examples: Canadian dollar, Brazilian real, European Union Euros, Mexican pesos)
exchange rate	How much one currency is worth in terms of another