

I. Economic Systems

1. Fill in the chart with a definition and an example of the 4 types of economic systems:

Economic System	Definition	Example
Traditional	Based on customs and beliefs	Villages in Africa
Command	Government makes all of the economic decisions	Iran, Saudi Arabia
Market	Private businesses make all of the economic decisions	No pure – Israel, Turkey
Mixed	Private businesses are in charge, but government regulates them	Most democratic countries

6. Most **democratic** countries have which type of economic system? **Mixed**

7. Most **communist** countries have which type of economic system? **Command**

8. What are the 3 basic questions that every economic system must answer?

What?, How? and For whom? to produce goods and services

9. Explain the role of free enterprise in market economics. In which country is it more common? **People as producers competing for sale of goods and services to consumers—more common in Israel, and Turkey.**

10. What is bartering? Which economic system uses bartering to trade goods?

Trading without using money; Traditional

11. Which economic system is based on individual choice? **Market**

12. Which SW Asian country is the closest to having a pure Market economy? **Israel**

II. Trade Barriers

13. Fill in the chart below with a definition of the 3 types of economic trade barriers:

Economic Trade Barrier	Definition
Tariff	Tax on imported goods
Quota	Limit on imported goods
Embargo	Complete ban on trading

14. What are 3 examples of **physical trade barriers in SW Asia**? Rivers, deserts, & mountains

III. Economic Growth (Gross Domestic Product)

16. Fill in the chart below with a definition and an example of the 4 factors that contribute to economic growth:

Factor	Definition	Example
Human Capital	Workers Education, healthcare, training	College, nurse, band practice
Capital Goods	Machines, Tools Things that you sell or produce	Technology, factories, machines, space crafts
Natural Resources	Gifts of nature	Timber, oil, coal
Entrepreneurship	Someone who starts a business	Walt Disney

IV. Comparing SW Asian Economies

20. Turkey's economy has moved away from Command and more towards Market—why? **Wants to join EU**

21. What do the economic systems of Israel, Iran, Saudi Arabia all have in common all have in common?

Mixed with some government and some individual participation and regulation

22. How does the lack of water and/or oil affect economic development in SW Asia?

V. Foreign Exchange

23. What is foreign exchange, and why does international trade require a system for exchanging currencies?

Exchanging money with other countries

24. Why does international trade require a system for exchanging currencies?

Not all currencies are worth the same amount; countries have different currencies

Directions: Complete the following for government review of SW Asia.

1. What are the two types of **Autocratic** governments?

Absolute Monarch & Dictatorship

2. What are the two types of **Democratic** governments?

Presidential & Parliamentary Democracy

3. How is the leader chosen in a **Parliamentary democracy**?

Voted in by citizens as a legislative member (MP—member of Parliament), and then is chosen as chief executive (usually is leader of majority political party)

4. Do the citizens get to choose the leader in a **Parliamentary democracy**, and how do the branches work?

Chief executive is not directly voted for by the citizens; legislative branch is elected, then they choose the head of government/chief executive who is both legislative and executive (branches work together—not separate)

5. Name the SW Asian country that has a **Parliamentary democracy**. Israel

6. How is the leader chosen in a **Presidential democracy**?

It is voted in as chief executive by the citizens

7. What is unique about a Presidential democracy?

Legislative and executive branches of government are separate

8. Name the SW Asian country with an absolute monarchy, and its type of citizen participation.

Saudi Arabia; autocracy

9. Name the country with a theocratic republic. Give its definition and type of citizen participation.

Iran; rule by a small group of religious leaders; oligarchy

Directions: Answer the following questions.

1. What does **Gross Domestic Product** mean?

the market value of all final goods and services produced within a country in a given period

2. The **higher** a country's GDP, the better the country's standard of living.

3. What is "**standard of living**"?

quality of life—the level of wealth, comfort, material goods and necessities available

4. What is literacy rate?

5. What are **natural resources**, and what are the two most important ones in SW Asia? gifts of nature, and oil and water resources

6. Why is it beneficial for a country to have an abundance of natural resources?

Increases productivity for economic growth and supplying the needs of citizens

7. What does **human capital**, and why should countries invest in developing human capital?

Workforce—people and investments for making the workers stronger/more productive (health, education, training, insurance, etc. Makes workers stronger/more productive

8. What are **capital goods**, and why should countries invest in developing capital goods?

Things you sell or produce (buildings, tools, technology, factories, etc); more efficient when capital investment increases ability to produce—leads to increased GDP and standards of living

9. What do **entrepreneurs** do, and how do they affect growth?

Provide jobs by bringing together resources for creating business. Development of business provides jobs and increases GDP