

Southwest Asia Economics Vocabulary

Vocabulary Term	Definition	Example
Traditional Economy	Based on customs and on the habits of how decisions were made in the past	Aborigines
Command Economy	A government planning group makes most of the economic decisions for the people	Soviet Union
Market Economy	Economic decisions are made by individuals who decide what to produce and what to buy	Hong Kong
Mixed Economy	Has characteristics of both a market and command economy	United States; and most countries today
Specialization	Products a country makes best that are demand on the world market	Furniture in Canada
Trade Barriers	Anything that slows down or prevents one country from exchanging goods with another	Quota, Embargo, Tariff
Tariff	A tax placed on goods when they are brought into one country from another country	A tax on car imports
Quota	A limit on the amount of foreign goods that can come into a country	A limit on the amount of imported autos

Embargo	When a country announces that it will no longer trade with another country in order to isolate and cause problems with that country's economy	Embargo on Cuba from the United States
Human Capital	Knowledge and skills that make it possible for workers to earn a living	Good health care and training
Gross Domestic Product	The value of all the final goods and services produced within a nation within a given year	Shows standard of living
Capital Goods	Factories, machines, and technology that people use to make products to sell	Computers, trucks, buildings
Entrepreneurs	Creative, original thinkers who are willing to take risks to create new businesses and products	Starting a new restaurant
OPEC	Organization of Petroleum Exporting Countries founded to set oil prices and policies	Saudi Arabia is a member
Exchange Rate	A system of changing from one type of currency to another	Exchanging dollars for Euros