

Government and Economics of Europe Study Guide

Forms of Government	<u>Term</u>	<u>Definition</u>	<u>Strengths</u>	<u>Weaknesses</u>	<u>Examples</u>
	Autocracy				
	Oligarchy				
	Democracy				
Forms of Democracy	Parliamentary				
	Presidential				
Types of Economies	Traditional				
	Command				
	Market				
	Mixed				

<u>Term</u>	<u>Definition</u>	<u>How does it contribute to Economic Growth?</u>
GDP		
Human Capital		
Literacy Rate		
Standard of Living		
Physical Capital		
Natural Resources		
Entrepreneurship		

Based on the information below, place Cuba, Australia and Brazil on the Economic Continuum. Label the sides Command and Market.



Cuba

- 1) What to produce? Most industries are controlled by the government and 75 – 93% of the labor force is employed by the government.
- 2) How to produce? and For whom to produce? Like many centrally planned economies, Cuba's state-run entities are inefficient and do not provide all the goods and services desired by citizens. Because of these inefficiencies, Cuba has a vibrant informal economy that is estimated at about 40% of the total economy.

Brazil

- 1) What to produce? How to produce? and For whom to produce? Since 1996, many Brazilian industries have become privatized. There is competition, both foreign and domestic, in most major industries. The two largest banks in Brazil are government-owned. The ownership of productive resources tends to be held by an increasingly larger yet still more privileged class, with a large number in the population living in poverty. However, Brazil has implemented reforms and has large scale participation in international free trade.

Australia

- 1) What to produce? Australia's economy is dominated by its services sector, yet it is the agricultural and mining sectors that account for the bulk of Australia's exports.
- 2) How to produce? Since the 1980s, Australia has undertaken significant structural reform of its economy and has transformed itself from an inward-looking, highly protected, and regulated marketplace to an open, internationally competitive, export-oriented economy. The overall freedom to start, operate, and close a business is strongly protected under Australia's regulatory environment.
- 3) For whom to produce? Australia currently enjoys a record high terms-of-trade well above its long-run average, reflecting the rise in global commodity prices created by booming demand in China and the drop in prices for imports for manufactured goods, mainly from China.