Chapter 3: Political and Economic Analysis

1. **Economy** - the organized way a nation provides for the needs and wants of its population.

2. **Resources** - all the things used in producing goods and services; a source of aid or support that may be drawn upon when needed.

3. **Factors of Production** - resources that are comprised of land, labor, capital, and entrepreneurship.

4. **Infrastructure** - the physical development of a country, such as roads, ports, and utilities.

5. **Entrepreneurship** - the skills of people who are willing to invest their time and money to run a business; the process of starting and operating your own business.

6. **Scarcity** - the difference between wants and needs and available resources.

7. **Traditional Economy** - an economic system in which habits, traditions, and rituals answer the basic questions of what, how, and for whom.

8. **Market Economy** - an economic system in which there is no government involvement in economic decisions.

9. **Command Economy** - a system in which a country's government makes all economic decisions regarding what, how, and for whom.

10. **Productivity** - output per worker hour that is measured over a defined period time.

11. **Gross Domestic Product (GDP)** - the output of goods and services produced by labor and property located within a country.

12. **Gross National Product (GNP)** - the total dollar value of goods and services produced by a nation, including goods and services produced abroad by U.S. citizens and companies.

13. **Inflation** - rising prices.

14. **Consumer Price Index (CPI)** - measures the change in price over a period of time of 400 specific retail goods and services used by the average urban household.

15. **Producer Price Index (PPI)** - measures wholesale price levels in the economy.


17. **Expansion** - a time when the economy is expanding.

18. **Recession** - a period of economic slowdown that lasts for at least two quarters, or six months.

19. **Depression** - a period of prolonged recession.
20. **Recovery** - the term that signifies a period of renewed economic growth following a recession or depression.