Economic Geography

Key Terms

**Free-enterprise economy**: Business governed by the laws of supply and demand, not restrained by government interference. In other words, products, prices, and services are determined by the market, not the government.

**Command economy**: a system where the government, rather than the free market, determines what goods should be produced, how much should be produced and the price at which the goods are offered for sale.

**Mixed economy**: An economy that protects private property and allows a level of economic freedom in the use of capital, but also allows for governments to interfere in economic activities in order to achieve social aims. In other words, it’s a combination between a free-enterprise economy and a command economy.

**Traditional economy:** Traditional economy is an original economic system in which traditions, customs, and beliefs help shape the goods and the services the economy produces, as well as the rules and manner of their distribution.

**Renewable resources:** A renewable resource is a resource which can be used repeatedly because it is replaced naturally.

**Non-renewable resources:** A nonrenewable resource is a resource of economic value that cannot be readily replaced by natural means on a level equal to its consumption.

**Human Capital:** A nonrenewable resource is a resource of economic value that cannot be readily replaced by natural means on a level equal to its consumption.

**Skilled Labor:** Generally characterized by high education or expertise levels and high wages.

**Unskilled labor:** Generally characterized by high education or expertise levels and high wages.

**Capital:** Capital refers to financial assets or the financial value of assets, such as cash and funds held in deposit accounts, as well as the tangible machinery and production equipment used in environments such as factories and other manufacturing facilities. Additionally, capital includes facilities, such as the buildings used for the production and storage of the manufactured goods.

**GDP:** The gross domestic product (**GDP**) is one of the primary indicators used to gauge the health of a country's economy. It represents the total dollar value of all goods and services produced over a specific time period; you can think of it as the size of the economy.

**GDP per capita:** GDP/population

**Life expectancy:** a statistical measure of the average time a person is expected to live, based on the year of their birth, their current age and other demographic factors including sex.

**Literacy rate:** The percentage of people who are able to read and write.

**Developed country:** A country that has a high level of development according to some criteria, such as manufacturing and technology rather than agriculture.

**Developing country:** A non-industrialized, poor country that is seeking to develop its resources by industrialization.

**Primary activities:** working directly with natural resources.

**Secondary activities:** creating, manufacturing, and processing of natural resources.

**Tertiary activities:** service industries (restaurants, transportation, banking, etc.)

**Quaternary activities:** consists of intellectual activities. (government, culture, libraries, education, scientific research, information technology)

**Quinary activities:** **I**ncludes the highest levels of decision making in a society or economy. This sector would include the top executives or officials in such fields as government, science, universities, nonprofit, healthcare, culture, and the media.