

Name:

## Study Guide: African Economies Study Guide

**SS7E1 Analyze different economic systems.**  
**a. Compare how traditional, command, and market economies answer the economic questions of 1-what to produce, 2-how to produce, and 3-for whom to produce.**

1. In all countries, business and industry are owned by both individuals and the government. This kind of economy is known as \_\_\_\_\_.
2. Describe characteristics of a command economy:
3. What is a traditional economy like?

**b. Explain that countries have a mixed economic system located on a continuum between pure market and pure command.**

4. In country A, most economic decisions are made based on supply and demand. Businesses are motivated by profits, and competition determines prices. There is a small amount of government regulation, but consumers usually have a great deal of choice. Where would this country be positioned on the economic continuum? Draw or explain.

**c. Compare and contrast the economic systems in South Africa, Nigeria and Kenya.**

5. Explain where Nigeria belongs on the economic continuum and how do you know?
6. Explain where South Africa belongs on the economic continuum and how do you know?
7. If Nigeria has a economic freedom number of 57.3, South Africa has a freedom number of 58.3, and Kenya has a freedom number of 55.1, which one is considered least free for citizens to engage in the economy with less restrictions?

**SS7E2 Explain how voluntary trade benefits buyers and sellers in Africa.**  
**a. Explain how specialization encourages trade between countries.**

8. Why is specialization so important in international trade?
9. If two countries produce different goods, would that make them good trade partners or would they be better off finding a new trading partner? Explain.

**b. Compare and contrast different types of trade barriers, such as tariffs, quotas, and embargos.**

10. Assume Nigeria limits agricultural imports to no more than 16.1% of total agricultural GDP. Which term describes this type of trade barrier?
11. What is the difference between a quota and a tariff?

<p><b>c. Explain why international trade requires a system for exchanging currencies between nations</b></p>	<p>12. Why do people need to exchange their currency when they travel?</p>
<p><b>SS7E3 Describe factors that influence economic growth and examine their presence or absence in Nigeria, South Africa, and Kenya.</b>  <b>a. Evaluate how literacy rates affect the standard of living.</b></p>	<p>13. What would MOST LIKELY happen to the standard of living in African countries if more efforts were taken to increase literacy rates?</p> <p>14. The literacy rate for women in Sudan is low because they have limited access to formal education. What effect might this have on the lives of people in Sudan?</p>
<p><b>b. Explain the relationship between investment in human capital (education and training) and gross domestic product (GDP per capita).</b></p>	<p>15. What is the relationship between education and training in a country and the country's gross domestic product (GDP)?</p>
<p><b>c. Explain the relationship between investment in capital goods (factories, machinery, and technology) and gross domestic product (GDP per capita).</b></p>	<p>16. What would be an example of investing in capital goods?</p> <p>17. The government of South Africa is spending money to build more roads, railroad tracks, and other infrastructure throughout the country. Why?</p>
<p><b>d. Explain how the distribution of natural resources affects the economic development of Africa.</b></p>	<p>18. When a country improves its factories, technology, and infrastructure (roads/ports/etc.), which of the following resources is it investing in?</p> <p>19. Although both Nigeria and South Africa have an abundance of natural resources, a great number of people live in poverty. Why is this true?</p>
<p><b>e. Describe the role of entrepreneurship.</b></p>	<p>20. In South Africa it is easy to start a business. In addition, private property rights are well protected. What impact does this have on a role of entrepreneurs in South Africa?</p> <p>21. A woman brings together capital, natural, and human resources to start a custom furniture business. This is an example of</p>

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