Economics 104B, Section 1
News Review #3
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This article comes from the March 18, 2005 business (C) section of the *New York Times*. Titled "Brazil Plane Maker Getting Big Orders for Smaller Jets," the article describes recent developments in the business plans of the Brazilian jet maker Embraer. Basically, Embraer has developed four models of mid-sized jets, 70-118 passenger capacity, to fill a current gap in the industry. These airplanes serve as more efficient, much less costly ways to make regional flights. This will allow for many low budget flights to previously ignored destinations within the U.S. and other regions of the world. Said the article, "[It is a] regional jet with expanded range and the comfort and feel of a big airliner at a fraction of the cost." Since the planes will allow for affordable air travel to many new cities, will help allow airlines to leave the post-9/11 travel slump behind, and have the latest technology and comfort to be offered in small-scale jets, the orders have poured in: 343 as of the date of the article.

This article has many implications in terms of "Chapter 9: Economic Growth." First of all, it is a prime example of how preexisting incentives are crucial for growth. The airplane market is a rather competitive one, and Embraer sought out new, untapped areas of this market in order to make a profit. This resulted in new technology, in terms of more efficient planes, which will spur growth of potential GDP. Indirectly, these planes have an even greater impact on economic growth. Now many more areas of the world will become far more accessible for industrialization, trade, and more chances for improved living. This article is a prime example of how the Perpetual Motion Economy works. Because of incentives, Embraer created better products and techniques, allowing their firm to grow and more people to have leisure from an increase of information and technology, giving a better standard of living to all.

Word Count: 322