

- # STOCKS
- **Read through the following PowerPoint presentation and take notes in your INB. You will also need to answer all of the questions you encounter while reading the PowerPoint in your INB. Make sure to write the QUESTION and ANSWER.**



What is the relationship between human capital, capital investment, and GDP?

SS6E3a-b, SS6E7a-b, SS6E10a-b,
SS6G4c, SS6G11e, SS6G14b



SS6E3a-b, SS6E7a-b, SS6E10a-b

- **Explain the relationship between investment in human capital (education and training) and gross domestic product (GDP)**
- **Explain the relationship between investment in capital (factories, machinery, and technology) and gross domestic product (GDP)**



**SS6G4c, SS6G11c,
SS6G14b**

**Explain how the
literacy rate affects the
standard of living**



Use the Factors that Influence Economic Growth Tree Graphic Organizer to take notes during the presentation.



With a seat partner, answer the following questions:

1. How do you measure your height?
2. How do you measure the amount of drink you have in your cup?
3. How do you measure the temperature outside?

So then, How do you think the growth of an economy is measured?



How is Economic Growth Measured?

- Economic growth in a country is measured by the country's **Gross Domestic Product (GDP)** in one year
- GDP = the total of goods and services produced in one year within a country



Gross Domestic Product (GDP)

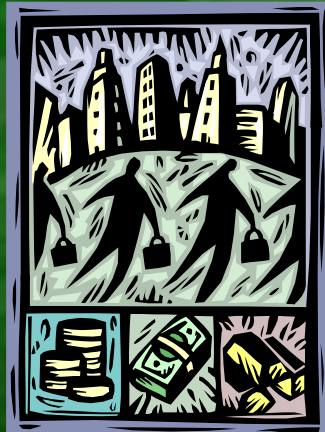
- GDP is a domestic measurement because it measures only what has been produced within a country – this does not include products that are imported.
- It is much better for the economy of a country to produce its own goods and services [this increases the country's GDP].



Gross Domestic Product

Measuring the GDP each year can:

- Compare one country's economy to another
- Check a country's economic progress over time
- Show if the economy is growing or not



What is GDP?

Video clip



Economic Growth

There are 4 main factors that influence economic growth within a country:

- Investment in Human Capital
- Investment in Physical Capital
- Land [natural resources] available
- Entrepreneurship

The presence or absence of these 4 factors determine the country's Gross Domestic Product for the year



Investment

What do you think investment means? Turn to a seat partner and share your thoughts.

Investment is when money, resources, or opportunities are provided in order to gain profitable returns in the future

Who makes the investment???



Investment in Human Capital

- **Human Capital** refers to the people who perform labor
- When countries invest in Human Capital, they are providing education and/or training for the people who perform the labor
- How would investing in human capital impact the GDP of a country?



Investment in Human Capital

Studies have shown that investment in the education and skills training of people relates to a higher GDP.

Education and the abilities it develops create a smarter and more productive workforce, which leads to greater economic growth.



Human Capital, Literacy Rate, and Standard of Living

There is a relationship between education levels and human capital in terms of people's ability to produce income.

Literacy Rate is the number of people in an area that can read and write.

Standard of Living is a level of material comfort as measured by the goods, services, and luxuries available to an individual, group, or nation.



Standard of Living

What are some of the goods, services, and luxuries that someone with a high standard of living might enjoy that someone with a low standard of living might not enjoy?



Standard of Living

Country	Puerto Rico	Haiti
Literacy Rate	94.1%	52.9 %
GDP per capita	\$18,700	\$1,400
Life Expectancy	78.58	57.56
Unemployment Rate	12%	40.6%

With a seat partner, discuss which country you think has the higher standard of living. Be able to explain your answer.



Human Capital, Literacy Rate, and Standard of Living

If you can read, you can learn. If you can learn, you can improve your work skills, and get a better job that pays a better salary. If you have a better salary, you can improve your standard of living.

A country that improves the literacy rate among its citizens will improve the standard of living within that country and improve its economy. Educated and skilled workers are an important factor in a country's economic growth.



Investment in Capital [Physical]

- Physical Capital refers to the factories, machinery, and technology used to produce goods and services.
- When countries invest in Physical Capital, they are providing better facilities, resources and/or materials for the people who perform the labor
- How would investing in physical capital impact the GDP of a country?



Investment in Physical Capital

Investment in physical capital relates to a higher GDP.

More advanced factories, machinery, and technology creates a more productive workforce, which leads to greater economic growth [higher GDP].



Distributed Summarizing

- 1. What is human capital?**
- 2. What four factors influence a countries economic growth?**
- 3. What is literacy Rate?**
- 4. What is Standard of Living?**
- 5. What is physical capital?**
- 6. What is gross domestic product?**
- 7. What is the relationship between human capital, capital investment, and GDP?**

