



# Latin American Economies

Brazil & Cuba



# Standards

**SS6E1 The student will 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.
- b. Explain how most countries have a mixed economy located on a continuum between pure market and pure command.
- c. Compare and contrast the basic types of economic systems found in Cuba and Brazil.

**SS6E2 The student will give examples of how voluntary trade benefits buyers and sellers in Latin America and the Caribbean.**

- a. Explain how specialization encourages trade between countries.
- d. Explain why international trade requires a system for exchanging currencies between nations.

**SS6E3 The student will describe factors that influence economic growth and examine their presence or absence in Latin America.**

- a. Explain the relationship between investment in human capital (education and training) and gross domestic product (GDP).
- b. Explain the relationship between investment in capital (factories, machinery, and technology) and gross domestic product (GDP).
- c. Describe the role of natural resources in a country's economy.
- d. Describe the role of entrepreneurship.

# Teachers

Print off the following page for each student. They should complete the chart while discussing the presentation.

\*You can choose which graphic organizer you'd like for them to use.





# Latin American Economies

Brazil & Cuba



# Let's Review

- Do you remember the three questions that every country must answer when developing its economic plan?
  1. What goods/services will be produced?
  2. How will goods/services be produced?
  3. Who will consume the goods/services?
- The way a country answers these questions determines what kind of economic system it will have:

# Traditional Economy

- All economic decisions are based on customs, traditions, & beliefs of the past.
- People will make what they always made & do the same things their parents did.
- The exchange of goods is done through bartering.
  - Bartering = trading without using money
- Some examples: villages in Africa & South America, the Inuit in Canada, Aborigines in Australia



# Command Economy

- All economic decisions are made by the Government.
  - The government owns most of the property, sets the prices of goods, determines the wages of workers, plans what will be made...everything.
- This system has not been very successful. More and more countries are abandoning it.
- This system is very harsh to live under; because of this, there are no PURE command countries in the world today.
  - Some countries are close: Cuba, former Soviet Union, North Korea, former East Germany, etc.
- All of these countries have the same type of government: Communist! The government is in control of everything.

# Market Economy

- Economic decisions are made based on the changes in prices that occur as buyers & sellers interact in the market place.
- The government has no control over the economy; private citizens answer all economic questions.
- In a truly free market economy, the government would not be involved at all. Scary...
  - There would be no laws to make sure goods/services were safe. \*Food! Medicine!
  - There would be no laws to protect workers from unfair bosses.
- Because of this, there are no PURE market economies, but some countries are closer than others.
  - Some Examples: US, UK, Australia, etc.



# Hmmm...

- Since there are no countries that are purely command or purely market, what does that make them?
- Most democratic countries have some characteristics of both systems, so we keep it simple and call them: **MIXED**
- Of course, most countries' economies are closer to one type of system than another.





# Brazil's Economy



# Economic System

- Like most countries with democratic governments, Brazil has a **mixed** economic system.
- It's actually closer to a market system than it is to a command one; however, there is some government regulation and control among industries (like healthcare and the postal service).
- Brazil has strong agricultural, mining, manufacturing, and service sectors.
- It has the strongest economy in South America.



# GDP

- Brazil's GDP is \$2.396 trillion (US dollars).
  - It is ranked 8<sup>th</sup> in the world!
  - Brazil has the highest GDP in Latin America.
- The GDP per capita (value of goods and services produced per person) is \$12,100.



# Natural Resources

- What are Brazil's major natural resources?
- bauxite, gold, iron ore, manganese, nickel, phosphates, platinum, tin, rare earth elements, diamonds, uranium, petroleum, hydropower, timber



# Diamond Mine in Brazil





# Land Use

- What percentage of the land is **arable** (capable of being farmed)?
  - 8.5%
- What are the major agricultural products?
  - coffee, soybeans, wheat, rice, corn, sugarcane, cocoa, citrus, beef





**Brazilian Cattle Ranch**



# Industries

- What's produced in Brazil's factories?
  - textiles, shoes, chemicals, cement, lumber, iron ore, tin, steel, aircraft, motor vehicles and parts, other machinery and equipment
- The service industry accounts for 69% of Brazil's economy – areas such as insurance, banking, retail, and tourism.



# Specialization

- Brazil's chief exports include:
  - transport equipment, iron ore, soybeans, footwear, coffee, & automobiles
- Brazil has specialized in the development of its agriculture, mining, & manufacturing sectors, and therefore has the largest economy in South America.



# Harvesting Coffee in Brazil





# Literacy Rate

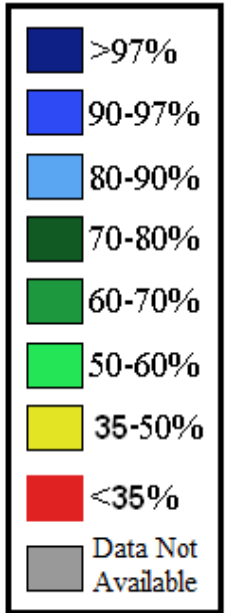
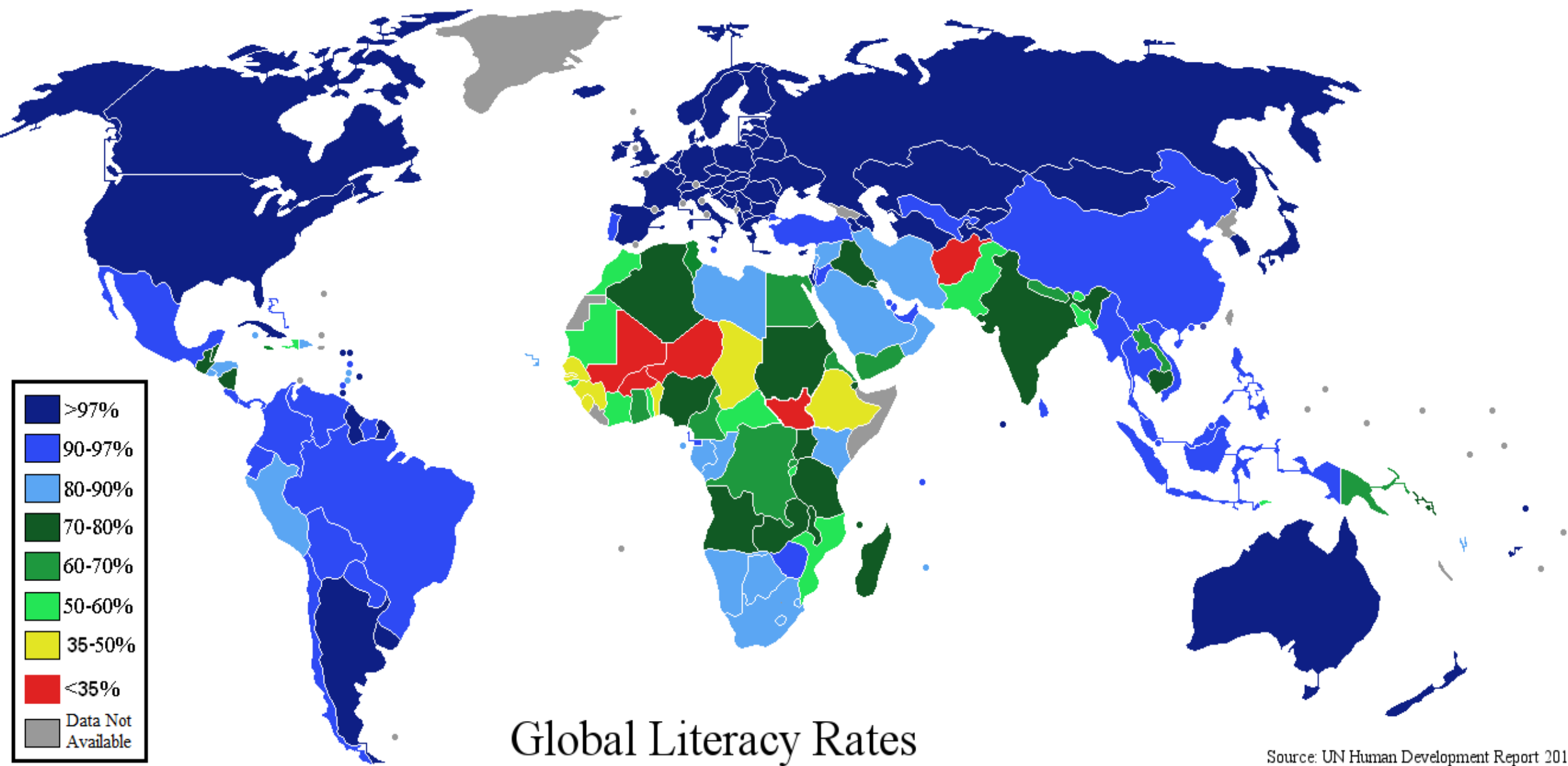
- What percentage of the population over the age of 15 can read and write?
  - 90.4%
- How long are students expected to stay in school?
  - Most students stay in school until they are 14-15 years old.



# Brazilian Schools








Global Literacy Rates

Source: UN Human Development Report 2011

# Unemployment Rate

- What percentage of people do not have jobs?
  - 5.5% of Brazil's workforce is unemployed.
- What percentage of people live in poverty?
  - 21.4% of Brazil's population live below the poverty line and cannot meet basic needs.





# Cuba's Economy



# Economic System

- Like all countries with Communist governments, Cuba has a **command** economic system.
- The government owns all resources and property, and decides what and how much are to be produced.
- Cuba's economy has struggled since the fall of the Soviet Union because it was Cuba's main trading partner.



# GDP

- Cuba's GDP is \$72.3 billion (US dollars).
  - It is ranked 67<sup>th</sup> in the world.
- The GDP per capita (value of goods and services produced per person) is \$10,200.



# Natural Resources

- What are Cuba's major natural resources?
  - cobalt, nickel, iron ore, chromium, copper, salt, timber, silica, petroleum, & arable land

# Oil Field in Cuba





# Land Use

- What percentage of the land is **arable** (capable of being farmed)?
  - 32.3%
- What are the major agricultural products?
  - sugar, tobacco, citrus, coffee, rice, potatoes, beans, & livestock



# Cuban Sugarcane





# Industries

- What's produced in Cuba's factories?
  - petroleum, nickel/cobalt, pharmaceuticals, tobacco, construction, steel, cement, agricultural machinery, & sugar



# Specialization

- Cuba's chief exports include:
  - petroleum, nickel, medical products, sugar, tobacco, fish, citrus, & coffee



# Literacy Rate

- What percentage of the population over the age of 15 can read and write?
  - 99.8%
- How long are students expected to stay in school?
  - Males – 15 years old
  - Females – 16 years old

## Cuban Schools





# Unemployment Rate

- What percentage of people do not have jobs?
  - 3.8% of Cuba's workforce is unemployed.
  - \*Note: these are "official" rates put out by Cuba's government; unofficial estimates are about double the official figure
- What percentage of people live in poverty?
  - Cuba's government does not make this information available.

# Currency Exchange

- Currency exchange is the price of one country's currency compared to another.
  - 1 US dollar = 2.33 Brazilian reals
  - 1 US dollar = 26.5 Cuban pesos
  - 1 Brazilian real = 11.33 Cuban pesos
- What does this mean?
  - Brazil's economy is stronger than Cuba's, but the US's economy is stronger than both.



# Teachers

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