



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.

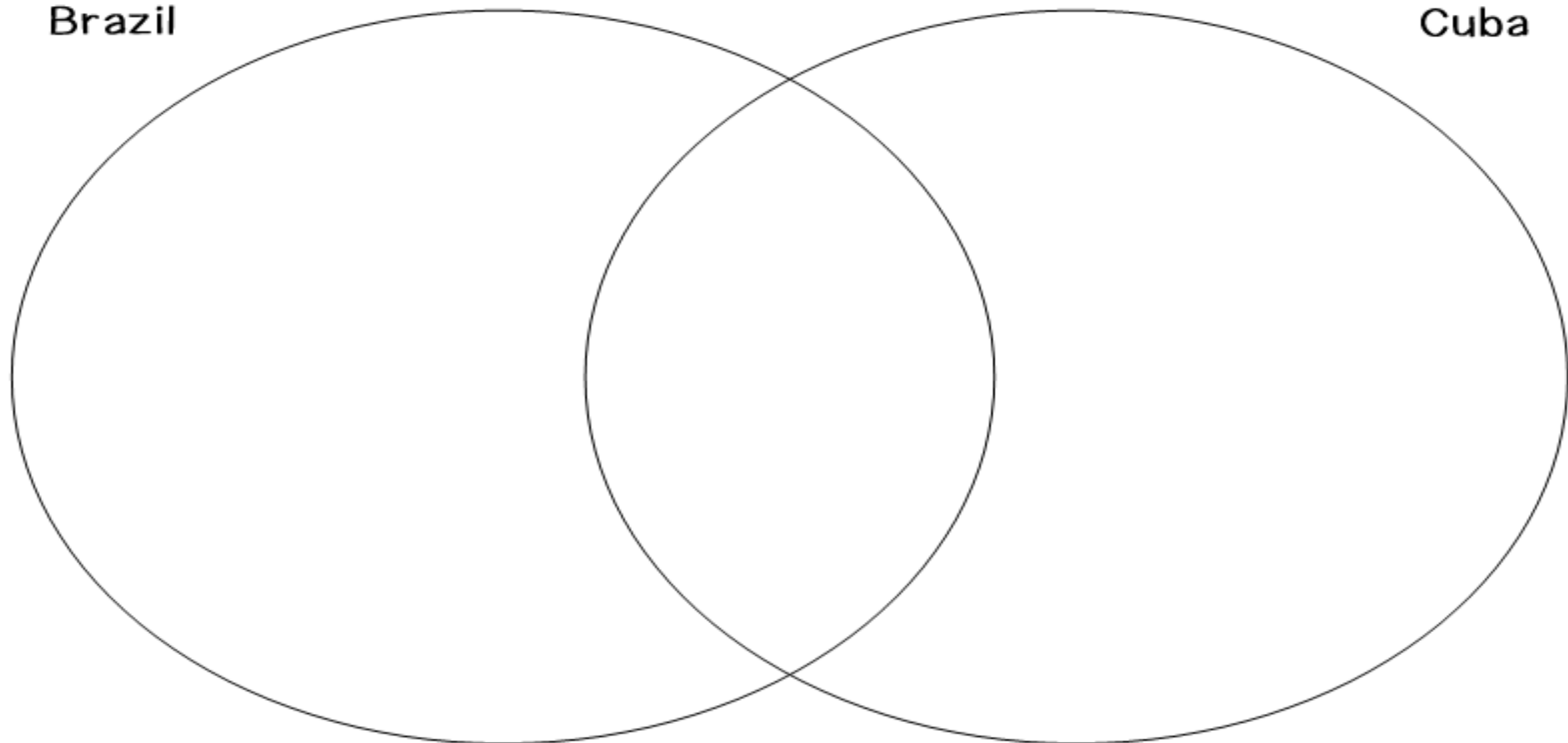
- a. Explain the relationship between investment in human capital (education and training) and gross domestic product (GDP).
- b. Explain the relationship between investment in capital (factories, machinery, and technology) and gross domestic product (GDP).
- c. Describe the role of natural resources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

Latin American Economies

Compare & Contrast

Brazil

Cuba





Latin American Economies

Brazil & Cuba

Let's Review

Economic Systems

- 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

Command

Market

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

Commmand 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.

Let's Review

Factors of Production

- There are 4 factors of production that influence economic growth within a country:
 1. Natural Resources available
 2. Investment in Human Capital
 3. Investment in Capital Goods
 4. Entrepreneurship
- The presence or absence of these 4 factors determine the country's Gross Domestic Product (GDP) for the year.

Gross Domestic Product

- GDP is the total value of all the goods and services produced in that country in one year.
- It measures how rich or poor a country is.
- It shows if the country's economy is getting better or worse.
- Raising the GDP of a country can improve the country's standard of living.

Natural Resources

- “Gifts of Nature”
- Natural resources are important to countries because without them, countries must import the resources they need (can be costly).
- A country is better off if it can use its own resources to supply the needs of its people.
- If a country has many natural resources, it can trade/sell them with other countries.

Capital Goods

- To increase GDP, countries must invest in capital goods:
 - All of the factories, machines, technologies, buildings, and property needed by businesses to operate.
- If a business is to be successful, it cannot let its equipment break down or have its buildings fall apart.
- New technology can help a business produce more goods for a cheaper price.

Human Capital

- To increase GDP, countries must invest in human capital.
- Human capital is the knowledge and skills that make it possible for workers to earn a living producing goods and services.
- This includes education, training, skills, and healthcare of the workers in a business or country.

Entrepreneurship

- People who provide the money to start and operate a business are called entrepreneurs.
 - These people risk their own money and time because they believe their business ideas will make a profit.
- Entrepreneurs must organize their businesses well for them to be successful .
 - They bring together natural, human, and capital resources to produce goods or services to be provided by their businesses.

Specialization

- Not every country can produce all of the goods and services it needs.
 - Countries specialize in producing those goods and services they can provide best and most efficiently.
 - They look for others who may need these goods and services so they can sell their products.
 - The money earned by such sales then allows the purchase of goods and services the first country is unable to produce.
- In international trade, no country can be completely self-sufficient (produce all the goods and services it needs).
- Specialization creates a way to build a profitable economy and to earn money to buy items that cannot be made locally.



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 8th 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

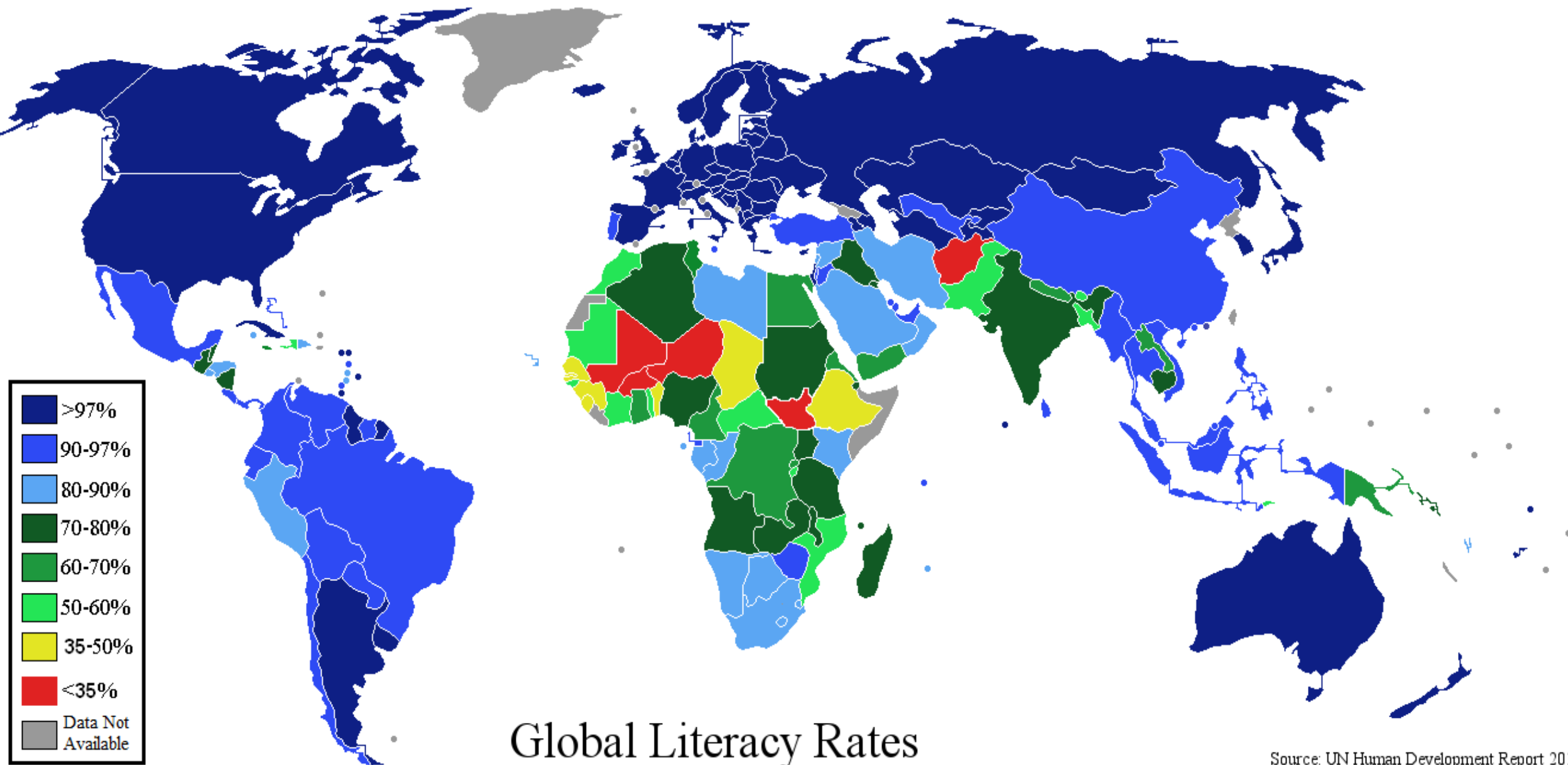


Literacy Rate

- 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 67th 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.

Here's My Card...

Directions: Create a business card for one of the Latin American economies that we have studied—Brazil or Cuba. The purpose of the card will be to encourage international trade. Your card should include: country's name, a creative logo, brief description of economy, and a list of things that your country has to offer. Why should other countries trade with you??

A large, empty rectangular box with a black border, intended for students to draw and write their business cards for Brazil or Cuba. The box is currently blank.

Economics Awards

Directions: Create an award for the economies of Brazil and Cuba. Draw the award and also include a brief description of why the award was given.



Teachers – 3.2.1. Ticket Out the Door

Have students write down 3 facts about the lesson, 2 important vocabulary words, and 1 question that they have. You can quickly read all of the questions at night and go over them the next day.

*There are two per page.

3. 2. 1.

3 Interesting Facts:

2 Key Vocabulary Words:

1 Question You Still Have:

3. 2. 1.

3 Interesting Facts:

2 Key Vocabulary Words:

1 Question You Still Have:

Teachers

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