



Comparing Economies:

Israel, Iran, Turkey,
& Saudi Arabia

Standards

SS7E5 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 economic systems in Israel, Saudi Arabia, and Turkey.

SS7E7 The student will describe factors that influence economic growth and examine their presence or absence in Israel, Saudi Arabia, and Iran.

- 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. Explain the role of oil in these countries' economies.
- d. Describe the role of entrepreneurship.



Israel's Economy

Economic System

- Israel has a **mixed economy** that is also technologically advanced.
 - This has allowed Israel to make up for much of what the country lacks in farmland and natural resources.
- The Israeli government and private Israeli companies own and control the economy.
- Because of high-tech manufacturing and financial services, Israel's economy is the most developed in Southwest Asia.
- Israel has extremely low oil production, therefore oil has very little impact on its economy.

Natural Resources

Israel does not have many natural resources.

- What are the major natural resources?
 - timber, potash, copper ore, natural gas, phosphate rock, magnesium bromide, clays, sand

Arable Land Use

What percentage of the land is arable (land that is good for growing crops)?

- 13.7% (But remember, Israel is not very big.)
- What are the major agricultural products?
 - citrus, vegetables, cotton, beef, poultry, dairy products
- Israel's limited arable land and natural freshwater resources make it hard for agriculture.





Industries

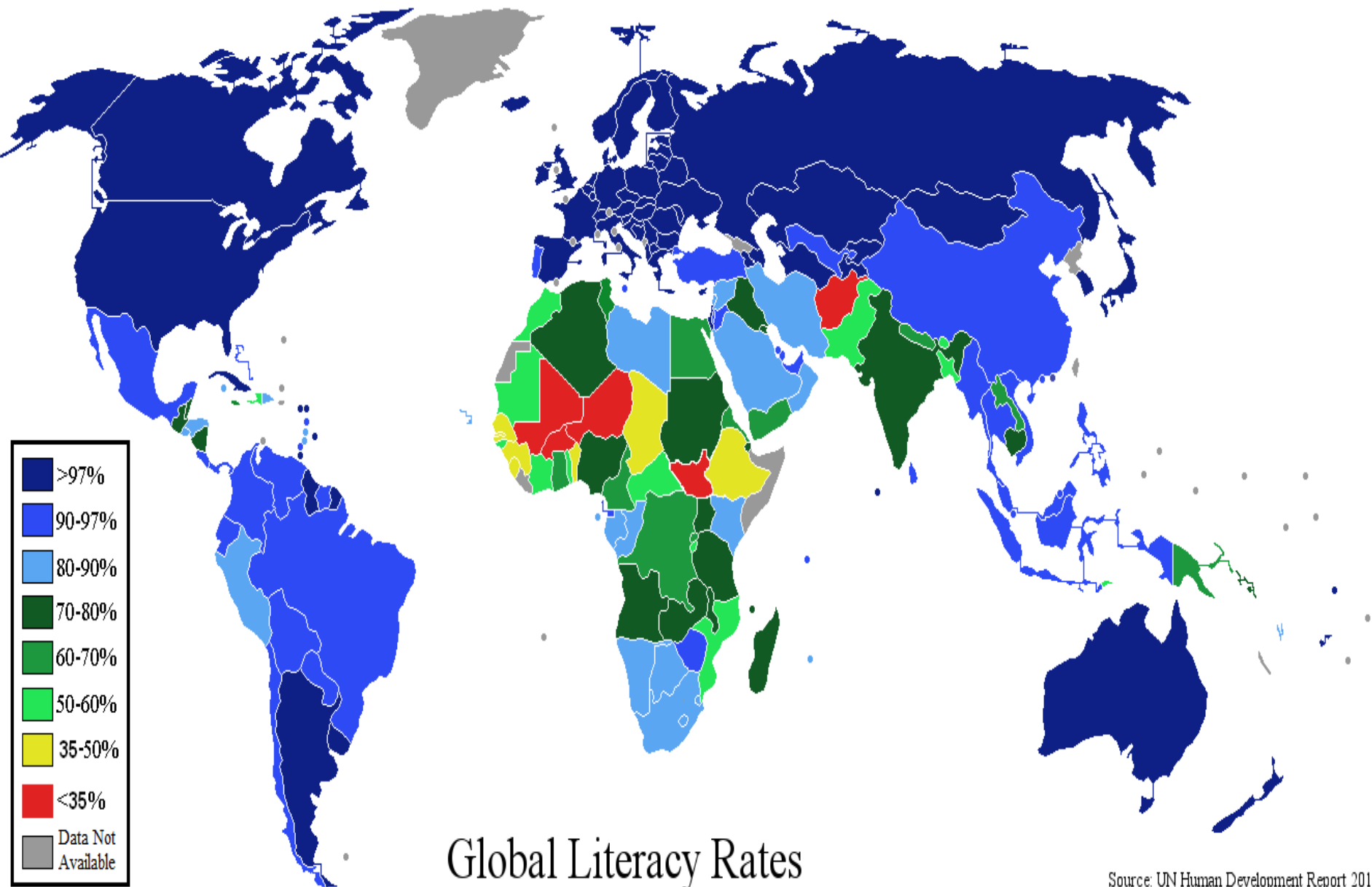
- What's produced in Israel's factories?
 - high-technology products, wood and paper products, potash and phosphates, food, beverages, tobacco, cement, construction, metal products, chemical products, plastics, diamond cutting, textiles, footwear
- The service industry (helping someone) accounts for much of Israel's economy – areas such as insurance, banking, retail, and tourism.

Specialization

- Israel's chief exports include:
 - machinery and equipment, software, cut diamonds, and agricultural products.
- Israel has become a leader in agricultural technology, even though it has a limited supply of land suitable for farming.
- The country can sell this technology to earn the money to supplement their limited production of food.

Literacy Rate

- What percentage of people over the age of 15 can read and write?
 - 97.1%
- How long are students expected to stay in school?
 - 16 years old (females)
 - 15 years old (males)



Global Literacy Rates

Source: UN Human Development Report 2011

Unemployment Rate

- What percentage of people do not have jobs?
 - 6.9%
- What percentage of people live in poverty?
 - 23.6%

GDP

- \$2.528 billion
 - 51st in the world
- GDP Per Capita--What is the value of goods and services produced **per person?**
 - \$32,800

Economic Struggles

- Israel does not have many natural resources.
 - Israel depends heavily on imports of grain, oil, military technologies, and many other goods.
- War is a major threat to Israel.
 - A large number of immigrants also present challenges to Israel's economy.
- The Israeli government has taken control of certain economic activities in order to address the warfare and immigrant problems.
 - The Israeli government controls most activities related to agriculture.



Turkey's Economy

Economic System

- In the past century, Turkey's government has really helped its economy to grow.
 - After World War I, the government invested heavily in Turkey's weapons and steel industries.
- Industries such as airlines, railroads, telephone, and television have been controlled by the government in the past.
- By the 1980s, many people objected to the government having so much control over the economy.
 - The government has begun to allow private businesses more control.
 - Today, more private ownership has been allowed, and more laws have been passed to protect business owners.
- Turkey has a **mixed** economy.

Economic System

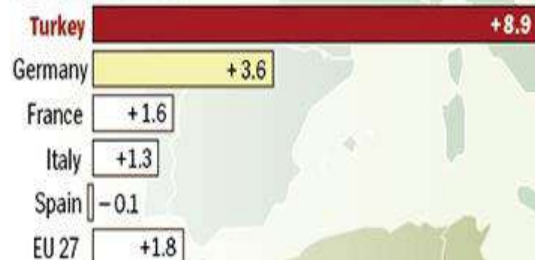
- Turkey is moving towards fewer government-run businesses and more privately-owned businesses. (Mixed)
- It's economy is diversified with large service, manufacturing, and agricultural industries.
 - Most of these products are sold and used within Turkey, but a significant portion are exported to other countries.
 - Turkey produces little oil, therefore oil has a small impact on its economy.

Rising Power on the Bosphorus

Turkey's economic performance in comparison to selected European countries (2010)

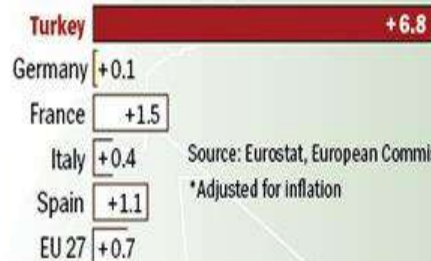
Economic growth

Annual change in percent



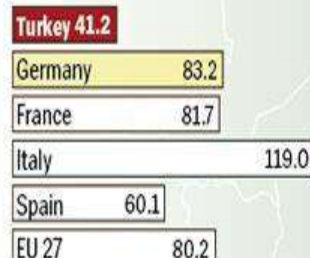
Private consumer spending

Annual change in percent*



National debt

as percentage of GDP



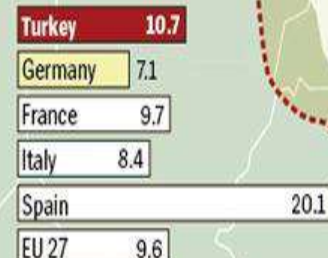
Age distribution

Percentage of population over 64



Unemployment

in percent



History:

The Ottoman Empire at its greatest extent in the 17th century, including tributary states

WEB SPIEGEL

Source: Eurostat, European Commission;
*Adjusted for inflation

600 km

Natural Resources

- What are Turkey's major natural resources?
 - coal, iron ore, copper, chromium, antimony, mercury, gold, barite, borate, celestite, emery, feldspar, limestone, magnesite, marble, perlite, pumice, pyrites (sulfur), clay, arable land, hydropower

Arable Land Use

What percentage of the land is arable?

- 26.2%
- What are the major agricultural products?
 - tobacco, cotton, grain, olives, sugar beets, hazelnuts, citrus, livestock, hazelnuts, figs, pomegranates, watermelons, and cucumbers
- A large part of the Turkey's economy is based on agriculture.
 - Turkey consistently ranks among the world's top ten nations for agricultural output.
- As Turkey continues to modernize, its agriculture continues to decline.



Industries

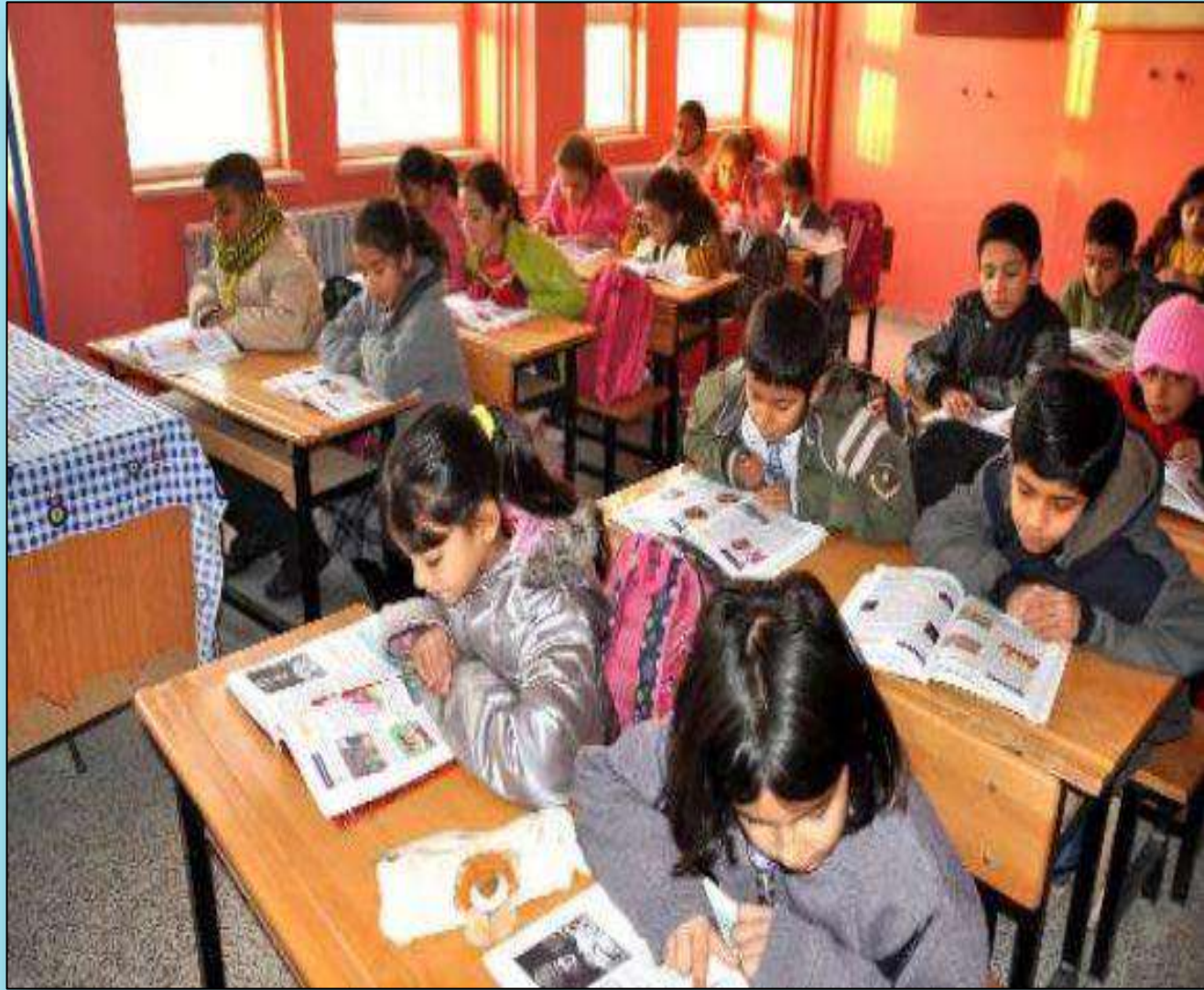
- What's produced in Turkey's factories?
 - textiles, food processing, autos, electronics, mining (coal, chromate, copper, boron), steel, petroleum, construction, lumber, paper
- The service industry makes up about half of Turkey's economy, just as it does in Israel.

Specialization

- Turkey's chief exports include:
 - apparel, foodstuffs, textiles, metal manufactures, transport equipment

Literacy Rate

- What percentage of people over the age of 15 can read and write?
 - 94.1%
- How long are students expected to stay in school?
 - Males: 14 years old
 - Females: 13 years old



Unemployment Rate

- What percentage of people do not have jobs?
 - 9.2%
- What percentage of people live in poverty?
 - 16.9%

GDP

- \$1.142 trillion
 - 17th in the world
- GDP Per Capita--What is the value of goods and services produced **per person?**
 - \$15,200



Saudi Arabia's Economy

Economic System

- Saudi Arabia has an oil-based economy with strong government controls over major economic activities.
- Even though Saudi Arabia is considered to have a **mixed economy**, the Saudi king and his advisors still make quite a lot of the country's economic decisions, especially those related to oil.
 - Saudi Arabia's economy depends predominantly on oil, its main export.
 - Oil funds the country's education, defense, transportation, health, and housing.

Economic System

- Over half of Saudi Arabia's GDP comes from oil production.
- The government owns the oil and other major industries; however, private ownership of small businesses is increasing.
- Saudi Arabia is trying to encourage more private businesses to boost the economy and decrease the country's dependence on oil.
 - It also has commercial manufacturing and financial industries.

Natural Resources

- What are Saudi Arabia's major natural resources?
 - petroleum, natural gas, iron ore, gold, copper

Arable Land Use

What percentage of the land is arable?

- 1.5%
- What are the major agricultural products?
 - wheat, barley, tomatoes, melons, dates, citrus; mutton, chickens, eggs, milk



Industries

- What's produced in Saudi Arabia's factories?
 - crude oil production, petroleum refining, basic petrochemicals, ammonia, industrial gases, sodium hydroxide (caustic soda), cement, fertilizer, plastics, metals, commercial ship repair, commercial aircraft repair, construction

Specialization

- Saudi Arabia's chief exports include petroleum and petroleum products (90%).
- Saudi Arabia is able to specialize in the production of oil and natural gas and sell these products for a great profit in the world market.
- The money earned in this trade can then be used to purchase food and the technology needed to make their agriculture system more efficient.

Saudi Oil Refinery



Literacy Rate

- What percentage of people over the age of 15 can read and write?
 - 87.2%
- How long are students expected to stay in school?
 - 15 years old

Unemployment Rate

- What percentage of people do not have jobs?
 - 10.6%
- What percentage of people live in poverty?
 - Not available (government does not release this information)

GDP

- \$921.7 billion
 - 20th in the world
- GDP Per Capita--What is the value of goods and services produced **per person?**
 - \$31,800



Iran's Economy

Economic System

- Iran has great oil wealth, like Saudi Arabia.
- Iran also has a **mixed economy** that has grown in spite of government attempts to keep tighter control.
- Iran's mixed-command economy has not been very efficient in recent years.
- Even though there is oil wealth, many Iranians do not share in the money.
 - Much of it goes toward the military.

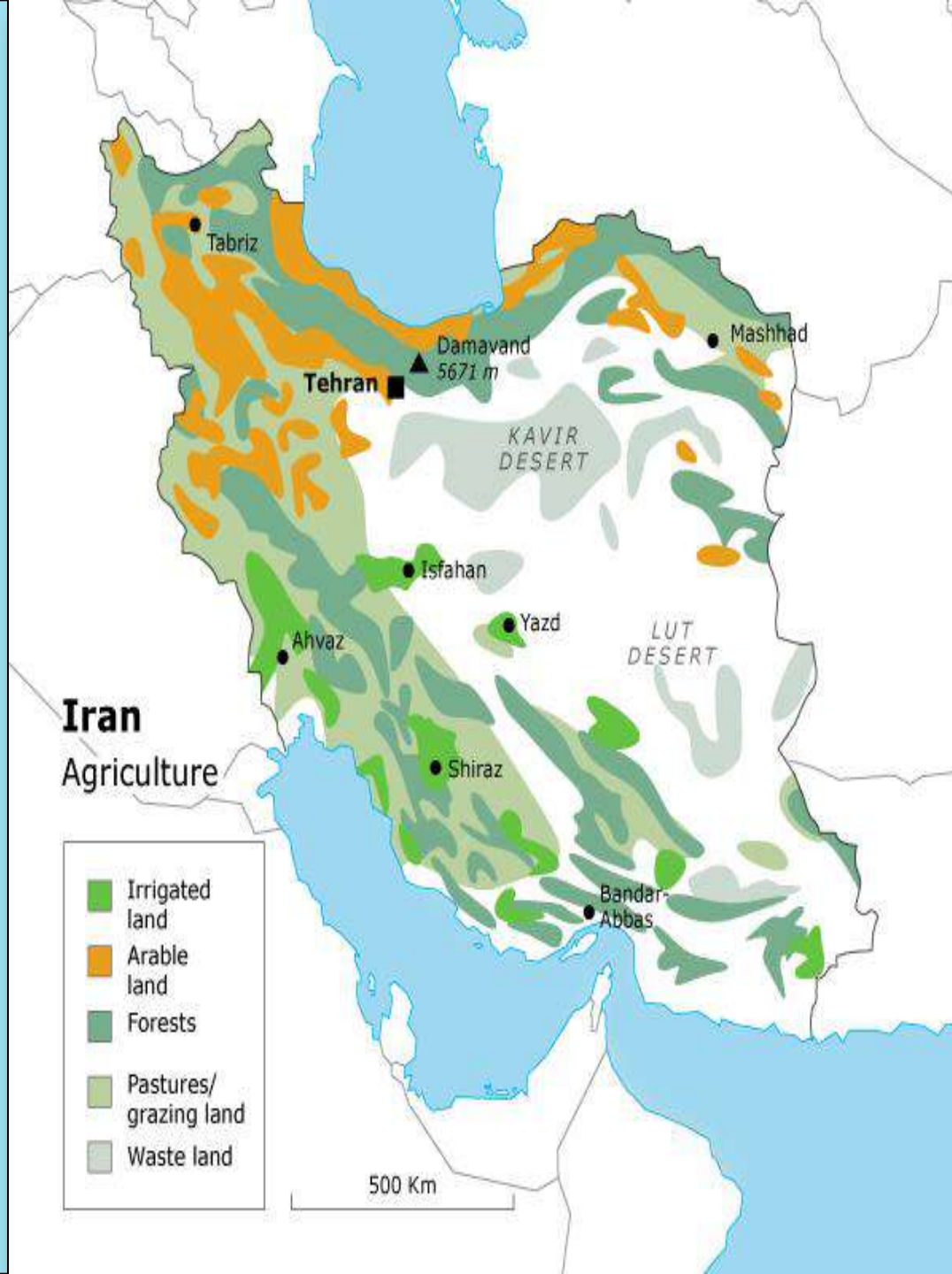
Natural Resources

- What are Iran's major natural resources?
 - petroleum, natural gas, coal, chromium, copper, iron ore, lead, manganese, zinc, sulfur

Arable Land Use

What percentage of the land is arable?

- 10.5%
- What are the major agricultural products?
 - wheat, rice, other grains, sugar beets, sugarcane, fruits, nuts, cotton, dairy products, wool, caviar





Industries

- What's produced in Iran's factories?
 - petroleum, petrochemicals, fertilizers, caustic soda, textiles, cement and other construction materials, food processing (particularly sugar refining and vegetable oil production), metal fabrication, armaments
- The service industry makes up roughly 51% of Iran's economy.

Specialization

- Iran's chief exports include:
 - petroleum (80%), chemical and petrochemical products, fruits and nuts, carpets

Literacy Rate

- What percentage of people over the age of 15 can read and write?
 - 85%
- How long are students expected to stay in school?
 - 14 years old



Unemployment Rate

- What percentage of people do not have jobs?
 - 15.5%
- What percentage of people live in poverty?
 - 18.7%

GDP

- \$1.01 trillion
 - 18th in the world
- GDP Per Capita--What is the value of goods and services produced **per person?**
 - \$13,300