

SS6E3

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- **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.

SS6E3a-Human Capital & GDP

- **Gross Domestic Product:**

- **Gross** = *total of all goods and services*
- **Domestic** = *produced within the borders of a country*
- **Product** = *final goods and services produced within one year*

SS6E3- GDP STATISTICS

- The EU collectively is #1 at \$15.7 trillion
 - United States is #2 at \$15.6 trillion

- China is #3 at \$12.4 trillion
- India is #4 at \$4.7 trillion
- Brazil is #8 at \$2.3 trillion
- Mexico is #12 at \$1.7 trillion
- Venezuela is #34 at \$402.1 billion
- Cuba is #68 at \$114.1 billion

CIA World Fact Book

SS6E3a-Human Capital & GDP

SS6E3b- Physical Capital & GDP

- The higher the GDP, the higher the standard of living

- Must invest in human capital & physical capital to increase GDP
 - Human = education, training, healthcare
 - Physical = factories, machinery, technology, buildings, etc.

SS6E3c- Natural Resources

- Natural Resources = gifts of nature such as forests, water, and fertile soil
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- A country with lots of natural resources can trade them to other countries to get things they need
 - A country with few natural resources must import the things they need, adding to the cost of goods & services
 - The more natural resources = the higher the standard of living

SS6E3d- entrepreneurship

- Entrepreneur = person who starts his own business usually with his own money
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- Entrepreneurs hire workers, pay taxes, and encourage trade within the country & with other countries (creating more jobs!)
 - Nearly impossible to be an entrepreneur in Cuba
 - Cuba has low GDP
 - Chile allows entrepreneurs and has laws to protect their businesses – Chile has high GDP