SS7E10

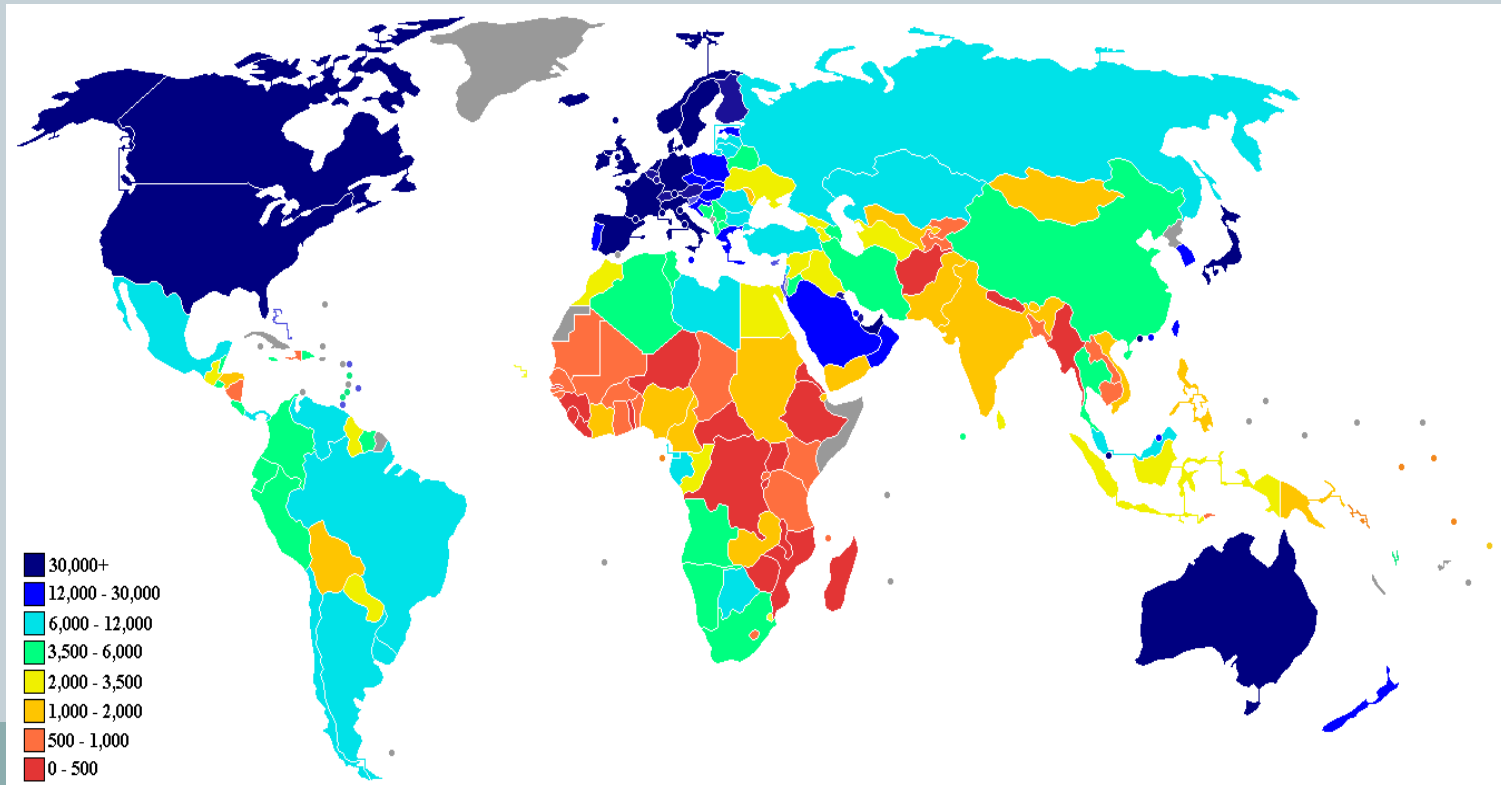## FACTORS THAT IMPACT GDP – GROSS DOMESTIC PRODUCT

GDP

- A country's GROWTH is measured by its **GDP**
- Gross Domestic Product: Value of all <u>goods</u> and <u>services</u> produced in a country IN ONE YEAR

■	30,000+
■	12,000 - 30,000
■	6,000 - 12,000
■	3,500 - 6,000
■	2,000 - 3,500
■	1,000 - 2,000
■	500 - 1,000
■	0 - 500

What influences economic growth?

- There are four factors that impact growth in a country:
  - Human capital: knowledge and skill necessary for workers to earn a living
  - Capital goods: the factories, machines, and technology that people use to make goods
  - Natural resources: raw materials that come from the land
  - Entrepreneurship: individuals who risk their time and money to start a business

FACTORS OF PRODUCTION - INDIA

- HUMAN CAPITAL
  - India invests in human capital through <u>education</u>
  - Children 10-14 have a literacy rate of <u>95</u>%
  - <u>English</u> is taught in all schools because careers in business and technology require fluency in English
  - Due to India's thriving <u>education</u> and amount of citizens fluent in English, the <u>technology</u> industry in India is booming
- CAPITAL GOODS:
  - India has <u>failed</u> to properly invest in capital goods
  - People live in <u>poverty</u>
  - <u>Infrastructure</u> in India is very poor
  - Today, government is trying to improve roads, buildings, airports to provide better standard of living

FACTORS OF PRODUCTION - INDIA

- NATURAL RESOURCES:
  - India has Fertile land for farming, rice, wheat, coal for their natural resources
- ENTREPRENEURSHIP:
  - India also has high levels of entrepreneurship – new businesses are encouraged

FACTORS OF PRODUCTION IN CHINA

- China is moving from a <u>command</u> economy to a more <u>modernized</u> mixed economy
- HUMAN CAPITAL
  - Invests in human capital by <u>improving</u> education system
  - Investing in more <u>technical</u> schools
- CAPITAL GOODS
  - China invests <u>heavily</u> in capital goods
  - <u>Foundation</u> for growing GDP
  - Improved infrastructure and bought new <u>machinery</u> for factories

FACTORS OF PRODUCTION IN CHINA

- NATURAL RESOURCES
  - Coal, iron ore, petroleum, and natural gas
- ENTREPRENEURSHIP
  - Chinese government has only allowed individual businesses since 1970

FACTORS OF PRODUCTION IN JAPAN

- One of the <u>strongest</u> economies in the world
- HUMAN CAPITAL
  - Japan <u>HEAVILY</u> invests in human capital through education
  - Literacy rate is <u>99</u>%
  - Most <u>highly</u> educated population
  - Most work with same companies their entire careers
- CAPITAL GOODS
  - Invests in capital goods by constantly investing in new <u>technology</u> and providing it's workers with the <u>best</u> equipment
  - <u>New</u> factories and machinery are also purchased

FACTORS OF PRODUCTION IN JAPAN
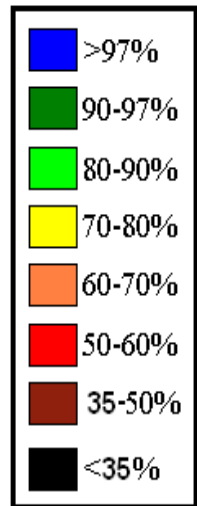
- NATURAL RESOURCES
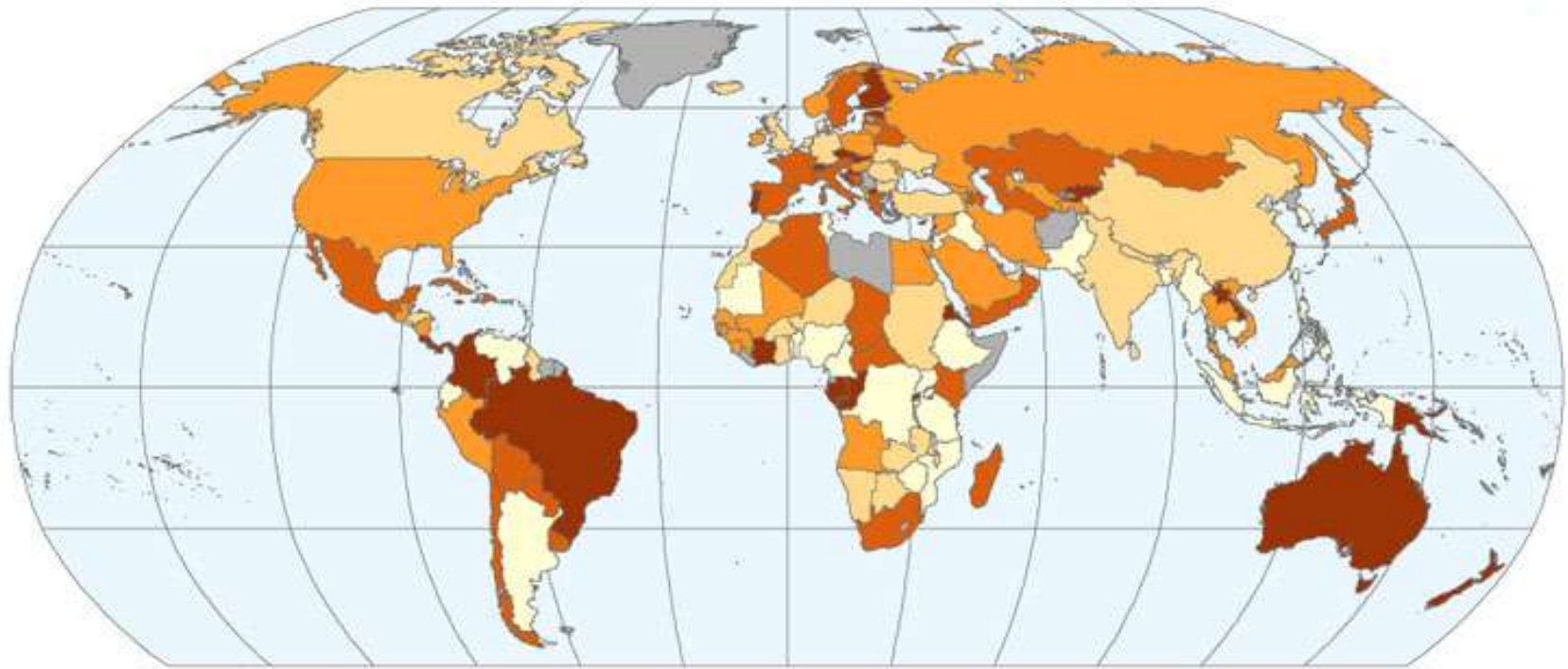 - Very <u>little</u> natural resources, must <u>import</u> raw materials
- ENTREPRENEURSHIP
  - <u>VERY HIGH</u> levels of entrepreneurship, new businesses and ideas are strongly encouraged!

Literacy Rates

🟦	>97%
🟩	90-97%
🟢	80-90%
🟨	70-80%
🟧	60-70%
🟥	50-60%
🟫	35-50%
⬛	<35%

Source: UN Hum

Productive Natural Resources Policy Category Scores (2008 EPI)

Robinson Projection

Productive Natural Resources Scores

- ☐ 0.0 - 72.8
- ☐ 72.9 - 78.6
- ☐ 78.7 - 83.8
- ☐ 83.9 - 88.6
- ☐ 88.7 - 100.0
- ☐ no data

Index Description:

The Productive Natural Resource Policy Category of the Ecosystem Vitality Objective from the 2008 EPI is a unitless score based on the theoretical range from 0 to 100 (0 represents farthest from the target and 100 represents attainment of the target). Scores are averaged across the three constituent sub-categories: Forestry, Fishery and Agriculture. Countries with no forests, no active marine fishing fleets and industries, and no land used in agriculture may be missing certain indicators, associated with those activities. This category weight is 7.5% of the overall EPI.

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