

SS7E3: THE STUDENT WILL DESCRIBE FACTORS THAT INFLUENCE ECONOMIC GROWTH AND EXAMINE THEIR PRESENCE OR ABSENCE IN NIGERIA AND SOUTH AFRICA

a. Explain the relationship between investment in human capital (education and training) and GDP.

Human Capital and GDP

- **Human capital means the knowledge and skills that make it possible for workers to earn a living producing goods or services.**
- **The more skills and education workers have, the better jobs they have. They also tend to make fewer mistakes and can learn new advances in technology more quickly.**
- **GDP is the total value of all goods and services produced by a country in a single year**
- **GDP per Capita is determined by taking the GDP and dividing that number by the total population.**

Human Capital and GDP

South Africa

- South Africa has invested heavily in human capital. They have a diversified economy and one of the highest GDPs on the continent.
- The electronics industry in South Africa requires workers with skills and training. The mining industry relies on workers who can deal with technology that is more sophisticated.
- In spite of these positive factors, South Africa still has one of the highest unemployment rates. Over

25% of their population is unemployed.

Nigeria

- Nigeria is an example of a country that should have a strong economy because they have rich deposits of oil and an educated population.
- However, years of government corruption, civil war, and military rule have left Nigeria poor.
- Nearly 70% of the population have to live on less than one dollar a day.
- Even though it has good farmland, it must import food to keep its people from starving.

SS7E3: THE STUDENT WILL DESCRIBE FACTORS THAT INFLUENCE ECONOMIC GROWTH AND EXAMINE THEIR PRESENCE OR ABSENCE IN NIGERIA AND SOUTH AFRICA

b. Explain the relationship between investment in capital (factories, machinery, and technology) and gross domestic product (GDP).

Capital Investments and GDP

- Capital goods are the factories, machines, and technology that people use to make products to sell.
- Technology can increase production and make that production more efficient.
- Producing more goods for sale in a quicker and more efficient way leads to economic growth and greater profits which leads to a higher GDP.

Capital Investments and GDP

South Africa

- South Africa is an example of a country that has invested in capital goods.
- The equipment needed to get gold, diamonds, and platinum from deep in the earth required both investment in machinery and in worker training.
- The same is true for South Africa's iron and steel production and assembling automobiles and trucks.

Nigeria

- Nigeria has invested heavily in capital goods for its oil industry.
- New technology is required in order to compete in the global oil market.
- The concentration on capital goods for this segment of the economy, however, has left many Nigerians without proper food or housing.

SS7E3: THE STUDENT WILL DESCRIBE FACTORS THAT INFLUENCE ECONOMIC GROWTH AND EXAMINE THEIR PRESENCE OR ABSENCE IN NIGERIA AND SOUTH AFRICA

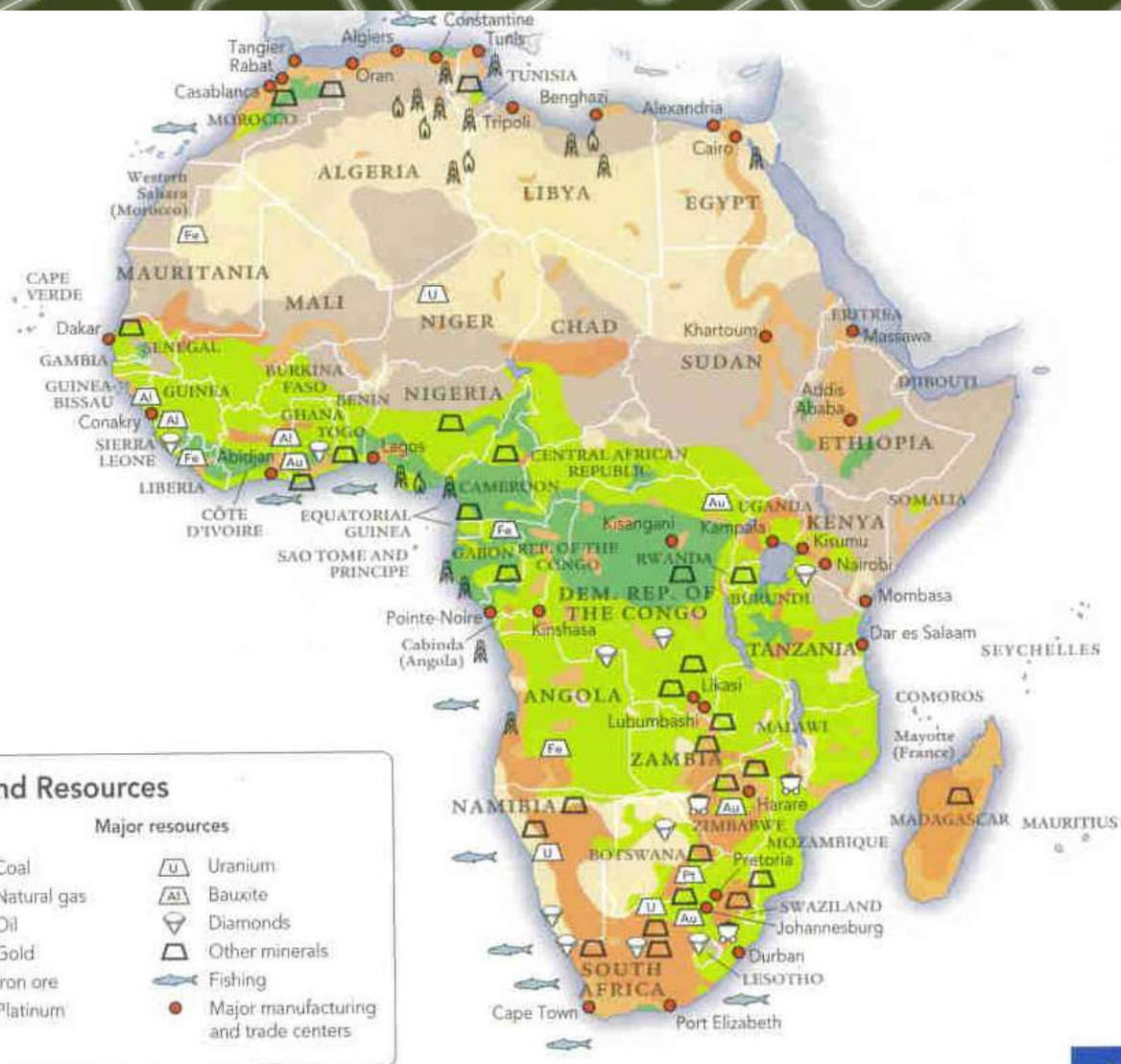
- b. Explain the relationship between investment in capital (factories, machinery, and technology) and GDP.**

Agriculture supplies the livelihood for the vast majority of Africans. Agricultural exports include coffee, cocoa beans, peanuts, palm oil, and spices. These important export crops are mainly cultivated on plantations and large farms. Areas of subsistence farming supply the needs of local communities.

Unfortunately, poor soils and unfavorable climate conditions, as well as political unrest and unstable economies, all have an adverse impact on agricultural activity and therefore the standard of living.

Minerals account for more than one half of Africa's exports. Oil, diamonds, gold, cobalt, and several other minerals are leading exports. However, important mineral deposits are limited to a handful of countries.

Manufacturing has been slow to develop on the continent. Lack of money and skilled labor are the main deterrents.



SS7E3: THE STUDENT WILL DESCRIBE FACTORS THAT INFLUENCE ECONOMIC GROWTH AND EXAMINE THEIR PRESENCE OR ABSENCE IN NIGERIA AND SOUTH AFRICA

- c. Explain how the distribution of diamonds, gold, uranium, and oil affect the economic development of Africa.**

Uranium and Oil

Uranium:

- **Uranium is an element that is an essential part of nuclear weapons.**
- **For that reason, there has been a brisk undercover trade in uranium between countries.**
- **Uranium is also used as a fuel component in nuclear power plants and to determine the age of artifacts.**
- **It is even used in some photographic chemicals.**
- **Africa currently supplies about 20% of the world's uranium.**

Oil:

- **Another of Africa's natural resources is oil.**
- **Some researchers estimate that about 30% of newly discovered oil deposits in the world today are going to come from Africa.**
- **Most of the know reserves are in African countries along the Mediterranean coast.**
- **Oil reserves should guarantee a country economical prosperity. However, this has not been the case in Sub-Saharan Africa.**
- **Profits from oil sales often go into the pockets of corrupt politicians and businessmen.**

Gold and Diamonds

- **The discovery of gold and diamonds in Africa has been a mixed blessing. In some areas, the wealth from diamond mining has been used for the good of the country.**
- **The dominate diamond company in South Africa is DeBeers. They regulate trade and the country is enjoying the benefits. Despite this, there is still a great deal of poverty in South Africa.**
- **In other African countries, diamond wealth has led to chaos. Stolen or smuggled diamonds have been sold on the world market to provide money for weapons for soldiers in a number of different wars and conflicts. This trade is called “conflict diamonds” and has been a major provider of the money needed for arms and ammunition.**
- **South Africa has lead the African nations in the mining and sale of gold. South Africa is believed to have approximately 40% of the world’s gold. The South African government has been able to use much of the gold profit to improve the country and help its people.**

SS7E3: THE STUDENT WILL DESCRIBE FACTORS THAT INFLUENCE ECONOMIC GROWTH AND EXAMINE THEIR PRESENCE OR ABSENCE IN NIGERIA AND SOUTH AFRICA

d. Describe the role of entrepreneurship.

Entrepreneurs in Africa

- **Entrepreneurs are creative, original thinkers who are willing to take risks to create new businesses and products.**
- **Many of the nations on the continent of Africa are ready for development, and many African governments want to do whatever they can to encourage bold and innovative business people.**