CHAPTER 19 NOTES:

SS7E6 a-e:

Specialization of trade: No country produces everything it needs. Country selling product makes profit; country buying gets what it needs.

Middle East: S. Arabia, Iran, Iraq, Kuwait exports oil. U.S. imports oil because it does not have enough. U.S. Exports food, medicine, raw materials to M.E.

Read the bottom of page 94. What does Canada need? What does it specialize in making. What does Iran need. What does Iran specialize in making.

Canada needs:	Canada makes:
Iran needs:	Iran makes:

Trade barriers: Tariffs, quotas, trade embargoes.

United States as had several embargoes against Iran because of terrorism involvement.

In 1990 Iraq invaded Kuwait, United Nations placed embargo against Iraq to only export enough oil to feed people. U.N. Attempted to force Iraq to pay for war damages and destroy nuclear, chemical and biological weapons.

U.N. Placed arms embargo on Afghanistan after Sept. 11, 2001 terrorist attack on U.S. Members of U.N. Could not sell weapons to Afghanistan because of violent group running government.

Saudi Arabia wanted to join World Trade Organization, had to lift trade embargo against Israel. No trade barriers between members of WTO.

OPEC: Organization of Petroleum Exporting Countries 1960 created by Iran, Iraq, S. Arabia, Kuwait, Veezuela. Unify oil prices to stabilize prices, sets price and amount of oil produced.

Answer question 3 on OPEC.

Senteos: Page 95. 1-8

CHAPTER 20 NOTES:

SS7E7 a - d:

Factors that influence economic growth: human capital, capital, natural resources, entrepreneurship.

GDP measures a country's economic performance, compare it with other countries

Investment in human capital: education/training leads to higher GDP

Israel:

Since 2003, GDP rise 5 % a year. Invested in human capital = high number of scientists/engineers. Literacy rate 97 % highest in ME. Capital investments, high-tech industries, upgrades infrastructure.

Senteos page 99 1-4

Answer question in notes on bottom of 99: If Israel had oil, how might economy be different.

Saudi Arabia:

Oil creates healthy GDP now, investing in future. Unemployment rate is high, many outsiders fill jobs because low skilled native workers. Human capital investment sends college students abroad. Revising its own education system. Capital investment to improve rail system to transport oil. Also factories, infrastructure, and on-job training.

Page 100 1-4 Senteos

Iran:

Oil keeps GDP growing and providing government revenues. No luck with exporting goods because prices too high. Lack of investment in human capital: high unemployment, untrained to do available jobs, weak education system, poor training for work. Educated Iranians leave because of government control. Economy controlled by government. Increasing human capital investment by improving education and literacy rate, building schools and colleges. Lack of capital investment - does not reinvest money into oil equipment. Foreign investors do not like Iranian government.

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