Chapter 20
SS7E7
Factors that influence Economic Growth: human capital (workers), capital (factories), natural resources (come from land), entrepreneurship (risk takers.)

Economists measure performance with GDP - compare/ measure health

Investment in human capital = training, education
Investment in capital resources = new equipment, machinery
These investments increase a country's GDP.

Israel: GDP increase 5 percent annually. Invested in human capital - highly educated workforce, scientist/ engineers. Literacy rate = 97 percent.

Capital investments - foreign companies invest, high technology industries.

Infrastructure - mass transit/ highways
Little oil/investment in educated workforce/ high-tech industry

page 99
A. GDP
B. infrastructure improvements
C. human capital investment

D. capital investment
1. financial assistance for college expenses
2. investment in a high-tech factory
3. growth rate of five percent
4. new highways and mass transit

Saudi Arabia: Oil-anchored economy, healthy GDP.

Realize oil won’t last. High unemployment rate, foreigners filling jobs because untrained native workers.

Human capital investment - sending students to Asian colleges. Redoing education system in country.

Capital investments - railway project; built factories; infrastructure improvements.

King Abdullah Economic City (KAEC) - finishing in 2020; providing millions of jobs.

page 100
H= Human capital investment
C=Capital resource investment

1. Sending university students abroad to study
2. High-speed railway project
3. Modern economic city
4. Revising its education system

Iran: Oil-anchored economy. Growing GDP, most of revenue comes from oil.

Lack of human capital investment; high unemployment; untrained workers; weak education system. Educated professors leave country because gov't controls what is taught. Building new schools; prioritizing adult literacy and education.

Capital investments: only investing small amount of profits back into oil and infrastructure. Foreign investment low because untrusted gov't. Investing in roads, communications, and machinery.
page 101
A = True
B = False
1. The basis of Iran's economy is oil.
2. Educated citizens are leaving Iran to work in other countries.
3. Iran has done a good job of training its citizens for work.
4. Iran's economy has suffered due to lack of capital investment in its oil-producing facilities.
5. Unemployment in Iran is low among young men.
6. Most of Iran's economic activity is controlled by the government.
7. Iran's government controls what is taught in the schools.

Entrepreneurs take risks and are valued by countries.

Israel: Gov’t supports E. with tax breaks; supported in technology sector. Train immigrants; 55+ to start businesses

Saudi Arabia: Encouraging E. Cut requirements to start new businesses; reforming government to make it easier to start businesses but still rigid laws discouraging E.

Iran: Small # of E but growing. Credit difficult to get; high interest rates charged by private lenders; little training for managers. Women are starting businesses from home.