Chapter 30
SS7E9
Specialization (working efficiently) encourages trade, = lower costs. Countries trade to get what they need. Opportunity cost = value of what is given up when a choice is made. In Japan make cars and pencils, decide to focus on cars, the O.C. is the money they would have earned from pencil sales.

Trade requires foreign exchange - converting money to trade. = how much one currency is worth related to the other. Peso - Mexican  Dollar - U.S.

Chapter 31
SS7E10
Factors influencing economic growth (4) = human capital (workers), capital (factories), nat. resources (oil), entrepreneurship (bus. owners).
Gross Domestic Product (GDP) total value all goods/services produced in a year.
Investment in human capital (college - educ./training)
Investment in capital (new tools) = increase in GDP
p. 157
1. human capital
2. capital
3. natural resources
4. entrepreneurship

a. coal mine
b. scientists, factory worker, accountant
c. idea for a new car powered by solar energy
d. new robotic technology in a factory

India: education/h.c. investment. new schools/ universities. literacy rate - 74 percent (increase in future.) English taught in schools. Information technology - outsourcing (tech support) because pay less for workers.
Capital investment - neglected infrastructure (bad roads, power outages.) Gov't improving roads, airports, RR, power plants.
page 158
A=True
B=False
1. Education and human capital investment is important to India's government.
2. The literacy rate among India's children is very low.
3. The English language is not taught in Indian schools.
4. India needs to invest more money in its infrastructure.
5. American companies save money by outsourcing and hiring Indian workers.

China: Investing in H.C. - improving education. College enrollment up, especially engineering.Building technical schools.

Capital investments - manufacturing (half GDP), infrastructure water, electric, transportation.

Japan: At end of WWII, country in ruin, now one of strongest economies in world. Investment in H.C. - highly value education - entrance exams to get into high school/college, very competitive.
Capital investments - new tech, equipment. Gov't encourages saving with tax breaks, which buy new factories and machinery. Modern, reliable infrastructure.
Page 159
A = Japan
B = China
C = Both
1. College enrollment has soared over the past decade.
2. Students take high school and college entrance exams.
3. Many college students major in engineering.
4. Manufacturing accounts for half of GDP.
5. Strong, reliable infrastructure.
6. Strong investment in human capital.
7. Government encourages savings by people and companies.
8. Strong capital investment.
9. History of investing in latest technology.

Natural Resources: source of income for countries

China - lots including coal, iron, petroleum, natural gas. Little farmland, but much land/rivers.
India: Most valuable is fertile land/lots of water. Half of country farmed, grow rice/wheat. Much coal/forests.
Japan: little farming/natural resources. Imports raw materials, exports products from manufacturing. Educated workforce overcomes few natural resources.

Entrepreneurs: Provide new ideas for products/services; use human, capital and NR. Take risks/borrow money.
Rising India/China. India gov't supports E with training/facilities. China - private business fastest growing segment of economy; gov't helps small business, encourages foreign investment.
Japan - low rate of E, hard to get loans, little training. Companies hire for life (job security); do not like risky business.

page 162
1. Entrepreneurship in India is:
a. increasing b. decreasing c. staying the same
2. Entrepreneurs in China have:
a. little success b. government funding c. many problems
3. Entrepreneurship in Japan is:
a. low b. readily funded by banks c. both a and b
4. Entrepreneurs are important because they:

a. have new ideas     b. help companies adapt to change  c. both a and b