Chapter 10
SS7E3 Factors that influence economic growth

1. Human Capital (people who perform labor) e.x. Teacher,
2. Capital (factories, and machinery) e.x. Roper - stoves
3. Natural Resources (things that come from land like minerals or trees)
4. Entrepreneurship (ideas, innovation, risks) McDonalds

Gross Domestic Product- the total market value of the goods and services produced by a country's economy during a year
Investment in human capital: education and training
South Africa: strong commitment to education, education/training of workforce, 3 percent annual growth in GDP.
Capital investment - improve electrical output, rail and ports to improve transportation
Nigeria: did not support education, relied on oil and did not fund human capital. Healthy GDP but 70 percent live below poverty level. Poorly

equipped/funded schools. In past neglect capital resources. Now trying to turn around by creating public-private partnerships to improve infrastructure.
In Africa there is uneven distribution of natural resources.
Unstable government - rich in resources does not mean a prosperous economy and has a negative impact on nation's development.
Half the worlds diamond from Africa.
Botswana -prosperous economy and stable government. Diamond sales back into country's infrastructure with roads, schools, clinics.
Sierra Leone and Democratic Republic of Congo - armed soldiers steal diamonds, sell them to support wars.
South Africa has one-half world's gold reserve, used to fund modern infrastructure with good transportation system, reliable communications.
Ghana - standard of living is twice as high as neighbors but relies heavily on foreign assistance.

Mali - mines gold but is one of poorest countries in world. Senegal - gold not important part of economy.
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1. T/F The stable government of Botswana has used the income from diamonds to build its infrastructure.
2. T/F Money from diamonds has supported wars in Sierra Leone and the Democratic Republic of the Congo.
3. T/F A country will always have a strong economy if it has one valuable natural resource.
4. T/F Gold is the basis of South Africa's strong economy.
5. T/F The gold mined in Mali has made it one of the richest countries in the world.

Oil: Nigeria one of largest producers in Africa but people are poor because money goes to corrupt politicians. Oil industry polluting air, soil and water affecting fishing and farming. International companies seek oil in Nigeria and support country in hospitals and schools, though creates problems. China brings workers and cheap goods leading to unemployment.

Uranium: radioactive element found in rock, soil, water. Fuel for nuclear power and weapons. Africa produces 16 percent of world’s uranium. Niger, Namibia and South Africa major suppliers. In 1980s use dropped, Niger’s economy fell 50 percent.
Today interest in Uranium developing again. Uranium near surface (gold very deep) so easy to mine. Namibia/Botswana reviving U industry. In South Africa in past lots of pollution in U industry to new technology and practices make it cleaner and safe today.
All of Africa’s GDP will benefit from Uranium mining.

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1. T/F Namibia’s economy is benefiting from renewed interest in uranium.
2. T/F The search for clean fuel has revived the uranium industry.
3. T/F Uranium by-products can pollute both

land and water.

4. T/F Uranium is found in deep mines.
5. T/F South Africa mines uranium and uses it for its nuclear reactors.
6. T/F New technology makes mining uranium safer.

Entrepreneur - Someone with good idea for good/service who takes risk to produce it.

Nigeria: Few banks will invest loans in entrepreneurs but will support long-term business investments.
South Africa: New businesses lack education, funds and skills. Many people fear failure of starting businesses. Government/private trying to help.