Bell Ringer Page 61

Explain the following statement:

Our world is interdependent.

Learning Objectives: I will be able to…

Understand how economic development is measured and labeled.

Identify ways a country can increase its economic development.

Examine reasons individuals and countries trade.

Investigate the workings of domestic, international, and free trade.

CC: 5.4-5.5 Economic Development and Trade

CC: 5.4-5.5

Development

Economic Development=Economic Growth

When studying development the following are analyzed:

1. Literacy
2. Citizen’s Education
3. Life Expectancy
4. Purchasing Power (ability to buy goods and services)

Developed Country

- Strong Economy
- High Standard of Living
- Make Up 20% of World's Countries

i.e. Japan, USA, Canada, Switzerland

Developing Countries

- Less Productive Economies
- Lower Standards of Living
- Make Up the Remaining 80% of World's Countries

I.e. Ethiopia, Haitia

How do you know if a country is developing?

Gross Domestic Product (GDP)

Economists use GDP to measure a country's economy.

GDP= Total value of all goods and services *produced* in a country in one year.

To increase GDP, country's can do the following:

1. Increase Productivity
2. Improve Techonology

Productivity

Productivity=The amount of goods and services produced given the amount of resources used.

- A business that increases productivity can produce goods and services more efficiently.
  - This can lead to more productive workers making higher wages.

Technology

Technology= the practical application of knowledge to accomplish a task.

Increases in technology creates new products.

Examine the Map on page 65 of the text

1. Where can you find the lowest human development levels?

2. How would you describe human development in Asia?

Trade

Trade=exchange of goods and services in a market.

Trade benefits both the buyer and the seller

Geography and Trade

- Geographic location can give a country an edge in trade.

    i.e. a region or country that is close to an ocean can more easily ship goods overseas.

Domestic Trade vs. International Trade

Domestic Trade: All buying and selling that takes place *within* a country.

International Trade: Trade with foreign producers and consumers. It involves *exports* and *imports*.

Exports: goods and services produced within a country and sold outside the country's borders.

Imports: goods and services sold in a country that are produced in other countries.

Trade Barriers

Trade Barrier: government policy or restriction that limits international trade.

Governments try and protect domestic producers through a *tariff,* which is an example of a trade barrier.

Tariff = tax on imports or exports.

Checks for Understanding

1. If U.S. companies buy chocolate from Switzerland and sell it to American consumers, is the chocolate an export or import?

2. How might geography affect the locations of economic activities?

3. How might scarcity encourage international trade and make countries interdependent?

Word Map: Page 60

Use the model on the next slide to guide you.

Make your own word map on page 60 of your ISN, using the word *productivity*.

Word Map Follow the model below to make a word map. The key term *developed country* is in the center oval. Write the definition in your own words at the upper left. In the upper right, list Characteristics, which means words or phrases that relate to the term. At the lower left list Noncharacteristics, which means words and phrases that would not be associated with it. In the lower right, draw a picture of the key term or use it in a sentence.

Definition in your own words	**Characteristics**
a nation with a strong economy and a high standard of living such as Japan	• United States, Japan, Australia, many European nations • people have access to a lot of goods and services • people have medical care, homes, and wages
developed country	
Noncharacteristics	**Picture or Sentence**
• developing country—a nation with a less productive economy and low standard of living such as Haiti • people struggle to have the basic necessities of life (food, clean water, shelter, and medical care)	Developed countries' strong economies are responsible for the high standard of living their people. Developing countries want to create strong economies for thi reason.