Economies of South Africa & Nigeria
Essential Question

1. How do the African economies of South Africa and Nigeria compare and contrast?
Economic Systems

• A way a society organizes the production, distribution, and consumption of goods and services.

• Three basic questions each economic system has to answer:
  – *What to produce?*
  – *How to produce?*
  – *For whom to produce?*

• Four types of Economic Systems:
  – *Traditional*
  – *Command*
  – *Market*
  – *Mixed*
Most countries have a mixed economy located on a continuum between pure market and pure command.
Type of Economy: South Africa

- **Mixed; technologically advanced**
- **Strongest & most developed in Africa.**
Place on the continuum: South Africa is a strong market economy with some command characteristics.
Goods Produced/Major Exports: South Africa

- **Mining (platinum, diamonds, gold)**, automobile assembly, machinery, textiles, iron and steel manufacturing, chemicals, fertilizer
GDP per capita: South Africa

- $11,600

Unemployment Rate: South Africa

- 25%
Type of Economy: Nigeria

• **Mixed; poorly organized = long period of military dictatorship & corruption.**

• Currently:
  • More private ownership allowed.
  • Taking advantage of strong world oil market.
Place on the continuum: Nigeria is on the market side of the continuum, but is more toward the command end than South Africa.
Goods Produced/Major Exports: Nigeria

- Oil - main export.
- Once exported food & other agricultural products, but now must import them.
GDP per capita: Nigeria

- $2,800

Unemployment Rate: Nigeria

- 23.9%
Human Capital: South Africa

- **BIG FOCUS** - the country’s most important industries need educated, skilled workers.
  - Electronics industry requires workers with skills & training.
  - Mining industry relies on workers with knowledge of the newest technology.

- Still have the **highest unemployment rate in Africa**.
  - Most are black Africans still suffering from the effects of Apartheid.
Capital Goods: South Africa

- **Invests in equipment & technology to mine for gold, diamonds, & platinum.**
- Invested in iron & steel production for assembling automobiles.
Natural Resources: **Uranium**

- **5.5% of world’s supply**
- **Radioactive element used to produce nuclear power plants & weapons.**
Natural Resources: **Gold**

- 40% of world’s gold-leads Africa in mining & selling of gold.
- Gov’t uses profits to improve lives for citizens.
Natural Resources: **Diamonds**

- **49% of world’s supply**
- Dominated by DeBeer Company.
- Political stability is good for business, so diamond trade is well regulated.
- Uses profits to help the country & people.
Human Capital: Nigeria

• **Has an educated population, but gov’t corruption, civil war, & military rule have left country poor.**
  - 70% of the country’s population lives on less than $1.00 per day.
  - Once an agricultural country with plenty of crops, now has to import food in order to feed its population.
Capital Goods: Nigeria

• **Bought new technology to compete in global oil market & left many Nigerians in EXTREME POVERTY!**
Natural Resources: *Oil*

- 6th largest oil producer in world
- Member of OPEC
- $ goes to corrupt politicians.
- Oil spills = pollution problems.
Entrepreneurs

- **People willing to take a risk & start a new business.**
- **Many African nations ready for development & governments try to help these people.**
Trade Barriers
What are Trade Barriers?

Anything that slows down or prevents one country from trading goods with another.
Why do countries put trade barriers in place?

- To protect local industries from lower priced goods made in other countries.
- To stop trade between countries with political problems.
What is a Tariff?

A tax placed on imported goods to make the imported item more expensive than a similar item made locally.
Example of a Tariff...

If a country in Africa wanted to be sure only locally grown grain was purchased, the government might place a tariff on any grain imported from other countries. That tariff makes the imported grain more expensive than the locally grown grain. As a result, sales of imported grain would go down, and sales of locally grown grain would go up.
What is a Quota?

- A limit on the amount of a product that can be imported in a given period or how much of a product can be produced.
Why would a country place a limit on imported goods?

- *In hopes that more people will buy products made locally.*
What is an Embargo?

When one country no longer trades with another country.
What goal is a country trying to achieve when they place an embargo on another country?

- To isolate that country and cause problems with that country’s economy.
Why did a number of countries of the United Nations have a weapons embargo on South Africa?

- They wanted South Africa to end its system of Apartheid.
Let’s Review... Trade Barrier Scenarios

Country A restricts the number of cars that may be imported each year from Country B.

QUOTA
Let’s Review…Trade Barrier Scenarios

Country A imposes taxes on certain imported goods.

TARIFF
Let’s Review... Trade Barrier Scenarios

A tax of 15% makes jewelry from South Africa more expensive than jewelry made in Nigeria.

TARIFF
Let’s Review... Trade Barrier Scenarios

Japan may export only 15,000 automobiles a year to the United States.
Let’s Review...Trade Barrier Scenarios

European nations announced they would no longer trade with the Republic of Sudan as a result of the genocide in Darfur.
BUSINESS CARD ACTIVITY

Label page 92 in your Interactive Notebook with the title of this task and today’s Essential Question!
Essential Question

How do the African economies of South Africa and Nigeria compare and contrast?
Your Task: Create a business card for ONE of the African economies we have studied that could be used to encourage international trade.

Your Business Card MUST include the following:

- Name of your chosen country (South Africa OR Nigeria)
- A creative logo that will catch someone’s attention!
- Description of your country’s economy (Type AND factors that influence growth)
- List of goods and services your country can offer as exports.
- At least THREE COLORFUL images of your resources (natural, capital, and human)

DUE: THURSDAY, 12/11!