Job Sectors

Saturday, 21 November 2015 5:05 pm

1. Primary —> Production of natural resources (Agriculture, mining) {LAND}
2. Secondary —> Manufacturing (car production) {LABOUR, CAPITAL}
3. Tertiary —> Service {EDUCATED LABOUR}

Countries try to move from primary to tertiary because there is more money in tertiary

Industry Sectors

Sunday, 22 November 2015 11:16 am

1. **Primary** : Extraction of resources from the land. Taking things out, or agriculture or livestock.
2. **Secondary** : Process natural resources
3. **Tertiary** : Selling and preparing, providing a service/ processed good

Countries try to move from primary to tertiary because there is more money in the tertiary sector.

Functions of money

1. **Medium of exchange**: To exchange for those goods and services
2. **Measure of value**/Unit of account: how much something is worth
3. **Stores value** : More or less keeps its value
4. **Means of deferred payment**: IOU

Why we need money

1. We **aren't self sufficient** : For goods and services we each need but aren't able to produce for ourselves
    1. We specialise in certain tasks, so we can only produce some specific products
2. **Access to different resources**
    1. We don't have access to all resources, making trade essential

What makes good money?

1. **Acceptable**: everyone must accept it, even from other countries
2. **Durable**: Has to last over time
3. **Portable**: Easy to carry around
4. **Divisible**: Into smaller units and values
5. **Scarce**: Lose its value if too abundant

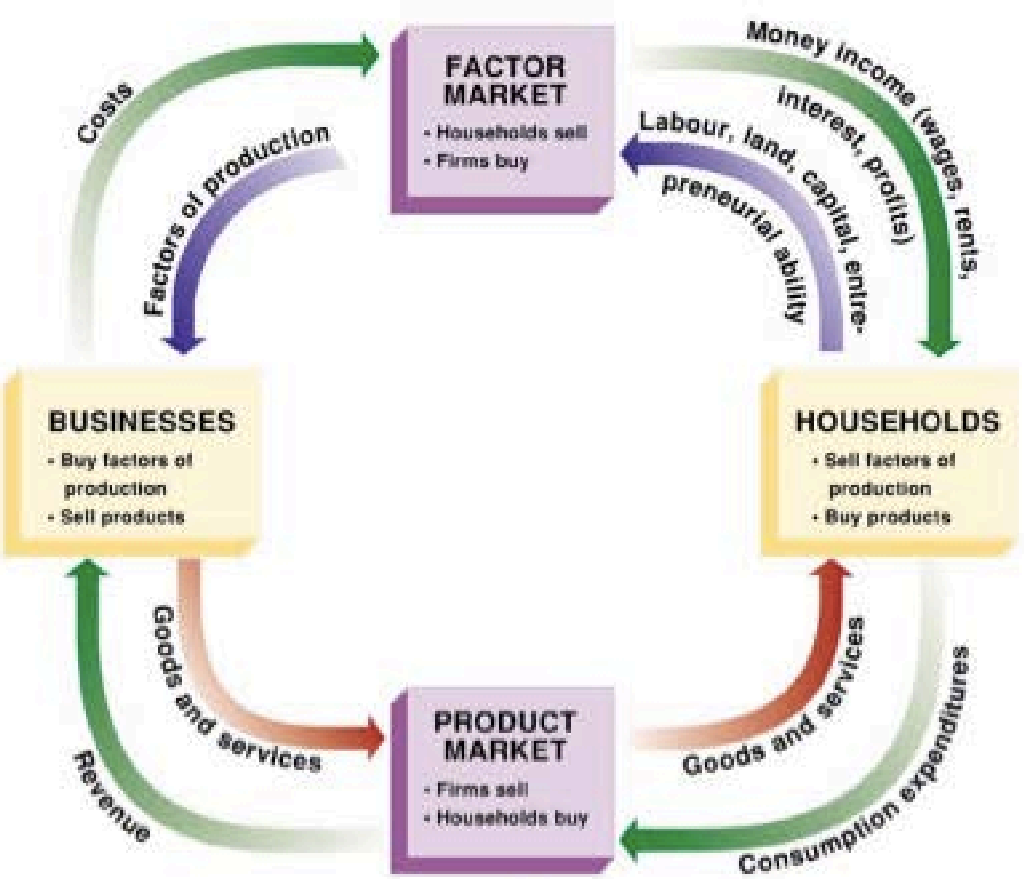
Barter

1. Difficult to establish value
2. Barter involves **double coincidence of wants**
    1. The trade can be done only if the supplier has something to offer the consumer and the consumer has something that the supplier needs. This exchange can't work unless both sides have goods that they can trade and goods that the other party wants.

Gross Domestic Product

Sunday, 22 November 2015

GDP is the total value of all goods and services produced by an economy in two consecutive quarters.



The circular flow diagram shows the flow of goods / resources / money in an economy.

Ways to measure GDP

GDP = total output = total income = total expenditure

This means that the value of all goods and services is equal to the total income earned and is equal to the total expenditure

Types of GDP

Nominal GDP

Nominal GDP is GDP that isn't adjusted for inflation (useful for showing current amount of GDP)

Real GDP

Real GDP is GDP that has been adjusted for inflation (useful for showing economic growth)