



Economics - an Analysis of STEEPLE

By Elizabeth, Lana, Jing, Anirudh, and Josh S

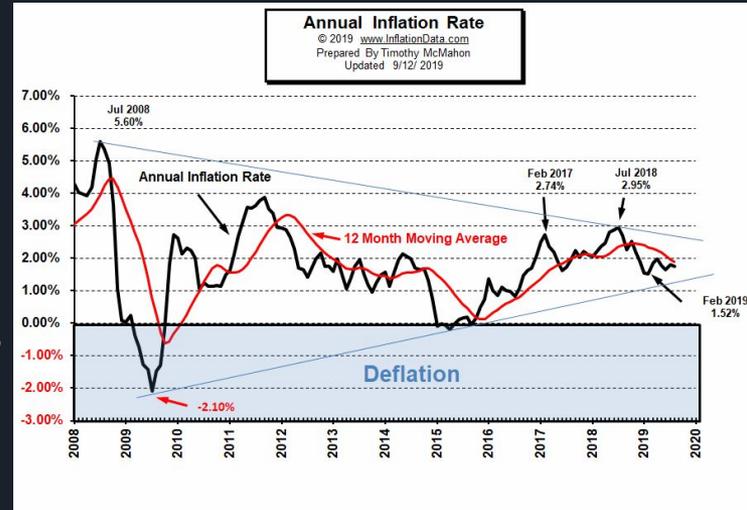


Economic Opportunities and Threats

- Refers to the state of the economy in which businesses operate
 - Influenced by government's ability to deal with 4 key economic objectives
 - controlled inflation
 - reduced unemployment
 - economic growth
 - a healthy international trade balance

1. Controlled Inflation

- Inflation: continual rise in general level of prices
 - Ideal Conditions: low and stable inflation
- Complicates business planning and decision-making
 - Inflation affects production costs, pricing, and wage claims
- High inflation makes a nation less price-competitive
 - Leads to fall in export earnings, lower national output, higher unemployment





Causes of Inflation

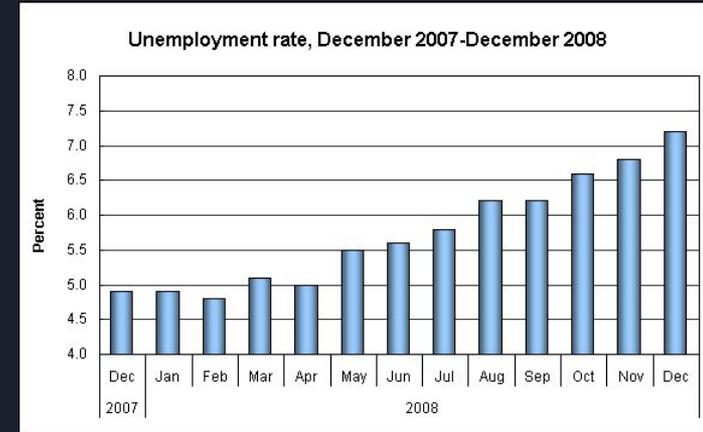
- Caused by excessive demand or higher costs of production
 - If income levels are high and there is a rise in consumption, inflation increases
 - More money is in the market
 - If production costs increase, inflation increases
 - Includes increased wages, raw material prices, rents
 - Leads to rise in price - inflating the value of a certain product
- Example from book: Zimbabwe's hyperinflation
 - Higher production costs & demand = rise in prices
 - To combat this, government prints new bank denominations
 - Hastens inflation - skyrockets to 231,000,000%

2. Reduced Unemployment

Unemployment Rate - “measures the proportion of a country’s workforce not in official employment”

Governments reduce unemployment due to social costs of unemployment:

- Stress, depression, low self-esteem
- More poverty means higher crime levels
- Taxpayers have more burdens
- Government’s country loses competitiveness and deteriorates





6 Types of Unemployment

- Frictional: when lots of people change jobs at once and there's a lag
- Seasonal: caused by periodic and recurring changes in demand for a product
- Technological: introduction of labor-saving tech, causing massive layoffs
- Regional: different rates in separate areas, more common in rural districts
- Structural: when demand for particular products continually falls, so long-term structural changes in demand
- Cyclical/demand deficient: lack of demand in the economy overall, MOST SEVERE form of unemployment as it affects all industries



2. Reduced Unemployment

Solutions vary based on the type and source of unemployment:

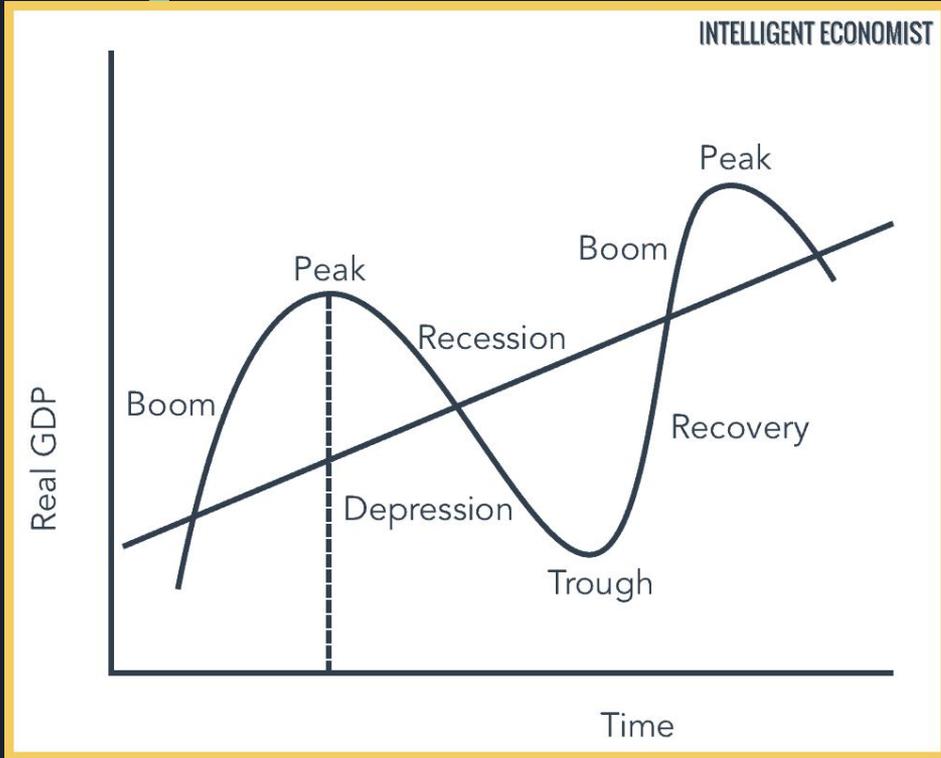
- Reduce taxes/interest rates/increase spending to boost consumption and borrowing in economy
- Protective measures to safeguard business from outside competition
- Lowering corporate tax/interest rates to stimulate business activity and investments long-term
- Increased spending on education/training for future generations more skilled and flexible

Theory of Knowledge:
“To what extent should governments be morally obliged to provide free education and health care?”

Case study

In 2013, the number of people unemployed in Spain exceeded 6 million for the first time in the country's history. Spain's unemployment rate hit a record 27.2% as the country struggled to get out of the recession. The number of people considered long-term unemployed (those out of employment for more than a year) increased to 3.5 million. The youth unemployment rate (for those aged under 25) was a staggering 57%.

3. Economic Growth



the increase in a country's economic activity over time

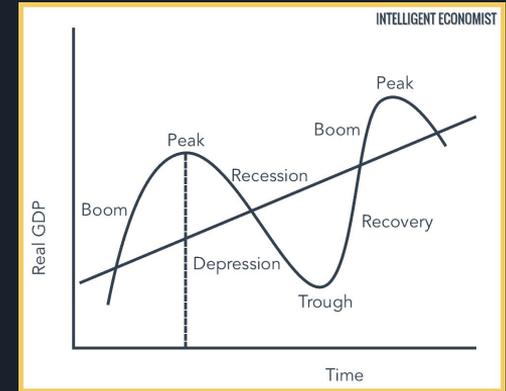
- measured by the change in value of an economy's total output
- the pattern of fluctuations in economic growth is the business cycle

Parts of the Business Cycle: Boom

- Economic activity increases
 - customer expenditure and investment and export earnings
 - consumer and business confidence levels
- unemployment levels are low

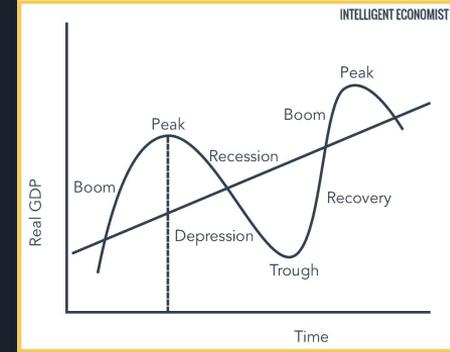
ex. Roaring Twenties: the US economy grew 42%

- Average income rose from \$6,460 to \$8,016 per person
- Stock market increased in value by 20% a year
- Unemployment stayed at around 4%



Recession

- Occurs when there's a fall in gross domestic product for 6 months
 - declining aggregate demand
 - lower investment
 - falling export sales
 - rising unemployment
- small businesses are extremely sensitive to recessions



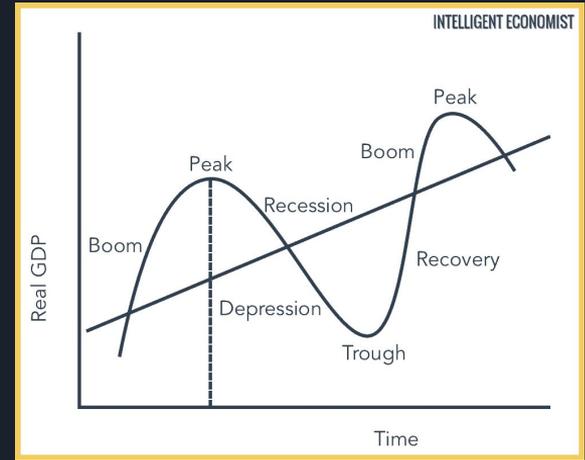
2008 recession: unemployment reached 10%, the highest since 1982

Trough or Slump

the lowest point of the recession

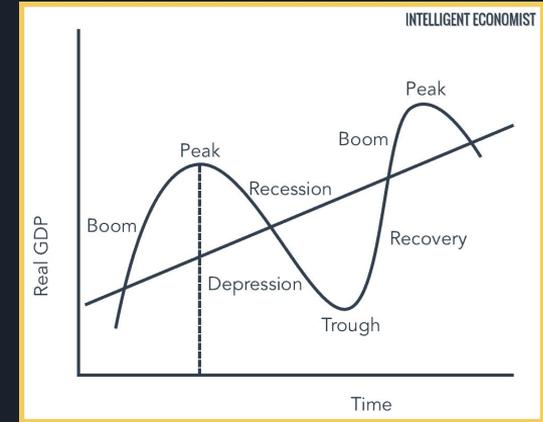
- high unemployment
- low customer spending
- many businesses will have closed down due to poor cash flow and a lack of money to run the business
- little confidence in the economy
- lack of job security

Great Depression: unemployment reached 25% overall



Recovery

- GDP starts rising again
- national output and income increase with
 - consumption
 - investment
 - exports
 - employment



Great Depression Recovery: governmental projects





4. Healthy International Trade

“Internal trade balance”- records the value of a country’s export earnings and its import expenditure.

- Government strive to avoid a deficit on their international trade balance.

“Exchange rate” - measures the value of the domestic currency in terms of foreign currencies.

- Altered to correct an imbalance on international trade balance
- Fluctuations in exchange rate can create threats for business



Protectionist Measures

- any government policy used to safeguard domestic businesses from foreign competitors
- types
 - tariffs - taxes on imported products
 - quotas - quantitative limits on volume/value of imports
 - subsidies - payments made by government to domestic businesses as financial aid to reduce costs of production
 - embargos - physical bans on international trade w/ a certain country
 - technological + safety standards - strict administration + compliance cost in meeting industrial, health, + safety regulations imposed on imports



Real-World Examples

Opportunity

- The growth of the South African economy helps beer breweries there

Threat

- British luxury brands are struggling to keep US customers because of newly imposed **tariffs**

ex. parmesan cheese, French wine



Bibliography

<https://www.thebalance.com/economic-boom-4067682>

<https://www.cnn.com/2019/10/21/business/craft-breweries-rise-south-africa-intl/index.html>

<https://www.cnn.com/2019/10/18/business/us-tariffs-uk-luxury/index.html>

https://inflationdata.com/Inflation/Inflation_Rate/CurrentInflation.asp?reloaded=true

Rubric

The image shows a digital document on a projector screen, which is a rubric for a presentation. The document is organized into sections with corresponding scores. The 'Presentation Skills' section has a score of 15, 'Knowledge & Content' has a score of 16, and 'Process & Preparation' has a score of 4. The total score for the presentation is 35. The document also includes a section for 'Teacher Notes & Feedback'.

Category	Score
Presentation Skills	15
Students use appropriate speaking pace	
Students use appropriate speaking volume	
Students' voice, word choice, & mannerisms demonstrate enthusiasm in subject matter	
Students make appropriate eye contact with the audience	
Students show composure & poise, demonstrating preparedness	
Knowledge & Content	16
Students accurately present content from the textbook	
Students incorporate additional helpful information from the textbook (ie exam tips, charts, examples, case studies, supplemental content)	
Students correctly uses terms from course content; no factual errors in presentation	
Students incorporate at least one real world example of a business that has experienced an opportunity in assigned section (ie how Starbucks has experienced a technological opportunity)	
Students incorporate at least one real world example of a business that has experienced a threat in assigned section (ie how Nordstrom has experienced an environmental threat)	
Students demonstrates expert understanding of content	
Process & Preparation	4
Students email Ms. Hall the presentation slide deck by 7am the morning of the presentation	
Students create slide deck that is professional, free of errors, and neat	
Students' presentation lasts between 5 to 7 minutes	
At least every student in the group speaks for at least 1 minute	
Presentation Total	35
Teacher Notes & Feedback	

The image shows a presentation slide on a projector screen. The slide is titled '1.5 | Group Project' and lists 'Things you need to include in your presentation (at minimum):'. The list includes four bullet points: informational content from the textbook, supplemental content from the textbook, one example of a business who has recently experienced an opportunity (example: Starbucks has a technological opportunity), and one example of a business who has recently experienced a threat (example: Nordstrom has an environmental threat).

1.5 | Group Project

Things you need to include in your presentation (at minimum):

- Informational content from the textbook (definitions, explanations, descriptions of your assigned section)
- Supplemental content from the textbook (exam tips, charts, case studies, common mistakes, etc)
- One example of a business who has recently experienced an opportunity (example: Starbucks has a technological opportunity)
- One example of a business who has recently experienced a threat (example: Nordstrom has an environmental threat)