Skills Build Output

Trace how education and training can affect GDP per capita.

SS6E12.b "Explain the relationship between investment in human capital (education and training) and gross domestic product (GDP per capita)."

NAME ____________________ DATE ____________

1 READ AND MARK

Read it twice

YOUR JOB Underline actions that build human capital, such as education or training. Circle results of those actions, then number the steps in one cause-and-effect chain from training to GDP per capita.

Australia's Skills and Output

1. Human capital is the knowledge and skills people gain through education, training, and experience. When Australia invests in schools, vocational courses, and workplace training, workers can often do tasks more accurately and use new technology. A mechanic who learns to repair electric vehicles, for example, can provide a service that more customers need. These investments can help businesses produce more valuable goods and services. Businesses may then hire more skilled workers or expand their services.

2. Gross domestic product, or GDP, is the total value of final goods and services produced in a country. GDP per capita is GDP divided by the number of people in that country. It gives an average amount of output per person. If skilled workers produce more valuable output, GDP can rise. If GDP grows faster than population, GDP per capita rises. The measure does not mean that every person earns the same amount, but it helps compare average output across countries.

3. Education and training do not guarantee a higher GDP per capita. Australia also needs businesses that can use workers' skills, customers who buy what they produce, and enough jobs for trained people. For example, a nurse training program can improve health services, but its economic effect depends on available positions and demand. Investment in human capital has its strongest effect when new skills lead to productive work. Over time, a more skilled workforce can support higher output and a higher GDP per capita.

2 ANSWER WITH EVIDENCE

Use the passage

1. What are two ways Australia can invest in human capital?

2. How can training a worker lead to a rise in GDP? Use the mechanic example or another example from the passage.

3. What does GDP per capita measure?

4. What must happen for GDP per capita to rise when GDP increases?

3 YOUR TURN

Your own words

Imagine an Australian town funds a training course in solar-panel installation. Write three sentences that explain how this investment could affect workers, business output, and GDP per capita. Include one condition that could limit a rise in GDP per capita.

Skills Build Output

PART 1 · READ AND MARK

Underline actions that build human capital, such as education or training. Circle results of those actions, then number the steps in one cause-and-effect chain from training to GDP per capita. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	What are two ways Australia can invest in human capital?	**Australia can invest in schools, vocational courses, or workplace training.**
2	How can training a worker lead to a rise in GDP? Use the mechanic example or another example from the passage.	**Training gives a worker useful skills. The worker can provide more valuable goods or services, so businesses can produce more output and GDP can rise.**
3	What does GDP per capita measure?	**It is GDP divided by the number of people in a country, or the average amount of output per person.**
4	What must happen for GDP per capita to rise when GDP increases?	**GDP must grow faster than the population.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

The town pays for solar-panel training, so workers learn skills that local installers need. Trained workers can complete more installations, which may raise the value of goods and services produced in the town. GDP per capita could rise if output grows faster than the town's population, but it may not rise if jobs are unavailable.

Accept answers that show the cause-and-effect chain from education or training to stronger worker skills, greater output, and possible growth in GDP per capita. For the open response, accept reasonable limiting conditions, such as too few jobs, low demand, or population growth faster than output growth.