Tools Build Output

Trace how capital investment can affect GDP per capita.

SS6E9.c "Explain the relationship between investment in capital (factories, machinery, and technology) and gross domestic product (GDP per capita)."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline every example of capital investment. Number the sentences that explain how an investment can lead to a change in GDP or GDP per capita.

Investment and Economic Output

1. Gross domestic product, or GDP, is the value of final goods and services produced in a country during a year. GDP per capita divides that total by the number of people living there. It is one way to compare the average amount of economic output available per person. A country can raise GDP per capita when businesses produce more valuable goods and services faster than its population grows. Workers' skills, natural resources, and capital can all affect how much an economy produces.

2. Capital includes factories, machinery, computers, software, and other tools used to make goods or provide services. Investment in capital means spending money now to build, buy, or improve these productive tools. For example, a food-processing company might install a faster packaging machine. The machine can help workers package more food in the same time, reduce waste, and produce goods with greater value. If the company sells that added output, its production adds to the country's GDP in that year.

3. Across Europe, investment can have different results. A factory in Romania may use new machines to make more parts per worker. A technology company in Ireland may invest in software and data centers to offer more services. When investments help businesses produce more output, national GDP can rise. If GDP rises more quickly than population, GDP per capita rises too. Investment does not guarantee a higher GDP per capita right away, because projects take time and some investments may not increase production as expected.

2 ANSWER WITH EVIDENCE

Use the passage

1. How could a faster packaging machine affect a country's GDP?

2. What must happen for GDP per capita to rise when a country's GDP rises?

3. Name two examples of capital investment from the passage. Then explain how one of them could help workers produce more.

4. Why might GDP per capita not rise right away after a business invests in capital?

3 YOUR TURN

Your own words

Imagine a European country that invests in one type of capital. Write exactly three sentences that name the investment, explain how it could raise GDP, and explain what must happen with population for GDP per capita to rise.

ANSWER KEY

Tools Build Output

GRADE 6 · SS6E9.c

PART 1 · READ AND MARK

Underline every example of capital investment. Number the sentences that explain how an investment can lead to a change in GDP or GDP per capita. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How could a faster packaging machine affect a country's GDP?	**It can help workers package more food, reduce waste, and produce more valuable output. Selling that added output increases GDP.**
2	What must happen for GDP per capita to rise when a country's GDP rises?	**GDP must rise more quickly than the population grows.**
3	Name two examples of capital investment from the passage. Then explain how one of them could help workers produce more.	**Answers may include factories, machinery, computers, software, a packaging machine, or data centers. For example, a packaging machine helps workers package more food in the same time.**
4	Why might GDP per capita not rise right away after a business invests in capital?	**Projects can take time, and some investments may not increase production as expected.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

Belvaria builds a modern glass factory with machines that cut glass quickly. Workers make more glass each day, so the country's GDP can rise. If GDP grows faster than Belvaria's population, its GDP per capita will rise.

Accept any accurate capital investment and a logical link from improved production to higher GDP. The response must state that GDP needs to grow faster than population for GDP per capita to increase.