Tools That Build Output

Trace how productive investments can affect GDP per capita.

SS7E3.c "Explain the relationship between investment in capital goods (factories, machinery, and technology) and gross domestic product (GDP per capita)."

NAME ____________________ DATE ____________

1 READ AND MARK

Read it twice

YOUR JOB Underline each capital good in the passage, circle each effect on production or GDP per capita, and number the conditions that can limit the effect.

Investing to Produce More

1 In many African countries, people and businesses invest in capital goods, such as factories, machinery, and technology. A factory can turn crops into packaged food. Machinery can help workers mill grain or make clothing faster. Technology, including reliable internet and digital payment systems, can help a business reach customers. These tools are not consumer goods for immediate use. They are productive resources that help workers create more goods and services over time for customers and communities.

2 Gross domestic product, or GDP, measures the value of final goods and services produced within a country during a period. GDP per capita divides that total by the number of people. When capital goods let workers produce more valuable goods and services, a country's GDP can rise. If production grows faster than the population, GDP per capita can rise too. However, buying machines alone does not guarantee this result. Workers need training, equipment needs repairs, and businesses need customers for what they produce.

3 Consider a small furniture business in Kenya that buys a computer-guided cutting machine. The machine can cut wood parts more accurately and quickly than older hand tools. With trained workers, electricity, wood supplies, and buyers, the business may sell more tables and chairs. Its added production contributes to Kenya's GDP. If many businesses make similar productive investments and national output rises faster than population, GDP per capita may increase. The gain is not automatic, because a broken machine, power outages, or weak sales can limit production.

2 ANSWER WITH EVIDENCE

Use the passage

1. What three kinds of capital goods are named in the first paragraph?

2. How could the computer-guided cutting machine affect the furniture business's contribution to Kenya's GDP?

3. What must happen to production and population for GDP per capita to rise?

4. Name two conditions or problems from the passage that can affect whether a capital investment raises production.

3 YOUR TURN

Your own words

Choose an African country and invent a business there. Write four sentences that name one capital good it buys, explain how it could increase production, connect the increase to GDP per capita, and name one condition needed for the gain to happen.

Tools That Build Output

PART 1 · READ AND MARK

Underline each capital good in the passage, circle each effect on production or GDP per capita, and number the conditions that can limit the effect. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	What three kinds of capital goods are named in the first paragraph?	**Factories, machinery, and technology.**
2	How could the computer-guided cutting machine affect the furniture business's contribution to Kenya's GDP?	**It can cut wood parts more accurately and quickly, helping the business produce and sell more tables and chairs. That added production contributes to GDP.**
3	What must happen to production and population for GDP per capita to rise?	**Production must grow faster than the population.**
4	Name two conditions or problems from the passage that can affect whether a capital investment raises production.	**Answers include trained workers, electricity, wood supplies, buyers or customers, repairs, a broken machine, power outages, and weak sales.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

In Senegal, a fictional fruit-drying business buys solar-powered drying equipment. The equipment lets workers dry more mangoes before they spoil, so the business can sell more fruit. If many businesses increase national production faster than the population grows, GDP per capita can rise. The business needs trained workers to operate and maintain the equipment.

Accept equivalent explanations that accurately connect capital goods to higher production, GDP, and possible GDP per capita growth. For Part 3, the country and business may be fictional, but the response must include all four requested parts and avoid claiming that investment guarantees growth.