Capital Counts

Trace how productive investments can affect GDP per capita.

SS7E6.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 example of a capital good. Circle the words that tell when GDP per capita will rise, so you can trace how investment may affect it.

Investing to Produce More

1 In Southwest Asia, the United Arab Emirates has used oil income to buy capital goods, items used to make other goods and services. Ports with cargo cranes, automated sorting equipment, and digital tracking systems help workers move shipments quickly. Airlines use modern planes and maintenance equipment. These investments do not directly measure GDP per capita. Instead, they can help businesses produce more valuable services, such as shipping, tourism, trade, and air travel, during each year for customers.

2 Gross domestic product, or GDP, is the value of final goods and services produced within a country in a year. GDP per capita is GDP divided by the number of people living there. When a new factory, machine, or technology lets workers make more output or work more efficiently, total GDP may grow. If GDP grows faster than population, GDP per capita rises. If population grows just as fast, GDP per capita might stay similar, even when total GDP increases.

3 Jordan offers another example of why the relationship is not automatic. A company that buys solar panels, control systems, and machinery can lower energy costs and make electricity or manufactured products more efficiently. This may add to the country's GDP if more final goods and services are produced. However, the investment can be expensive at first, and results may take time over several years. GDP per capita rises only when total GDP increases faster than Jordan's population.

2 ANSWER WITH EVIDENCE

Use the passage

1. Name two capital goods used in the United Arab Emirates. How do they help workers or businesses produce services?

2. What is GDP per capita, and why can total GDP rise while GDP per capita stays similar?

3. According to the passage, when does GDP per capita rise?

4. How could Jordan's investment in solar panels, control systems, and machinery affect GDP? What factor could keep GDP per capita from rising?

3 YOUR TURN

Your own words

Choose a Southwest Asian country and invent a business investment. Write three sentences that name two capital goods, explain how they change production, and explain what must happen for GDP per capita to rise.

ANSWER KEY **Capital Counts** GRADE 7 · SS7E6.c

PART 1 · READ AND MARK

Underline each example of a capital good. Circle the words that tell when GDP per capita will rise, so you can trace how investment may affect it. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Name two capital goods used in the United Arab Emirates. How do they help workers or businesses produce services?	**Examples include cargo cranes, automated sorting equipment, digital tracking systems, modern planes, and maintenance equipment. They help workers move shipments or provide air travel and other services more efficiently.**
2	What is GDP per capita, and why can total GDP rise while GDP per capita stays similar?	**GDP per capita is GDP divided by the number of people in a country. It can stay similar if population grows just as fast as total GDP.**
3	According to the passage, when does GDP per capita rise?	**GDP per capita rises when total GDP increases faster than population.**
4	How could Jordan's investment in solar panels, control systems, and machinery affect GDP? What factor could keep GDP per capita from rising?	**The investment could increase GDP by helping produce more electricity or manufactured products efficiently. GDP per capita might not rise if population grows as fast as, or faster than, total GDP.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

In Oman, a food-processing company buys automated packing machines and refrigerated delivery trucks. The equipment helps workers package and deliver more food safely, which can increase the value of final goods and raise total GDP. GDP per capita will rise if Oman's GDP grows faster than its population.

Accept accurate capital goods such as machinery, factory equipment, vehicles used in production, or technology. The response must connect greater or more efficient production to GDP and state that GDP must grow faster than population for GDP per capita to rise.