Beyond the Numbers

Three measures, one country's economic story

GE.1.6 "Explain measures of a country's economic performance such as Gross Domestic Product (GDP), unemployment, and inflation."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline what GDP measures, circle who counts as unemployed, and put a 1 beside the inflation rate and a 2 beside the wage increase. Use your marks to compare what the three measures reveal about Lydora.

A Growing Economy, Uneven Results

1. A new train station opens in the fictional country of Lydora. Crews build the station, and riders buy tickets for the new train service. The finished station and train rides contribute to gross domestic product, or GDP, the money value of final goods and services produced within a country during a period, often one year. Suppose Lydora's GDP, adjusted for changes in prices, grows by 2 percent this year. That suggests the country produced more, not merely that prices rose. Still, GDP alone cannot show whether gains reached most households, and it leaves out unpaid care at home.

2. Meanwhile, some people in Lydora cannot find paid work. The unemployment rate is the share of the labor force without a job who are available to work and actively looking. Imagine that 6 percent of Lydora's labor force is unemployed, up from 4 percent last year. This rise can signal that finding work has become harder, even while GDP grows. A retired neighbor who is not seeking work is not counted as unemployed. The rate also misses people who have stopped searching because they think no jobs are available, so it does not describe every form of hardship.

3. At a grocery store, a loaf of bread costs more than it did last year. One price alone does not establish inflation. Inflation is a sustained rise in the overall price level, commonly tracked with a basket of goods and services. Suppose Lydora's inflation rate is 4 percent over the year, while one family's wages rise by only 2 percent. That family's pay buys less than before. For Lydora, the three measures tell different parts of the story: output grew, job searching got harder, and rising prices squeezed some budgets. No single measure captures everyone's experience.

2 ANSWER WITH EVIDENCE

Use the passage

1. Why does Lydora's price-adjusted GDP increase suggest more production, rather than just higher prices?

2. How can Lydora's unemployment rate rise while its GDP grows? Explain what each measure tracks.

3. What do Lydora's inflation rate and the family's wage increase suggest about that family's buying power?

4. Why would it be misleading to say that Lydora's 6 percent unemployment rate is the share of all adults without jobs?

3 YOUR TURN

Your own words

Write five sentences about an invented country. Give a price-adjusted GDP trend, an unemployment trend, and an inflation rate compared with wage growth, then explain what each suggests and one limit of these measures.

Beyond the Numbers

PART 1 · READ AND MARK

Underline what GDP measures, circle who counts as unemployed, and put a 1 beside the inflation rate and a 2 beside the wage increase. Use your marks to compare what the three measures reveal about Lydora. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Why does Lydora's price-adjusted GDP increase suggest more production, rather than just higher prices?	**GDP rose 2 percent after accounting for price changes, so the increase indicates more goods and services were produced.**
2	How can Lydora's unemployment rate rise while its GDP grows? Explain what each measure tracks.	**GDP tracks the value of goods and services produced. The unemployment rate tracks the share of the labor force without jobs who are available and actively looking. Output can grow while that share rises.**
3	What do Lydora's inflation rate and the family's wage increase suggest about that family's buying power?	**Prices rose 4 percent while the family's wages rose only 2 percent, so its pay buys less than before.**
4	Why would it be misleading to say that Lydora's 6 percent unemployment rate is the share of all adults without jobs?	**The rate is a share of the labor force, not all adults. It excludes people without jobs who are not actively seeking work, such as the retired neighbor and people who stopped searching.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

In fictional Norvale, price-adjusted GDP rose by 3 percent this year, showing that the country produced more goods and services. Unemployment climbed from 5 to 7 percent, suggesting that a greater share of the labor force was seeking work without finding it. Inflation was 5 percent while wages rose 2 percent, so workers with those raises lost buying power. Together, the figures show growing output alongside job and cost pressures. They do not show whether the growth reached low-income households.

Accept invented figures that support the student's explanations. A strong response distinguishes production from employment and compares inflation with wage growth to assess buying power.