Output Behind Numbers

Read economic measures across three invented nations

E.C.9 "Identify the basic measures of a nation's economic output and income. Examine the differences between the nominal and the real GDP (Gross Domestic Product) and explain how GDP and GNP (Gross National Product) are used to describe economic..."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline the two sentences that distinguish GDP from GNP, circle the price-year descriptions for nominal and real GDP, and number the nations from highest to lowest 2026 real GDP in the table.

When a Bigger Number Means Less

1. Imagine three invented nations reporting output in a shared currency. GDP is the market value of final goods and services produced inside a nation. GNP tracks output produced by that nation's residents, including their production abroad, rather than all production inside its borders. These measures describe economic activity, not how evenly income is shared.

2. The table shows invented market-led, mixed, and command-led economies. All values are billions of shared dollars. The 2025 GDP column uses 2025 prices; 2026 nominal GDP and GNP use 2026 prices, while 2026 real GDP uses 2025 prices. Before comparing nations, check currency, population, and data quality. For changes in actual output, compare real GDP.

ECONOMIC OUTPUT, BILLIONS OF SHARED DOLLARS

Nation and system	2025 GDP	2026 nominal GDP	2026 real GDP	2026 GNP
Selva, market-led	100	110	99	112
Orin, mixed	200	215	208	209
Vesta, command-led	80	78	76	75

3. Market-led Selva's nominal GDP rises, yet its real GDP falls, so higher prices hide a drop in output. Mixed Orin's real GDP grows, while command-led Vesta's falls. Growing output can support more jobs and income; declining output can mean layoffs. Competition or new technology may raise production, while collusion can limit it. These effects help shape business-cycle fluctuations.

2 ANSWER WITH EVIDENCE

Use the passage

1. Selva's nominal GDP rises from 100 to 110. Why does this not show that its actual output grew?

2. Compare Orin's and Vesta's changes in real GDP. What is one possible effect of each change?

3. Before using Orin's larger GDP total to claim its residents are better off than Selva's, which two comparison checks from the passage should you make?

4. Selva's 2026 GNP is 112, while its nominal GDP is 110. What does each measure count, and what does the difference suggest?

3 YOUR TURN

Your own words

Imagine a fourth nation whose nominal GDP falls while its real GDP rises. In three sentences, explain what this suggests about prices and output, predict one possible effect on workers' standard of living, and describe how a new technology could affect real GDP next year.

ANSWER KEY

Output Behind Numbers

HIGH SCHOOL · E.C.9

PART 1 · READ AND MARK

Underline the two sentences that distinguish GDP from GNP, circle the price-year descriptions for nominal and real GDP, and number the nations from highest to lowest 2026 real GDP in the table. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Selva's nominal GDP rises from 100 to 110. Why does this not show that its actual output grew?	**Selva's real GDP falls from 100 to 99 at 2025 prices. Higher prices account for the rise in nominal GDP despite a drop in output.**
2	Compare Orin's and Vesta's changes in real GDP. What is one possible effect of each change?	**Orin's real GDP grows from 200 to 208, which could support more jobs or income. Vesta's falls from 80 to 76, which could lead to layoffs.**
3	Before using Orin's larger GDP total to claim its residents are better off than Selva's, which two comparison checks from the passage should you make?	**Accept any two of currency, population, and data quality. The table already reports both nations in shared dollars, but checking currency remains a valid comparison step.**
4	Selva's 2026 GNP is 112, while its nominal GDP is 110. What does each measure count, and what does the difference suggest?	**GDP counts production inside Selva; GNP counts production by Selva's residents wherever they produce. The gap suggests residents' production abroad exceeds foreign residents' production inside Selva by 2 billion shared dollars.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

Prices fell enough that nominal GDP declined even though actual output rose. Higher output could support more jobs and income, but the gains might not reach every worker. A technology that helps factories produce more with the same resources could raise real GDP next year.

For Question 3, accept only checks stated in the passage: currency, population, or data quality. For the open task, accept a plausible effect on living standards that does not assume rising output benefits every worker.