Economics and Geography Activity

Gross Domestic Product

Gross domestic product, or **GDP,** is the total dollar value of all final goods and services produced by a country within its borders in a year. The higher a country's GDP, the healthier its economy. An economy is a system of producing and distributing the material needs of a society. Economists are experts who study economies. They measure GDP by using statistics and by making educated guesses. **Statistics** are real numbers. The number of automobiles produced in the United States is a statistic. It is easily measured because car manufacturers know how m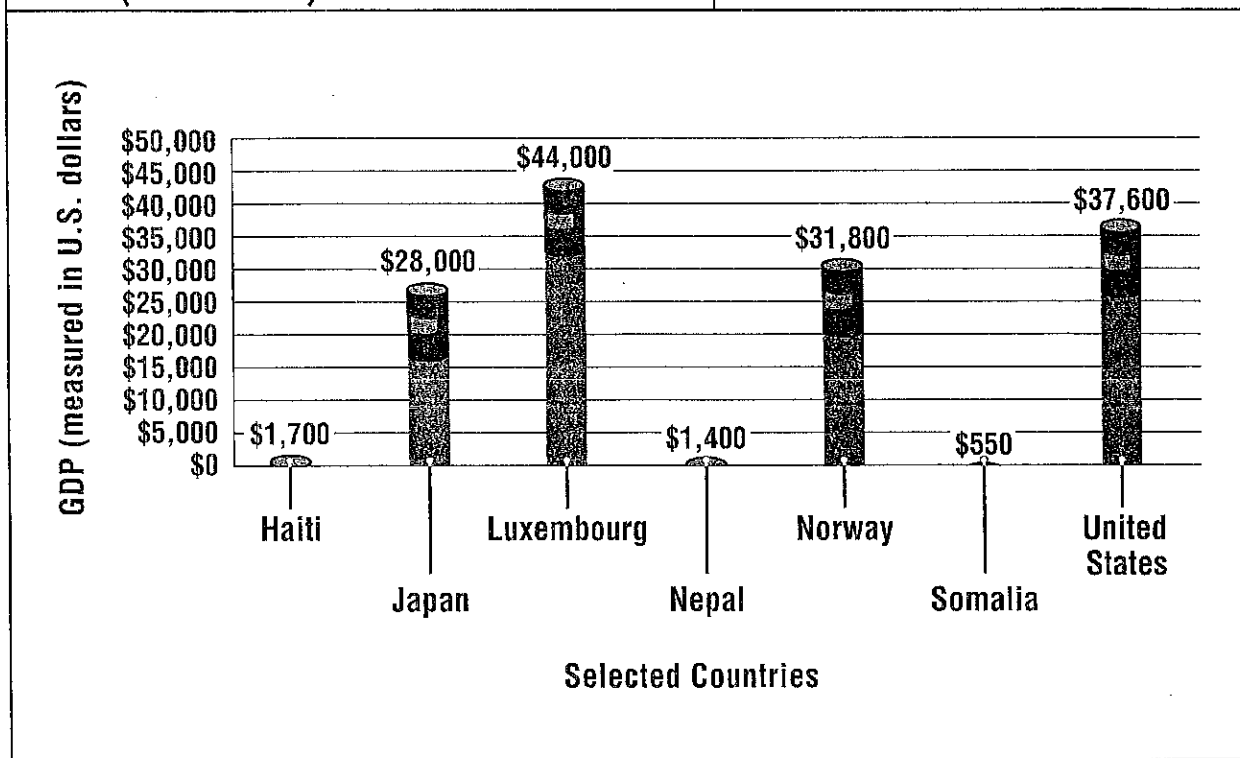any cars they have produced. However, services such as babysitting or lawns mowed part-time by teenagers require economists to guess in order to count them and decide the value of the services. Although GDP is not entirely accurate, it is the best measure of what a country has produced.

A high GDP means a better standard of living for a country's people. **Standard of living** is a measure of the quality of life based on a person's income and material goods. A high standard of living is directly tied to a society's well-being. Another factor that improves the well-being of a society is the **literacy rate.** The literacy rate is the percentage of people who can read and write.

Directions: Use the graphs below and on the next page to answer the following questions.
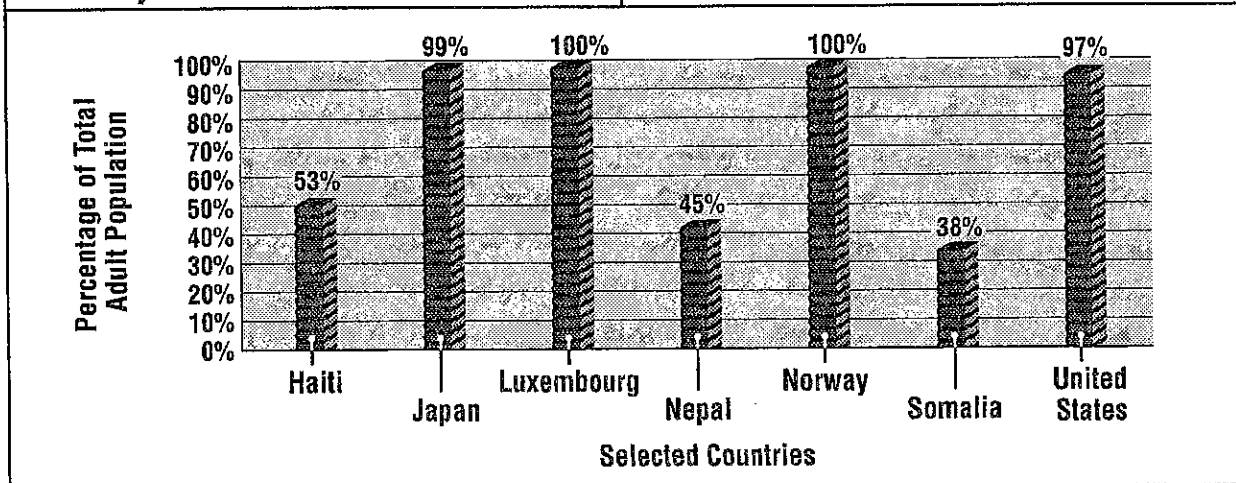
GDP (Per Person) of Selected Countries

Bar graph showing GDP per person measured in U.S. dollars for selected countries: Haiti $1,700; Japan $28,000; Luxembourg $44,000; Nepal $1,400; Norway $31,800; Somalia $550; United States $37,600.

SOURCE: *CIA World Factbook,* 2003.

THE WORLD
Economics and Geography Activity (continued)

Literacy Rate of Selected Countries

SOURCE: *CIA World Factbook*, 2003.

1. Define GDP.

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2. Which country on the graph has the highest GDP?

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3. Which country has the lowest GDP?

_____

4. Which countries on the graph have the highest literacy rates?

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_____

5. Which country has the lowest literacy rate?

_____

6. List the countries in order from highest to lowest GDP.

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7. List the countries in order from highest to lowest literacy rates.

_____

8. Compare your answers for questions six and seven. How does a country's GDP compare to its literacy rate?

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9. How do you think a country's literacy rate may affect its GDP?

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10. **Critical Thinking Activity** Literacy is only one of many factors that influences the GDP of a country. Working in pairs or small groups, brainstorm and make a list of other factors, like the weather, that might influence GDP. Be prepared to explain your choices.