

# WHAT COMPONENT OF GDP DOES IT AFFECT?

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$$\text{GDP} = \text{C} + \text{I} + \text{G} + (\text{X} - \text{M})$$

GDP represents total spending on goods and services produced in the U.S. The goods & services must be made within the borders of the U.S., although they may be sold anywhere in the world. The final goods and services must be purchased.

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Determine if each of the items listed below should be included in GDP and under which component: Consumer Spending (C), Business Investment (I), Government Spending (G), or Net Exports (X – M).

Write a C, I, G, or (X – M) in the space provided. If the item is not included in GDP, write n/a.

- \_\_\_ College tuition
- \_\_\_ Microsoft stock purchased from Microsoft
- \_\_\_ A space shuttle launch
- \_\_\_ The purchase of a plane ticket to London on British Airways
- \_\_\_ Building a new factory
- \_\_\_ A sound system produced and sold in the U.S. by a Chinese company
- \_\_\_ A jacket made in Mexico and sold in the U.S.
- \_\_\_ A television produced, but not sold
- \_\_\_ A home cooked meal
- \_\_\_ A dinner at a restaurant
- \_\_\_ A computer produced in the U.S. and sold in Canada
- \_\_\_ A new interstate highway

