

WHAT COMPONENT OF GDP DOES IT AFFECT?

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

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.

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

