

::Solutions::

GDP Accounting: Extended Example

Ford Motor Co.

	Item	Value (in thousands)
Sales:	cars to consumers	1000
	trucks to sheet metal company	100
Outlays:	tires	250
	sheet metal	200
	wages	500
	dividends	150

Goodyear Tires

	Item	Value (in thousands)
Sales:	to Ford	250
	to consumers	50
Outlays:	imported rubber	100
	new furnace	75
	wages	125

Spock Furnaces, Inc.

	Item	Value (in thousands)
Sales:	to Goodyear	75
Outlays:	sheet metal	30
	wages	20
	property rental	25

Long Island City Sheet Metal

	Item	Value (in thousands)
Sales:	to Ford Motor and Spock Furnaces	230
	exports to Canada	50
Outlays:	trucks	100
	wages	150
	dividends	30

Compute GDP by value added in each industry:

GDP	Ford	Goodyear	Spock	LIC
1175	$650 = 1100 - 250 - 200$	$200 = 300 - 100$	$45 = 75 - 30$	$280 = 280 - 0$

Compute GDP by expenditure:

GDP	C	I	G	X	M
1175	$1000 + 50$	$100 + 75$	0	50	100

Compute GDP by payments to labor and capital:

	GDP	Ford	Goodyear	Spock	LIC
Payments to labor		500	125	20	150
Payments to capital		150	75	25	$30 + 100$
Total	1175	650	200	45	280