

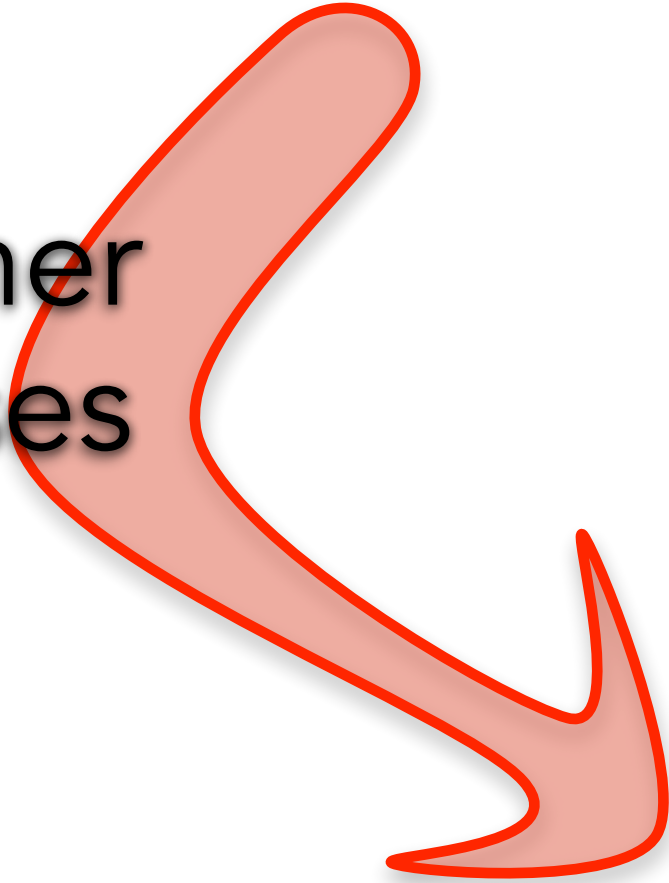


# Measuring Total Production



Total Production

Consumer  
purchases





Exports



Government  
Spending



Investment

# The Expenditures Approach



**GDP**

Goods and Services are purchased  
by consumers, firms, the  
government and other countries

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Adding Total Purchases  
gives us Total Production

$$\text{GDP} = \text{Consumer Purchases} + \text{Investment Purchases} + \text{Government Purchases} + \text{Other Countries' purchases}$$

# Measuring Total Production

The **Expenditures** Approach

**GDP**

Goods and Services are purchased  
by consumers, firms, the  
government and other countries

Consumer  
purchases

Investment

Government  
Spending

Exports

Adding Total Purchases  
gives us Total Production



Total Production

$$\text{GDP} = \text{Consumption} + \text{Investment} + \text{Government Spending} + \text{Exports}$$



# Expenditures Approach