



Limitations of GDP continued...

Deforestation

Contamination


Destruction of animal and plant life

Destruction of assets



**U.S.**

**21T**



If GDP **added** what is  
**produced** and  
**subtracted** what is  
**lost** in the process of  
production, GDP  
would shrink



G



**P**

d





S











S

U

**b**







2

















e

S





U















2

U









**b**

**Y**









u









V

e

2















**Y**



**U.S.**

**19T**



**U.S.**

**9T**

Germany

3T



**U.S.**

**3T**





U.S.

3T

GD does not "subtract" for destruction caused by productive activity

## Limitations of GDP continued...

GDP **does not "subtract"** for destruction caused by productive activity

If GDP **added** what is **produced** and **subtracted** what is **lost** in the process of production, GDP would shrink

Deforestation

Contamination

Destruction of animal and plant life

Destruction of assets

Germany  
3T

U.S.  
3T

# Limitations of GDP