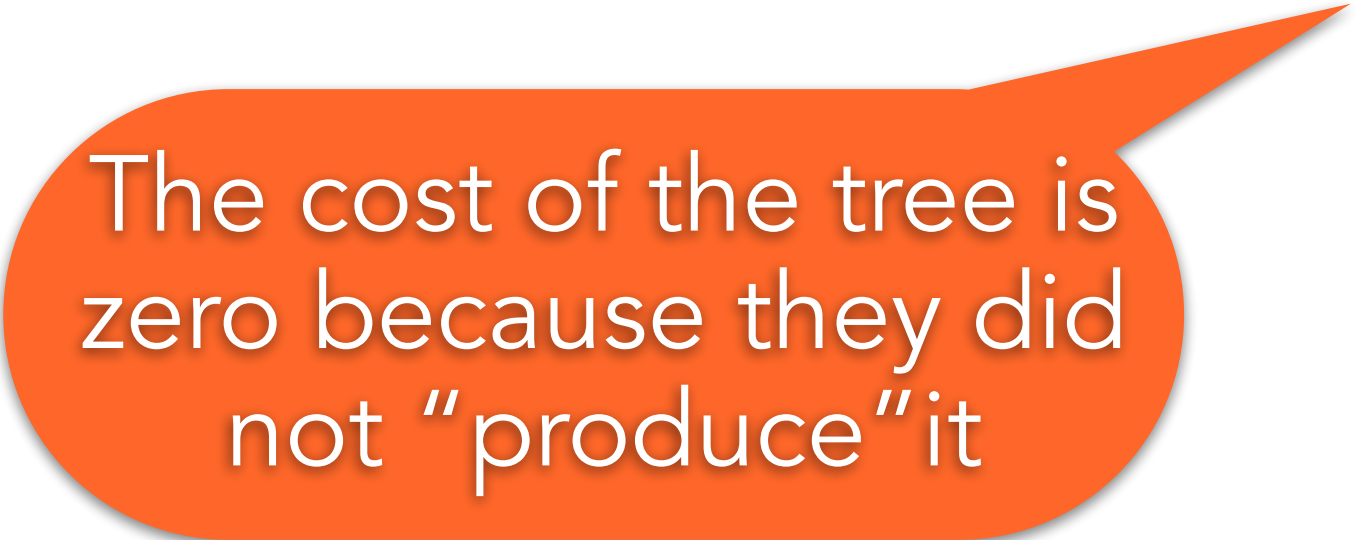


	Produced	Sold it for	Value Added
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GDP as the Sum of Values Added

Sum of Values Added = 2 + 8 + 5 + 15 + 5 = \$35

An orange speech bubble with a white drop shadow, pointing towards the top right corner of the image. The text inside is white and reads: "The cost of the tree is zero because they did not 'produce' it".

The cost of the tree is
zero because they did
not "produce" it

Value Added = Selling Price - Cost of production

GDP = purchases of final goods

An orange speech bubble with a white drop shadow, containing white text. The bubble is circular with a small tail pointing towards the bottom right.

The only final
good in this
example is the
table

GDP = \$35

$$\text{GDP} = \text{Sum of Values Added} = 2 + 8 + 5 + 15 + 5 = \$35$$

Indian community owns forest	Tree	$\$2 - 0 = \2
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	Produced	Sold it for	Value Added
Indian community owns forest	Tree	\$2	$2 - 0 = \$2$

Logging Company buys tree for \$2
transforms it into a log

Log

\$10

$$10 - 2 = \$8$$

	Produced	Sold it for	Value Added
Indian community owns forest	Tree	\$2	$2 - 0 = \$2$
Logging Company buys tree for \$2 transforms it into a log	Log	\$10	$10 - 2 = \$8$

Wood Company buys logs for \$10
transforms into plywood

Plywood

\$15

$$15 - 10 = \$5$$

	Produced	Sold it for	Value Added
Indian community owns forest	Tree	\$2	$2 - 0 = \$2$
Logging Company buys tree for \$2 transforms it into a log	Log	\$10	$10 - 2 = \$8$
Wood Company buys logs for \$10 transforms into plywood	Plywood	\$15	$15 - 10 = \$5$

Furniture Manufacturer buys plywood
for \$15 makes table

Table

\$30

$30 - 15 = \$15$

	Produced	Sold it for	Value Added
Indian community owns forest	Tree	\$2	$2 - 0 = \$2$
Logging Company buys tree for \$2 transforms it into a log	Log	\$10	$10 - 2 = \$8$
Wood Company buys logs for \$10 transforms into plywood	Plywood	\$15	$15 - 10 = \$5$
Furniture Manufacturer buys plywood for \$15 makes table	Table	\$30	$30 - 15 = \$15$

Macy's buys table for \$30 places on showroom for display

Table in
showroom

\$35

$$35 - 30 = \$5$$

	Produced	Sold it for	Value Added
Indian community owns forest	Tree	\$2	$2 - 0 = \$2$
Logging Company buys tree for \$2 transforms it into a log	Log	\$10	$10 - 2 = \$8$
Wood Company buys logs for \$10 transforms into plywood	Plywood	\$15	$15 - 10 = \$5$
Furniture Manufacturer buys plywood for \$15 makes table	Table	\$30	$30 - 15 = \$15$
Macy's buys table for \$30 places on showroom for display	Table in showroom	\$35	$35 - 30 = \$5$

Price paid by final user \$35

35

	Produced	Sold it for	Value Added
Indian community owns forest	Tree	\$2	$2 - 0 = \$2$
Logging Company buys tree for \$2 transforms it into a log	Log	\$10	$10 - 2 = \$8$
Wood Company buys logs for \$10 transforms into plywood	Plywood	\$15	$15 - 10 = \$5$
Furniture Manufacturer buys plywood for \$15 makes table	Table	\$30	$30 - 15 = \$15$
Macy's buys table for \$30 places on showroom for display	Table in showroom	\$35	$35 - 30 = \$5$
Price paid by final user \$35			\$35

GDP as the Sum of Values Added

Value Added = Selling Price - Cost of production

	Produced	Sold it for	Value Added
Indian community owns forest	Tree	\$2	$2 - 0 = \$2$
Logging Company buys tree for \$2 transforms it into a log	Log	\$10	$10 - 2 = \$8$
Wood Company buys logs for \$10 transforms into plywood	Plywood	\$15	$15 - 10 = \$5$
Furniture Manufacturer buys plywood for \$15 makes table	Table	 The only final good in this example is the table	$30 - 15 = \$15$
Macy's buys table for \$30 places on showroom for display	Table in showroom		$35 - 30 = \$5$
Price paid by final user \$35		GDP = \$35	\$35

GDP = Sum of Values Added = $2 + 8 + 5 + 15 + 5 = \$35$

GDP