





Purchases made by other
Countries



Government
Purchases



Firms'
purchases



Consumer
purchases

Measuring Total Production

GDP

Total Production

Adding Total Purchases
gives us Total **Production**

Consumption

The Expenditures Approach

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Government Spending

Investment

Exports

Measuring Total Production

GDP

Consumption

Exports

Government
Spending

Investment

United States, no internal divisions

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

The **Expenditures** Approach

Adding Total **Purchases**
gives us Total **Production**

Expenditures Approach