GDP

Economics

What GDP measures, the three ways to compute it, and what it omits.

The three approaches.

Approach	Sums	Identity
Output	Value added by each producer	Avoids double counting
Income	Wages, profit, rent, interest	All income from production
Expenditure	$C + I + G + (X - M)$	All final spending

GDP omits unpaid work, the informal economy, environmental depletion and distribution. It measures activity, not welfare.