

Package Deal: Teaching GDP

In a speech given at the University of Kansas in March 1968, the late Robert F. Kennedy famously opined that gross national product “can tell us everything about America, except why we are proud that we are Americans.” (Gross national product was used as the primary measure of U.S. production until 1991.) Kennedy’s [speech](#), which extolls the virtues of children’s health, education, and play as well as poetry, strong marriages, courage, and wisdom, is a thought-provoking primary source to begin a discussion of what our current measure of economic production, GDP, or gross domestic product, *does not* capture. Teachers of macroeconomics know well that the $GDP = C + I + G + NX$ equation will follow their students from course beginning to end, and while GDP may not tell us how beautiful our poetry is, it does tell us a lot about our economy. (For students who need a reminder, the $GDP = C + I + G + NX$ equation is GDP equals personal consumption expenditures plus private investment plus government expenditures plus net exports.)

The newest macroeconomics addition to the [Federal Reserve Bank of Atlanta’s Infographics series](#) highlights the basics of GDP—from the definition and the expenditure model equation to what is included and excluded—along with the formulas for nominal and real GDP, the GDP deflator, and real GDP per capita. This infographic is part of a series of tools for teaching about GDP found in the [Classroom Economist online multimedia teaching package](#).

The [GDP module](#) houses two lessons to lead your students through a unit on GDP. “What Is GDP?” introduces students to the basics of GDP and the expenditure model through a vocabulary matching activity, a guided discussion with a PowerPoint, a practice activity on the expenditure model, and a summative activity using a primary source reading on GDP from the U.S. Bureau of Economic Analysis. To see the lesson in action, the lesson demonstration video gives insight into how the lesson works along with tips from the lesson’s author, Chris Cannon.

In the lesson “Gross Domestic Product, the Business Cycle, and the Fed’s Goals for the Macro Economy,” students learn about the Fed’s goals for the macro economy, the business cycle, and the importance of GDP as an economic indicator through a SMART lesson. The lesson includes activities to review the components of GDP and the expenditure model, calculate nominal and real GDP, gain a greater understanding of per capita GDP through activities using data from the *CIA World Factbook*, and exercises to test students’ knowledge of the four phases of the business cycle. (If you do not have a SMART Board or SMART software, you can still open and use the file by following [these instructions](#).)

Other tools on the page can be useful as an introduction, review, or refresher on the basics of GDP and pertinent vocabulary. They include a narrated presentation and a Test Your Knowledge PowerPoint that can be downloaded and customized for your classroom needs. The feature “An Economist’s Perspective” houses four short video clips from an interview with Tom Cunningham, who served as Atlanta Fed vice president and regional executive until his recent retirement. “What Is GDP,” “Measuring GDP,” “Per Capita GDP,” and “The Business Cycle” are primary sources that may be used in class or assigned through the St. Louis Fed’s [Economic Lowdown online learning module](#), where students can view the videos and take a multiple choice quiz on the material. Scores will be sent to the teacher’s account. Also linked on the page is the animated video *Real Versus Potential GDP* from the Fed Explains series, another complement to a unit on GDP that can also be assigned through the Economic Lowdown or



viewed with students. All *Classroom Economist* units include a resources guide, which provides links to a number of other Federal Reserve resources, lessons, and materials on the topic.

GDP is an economic statistic that can be more fascinating than you think—just a quick look at the numbers tells you that the oil-rich nation that will be host to the 2022 World Cup also boasts the world’s highest GDP per capita—can you guess the answer before you click on the [link](#)? With the *Classroom Economist*’s GDP module, you have a ready-made package of resources, lessons, and activities to dig into this measure of economic growth.

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