Flocabulary

GDP

"A Healthy Economy"

Sometimes you hear about the "GDP" in the news. Is it stable? Is it hurting? But before all that, what does it even mean? GDP stands for Gross Domestic Product...

And I don't mean gross like it makes you vomit,

Gross, when it comes to domestic product,

Means overall, I'm saying total,

But just for each nation, not talking global.

And "product" is goods and services like,

Home furnishings or fixing up a bike.

You calculate it by adding up

What consumers spend and also what

Businesses spend and the government too,

Plus net exports, lemme Google that for you:

Exports minus imports equals the net,

It covers what's shipped to and from the US.

GDP is measured yearly and quarterly,

It's math, fam, you gotta keep it orderly.

And you need to know it's a critical figure,

Is the GDP getting smaller or bigger?

It indicates the health of the economy,

Has it been chowing down on fries or straight broccoli?

When it comes to GDP, there are two types,

Nominal means it's at the current price.

But prices change, so that's not quite right,

Real GDP's more accurate, here's why:

It takes inflation into account,

Tracking real growth so there's no doubt.

Lastly, let's cover GDP per capita,

To make it clear, let's get graphical.

Take GDP and divide it by the

Population, let's do it for China.

In 2014 their GDP's 10 trillion,

And their population is 1.4 billion.

Divide it up to get per capita GDP:

$7,593.

America's GDP? 17 trillion,

And the population's 318 million.

Their per capita GDP is 54 thou,

That was 2014, what about now?

'Cause a rise in per capita GDP,

Means economic growth and productivity.

So the Gross Domestic Product or GDP,

Is like the size of a country's economy.