

**GROSS DOMESTIC PRODUCT (GDP)
AND HOW TO MEASURE IT**

Unit 6, Lesson 33

Handout Material

Events Affecting Spending on Consumption, Investment, Government Spending, or Net Exports

<p><i>Due to a tax cut, consumers decide to buy more new cars.</i></p> <p>1</p>	<p><i>Worried about an increasing budget deficit, the government decides to buy fewer military planes.</i></p> <p>2</p>	<p><i>Increasing prices in the U.S. encourage Americans to buy more foreign goods.</i></p> <p>3</p>
<p><i>Due to a tax increase, consumers decrease purchases on vacation travel.</i></p> <p>4</p>	<p><i>Due to increased incomes, Europeans buy more U.S. goods and services.</i></p> <p>5</p>	<p><i>A foreign government imposes a tariff that discourages its citizens from buying goods from the U.S.</i></p> <p>6</p>
<p><i>Businesses are optimistic about the future and increase construction of new factories.</i></p> <p>7</p>	<p><i>Many more Americans decide to buy Japanese cars rather than American cars.</i></p> <p>8</p>	<p><i>Households worry about future unemployment and decide to spend less income.</i></p> <p>9</p>
<p><i>Because interest rates increased, businesses cut back on spending for new machinery.</i></p> <p>10</p>	<p><i>Consumers feel good about the future and take out loans to buy more durable goods such as washing machines.</i></p> <p>11</p>	<p><i>Decreases in interest rates encourage businesses to take out loans to construct more buildings.</i></p> <p>12</p>
<p><i>To fight unemployment, the government decides to hire more people to work in national parks.</i></p> <p>13</p>	<p><i>Tax cuts to businesses give businesses incentives to buy more computers.</i></p> <p>14</p>	<p><i>To stimulate the economy and provide jobs, the government builds more bridges in California.</i></p> <p>15</p>