

Read each scenario and decide which goods and services would be counted toward GDP for 2007 in the United States using the expenditure approach. Then answer the questions.

In 2007, Michael set up his own lawn care business. He purchased a lawn mower made in Missouri, a hedge trimmer made in Georgia, and hand tools made in China. All were made in 2007. Michael mows the family lawn, but isn't paid for it. Every week, Michael buys gasoline for his equipment. When he has a lot of business, he hires his friend Jake to help. In 2008, Michael closes his business and goes back to college. He sells his lawn mower to another landscaper and gives his other tools to his father.

Which of these goods and services would be included in U.S. GDP for 2007? Explain.

1. Lawn mower and trimmer Michael buys when he starts the business \_\_\_\_\_  
\_\_\_\_\_
2. Hand tools \_\_\_\_\_  
\_\_\_\_\_
3. Jake's services \_\_\_\_\_  
\_\_\_\_\_
4. The lawn care he provides at his father's house \_\_\_\_\_  
\_\_\_\_\_
5. The lawn mower when he sells it to another landscaper \_\_\_\_\_  
\_\_\_\_\_

Ana Maria began a greeting card company in 2007. She produces greeting cards for businesses. The year she started, she purchased all the necessary art supplies and special papers used in producing her cards. The supplies and papers were all made in the United States in 2007. She bought used desks and chairs that were made in Tennessee in 2007 and new bookcases that were made in Canada. She also paid a local advertising company \$10,000 to create ads and promote her company in business magazines. At the end of the year, she had \$420 worth of cards still in inventory.

Which items would be counted in determining U.S. GDP for 2007? Explain your answer.

6. The greeting cards Ana sells in 2007 \_\_\_\_\_  
\_\_\_\_\_
7. The desks and chairs \_\_\_\_\_  
\_\_\_\_\_
8. The bookcases \_\_\_\_\_  
\_\_\_\_\_
9. The advertising Ana purchases \_\_\_\_\_  
\_\_\_\_\_
10. Her inventory of remaining cards \_\_\_\_\_  
\_\_\_\_\_