**GDP Activity**

For this activity we will give the students a balloon each and ask them to try and blow it up while plugging their noses. The students will find it difficult to do this. Now allow them to blow the balloons up with their noses unplugged. They will discover that with greater oxygen, the balloons are able to expand. The balloon can be thought of as the economy. With increased productivity (a greater supply of oxygen), they were able to make the economy (the balloon) grow. Greater productivity creates economic growth.

We will continue to use balloons for this activity. Prior to coming to the class to teach, we will have placed several objects inside balloons for the class. There will be a variety of all things that make up GDP included in the balloons. For government spending, we will have miniature Medicare health insurance slip (printed on computer), pictures of schools, highways, and infrastructure. For investment made by industry we will have pictures or toys of capital investments, such as buildings and equipment. For the net exports we will have goods that we import and goods that we export placed in the balloons. For consumer purchases, we will have basic examples of consumer goods. We will also have some items that are not directly calculated into GDP, such as a paycheck. The students, as a class, will be asked to blow up all the balloons.

Next we will display the equation for GDP on the board. The equation is GDP = C+I+G+XN. The students will then have the responsibility of walking around the room and finding balloons to complete the equation (in that specific order so we make sure they know the differences in types of inputs in the calculation). There will be enough for five or six calculations of GDP. The first person to accurately get all the balloons together will receive a prize.

After this we will hand the students a sheet with vocabulary of each of the inputs of GDP. We will talk about how a rise or decrease in each one leads to a rise or decrease in overall GDP.