

GROSS DOMESTIC PRODUCT

Alvinskaya A.V., student
Ryazantsev E. I., student
Scientific supervisor – Beznis Y.V., senior lecturer
English language department №1
Belarusian National University of Technology
Minsk, Republic of Belarus

Various things and actions near us are included in Gross Domestic Product (GDP) and it is an important factor of describing the economic situation. Moreover, GDP indicates the amount of services and goods in countries. In Belarus, GDP makes up to 68.21 billion of USD and in comparison to GDP of the U.S., it's around 23.32 trillion of USD.

There's literally no difference between the value of services and goods whether they have either good or bad impact on the environment, society, etc. Every payment, every bought item in the shop, every salary and every investment counts. Someone's expense is always someone's earning, so, if study the GDP of any country closely, besides the current situation you can also see the potential outcomes of situation the country can soon turn out to be in.

But here's one problem with the information content the GDP indicates – it includes only goods and services that have their influence on the economy. Money usage is a great way to scale, but not everything in the world can be translated to cash. For example: if you're helping your parents with cleaning the apartment, washing the dishes and doing the laundry you're still working, but all of these activities don't have any contribution to GDP, because it's not done for money. Same goes to volunteer services, personal care and charity [1].

There are different ways to compute GDP, but there's a popular equation: $GDP = Consumption + Investment + Government\ spending + Net\ exports$.

Consumption means consumer spending – bought goods and services. In most developed countries this part of GDP can make up to 50%.

The next part goes to investment. This part is measured using the data about how much business is spending by people on land, equipment and buildings. It can also include a huge investment – getting a house or

apartment. Investment can help if the economy has problems. Usually, the reason of problems is that companies are not spending it on various important things like production, equipment and machinery.

The part “Government spending” consists of all money that governments (local, state and national) spend on schools, defense and improvement of public services. There are a dozen opportunities for government to spend on, it depends a lot on how this country approaches to public services and goods. Take for example France can be perfect example of how much can government spend for it to make it worth around the half of GDP.

There remains the last part of the GDP – net exports. For the most of the countries they are negative, because they import more goods than they export.

All countries are getting information which shows how much people invest, export, consume and spend. GDP becomes a data that helps to measure the economic wealth of countries and makes it possible to be compared one to another. GDP is able to grow if an economic situation is good, otherwise GDP growth contracts. If 50% or even more of GDP growth is negative this economic condition is called recession. Even the GDP can't show a full economic state of a country. A lot of critics think that it's not enough to count manufacturing and production, while forgetting about the digital part of economy.

Well-being of people and economic equality of their life cannot be fully measured by GDP. While seeing GDP of the country you may think that all people there are rich, but even this wealth can be spread unevenly. Also, GDP will not count child care volunteering and so on. Of course, it will not factor in pollution or not legal activity, although some economists have other alternatives that can show the quality of life [2].

References

1. Eurostat: Beginners: GDP – What is gross domestic product (GDP)? // Statistics Explained. [Electronic resource] – Mode of access: <https://ec.europa.eu/eurostat/statistics-explained/>. – Date of access: 18.03.2023.
2. Tim Callen: Gross Domestic Product: An economy's all // International monetary fund. [Electronic resource] – Mode of access: <https://www.imf.org/en/Publications/fandd/issues/Series/Back-to-Basics/gross-domestic-product-GDP>. – Date of access: 18.03.2023.