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I am writing my summary about the article *Taking the Pulse of the Economy: Measuring GDP* written by J. Steven Landefeld, Eugene P. Seskin, and Barbara M. Fraumeni. The article recounts a brief history of how GDP was established as a form of economic measurement, several approaches to measuring GDP, processes taken to refine the accuracy of GDP and challenges economists face when calculating GDP.

Gross Domestic Product is a widely used tool of economic measurement. For the US, GDP is measured using data from economic censuses taken once every five years. An issue that arises when calculating GDP is that not all the data utilized to calculate GDP comes out at the same time. Because of this, this information is estimated using trends and data from previous years. This estimated information helps create a rough picture of how economic trends are developing, and they provide a good foundation for when more accurate data comes to light.

During the Great Depression economists like Simon Kuznets attempted to paint a larger picture of the overall American Economy. Their efforts would lead to what we now know as GDP. In 1934 the Bureau of Foreign and Domestic Commerce Statistic's Division presented a compilation of data from the IRS, the Bureau of Labor Statistics, and the economic censuses of 1929 to demonstrate what they called "national income." This picture was far from perfect as one can imagine, it was filled with many gaps. But it provided the foundation for future economic measurement tools. In 1938, President Roosevelt was able to build utilize this research to propose to Congress a plan to better approach the American economic situation. As the US involved itself with the Second World War it became apparent that the process of measuring "national income" needed to be expanded to include production and other facets of an economy. The move to measure production would be limited to the measurement of all completed and final products produced within a given year. Towards the 1960's the US had produced a way to measure their economic output and they had created three separate methods to accomplish this. Those three methods are the production approach, the final expenditures approach, and the income approach.

Once every five years a benchmark estimate of the GDP is calculated using data from economic censuses. Nominal GDP is established via the calculation Consumption + Investment + Government Spending + Net Exports. Approximately 30 percent of the advance GDP estimate comes from extrapolations. This is because for the estimates of inventories and the net export of goods the estimates are based of the first two months of data while the third month is roughly approximated. For GDP calculation in the second quarter less of the data is extrapolated because of newly available or revised survey data that is made available. Over the summer of each year, the Bureau of Economic Analysis publishes data assembled from other economic agencies and departments that demonstrates revisions to around 47 percent of GDP. At each new benchmark new definitions, accounts, and concepts are added that note economic changes.

There are three main approaches to measuring GDP, the first one the article covers is the Final Expenditure approach. This approach is pretty much just the equation mentioned in the previous paragraph. Which is C+I+G+(Ex-I). C is consumption, this includes but is not limited to most goods and services domestically purchased by consumers. I stands for investment, which is money spent by businesses to expand and better themselves. G is government spending. Ex-I is net exports, the revenue that a country brings in via exports in a given year. The Bureau of Labor Statistics has created international price indexes, consumer price indexes and producer price indexes to better highlight the effects of inflation and deflation.

Gross Domestic Income is the measure of the overall size of an economy using the income approach. The income approach measures GNP via Compensation, which includes salary and wage estimates for businesses. Corporate profits, which demonstrates the amount of revenue that large businesses and corporations produce. The income approach is limited in its inability to account for inflation. It is not recommended to solely use this approach to measure economic output, but it does work well in tandem with the final expenditure approach.

The Production approach subtracts residual and intermediate inputs from the overall gross output. In order to simplify and streamline the process of calculating the input-output approach, similar inputs are grouped together, and gaps are filled. Annual value-added is a term used to describe new income added each year from the benchmark period.

I enjoyed reading this article. I found that the majority of it, mostly the final expenditures approach was just a reiteration of what I had learned in previous economics courses. But it still provided new insight on the subject. I primarily enjoyed the section towards the beginning that outlined the history of GDP. I enjoy learning and reading about history, so that part stuck out more to me than the others.