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Macroeconomics

Study Question: National Income Accounting

Try This Problem: Use some of the data below to calculate GDP and National Income

Consumption = 1000

Government transfer payments = 100

Indirect business taxes = 20

gross private domestic investment = 150

Exports = 200

government purchases of goods and services = 240

Corporate profits = 25

dividends = 5

Depreciation = 10

Social insurance taxes = 60

Personal income taxes = 150

imports = 260

Personal transfers to foreigners = 25

Net factor payments from abroad = -30

Interest earned from government and consumers = 12

Interest payments to business = 5

$$\mathbf{GDP = 1000 + 150 + 240 + 200 - 260 = 1330}$$

$$\mathbf{NI = 1330 - 10 - 20 - 30 = 1270}$$

Bonus!

$$\mathbf{Net\ exports = 200 - 260 = -60\ (a\ trade\ deficit\ of\ 60)}$$