

2. National Income and National Product (Supplement)

EE 212

Read: Case & Fair, ch. 6; LCR, ch.3, 22

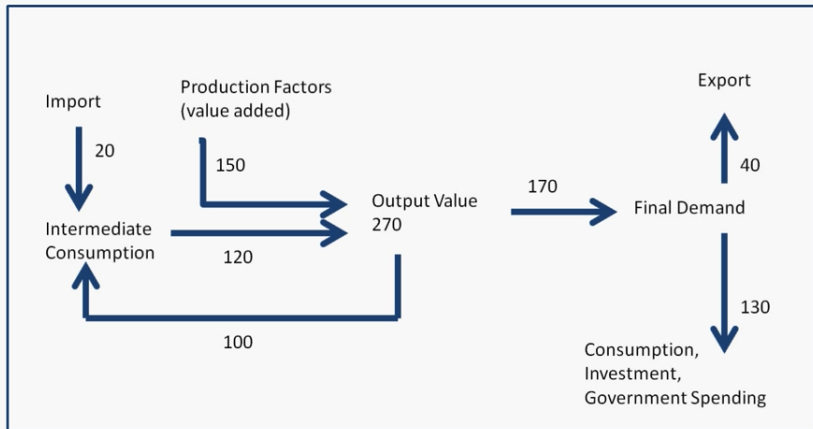
2016

- Fill in the blanks The market value of all the final goods and services produced within a country in a given time period is _____ (GDP; investment). _____ (Two; Three; Four) groups buy the final goods and services produced. Net exports of goods and services equals the value of _____ (imports; exports) minus the value of _____ (imports; exports). $C + I + G + NX$ equals _____ and _____.
- Define GDP and explain why the value of production, income, and expenditure are the same for an economy.
- Why aren't intermediate goods or services counted in GDP?
- What is the difference between GNP and GDP?

GDP



GDP = Performance of an Economy



- The _____ approach and the _____ approach are two methods used to calculate GDP. Expenditure on used goods _____ (is; is not) included in GDP. Wages is part of the _____ (expenditure; income) approach to calculating GDP. To calculate GDP, depreciation is _____ (added to; subtracted from) net domestic product at factor cost. GNP equals GDP _____ (plus; minus) net factor income from abroad. For the United States, the difference between GDP and GNP is _____ (large; small). _____ (Real; Nominal) GDP values production during the year using constant prices; _____ (real; nominal) GDP values production using prices that prevailed during the year.