MACROECONOMICS

7-1. Macroeconomics field: since the Macroeconomics is a branch of economics that deals with the performance, structure, and behavior of a national economy as a whole, so the Macroeconomists seek to understand the determinants of aggregate trends in an economy with particular focus on national income, unemployment, inflation, investment, and international trade.

While macroeconomics is a wide field of study, there are two areas of research that are exemplary of the rule:

· Attempt to understand the determinants of long-run economic growth (increases in national income).

· Attempt to understand the causes and consequences of short-run fluctuations in national income (the Business Cycle).

7-2. Measures of national income and output

Measures of national income and output are used to estimate the value of goods and services produced in an economy. They use a system of national accounts first developed during the 1940s.

Some of the more common measures for national income are:

Gross National Product (GNP): is the total value of all final goods and services produced by country's factors of production and sold on the market in a given time period usually one year.

Gross Domestic Product (GDP): is the total value of final goods and services produced within a country's borders per year.

Gross National Income (GNI): the total income paid to the factors that produced goods and services.

Net National Product (NNP): is GNP minus depreciation.

Net National Income (NNI): is NNP minus indirect taxes.
Measures of national income

GDP = C + I + G + (X - M)

GNP = C + I + G + (X - M) + NR

GNI = C + I + G + (X - M) + NR - IBT

NI = C + I + G + (X - M) + NR - IBT - CC

When:
C = Personal consumption expenditures
I = Gross private domestic investment
G = Government consumption expenditures
X = Gross exports of goods and services
M = Gross imports of goods and services
NR : Net income from assets abroad
CC : Depreciation
IBT = Indirect business taxes