

Macro Unit 3/4  
National Income Accounting/ Growth and Business Cycles

McConnell and Brue (15<sup>th</sup>) Chapter 7, 8

Items to Cover:

Intermediate Goods, Final Goods, Multiple Counting  
Expenditure Approach:  $C + I_g + G + X_n$   
Income Approach:  $W + R + I + P + SA$  (changed for 17<sup>th</sup> Edition)  
GDP—NDP—NI—PI—DI—Consumption or Savings  
Depreciation (CFC)  
Indirect Business Taxes  
Net Foreign Factor Income  
Social Security Contributions versus “Transfers”  
Corporate Income Taxes  
“Undistributed” Corporate Profits  
Nominal GDP versus Real GDP  
CPI and “The Basket”  
Per Capita  
Formulas for creating CPI and changes over time  
GDP Deflator and GDP Price Index  
Rule of 70/72  
Labor Force/ Productivity  
Details of Cycles  
Employed versus Unemployed versus Discouraged  
Frictional, Structural, Cyclical, Seasonal Unemployment  
"Full Employment" Unemployment  
GDP Gap  
Okun's Law  
Demand Pull Inflation/ Cost Push Inflation/ Unanticipated Inflation  
Nominal versus Real Income  
COLAs  
Hyperinflation

Items not found on prior macro exams:

Calculations using the “Income Approach”  
The Underground Economy

Graphs added to the “Big Chart”:

none