

Jan 25th: measuring the Macroeconomy

- 1) what drives economic growth (we don't know)
- 2) what causes short-run recessions / inflation

Gross Domestic Product (GDP) is the market value of final goods and services produced in an economy over a certain period of time - created during great depression

- NGDP: $P \times Y$

- Y or real GDP or Output, adjusted for price changes

- $GDP / \text{census} = GDP \text{ per population}$

- GDP is a measure of national production, income and expenditure

$$Y = C + I + G + NX$$

C: consumption

I: investment

G: government spending (excluding transfers, which are consumed/saved)

NX: exports net of imports