




Personal Consumption Expenditures	9,734
Depreciation	1,687
Wages	7,874
Indirect Business Taxes	1,041
Rental Income	65
Gross Private Domestic Investment	2,125
Profits	2,638
Exports	1,643
Government Purchases	2,690
Interest	603
Imports	2,351
Income received from other countries	818
Income paid to other countries	722



Should  
be equal

In practice there is always a difference because there is a lag between the time when production and incomes are measured. This difference is called the Statistical Discrepancy =  $NNP - NI = 29$

$GDP = C + I + G + X - M$	$13,841$
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National Income = Wages + Interest+Rents+Profits+Indirect Business Taxes	12,221
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$\text{GNP} = \text{GDP} - \text{income paid to other countries} + \text{income received from other countries}$

13,937

$$\text{NNP} = \text{GNP} - \text{Depreciation} \quad 12,250$$









**M**





Total Incomes  
**\$12,221**

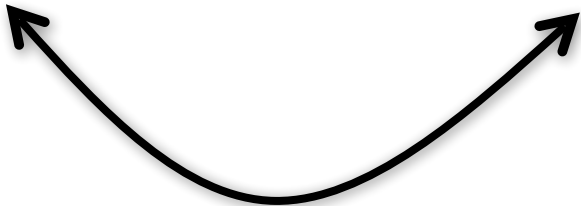
Total Production *is always equal* to Total Incomes



— 3.0 inch x 4.0 inch — 3.0 inch x 4.0 inch — 3.0 inch x 4.0 inch —

Total Production  
**\$12,250**





Should  
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Personal Consumption Expenditures <b>C</b>	9,734
Depreciation	1,687
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Indirect Business Taxes	1,041
Rental Income	65
Gross Private Domestic Investment <b>I</b>	2,125
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Exports <b>X</b>	1,643
Government Purchases <b>G</b>	2,690
Interest	603
Imports <b>M</b>	2,351
Income <i>received</i> from other countries	818
Income <i>paid</i> to other countries	722
<b>GDP = C + I + G + X - M</b>	<b>13,841</b>
National Income = Wages + Interest+Rents+Profits+Indirect Business Taxes	12,221
GNP = GDP - income <i>paid</i> to other countries + income <i>received</i> from other countries	13,937
NNP = GNP - Depreciation	12,250



Total Production  
\$12,250



Total Incomes  
\$12,221

Should  
be equal

In practice there is always a difference because there is a lag between the time when production and incomes are measured. This difference is called the Statistical Discrepancy = NNP – NI =29

Should  
be equal

Total Production **is always equal** to Total Incomes



