

# **Text of Macroeconomics Talking Definitions week 1-2 voice file**

## **GDP (Gross domestic product)**

The market value of all final goods and services produced within a country in a given period of time

## **GNP (Gross National Product )**

Is the total income earned by a nation's permanent residents.

It differs from the GDP by including income that the nation's permanent residents earn abroad and excluding income that foreigners earn in the given country. For most countries domestic residents are responsible for most domestic production, so GDP and GNP is quite close.

## **Disposable income**

The amount of money that households have available for spending and saving after income taxes have been accounted for.

## **NDP Net Domestic Product -**

An annual measure of the economic output of a nation that is adjusted to account for depreciation, calculated by subtracting depreciation from the gross domestic product (GDP).

## **Net National Product –(NNP)**

Is the total income of a nation's residents (GNP) minus losses from depreciation. Depreciation is the wear and tear on the economy's stock of equipment and structures, such as lorries rusting and computers becoming obsolete.

## **National Income (GNI)**

National income is the total income earned by a nation's residents in the production of goods and services. It differs from net national product by excluding indirect business taxes (such as sales taxes) and including business subsidies. NNP and national income also differ because of a "statistical discrepancy" that arises from problems in data collection.

## **Factors of production**

The inputs used to produce goods and services

## **Investment**

Spending on capital equipment, inventories and structures, including household purchases of new housing

## **National saving**

The total income in the economy that remains after paying for consumption and government purchases

## **Private Saving**

The income that households have left after paying for taxes and consumption

## **Hyperinflation**

Extremely rapid or out of control inflation. There is no precise numerical definition to hyperinflation. Hyperinflation is a situation where the price increases are so out of control that the concept of inflation is meaningless.

## **Seigniorage:**

The difference between the value of money and the cost to produce it - in other words, the economic cost of producing a currency within a given economy or country. If the seigniorage is positive, then the government will make an economic profit; a negative seigniorage will result in an economic loss.