Answer on Question#39860 – Economics – Macroeconomics

Assignment

You are given the data below for 2008 for the imaginary country of Amagre, whose currency is the G.

Consumption 350 billion G

Transfer payments 100 billion G

Investment 100 billion G

Government purchases 200 billion G

Exports 50 billion G

Imports 150 billion G

Bond purchases 200 billion G

Earnings on foreign investments 75 billion G

Foreign earnings on Amagre investment 25 billion G

Compute net foreign investment.

Compute net exports.

Compute GDP.

Compute GNP.

In addition to responding with a quantitative answer, briefly describe how you arrived at your answers.

Solution

1) Net foreign investment = earnings on foreign investments - payments made to foreign investors = 75 - 25 = 50 billion G
2) Net exports = Exports - Imports = 50 - 150 = -100 billion G
3) GDP = Consumption + Government purchases + Investment + Net imports = 350 + 200 + 100 - 100 = 550 billion G
4) GNP = Consumption + Government purchases + net foreign investment + Net imports = 350 - 100 + 100 - 100 = 250 billion G