

7-8 (Key Question) Below is a list of domestic output and national income figures for a given year. All figures are in billions. The questions that follow ask you to determine the major national income measures by both the expenditure and income methods. The results you obtain with the different methods should be the same.

Expenditure Approach	Income Approach	
	Personal consumption expenditures	\$245
	Net foreign factor income earned	4
	Transfer payments	12
	Rents	14
	Consumption of fixed capital (depreciation)	27
	Social security contributions	20
	Interest	13
	Proprietors' income	33
	Net exports	11
	Dividends	16
	Compensation of employees	223
	Indirect business taxes	18
	Undistributed corporate profits	21
	Personal taxes	26
	Corporate income taxes	19
	Corporate profits	56
	Government purchases	72
	Net private domestic investment	33
	Personal saving	20

- Using the above data, determine GDP and NDP by both the expenditure and income methods.
- Now determine NI: first, by making the required additions and subtractions from GDP; and second, by adding up the types of income which comprise NI.
- Adjust NI from (b) as required to obtain PI.
- Adjust PI from part c as required to obtain DI.