

CHAPTER OVERVIEW

2: National Income and the Balance of Payments Accounts

The most important macroeconomic variable tracked by economists and the media is the gross domestic product (GDP). Whether it ought to be so important is another matter that is discussed in this chapter. But before that evaluation can occur, the GDP must be defined and interpreted. This chapter presents the national income identity, which defines the GDP. It also presents several other important national accounts, including the balance of payments, the twin-deficit identity, and the international investment position. These are the variables of prime concern in an international finance course.

- [2.1: National Income and Product Accounts](#)
- [2.2: National Income or Product Identity](#)
- [2.3: U.S. National Income Statistics \(2007–2008\)](#)
- [2.4: Balance of Payments Accounts- Definitions](#)
- [2.5: Recording Transactions on the Balance of Payments](#)
- [2.6: U.S. Balance of Payments Statistics \(2008\)](#)
- [2.7: The Twin-Deficit Identity](#)
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