

A model for microeconomic and macroeconomic development

Ivan O. Kitov

Abstract

A comprehensive study of the personal income distribution (PID) in the USA is carried out. Principal characteristics of the PID in USA are established.

A microeconomic model of the personal income distribution and evolution with time is developed. The model balances two processes – individual income earning and dissipation of the income. The model accurately predicts the overall PID and its evolution and fine features of the PID in various age and income groups. The results obtained prove that the observed economic growth is a predetermined process governed only by a country specific single year of age population.

Key words: personal income distribution, microeconomic modeling, real GDP, macroeconomics

JEL Classification: D01, D31, E17, J1, O12