

Examinar:

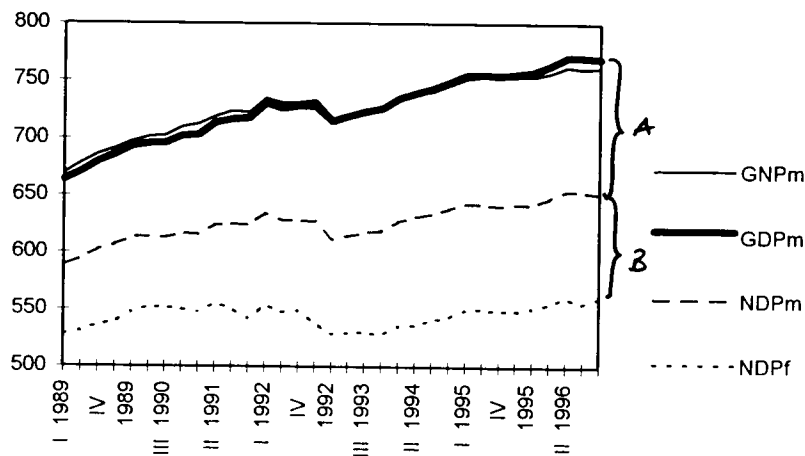
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The following aids may be used: calculator, dictionary

Examination questions:

1. The production boundary is an elementary concept in National Accounting.
 - a) Explain the term 'production boundary'. Describe briefly the Smithian concept and the Marshallian concept of the production boundary.
 - b) Define the production boundary that is generally used in National Accounting.
 - c) Illustrate the concepts in a) and b) using two examples for activities that
 - are included in the concept of National Accounting but not in the Smithian concept.
 - are included in the Marshallian concept but not in the concept of National Accounting.

2. National Accountants distinguish between the gross concept and the net concept of total product, between the market price concept and the factor cost concept of total product and between the domestic product and the national product.
 - a) Explain the terms 'domestic product' and 'national product'.
 - b) Explain how the domestic product and the national product are related. Give three examples for activities that raise the domestic product but not the national product.
 - c) Explain briefly the gaps A and B in the figure below.



(GNPm = gross national product at market prices, GDPm = gross domestic product at market prices, NDPm = net domestic product at market prices, NDPf = net domestic product at factor cost).

3. We observe the following activities in an economy that consists of a productive sector, a household sector, a government sector and a 'rest of the world'.

- Technological progress reduces the capital stock of the economy (40 EURO).
- Producers transfer the revenue from taxes on products to the government (35 EURO). The government sector supports several industries and transfers 10 EURO to the productive sector.
- Producers export goods and services (10 EURO) and import goods and services (15 EURO).
- Households purchase washing machines, TV sets and food (600 EURO).
- Producers and the government spend 300 EURO on new machines, infrastructure and new buildings.
- The government spends 380 EURO on public health and education.
- The European Union transfers 5 EURO to resident households.
- Resident households work abroad and earn 15 EURO.

- a) Set up a simplified Consolidated System of Accounts and fill in the names of the accounts' entries and the corresponding numbers given in the text.
- b) Calculate and interpret the following aggregates: gross domestic product at market prices, disposable national income, net borrowing/net lending abroad.

4. The following table shows information about three products $i=1,2,3$ that are consumed by a household in period $t = 0$ and $t = 1$.

i	Q_{i0}	P_{i0}	Q_{i1}	P_{i1}
1	5	2	4	4
2	2	8	10	3
3	10	12	7	20

i : product

t : period

Q_{it} : quantity of product i consumed in period t

P_{it} : price of product i in period t

- a) Calculate the following index numbers: Laspeyres price index, Paasche price index.
- b) Interpret your results from a).