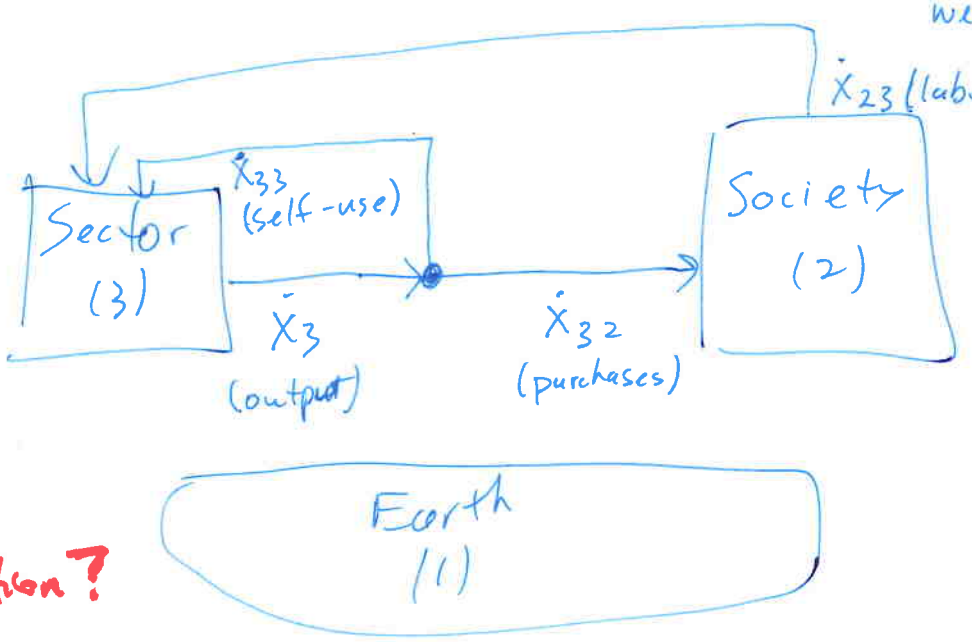
24 July 2013
wed MKH

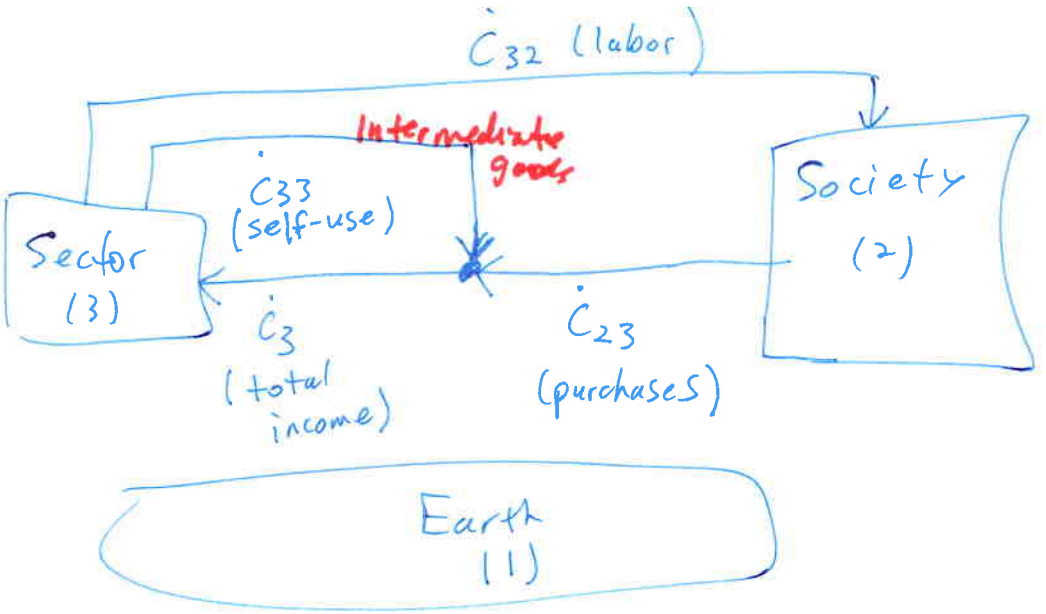


Red notes from 7 Aug 2013

depreciation?

Notes: $\dot{X}_{23}$ missing from Example B.

- $\dot{E}_{23}$ missing from Example B. Energy from labor?



Discuss sign conventions

$$\frac{dX_3}{dt} = \dot{X}_{23} + \dot{X}_{33} - \dot{X}_3 \qquad \frac{dC_3}{dt} = \dot{C}_3 - \dot{C}_{32} - \dot{C}_{33}$$

- Are the following true?

  $\dot{C}_3 = \dot{X}_3$ (currency in = value out)

  $\dot{C}_{23} = \dot{X}_{32}$ (purchases)

  $\dot{C}_{32} = \dot{X}_{23}$ (labor)

  $\dot{C}_{33} = \dot{X}_{33}$ (self-use)

  If so,

  $$\frac{dC_3}{dt} = -\frac{dX_3}{dt}$$

C_3 = retained earnings? -Becky to check.

- Are $\frac{dX_3}{dt}$ and $\frac{dC_3}{dt}$ available in BEA?

  Specifically, is $\frac{dC_3}{dt}$ = profit? or value added?

- What of the role of banks, the Fed, and inflation? Should we be discussing inflation-adjusted $\dot{X}$ and $\dot{C}$ values only? Keep out!

- It is unclear to me how the above eqns may help to untangle $\mathcal{E}_3$ and $\frac{dB_3}{dt}$. Eqn. 5.21 includes only an $\dot{X}_3$ term.