

Measuring gdp/gnp

- THE AIM IS TO GET A MEANINGFUL MEASURE OR ESTIMATE OF THE QUANTITY OF GOODS AND SERVICES PRODUCED IN AN ECONOMY IN A PERIOD OF TIME
- NATIONAL ECONOMY AND YEAR
- AGGREGATION THROUGH MONETARY VALUE

- VAST RANGE OF GOODS AND SERVICES OF DIFFERENT TYPES
- HOW TO ADD TOGETHER?
- MONETARY VALUE
- PROBLEMS IN DECIDING ON THE MONETARY VALUE
- PRIVATE SECTOR-----USE PRICE OR INCOMES

- PUBLIC SECTOR-----NO PRICE AND NO PROFIT
- MEANINGFUL SO AS TO MEASURE REAL PERFORMANCE IN QUANTITY OF GOODS AND SERVICES AND TO FACILITATE INTERNATIONAL AND TEMPORAL COMPARISONS
- MEANINGFUL REQUIRES APPROPRIATE
- DEFINITIONS AND RULES
- ACCOUNTING RULES

- NATIONAL ACCOUNTS -- GDP/GNP STATISTICS -- NATIONAL INCOME—SOCIAL ACCOUNTS---ALL REFER TO THE SAME CONCEPT
- THREE METHODS OF MEASURING NATIONAL OUTPUT
- THE VALUE OF THE OUTPUT
- THE INCOMES GENERATED BY THE PRODUCTION

- THE EXPENDITURE ON THE OUTPUT
- WITH APPROPRIATE DEFINITIONS AND PERFECT DATA THE 3 WOULD GIVE THE SAME RESULT
- THERE IS NOT PERFECT DATA AND SO THERE ARE DIFFERENCES IN THE RESULTS

- IN IRELAND WE MAINLY USE THE INCOME AND EXPENDITURE METHODS AND THE OFFICIAL ESTIMATE OF GDP/GNP IS THE AVERAGE OF THE TWO
- STATISTICAL ADJUSTMENT
- MOST FORECASTS USE THE EXPENDITURE FORMAT

- USE THE DATA FOR DIFFERENT PURPOSES
- COMPARISONS OF STANDARD OF LIVING
- UNDERSTANDING THE BEHAVIOUR OF THE ECONOMY
- GUIDELINE FOR INVESTMENT

- MAIN CONCEPTS AND FORMULATIONS
- GDP AND GNP-- THE DIFFERENCE IS NET FACTOR INCOMES---
MULTINATIONAL PROFIT REPAT
- LOOK AT DATA TO SEE SIGNIFICANT DIFFERENCE IN THE IRISH CASE

- NET NATIONAL PRODUCT AND GROSS NATIONAL PRODUCT
- DIFFERENCE IS DEPRECIATION
- PART OF CAPITAL STOCK USED UP IN THE PRODUCTION PROCESS
- MEASURE OF THE REPLACEMENT OF THAT CAPITAL
- ONLY AN ESTIMATE

- MARKET PRICES—AMOUNT OF EXPENDITURE—PRICES INCLUDING VAT, EXCISE
- FACTOR COST---- COST OF PRODUCTION----MAKING, DELIVERY, WHOLESALE, RETAIL
- COSTS OF THE FACTORS OF PRODUCTION INCLUDING PROFIT

- BE ABLE TO MOVE BETWEEN THE CONCEPTS
- BE ABLE TO USE FIGURES IN MOVING BETWEEN THEM
- REAL Vs NOMINAL
- CONSTANT PRICES Vs CURRENT PRICES
- VOLUME Vs VALUE

- TECHNICAL ISSUES AND CONCEPTUAL ISSUES
- SPECIFIC IRISH ISSUES
- TECHNICAL ADJUST FOR INFLATION TO GET REAL LEVEL OVER TIME
- POPULATION ADJUST FOR POPULATION TO GET GDP/GNP PER CAPITA OR PER PERSON
- DISTRIBUTION ISSUES

- INTERNATIONAL ADJUST FOR CURRENCIES
- TWO METHODS EXCHANGE RATES AND PURCHASING POWER PARITIES
- PPP ATTEMPT TO REFLECT THE FULL DIFFERENCE IN THE PRICE LEVELS OR PURCHASING POWER OF A CURRENCY

- EXCHANGE RATES ARE DETERMINED BY THE NARROWER RANGE OF TRANSACTIONS THAT ENTER INTO INTERNATIONAL TRADE AND BUSINESS
- EX RATES EASILY OBTAINED
- PP COSTLY TO OBTAIN BY SURVEY

- CONCEPTUAL----WHERE GDP IS NOT A GOOD MEASURE OF WELLBEING OR WELFARE
- EXCLUDED GOODS AND SERVICES,
DIY HOUSHOLD CHORES
COMMUNITY WORK
VOLUNTEERISM
- BLACK MARKET ACTIVITIES

- UNDESIRABLE
GOODS/CONSEQUENCES NOISE,
POLLUTION, CONGESTION
- MORE GDP-----BETTER OFF
- BUT.....MORE POLLUTION
- CRIME INCREASES AND LEADS TO
SECURITY INDUSTRY GROWING BUT
EVEN THOUGH GDP GROWS THIS IS
UNDESIRABLE

- THE VALUE OF LEISURE
- TYPE OF GOODS ALCOHOL AND CIGARETTES, FAST FOOD
- INCREASED PRODUCTION LEADS TO PROBLEMS BUT GDP GROWS WHICH IS A “DESIRABLE” SITUATION????
- Measure of economic welfare

- ADD ITEMS LIKE LEISURE, NON MARKET ACTIVITY, PARKS AND SUBTRACT VALUE FOR POLLUTION SECURITY AND CONGESTION
- MARKET ACTIVITIES ARE INCLUDED IN GDP BUT EXTENT OF MARKET ACTIVITIES CHANGES OVER TIME AND BETWEEN COUNTRIES

- RICH COUNTRIES-----
RESTAURANTS—PROCESSED FOOD-
----DRY CLEANERS---LIMITED
DOMESTIC REPAIR----CHILDCARE
- ALL INCLUDED IN GDP IF REPORTED
- POOR COUNTRY DOES MOST OF
THSES AS DOMESTIC WORK AND
NOT INCLUDED IN GDP

- FAR FROM IDEAL MEASURE
- WIDELY USED
- ANYTHING BETTER??????INDEX OF HAPPINESS
- Index of sustainable economic welfare
- MAJOR ISSUES IN USING IT AS AN INDEX OF WELFARE/ ECONOMIC WELFARE OR WELLBEING