

Understanding National Accounts

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Chapter 5

Defining final uses of GDP

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Topics covered in ch 1-4

- 1: Basic aggregates in national accounts
- 2: Volume and price increases
- 3: International comparisons
- 4: Production side estimates

Some key points in chapter 5

- Demand or use side covers *final uses*
- $Y = HFCE + GFCE + GFCF + Ch\ Inv + X - M$
- *Domestic – external demand*
- In production also *intermediate uses*
- -fully consumed during production process
- Pricing – valuation

Final uses in the NA

- + Households' final consumption expenditure
- + General government final consumption expenditure
- + NPISHs' final consumption expenditure
- + Gross fixed capital formation
- +/- Changes in inventories
- + Acquisition less disposal of valuables
- + Exports
- Imports
- +/- Statistical discrepancy

Gross domestic product

Pricing of final uses

- Valued at market prices
- Includes taxes on products
- Includes transport and marketing costs
- Net of rebates

Household Consumption expenditures includes

- Goods and services
- Owner occupied dwelling services
- Income in kind (car benefits, PC)
- Own-account consumption (farmers)
- Durable consumption goods incl second hand
- Payments for some licences and permits (driving licences, TV- and radio licences)

Some are imputed

1. Owner-occupiers' imputed rent
2. Own-account consumption (farmers)
- 3 Income in kind (meals, rent, car benefits)
- 4 Financial intermediate services indirectly measured (FISIM) (interest received–paid)

Consumption exp excludes

E.g.:

- IC of private entrepreneurs
- Purchases of dwellings, real estate
- Houseowner's expenses of major maintenance and repair of dwellings
- Taxes
- Member fees to NPISH
- Voluntary contributions

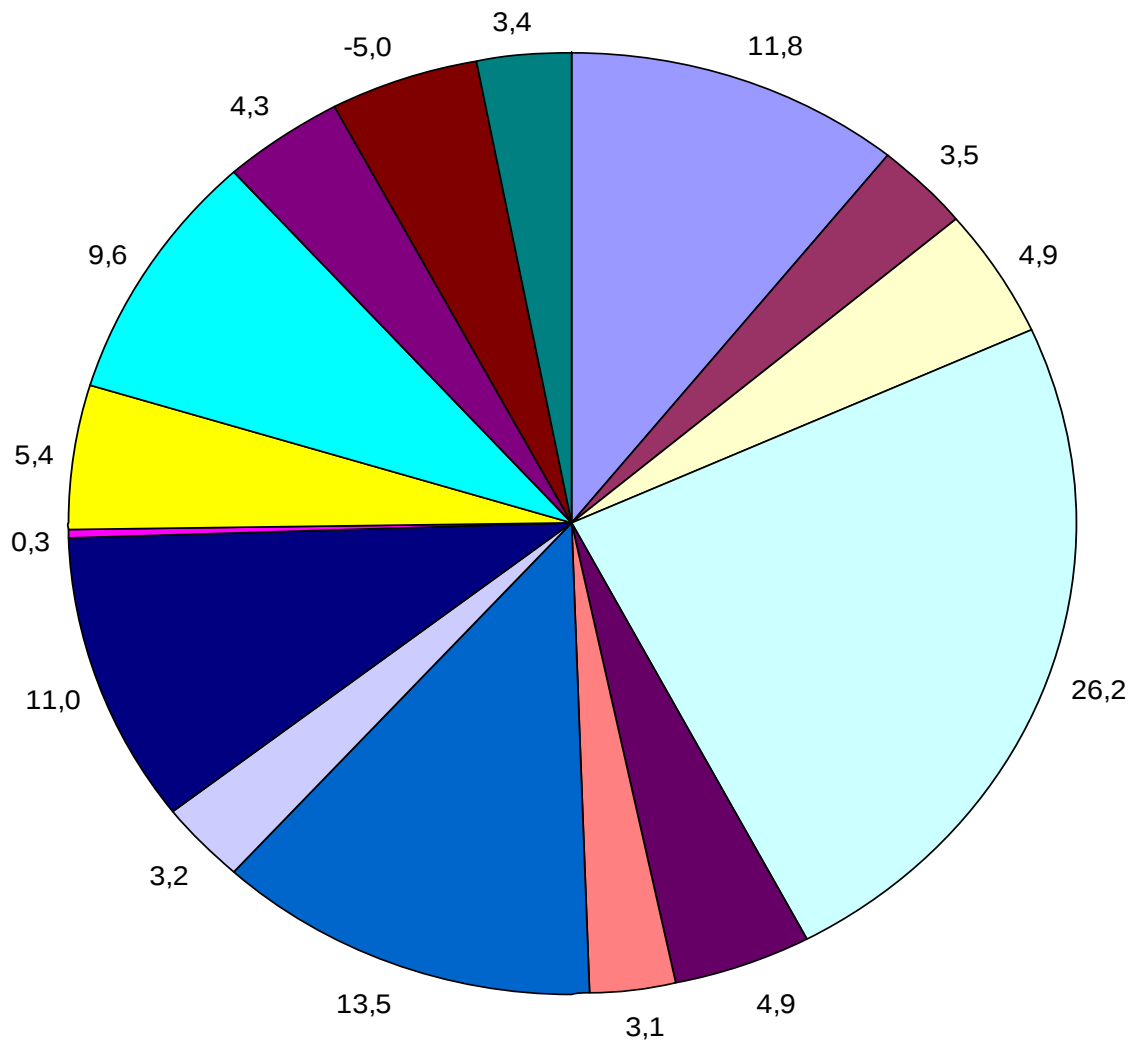
Household final consumption expenditure by COICOP

- 01 food and non-alcoholic beverages
- 02 alcoholic beverages and tobacco
- 03 clothing and footwear
- 04 housing, water, electricity, gas and other fuels
- 05 furnishings, household equipment and routine household maintenance
- 06 health
- 07 transport
- 08 communication
- 09 recreation and culture
- 10 education
- 11 restaurants and hotels
- 12 miscellaneous goods and services
- resident household consumption expenditure abroad
- Non-resident household consumption in Sweden
- Total final consumption expenditures by households
- Non-profit institutions serving households
- Total consumption

Household final consumption expenditure by COICOP



Statistiska centralbyrån Statistics Sweden



- 01 Livsmedel och alkoholfria drycker
- 02 Alkoholhaltiga drycker, tobak
- 03 Kläder och skor
- 04 Bostad, el, gas och uppvärmning
- 05 Möbler, hushållsart. o rutinunderhåll
- 06 Hälso- och sjukvård
- 07 Transporter
- 08 Kommunikation
- 09 Fritid, underhållning och kultur
- 10 Utbildning
- 11 Hotell, caféer och restauranger
- 12 Övriga varor och tjänster
- 15 Hushållens konsumtion i utlandet
- 16 Utländsk konsumtion i Sverige
- 16 Hushållens icke-vinstdrivande org

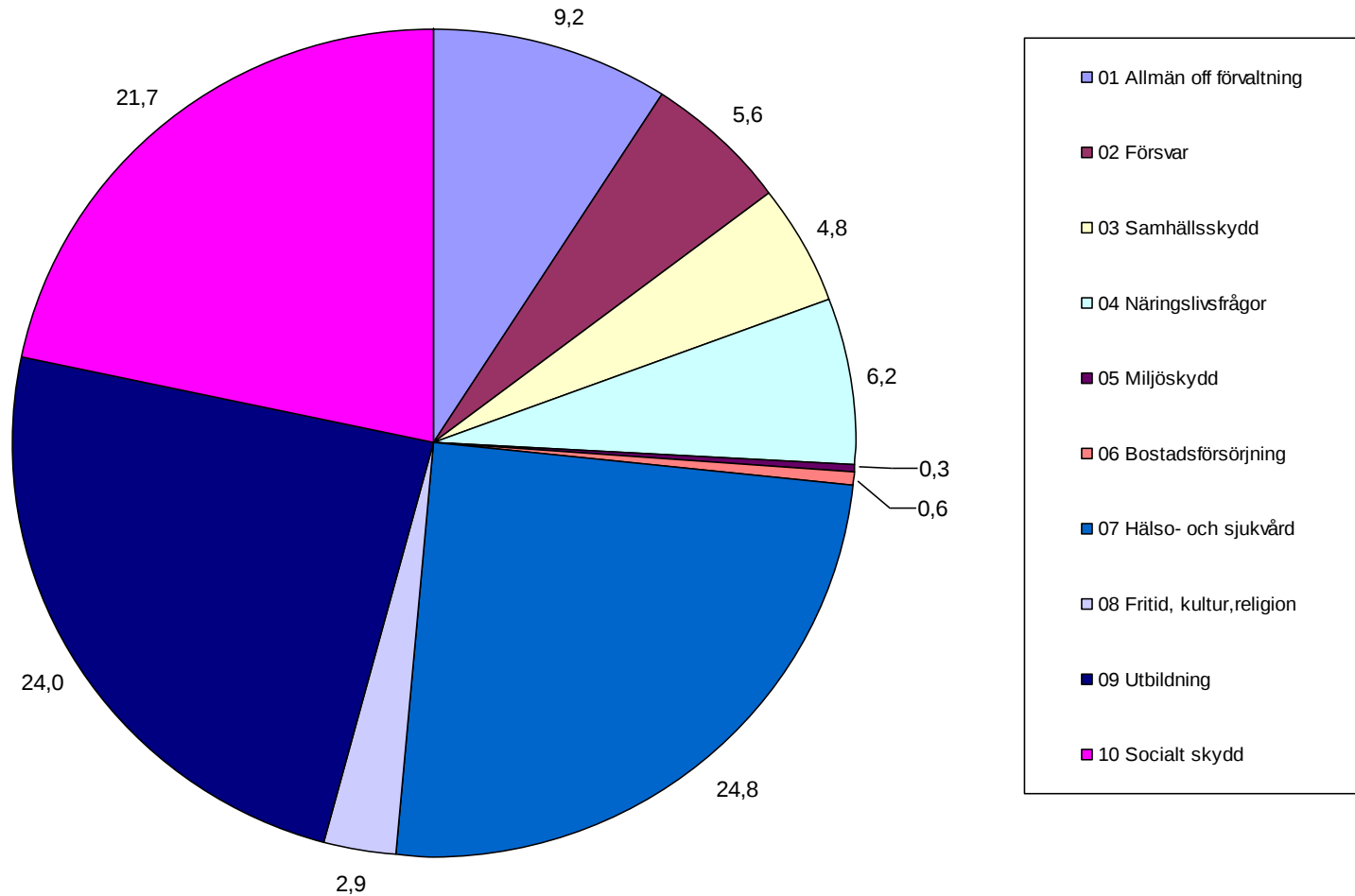
Consumption exp matrix

Enligt SCB-kod		Storm	Livs	Ann det	Spec livs	Alkohol	Tobak	Apotek	Sjukv	Textil	Kläder	Sko, läd	Möbler	Utrustn	Hhapp
COICOP	Beskrivning	52111	52112	52120	522XX	52250	52260	5231X	5232A	52410	52420	52430	5244X	5244Y	52451
0111	Bröd och konditorivaror	0,08	0,11	0,01	0,12	0,00	0,01	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
0112	Kött och köttprodukter	0,12	0,13	0,01	0,06	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
0113	Fisk och skaldjur	0,04	0,04	0,00	0,10	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
0114	Mjök, ost, ägg	0,09	0,13	0,00	0,01	0,00	0,01	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
0520	Gardiner, persienner, hushå	0,01	0,00	0,02	0,00	0,00	0,00	0,00	0,00	0,39	0,00	0,00	0,12	0,02	0,00
0531	Vitvaror, dammsugare etc	0,01	0,00	0,02	0,00	0,00	0,00	0,00	0,00	0,01	0,00	0,00	0,00	0,07	0,59
0532	Elektriska hushållsapparater	0,00	0,00	0,01	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,03	0,08
0713	Cyklar, mopeder	0,00	0,00	0,01	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
0721	Reservdelar till fordon	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
07221	Bensin, diesel etc	0,00	0,00	0,00	0,03	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
X100	Ej privat konsumtion	0,00	0,00	0,00	0,01	0,00	0,00	0,00	0,00	0,03	0,02	0,05	0,05	0,00	0,13
Tot	Totala försäljnings	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00

General government final consumption expenditure by COFOG

- 01 general public services
- 02 defence
- 03 public order and safety
- 04 economic affairs
- 05 environmental protection
- 06 housing and community amenities
- 07 health
- 08 recreation, culture and religion
- 09 education
- 10 social protection

Govt final cons exp by COFOG



Collective or individual?

- Individual consumption
 - (together with household final consumption expenditure = actual consumption expenditure)
- Collective consumption

Government expenditure - equal to its costs

+ Intermediate consumption	264
+ Wages	287
+ Social contributions	113
+ Other taxes on production	17
- Other subsidies on production	4
+ Consumption of fixed capital	51
= Production	728
- Sales	114
+ Social benefits in kind	77
= Total consumption expenditure	691

N P I S H

- Non profit institutions serving households
- Small sector in Sweden
- Trade unions, religious sects, sports clubs, cultural organisations
- Based on information on wages and investments
- Now an annual survey (but not compulsory)
- Will be separated from households

NPISHs' final consumption expenditure

- Non profit institutions serving households
- Valud at cost
- All individual expenditure

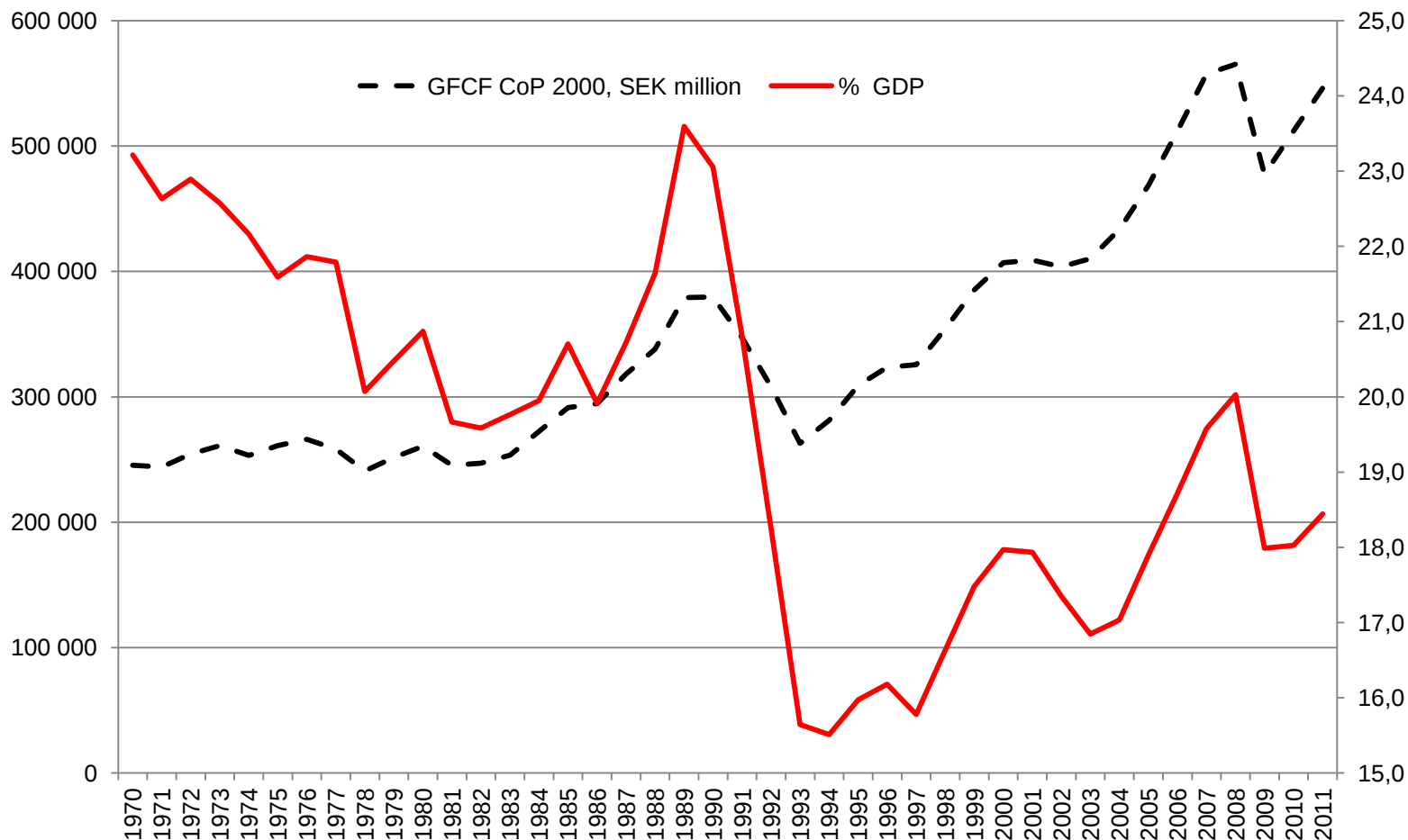
Capital types investments

- **Tangibel assets**
 - Machinery and stocks
 - Transport equipment
 - Dwellings and other buildings and structures
 - Cultivated assets
- **Intangibel assets**
 - Software
 - Mineral prospekting
 - Artistic and literary originals

Gross fixed capital formation 1970-2011



Statistiska centralbyrån Statistics Sweden



Capital stocks and C F C

- The Perpetual Inventory Method used for constructing estimates of capital stocks

$$\mathbf{K}_t = \mathbf{I}_t + (1 - \delta) \mathbf{K}_{t-1}$$

- $\mathbf{K}_t$ is capital stock
- $\mathbf{I}_t$ is gross investment
- δ is the constant rate of depreciation
- under a geometric assumption

Changes in inventories

1. Material inventories
2. Finished goods that have not yet been sold
3. Merchandise purchased for resale
4. Strategic stocks managed by government
5. Work in progress

Evaluating the changes in inventories

1. Market prices at the time
2. Average prices for the period
3. As a residual

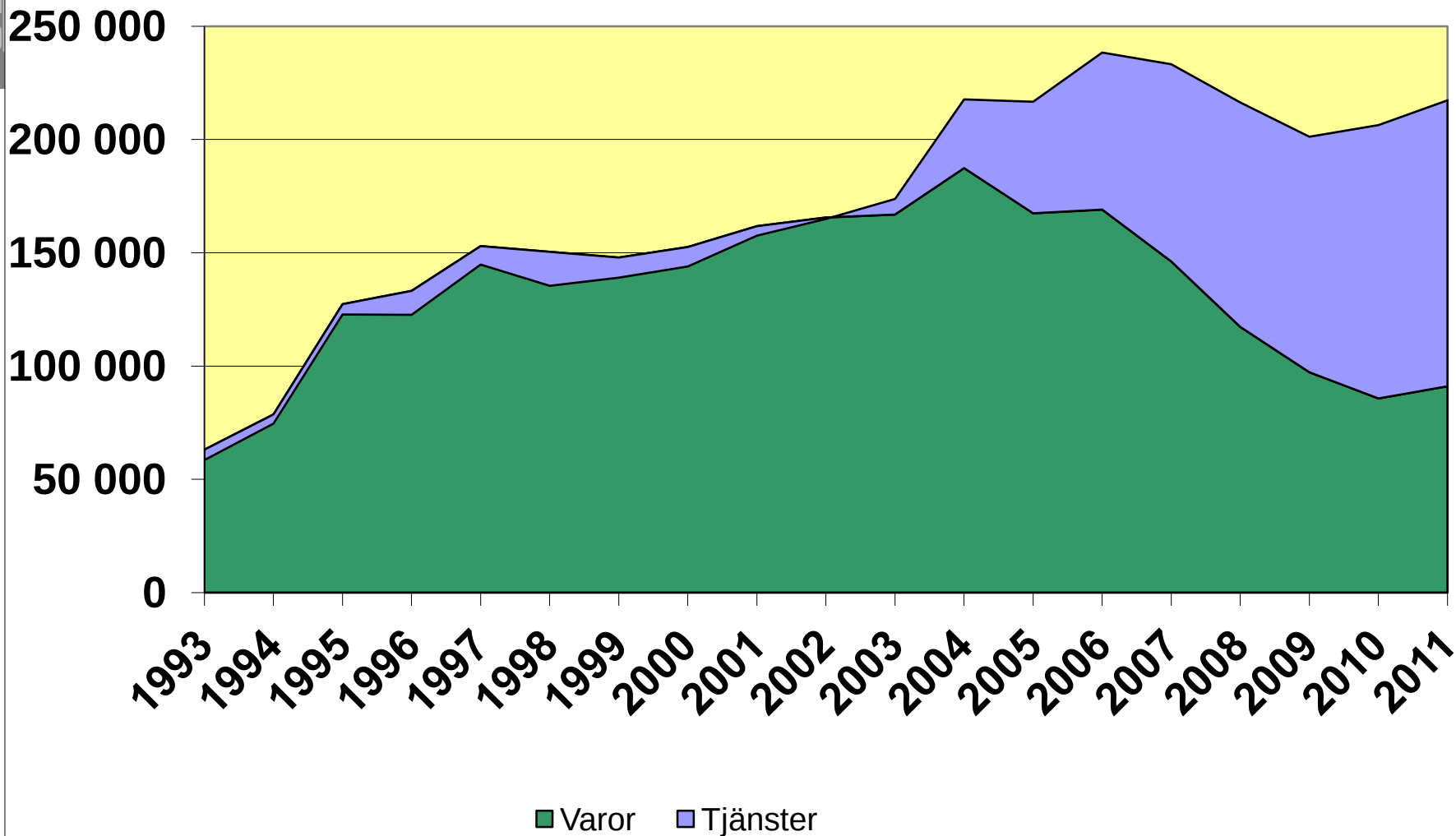
What does it indicate?

- Indicator of possible changes in the growth rate
- Includes two different types of goods:
inputs and finished products
- Indicate different things!

Net acquisition of valuables

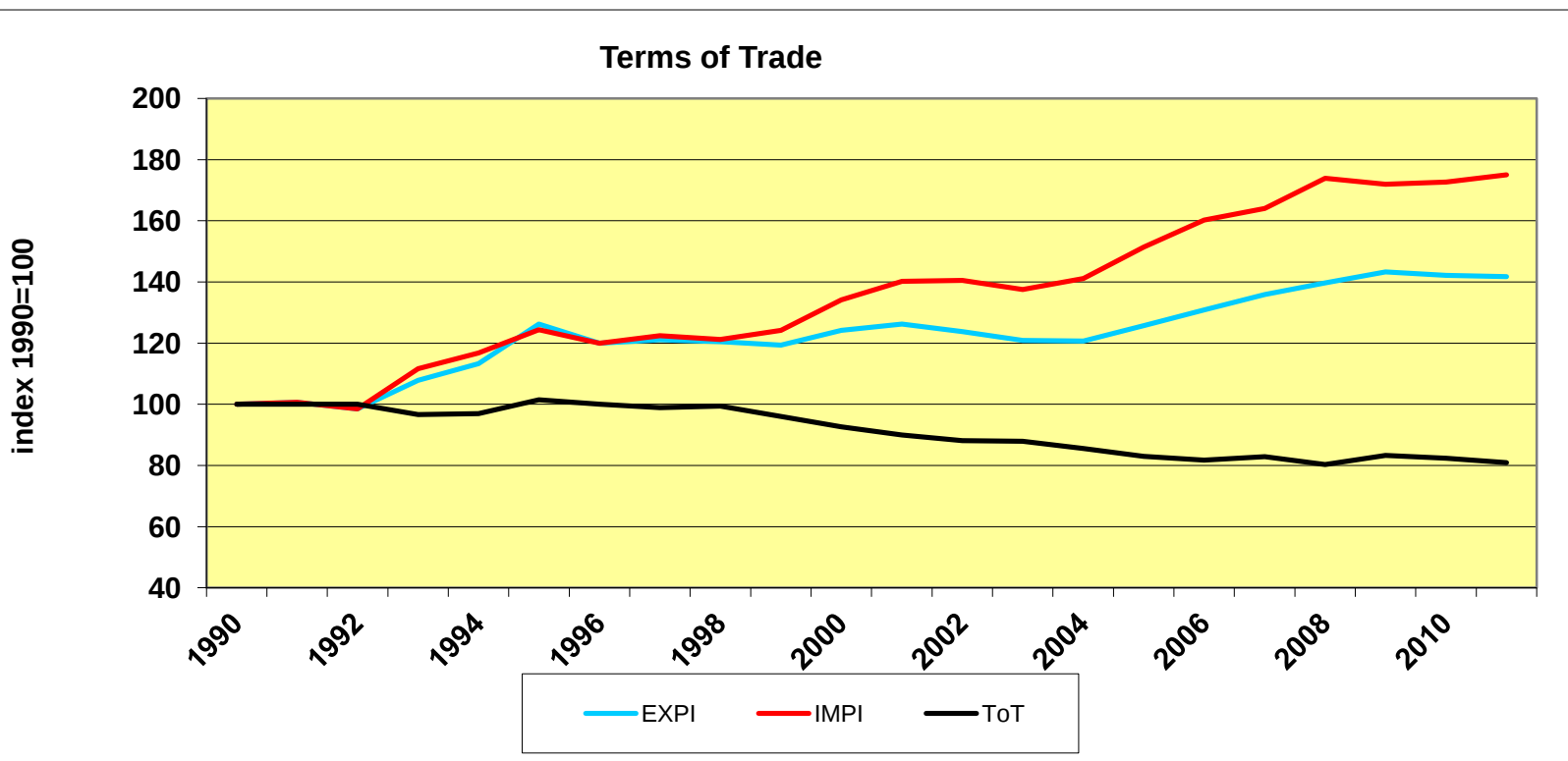
- Very small item!
- Increase their value over time.
- Gem-stones, precious metals and paintings by old masters.

Net exports



Terms of trade

- Vad Sverige betalar för import i termer av export
- Importpriserna har ökat starkare
- ToT har försvagats



Illegal gambling

- Investigation by Lottery Inspectionen/police
- Anonymus check of 2 125 sites in 2003
- Information from police districts
- At least 3 000 illegal game machines
- "Estimated" turnover 4 billion SEK

Prostitution



Statistics Sweden

Statistiska centralbyrån

Typ	No of prostitutes	No of contacts per year and prost.	Price (Kr) /occation	SumMkr
Street	425	200	1000	85
Internet	100	500	2500	125
Clubs	500	150	5000	375
Sum	1025			585

Household expenditure, imports and production of smuggled alcohol and tobac and home production in 2003 , Mkr

Item	Consumption	Imports	Production
Liquer	514	375	139
Vine	167	89	78
Beer	1055	558	497
Tobac	150	75	75
Home production	736	0	736
Sum	2662	1097	1525

Household consumption exp, imports and production of narcotics in 2001, Mkr

Item	Consumption	Imports	Production
Amfetamin	382	82	300
Heroin	1 748	317	1431
Cannabis	120	61	59
Narc. drugs	22	12	10
Ecstasy	14	4	10
Sum	2 286	476	1810

Illegal value added in some countries, % of GDP

- Estland, 1998 0,8 D+P+audio-videocopies
- Lettland, 1998 0,97 D+P
- Litauen, 1998 0,5 D+P+F(faud with cars)
- Polen, 1998 0,13 D; 0,20 P; 0,21 S+F
- Slovakien, 1998 0,59 D+P+F
- UK, 1996 0,5-1,1 D; 0,2 P; 0,2 (game)+F
- Finland, 1998 0,1-0,2 D+P+S
- NL 2000 <1, of which 0,1 P

- Källa: UN, Geneve, samt rapporter från NL o Finland

Hidden activities

- Tax agency – tax revisions 98-2003
- 25 industries
- Grouping of different units like private entrepreneurs with/without employees
- Limited companies according to size of wages
- Compilation of hidden income in relation to white income

Other checks

- Compare entrepreneurs – employees income
- medium income (51%), living standard, food expenditure
- Attitudes to black income among entrepreneurs and employees respectively
- services bought and accomplished
- Goods bought under the counter
- Check of people with zero income
- Unregistered young workers in Gothenburg

Results, hidden income/white, %

Jordbruk	35
Skogsbruk	25
Fiske	77
Gruvor o mineralutv.industri	1
Tillverkningsindustri	2
El-, gas, värme-, vatten,reningsv.	0,4
Byggindustri	12
Bilservice	25
Livsmedelsbutiker och tobakshandel	9
Övrig parti- och detaljhandel	8
Hotell, camping mm.m.	8
Restauranger och barer	52
Annan köksverksamhet	12
Taxi	37
Vägtransport av gods	11
Övriga tranport, magasin	2
Kreditinst, försäkringsbol	1
Fastighetsförvaltning	11
Lokalvård	19
Uthyrn.,ftgservicefir ex lokalvård	11
Utbildn, hälso,sjukvftg	12
Avloppsren,avfallshant	1
Hårvård och skönhetssalonger	45
Övriga personliga tjänster	17