Original

[redacted] Semester: su[redacted]

Examinar:
Prof. Dr. K.-H. Paqué
Dipl. - Vw. Fr[redacted]

The following aids may be used: calculator, dictionary

Examination questions:

1) National Accountants distinguish between gross domestic product at market prices (GDP) and gross national product at market prices (GNP).
   a) Explain the concepts of GDP and GNP.
   b) Give two examples for activities that raise the GDP but not the GNP, and two examples for activities that raise the GNP but not the GDP.

2) The characteristics of the government sector's productive activities and products lead to four major problems in representing this sector adequately in a national accounting framework.
   a) Explain these four problems briefly.
   b) Which assumptions are made to cope with these difficulties?

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 lowers the value of the capital stock of the economy (10€).
   - The household sector purchases cars, food and services (60€).
   - The productive sector exports goods (5€) and imports goods (15€).
   - The government sector receives revenues from a sales tax (20€).
   - The government sector spends 50€ on infrastructure and 20€ on public health.
   - Foreigners that live abroad but work on the economy's territory (foreign commuters) earn 5€.
   - The government sector supports the maritime industry and transfers subsidies (15 €).
   - The productive sector spends 40€ on new lorries.
   - The government transfers contributions to the EU (10€).

   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) In a discussion the following statement is made:
   "A current account surplus is always favourable and a current account deficit is always unfavourable."
   How can this statement be criticised?