

Problem Set #2

True (T) or false (F) – circle the answer

1. T F To put together an IO table, one needs income statements from the business sector – the more detailed the better.
2. T F In the case that it is impossible to conduct census of all economic establishment, survey is the way out
3. T F If transactions are presented in producers' prices, then they include the transportation costs.
4. T F When transactions are recorded in consumers' (or purchasers') prices, then they include the trade margin.
5. T F Imports can be recorded in the intermediate input transactions, or as a separate account in the final demand.
6. T F If imports have been recorded in the intermediate input transactions, they can no longer appear as parts of final demand.
7. T F The main diagonal (one running from upper-left to lower-right) in the 'make matrix' usually shows the secondary product of the industry.
8. T F Commodities use inputs from industries rather than from commodities themselves; thus is the logic of 'use matrix'.
9. T F Final demand is asked on 'commodities' rather than on 'industries'.
10. T F Value added is paid by 'commodities' rather than by 'industries'.

Choose the most correct answer!

11. Secondary product is an issue in input-output table for the following reasons, **except**
 - a. Secondary product may be of large proportion at the firm.
 - b. Secondary product may be scrapped in the IO traditional recording system, thus its value may not recorded
 - c. Secondary product may comprise output with the largest percentage at the firm.
 - d. Secondary product may be as important as the primary product.
12. When transactions are recorded in the producer's prices, then the values
 - a. Include transportation costs
 - b. Include the trade margin
 - c. Include the farm-gate price
 - d. All (a), (b), and (c) above are correct.

13. When transactions are recorded in the consumers' prices, then the values
 - a. Include transportation costs
 - b. Include the trade margin
 - c. Include the farm-gate price
 - d. All (a), (b), and (c) above are correct.

14. The following are common alternative to treat imports in the IO transaction records, **except**
 - a. In a row, as an input of production
 - b. Spread out in the intermediate input-transactions
 - c. As part of final demand, a separate column
 - d. As part of investment in the final demand

15. Total transactions is closer to
 - a. Consumers' or purchasers' prices
 - b. Producers' prices
 - c. Summation of all exports and imports
 - d. Summation of all final demand.