

## Glossary

### Administrative expenditure

A type of recurrent expenditure incurred to administer institutions that directly and indirectly participate in the delivery of services. For example, in the education sector, those institutions might include school and other education authorities, including the ministry of education. Such expenditures could include both labour and material costs.

### Attrition rates

The number of units of a given service input lost during a year, per thousand units of that service input available in the year. Examples of attrition would be the loss of teachers through retirement or the loss of equipment through obsolescence.

### Average household savings ratio

Proportion of disposable household income devoted to savings.

### Average household size

The mean number of members per household.

### Budget survey

A random example survey of households conducted in order to collect information on expenditures of households on various individual consumption goods and services or groups of those goods and services. Such a survey may also collect information on the size and characterization of households.

### Capital income

Income in the form of profits, dividends and interest, accruing to physical capital and financial claims in return for services rendered by those forms of capital.

### Cluster of households

A group of households in a sample survey selected from the same community or geographical area.

### Coefficient of determination $R^2$

The measure of the goodness of fit of a regression equation, which denotes the proportion of the variance in the dependent variable associated with independent variable(s) included in the regression. The coefficient may lie between 0 and 1; when it is close to 0, it suggests a weak relationship, when it is close to 1, a strong one.

#### Comprehensive planning

A form of development planning, sometimes referred to as aggregative, global or overall planning, which covers most or all sectors of the economy. This planning, unlike sectoral planning, is concerned with a full range of variables, including aggregate output, household and government consumption, savings and investment, imports and exports, employment and incomes.

#### Corporate income taxes

Taxes levied on the profits of companies.

#### Demand systems

A set of functions explaining consumption behaviour alone, or consumption as well as savings behaviours of a group of households, which make a population group or the total population.

#### Disposable income

The income of a particular type of institution, such as households, corporations or government, after taxes or transfers, whichever is appropriate, which is available for consumption or savings.

#### Dividends

Payments to shareholders of a company, usually in the form of cash or shares.

#### Econometric models

Mathematical models expressing economic theories in terms of empirically estimated coefficients of model relationships. The model coefficients are obtained by applying statistical estimation methods to suitable data. The models may be used to forecast future values of selected model variables.

#### Economic-demographic model

A mathematical representation of key economic and demographic variables and their interrelationships. The model may be used to make projections of output, use of productive factors and components of final demand, as well as the components of population change, population size and the structure of the labour force.

#### Electronic spreadsheet program

A type of microcomputer software used in making spreadsheet type calculations electronically.

#### Endogenous

A variable is said to be endogenous with respect to a model if its value is determined within the model.

#### Exogenous

A variable is said to be exogenous with respect to a model if its value is determined outside the model.

**Factor incomes**

The income accruing to a particular factor of production in return for services rendered by that factor. Examples of factor incomes are capital income and labour income.

**Factor prices**

The prices of factors of production, which normally reflect their scarcity value (or competitive market prices) unless distorted by institutional arrangements.

**Factors of production**

Resources or inputs required to produce a good or service. Basic categories of factors of production are land, labour and capital.

**Final goods and services**

Goods and services that are consumed to satisfy wants rather than used as inputs into further stages of production.

**Fiscal policy**

Government taxation and expenditure policy designed to regulate the aggregate level of economic activity.

**Functional distribution of income**

The distribution of income to factors of production without regard to ownership of those factors.

**General equilibrium model**

A type of quantitative economic model that considers an economic system as a whole and involves the simultaneous determination of all prices and quantities of all goods and services in the system.

**Government budget**

An estimate of government revenues and expenditures for a future period, usually a year, as opposed to an account that records Government's financial transactions.

**Government transfers to corporations**

Payments made by the Government to corporations, which do not entail an exchange of goods and services.

**Government transfers to households**

Payments made by the Government to households, which do not form part of an exchange of goods and services. Examples of such payments are social security benefits or student grants.

**Gross domestic product**

The total monetary value of all final goods and services produced in an economy over a given period of time, typically one year, calculated at market or factor prices .

Household consumption

The value of "final" goods and services consumed by households over a specified time period.

Household disposable income

The income of a household, after taxes and/or transfers, which is available for consumption or savings.

Household income taxes

Taxes levied on the income accruing to members of households.

Household savings

The portion of household disposable income that is not spent on consumption over a specified time period.

Income and expenditure survey

A random sample survey of households carried out in order to gather data on household income and expenditures. Such a survey may provide income by services in addition to the total income of household, as well as information on household savings and on expenditures on different consumer goods and services. The survey may collect information on household size and characterization.

Income elasticity of savings

The responsiveness of the amount of money saved to changes in the consumer's income, measured by the proportionate change in savings divided by the proportionate change in income.

Indirect taxes

Taxes levied on goods and services purchased by consumers and exported by producers, for which the taxpayer's liability varies in proportion to the quantity of particular goods purchased or sold. Examples of indirect taxes are customs duties (tariffs), excise duties, sales taxes and export duties.

Inflation

A process of above-normal general price increase as reflected in, for example, the consumer and wholesale price indices. More generally, the phenomenon of rising prices.

Input-output table

A table indicating in matrix form the linkages existing among industries in an economy. Each row of the input-output matrix indicates the way in which the output of the industry is used to satisfy final demand or as inputs to other industries. Each column of the matrix shows the origins of the inputs used by the given industry, including those of factors of production (e.g., labour).

**Institutional distribution of income**

The distribution of income to different types of institutions, such as households, corporations and government, which is influenced, among other things, by the ownership of the factors of production by the institutions.

**Intermediate goods and services**

Goods and services used as inputs into further stages of production, an example of which is leather in shoe manufacturing.

**Investment expenditures**

Expenditure on real fixed assets and human capital. It includes the cost of building schools or hospitals when these assets require expansion or replacement. Also, it includes expenditure incurred in training personnel, such as teachers and medical doctors, required to increase their numbers or replace them.

**Labour income**

Income, primarily in the form of wages and salaries, accruing to labour in return for services rendered by it.

**Marginal propensity to consume**

For a given time period, the change in the value of household consumption, divided by the change in the disposable household income.

**Market prices**

The amounts of money or money equivalents needed to be given up in order to obtain goods and services through exchange.

**National accounts**

A system of accounts that provides for a systematic and integrated recording of transaction flows in an economy. It brings into a coherent system data ranging in degree of aggregation from consolidated accounts of the nation to detailed input-output and flow-of-funds tables. They include production and goods and service accounts, along with outlay and capital finance accounts for institutions, such as households and government.

**Net foreign investment**

Total income from abroad less (minus) the sum of all exports of goods and services.

**Net foreign transfers to households**

The difference between the amounts of income that households received from and pay to the various institutions abroad. The receipts and payments may be in connection with the remuneration of the factors of production and/or transactions involving no exchange of goods and services.

**Operating expenditure**

A type of recurrent expenditure directly incurred in the production of services; for example, teacher salaries and the costs of maintaining classrooms.

**Partial coefficient**

A coefficient in a function seeking to explain variations in a given variable (dependent variable) in terms of variations in other relevant variables (independent variables). The coefficient measures partial or ceteris paribus effect of any given independent variable on the dependent variable.

**Profits**

Income accruing to capital in return for services rendered by it. It can be computed as the difference between the market value of output and the market value of inputs which were employed to produce that output.

**Proxy (variable)**

A variable used in regression analysis to represent a theoretically more satisfactory variable in cases where either data are not available on the latter or the latter is unobservable (e.g., "desired" level of consumption).

**Random disturbance term**

The term added to a regression equation which ensures equality between the left- and the right-hand side of the equation for each observation. The disturbance or error term may represent random disturbances in an observation or it may reflect errors of measurement.

**Recurrent expenditures**

Expenditure on goods and services consumed during production, which is incurred continuously. This would include both administrative and operating expenditures.

**Relative price**

A price of a commodity which is expressed in terms of the quantity of some other commodity which has to be given up. Thus, if all prices were to increase at the same rate, absolute prices would rise but relative prices would remain unchanged.

**Rent**

Income accruing to a durable good, such as land or buildings, in return for services rendered by the good.

**Service input rates**

The average number of units of a given service input available during a year per thousand users of services rendered by that input in the year.

**Service input unit**

A unit of a given service input, such as teacher, classroom or medical doctor, used in producing services in a given sector.

**Social accounting matrix**

The tabular presentation of the income and product flows in an economy during a specified time period. It consists of a set of accounts, such as those for factors of production (labour and capital) or institutions (households, corporations and government), along with the economy's input-output table.

**Statistically significant**

An estimate of a particular statistic, such as a partial regression coefficient, is said to be statistically significant if the probability that it could have occurred by chance is less than a specified percentage (often 5 per cent).

**Subsidies**

A special type of transfer payment to a corporation to prevent it from experiencing losses or to prevent an increase in its price.

**t-statistic**

In regression analysis, a statistic calculated for each partial coefficient, which makes it possible for the analyst to determine whether or not the coefficient is statistically significant.

**Unit investment expenditures**

Expenditures incurred in adding a new unit of a given service input or replacing an existing unit. In the case of personnel, it would include the cost of training a person. In the case of facilities, it would include the cost of installing a unit of facility.

**Unit operating expenditures**

Expenditures incurred in a year in order to secure services associated with a unit of a given service input, such as teacher or medical doctor, or classroom or hospital bed.

**Value added**

For a firm or farm, the difference between its total revenue and the cost of raw materials, services and components used in production, over a specified time period. For the economy as a whole or any of its industries, the aggregate of value added of different firms or farms of which the economy or industry is composed.

**Wage freeze**

The fixing of wages at their existing level for a specified or indefinite period.

**Wages**

Income accruing to labour in return for services rendered by it.



