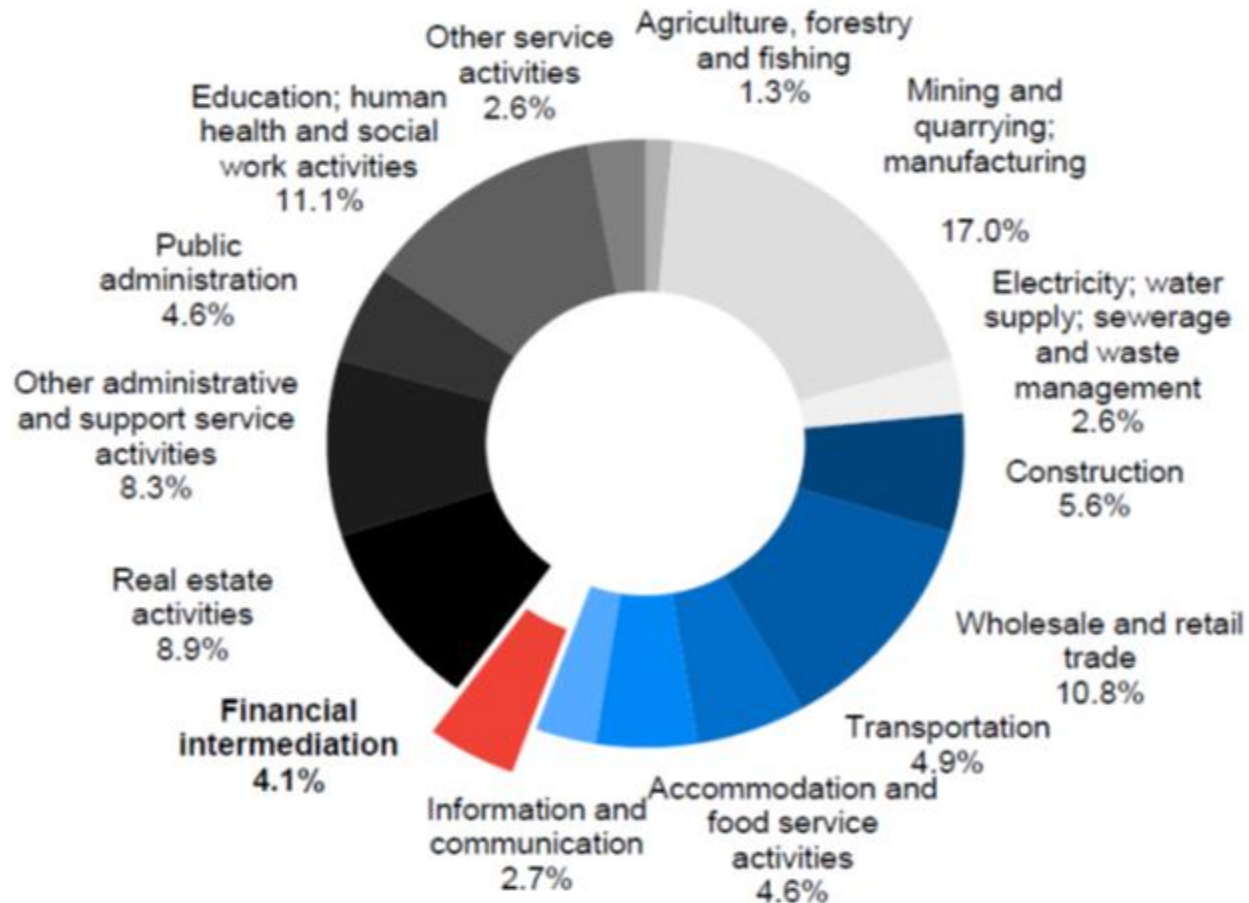

How to measure wealth and quality of life?

Gross Domestic Product

- **Gross domestic product (GDP; Bruttoinlandsprodukt)** is the monetary value of all the finished goods and services produced within a country's borders in a specific time period. (<http://www.investopedia.com/terms/g/gdp.asp>)
- The **gross national income (GNI; Bruttonationalprodukt)** is the total domestic and foreign output claimed by residents of a country, consisting of gross domestic product (GDP) plus factor incomes earned by foreign residents, minus income earned in the domestic economy by nonresidents (https://en.wikipedia.org/wiki/Gross_national_income).

Gross Domestic Product

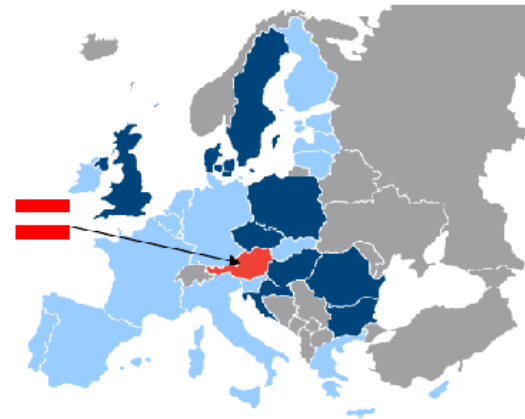
Composition of the Austrian GDP



Source: Statistics Austria as of July 2015

Key Facts of the Austrian Economy

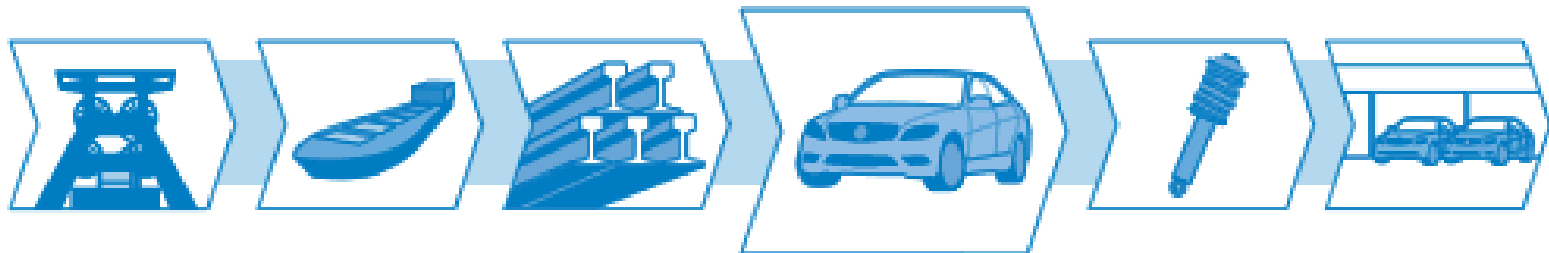
	Austria	Euro-Zone
GDP per capita 2014 (EUR)	38.500	29.800



in %	Austria			Euro-Zone		
	2014	2015	2016	2014	2015	2016
Real GDP growth	0.4	0.5	1.3	0.9	1.5	1.9
Inflation (HICP)	1.5	1.1	1.7	0.4	0.1	1.5
Unemployment	5.6	5.7	5.8	11.6	11.0	10.5
Current Account Balance	2.3	2.4	2.4	3.0	3.5	3.4
Budget Balance (Maastricht)	-2.7	-2.2	-1.6	-2.4	-2.0	-1.7
Structural Budget Balance	-0.3	-0.5	-0.5	-0.8	-0.9	-1.1
Debt to GDP	84.2	86.8	85.7	94.2	94.0	92.5
Year	2014	2015	2016	2014	2015	2016

Wertschöpfung – adding value

Beispiel: Wertschöpfungskette eines Autos



▶ Rohstoffe

Ursprungsprodukt für ein Auto ist Eisenerz.



BHP Billiton

▶ Transport

Das Eisenerz wird zur Weiterverarbeitung transportiert.



COSCO Group

▶ Werkstoffe

Eisenerz wird zu Stahl verhüttet.



U. S. Steel

▶ Auto

Stahl wird zur Herstellung von Fahrzeugen genutzt.



Daimler AG

▶ Autoteile

Automobilunternehmen nutzen Autoteile von Zulieferern.



Hyundai Mobis

▶ Händler

Autos werden an Händler verkauft.



Inchcape plc.

Wertschöpfung – adding value

How the Value-Added Tax Works

Businesses collect the value-added tax (VAT) on their sales and pay it on their purchases from other businesses. This effectively turns them into tax-collecting agencies. The VAT moves up the production chain until consumers

ultimately pay the entire cost of the VAT. Consumers are often unaware that a tax was levied at all because the VAT is often embedded in the price of goods. This is why the VAT is often referred to as a “hidden tax.”

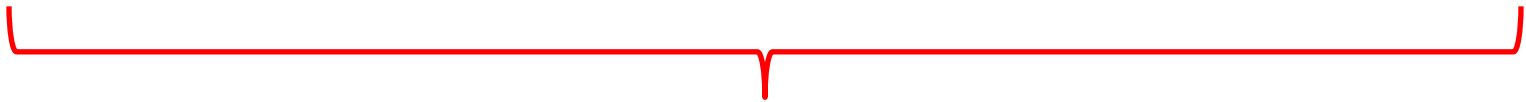
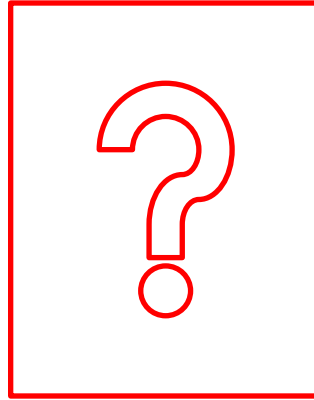


Source: The Heritage Foundation.

Chart I • B 2503  heritage.org

Calculate the value added starting with the purchase of cotton.

Criticism on the GDP concept



Alternatives

Alternatives to the GDP Concept

- HDI – Human Development Index
- Others: newspaper research.

Human Development Index (HDI)

Measures the average achievements in a country in three basic dimensions of human development:

Health

life expectancy
achievements in health

Education

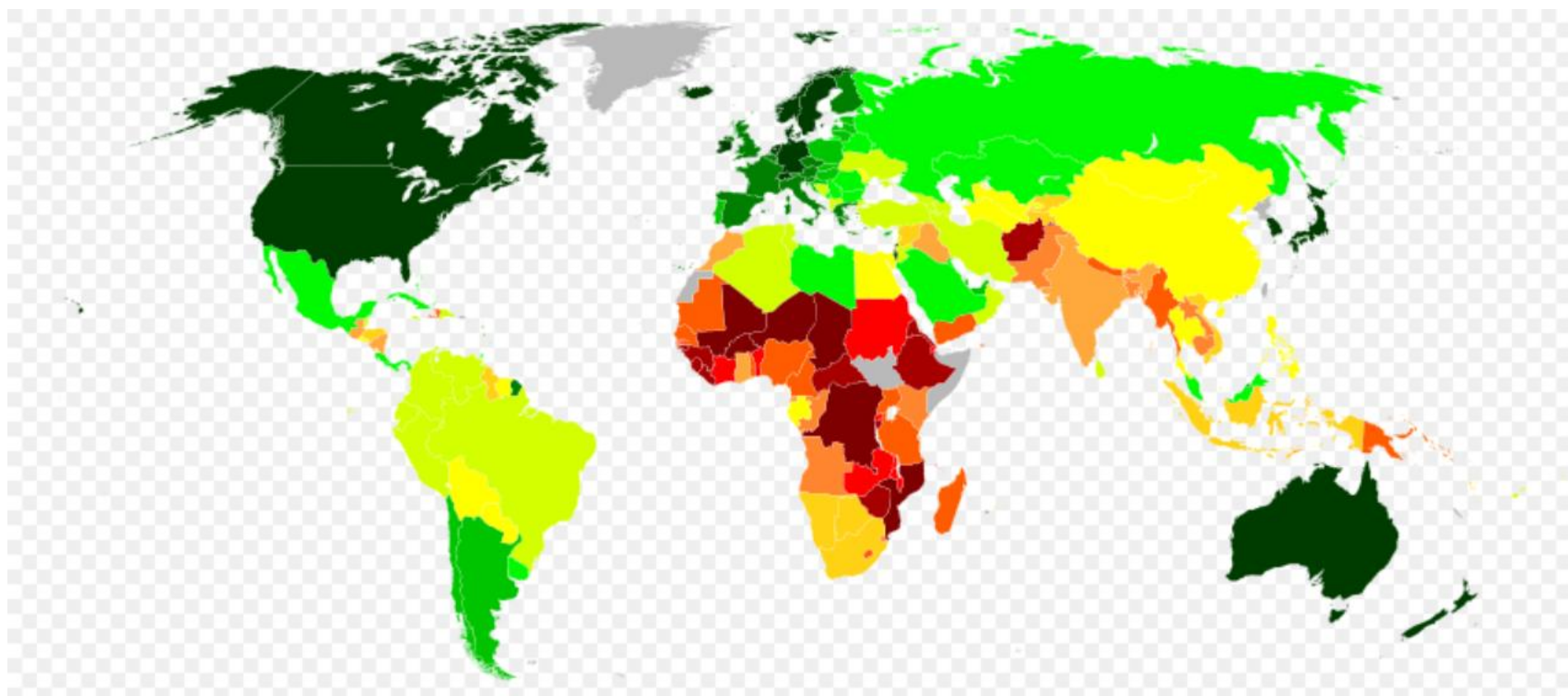
access to education and adult
literacy
years of schooling

Income

equitable distribution of income
GDP per person, adjusted to reflect
Purchasing Power
Parity (PPP)
gender equity

The higher the HDI, the better the people's living standard.

HDI (2013)



HDI-Weltkarte der Rangliste 2013[1] 0,900 und mehr 0,850–0,899 0,800–0,849 0,750–0,799
 0,700–0,749 0,650–0,699 0,600–0,649 0,550–0,599 0,500–0,549 0,450–0,499 ...

Source: https://de.wikipedia.org/wiki/Human_Development_Index#/media/

File:UN_Human_Development_Report_2013.svg, 28.09.2015