



**THE UNIVERSITY OF THE WEST INDIES  
ST. AUGUSTINE  
FACULTY OF SOCIAL SCIENCES  
DEPARTMENT OF ECONOMICS**

**ECON 2005: SOCIAL AND ECONOMIC ACCOUNTING  
Course Outline – Semester II – 2019/2020**

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**Prerequisites**

ECON1001 – Introduction to Economics 1, ECON 1002 – Introduction to Economics II and ACCT 1002 – Introduction to Financial Accounting.

**Course Description**

This course is intended to prepare students to understand the theory and practice of Social and Economic Accounting so as to allow the future professional to:

- Describe the core concepts, definitions and classifications of accounting in economics.
- Understand the methods for measurement and the compilation of key national accounting aggregates according to the System of National Accounts
- Use the data published by the official and quasi official agencies to evaluate and analyse the economic process and as an aid in economic planning.
- Understand the fundamental concepts necessary to evaluate current global issues, its impact on an economy and provide recommendations.

**Purpose of the Course**

This course recognises that students will be required to perform analytical work as it relates to analysing economies utilising macroeconomic variables to make informed decisions. This course provides students with the solid understanding of the construction of these key macroeconomic variables and their interpretation in order to make practical and informed decisions.

## **Course Content**

The topics to be covered are:

### **SECTION 1: OVERVIEW OF SOCIAL AND ECONOMIC ACCOUNTING**

At the end of this unit, you should have an understanding of:

- Overview of the discipline of Social and Economic Accounting (SEA)
- The relationship between Social and Economic Accounting and Financial Accounting.
- The System of National Accounts (SNA) manual which contains the set of internationally agreed concepts, definitions, classifications and accounting rules.
- Examples of macro-economic variables and their usefulness.

### **SECTION 2: ECONOMIC FLOWS AND STOCKS, INSTITUTIONAL UNITS AND SECTORS, KIND OF ECONOMIC ACTIVITY SECTORS,**

This section will enable you to:

- Analyse the flows and stocks in the system.
- Define Types of Institutional Units
- Allocate Institutional Units to Institutional Sectors
- Understand Kind of Economic Activity Sectors
- Understand the classification of enterprises to Kind of Economic Activity Sectors
- List the main industries and sectors in the economy.

### **SECTION 3: THE SEQUENCE OF ACCOUNTS, THE CIRCULAR FLOW OF INCOME AND THE PRODUCTION ACCOUNT**

At the end of this unit, you should be able to:

- Understand the Sequence of Accounts
- Understand and explain the Circular Flow of Income
- Understand the Production Account - the First Account in the Sequence of Accounts
- Understand the Balancing Item in the Sequence of Accounts
- Identify source data for the compilation of the Production Account
- Understand the methods of Valuation of Output
- Understand Market and Non-Market Production
- Compile the Production Account
- Understand Key National Accounting Aggregates Gross Domestic Product, Gross National Income and Gross National Disposable Income and their measurement
- Identify data sources and collect published National Income data.

## **SECTION 4: PRICE AND VOLUME MEASURES**

This section will enable you to:

- Determine the factors affecting price movements.
- Explain the various types of index numbers and the application of each type.
- Differentiate between fixed-base and chain-base indices.
- Differentiate among Laspeyres, Paasche, Fisher and Marshall Edgeworth indices.
- Demonstrate how quality changes can be excluded from price changes.
- Distinguish between nominal and real growth.
- Identify the differences in National Income at constant prices and constant dollars.
- Apply index numbers for deflation and extrapolation to estimate GDP at Constant Prices

## **SECTION 5: BALANCE OF PAYMENTS**

At the end of this unit, you should be able to:

- Gather information on Balance of Payments (BOP) Statistics.
- Analyse a BOP statement.
- Construct sections of a BOP statement from given data.
- Calculate important balances and indicate their usefulness.
- Describe the contents of the current and capital accounts.
- Express the relationship between BOP and National Accounts mathematically.

## **SECTION 6: FRAMEWORK OF ACCOUNTS: CURRENT AND ACCUMULATION ACCOUNTS AND BALANCE SHEET.**

At the end of this unit, you should be able to:

- List all the accounts that comprise the current accounts.
- Distinguish between resources and uses.
- Construct the following accounts – Production a/c, Distribution & Use a/c, Capital a/c, Financial Account.
- Identify balancing item in each account.
- Explain the usefulness of each account and its balancing item.
- Determine the sequence of accounts

## **SECTION 7: SATELLITE ACCOUNTS – THE SUPPLY AND USE TABLES, INPUT AND OUTPUT TABLES/MATRIX.**

This section will enable you to:

- Understand and explain Satellite Accounts in the System of National Accounts and their purpose and use.
- Understand the Supply and Use Table as a special type of Satellite Account
- Re-construct the data from the production, generation of income accounts and the goods and services account into a different format i.e. Matrix format.
- Analyse the Supply and Use tables and construct the input/output table.
- Calculate the A-Matrix, the Leontief inverse matrix.
- Outline the purpose and uses of the input/output tables.

## **Goals of the Course**

This course is primarily focused on providing students with knowledge necessary for measuring various social and economic variables and provides an interpretation of these variables in the context of everyday life, utilising Caribbean countries (**but not limited to**) as the example.

## **Course Assessment**

The course will be evaluated on the basis of a final examination and coursework. The final examination will represent 80% of the final mark and the coursework will contribute 20% of the final mark. The coursework will incorporate a group project and a class assignment.

## **Teaching and Learning Strategies**

The primary teaching strategy used for this course will be a weekly interactive two-hour lecture. Students will also need to exercise their own initiative in further developing areas explored within these interactive lectures. Readings will also be provided which will have to be prepared for discussion both at lectures and tutorials.

In addition to a two hour lecture, students will be required to attend a weekly one hour tutorial where practical assignment will reinforce the material covered within the lectures.

**Note: In line with Regulation 19, a 75% tutorial attendance is required and will be enforced. Failure to achieve this will result in the student being debarred from writing the final examination.**

## **Course Resources**

Selected Readings:

\*\*\*Harripaul Arjoon “The Balance of Payments Accounts: Explanation of concepts, definitions, meanings and Uses” Central Bank of Trinidad and Tobago, Quarterly Economic Bulletin, Sept 1992.

\*\*\*Barkay, Richard M. “National Accounting as a Planning Tool in Less Developed Countries: Lessons of Experience” Review of Income and Wealth December 75 Vol. 21 Issue 4 p 349-369.

Coker, Kenneth and Harripaul, Arjoon “Quarterly Reporting of the Balance of Payments – A Note” Central Bank Of Trinidad and Tobago, Quarterly Economic Bulletin, June 1990.

\*\*\*Robinson, Fedrica “Balance of Payments made simple” Bank of Jamaica Pamphlet No. 8

\*\*\*Seers, Dudley “The Political Economy of National Accounting” Employment, Income Distribution and Development Strategy: Problems of the Developing Countries

\*\*\*Seers, Dudley “What are we trying to Measure” Journal of Development Studies, Volume 8 Issue 3 1972.

