1984

I-O Marx Interest Payments

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I-O/MARX : Interest Payments

Interest Payments in I-O 8/1/85

1. In case of business interest payments alone, the ~~original~~ imputations procedure shifts them from being part of business sector GVA to ~~nonfinance~~ business "intermediate inputs (finance charges)"

   — The sum of these (NIP)'s by business = total revenue ($m_F + Y_F$) of finance sector $= TR_F$ ~~= trace~~ = \$400

   — Since GVA of business is reduced by TR_F and this sum shows up as
   a) Finance Charges paid by business $= \sum SC_{P,T,R} = TR_F$

   b) Total Revenue of Finance $= m_F + Y_F$ =

   We can either count $Y_{P,T,R} + \sum SC_{P,T,R}$

   or count $Y_{P,T,R} + Y_F + m_F$

2. In case of consumer, govt. interest payments alone the original payments by business to consumers are left in business GVA (i.e. imputations procedure does not affect them).

   (i) Thus business GVA is not reduced (by \$400)

   (ii) But finance TR is increased by business NIP's to consumers & govt ⊕ consumer & govt net int. paid to finance = 400 + (500 − 400) = 500
   ⇒ EXTRA \$500 to account for in I-O

   (iii) ~~Since, we~~ Imputations procedure

Trf. Payments in F-O 8/1/85

therefore creates +$500 of fictitious service charges in consumer & govt columns, so that from F-O point of view everything balances.

$m_P + Y_F = TR_F = \Sigma(SC_H + SC_H)$

(iv) The upshot of this is that we cannot count both $Y_{P,I,T,R}$ and/or $\begin{cases} TR_F = m_P + Y_F = \$500 \\ SC_H + SC_G = \$500 \end{cases}$

Since the former now includes good part of the either of latter two ($400 out of $500)

— So either: $Y_{P,I,T,R} + \underbrace{SC_H}_{MIP_{H,G}} + SC_G$

or: $\left(Y_{P,I,T,R} - (MIP)_{P,I,T,R_1 \text{ to } H,G}\right) + \left(Y_F + m_F\right)$

3. It is for these reasons that when both business & consumer payments are combined, the general form is

$Y_{P,I,T,R} + \Sigma SC_{P,I,T,R}$?? — SC

Imputation of Interest Payments in I-O

8/2/85

1. Business Interest Payments

If (non-financial) business pays $400 in net interest to finance sector → $TR_F = \Sigma (NIP)_{P+T} = \$400$

(i) From Marxian point of view, we could count gross surplus value:

either at point of original realization = $Y_P + (Y_T + m_T)$, in which case the revenue received by the finance sector is already included in Y_{P+T} in the form of NIP_{P+T}

$$GVA^* = Y_P + (Y_T + m_T)$$

or we can reduce Y_{P+T} by $NIP_{P+T} = \$400$, and then add $Y_F + m_F = \$400$

$$GVA^* = (Y_P - NIP_P) + (Y_T - NIP_T) + m_T + (Y_F + m_F)$$

$$GVA^* = Y_P' + (Y_T' + m_T) + (Y_F + m_F)$$

where $NIP_P + NIP_T = Y_F + m_F \equiv TR_F$

(ii) Imputations procedure of I-O/NIPA in effect transforms Y_P & Y_T into $Y_P' = (Y_P - NIP_P)$, $Y_T' = (Y_T - NIP_T)$ by transferring business net interest payments out of business GVA and into business intermediate inputs (as service charges $SC_P + SC_T$). Thus, now we can write:

Imputations of I-O Payments in I-O

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either ① $GVA^* = Y_p + (Y_T + m_T) + (SC_p + SC_F)$

or ② $GVA^* = Y_p + (Y_T + m_T) + (Y_F + m_F) = Y + m_T + m_F$

where now $Y_p + Y_T$ is effective devoid of any net interest payment by business to finance.

(iii) On many grounds, the second form above is the most attractive, because it allows us to estimate Marxian gross value added as

$$GVA^* = Y + m_T + m_F \quad , \text{ where } Y = GVA = Y_p + Y_T + Y_F$$

But unfortunately it is the first form, not this second one, which is the more general. When we introduce consumer & govt. interest payments then form ② does not work.

Do GFU*

2. Consumer Interest Payments

There are two issues here: first, net interest payments by consumers to finance, independent of any interest received by consumers from non-financial business; and second, Net interest received by consumers from non-financial business = net interest paid by business to consumers

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2 ... Consumer Int. Payments etc.

A. Interest Paid by Consumers to Finance.

In our traditional example, the total (wages + profit) revenues of consumers coming from non-financial business is $W_{P+T} + \Pi_{P+T} = Y_{P+T} = \$1400$.

Suppose consumers pay $100 of this to finance, as net interest paid $NIP_{HF} = \$100$.

Purchasing power of consumers is initially reduced by $100, and total revenue of finance sector is increased by $TR_F = m_F + Y_F = \$100$. Of this, $Y_F = W_F + \Pi_F$ returns to consumers as "revenue", while m_F is retained by finance sector as equivalent of net. imports used up earlier

$\therefore$ Final Net Revenue of Consumers $= Y_{P+T} - m_F = [(Y_{P+T} - NIP_{HF}) + Y_F]$

Net Revenue of Finance $= m_F$

(8) On side of Marxian GVA*, this all amounts to a recirculation of revenues which have already been accounted for at their point of origin in P+T. As shown above, the apparent expansion of total economy-wide sectoral receipts by $+TR_F$ is simply due to transfer of revenue from P+T workers and capitalists to Finance sector firms, workers & capitalists. There is no net increase.

Upshot is that $Y_P + Y_T + m_T$ would ~~go~~ always be correct if it were not for fact that imputations procedure affects $Y_P + T$ differently for business int. payments + consumer int. payments

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2 Consumer Int. Payments ...

A. Int. Paid by Consumers to Finance ...

(i) Marxian GVA* ...

It follows that on value added side, we still have

$$\boxed{GVA^* = Y_P + Y_T + m_T} = \$1400$$

[If we wished to include $TR_F = Y_F + m_F = \$100$ explicitly in this total, then we would have to deduct the same amount from $Y_P + Y_T$, on the grounds that NIP_{HF} is really an indirect transfer of S.V. from non-financial business to finance sector. But this would serve no useful purpose, particularly since NIIA/I-O imputations procedure does not make this particular deduction for us (unlike earlier case of business net int. payments, where it did do so).]

(ii) On Marxian GFU* side, the net revenue of \$100 transferred by P+T workers + capitalists to finance sector (including ADW) involves ~~recomp~~ a net loss of "effective demand" of \$100 from these consumers, which is exactly counterbalanced by the corresponding gain arising from the recapture of this same amount by finance sector firms (m_F), workers (W_F) and capitalists (π_F).

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2. Consumer Int. Payments

A. Int. Paid by Consumers...

(ii) Maximum GFV* ...

It follows from this that total (C + I) is not changed by this recirculation of revenue (since I includes ΔINV)

$$\therefore \quad GFV^* = C + I = \$1400$$

(iii) Imputations Procedure

The net effect of the imputations procedure is simply to create an additional $100 of fictitious consumer purchases of "finance services", (finance row, consumption col.) so as to compensate for the +$100 in measured total revenue of finance sector. This allows NIPA/I-O to treat the additional revenue of finance as an net addition to economy-wide gross output (i.e. finance is made into a "production sector")

a) Prior to imputation procedure, measured aggregate GVA $\equiv Y_I + Y_F$ is now created by $+Y_F = \$100 - m_F$.

But the net revenue of all workers & capitalists is reduced by $-m_F$, which is the portion retained by finance sector as equivalent of int. payments

Thus total GFD = C+I is now smaller by $-m_F$

b) It follows that the total gap between GVA and GFD = $Y_F + m_F = \$100$ and it is exactly this amount which the imputations

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Procedure adds to the final demand side in the form of fictitious consumer purchases of financial services SC_{1+} (= $100).

d) It follows from all this that the overall result in NIPA/I-O accounts is that, economy wide ~~measured~~

Recorded ~~Measured~~ Total Gross Output is expanded by $TR_F = m_F + Y_F = \$100$

Recorded ~~Measured~~ Total Gross ~~Expenditure~~ Use is expanded by $SC_{HF} = NIP_H = \$100$

- Because they treat $+TR_F$ as additional product, not merely revenue transfer
- Because they treat SC_F as additional purchase, not merely transfer.

(IV) Marxian/I-O Relations

From our point of view, both of the above ~~recorded~~ expansions of recorded GO and GU are double-counting (i.e treating transfers as creation and consumption of additional production). We must therefore exclude both:

Marxian Gross Output (GO^*) and $GVA^* = GO^* - m_p$

$GO^* = GO - TR_F$

$= (Y_p + Y_T + Y_F) + (m_p + m_T + m_F) - (Y_F + m_p)$

$\boxed{GO^* = m_p + [Y_p + (Y_T + m_T)]}$

$\therefore \boxed{GVA^* = Y_p + (Y_T + m_T)}$

where $Y_p + Y_T = Y - Y_F$

$\therefore GVA^* = m_T + Y - Y_F$

Marxian Gross Use (GU^*) & GFU^*

$GU^* = C + I + m_p + m_T + m_F - SC_H$

$\boxed{GO^* = [(C - SC_H) + I] + (m_p + m_T + m_F)}$

$\therefore \boxed{GFU^* = [(C - SC_H) + I] + (m_T + m_F)}$

where $SC_H + TR_F = m_F + Y_F$, $FD = C + I$

$GFU^* = m_T + FD - Y_F$ ✓

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B. Business Interest Payments to Consumers

Suppose business pay $400 in NIP_{I+T} to consumers, which they retain as revenue.

1. On VA side, profit is less by this same amount (by construction), so Y_{P+T} is unaltered

2. Total revenue of consumers $\equiv Y_{P+T} = W_{P+T} + \Pi_{P+T}$ is also therefore unaltered
   Thus total C+I is unchanged

3. It follows that no change appears either in Marxian measures or in F-O NIPA (since no new sector is created). Thus

$$GVA^M \equiv Y_P + (Y_T + m_T) \quad | \quad GFU^* = C + I + m_T$$

C. Combined Business Payments to Finance, of Business Payments to Govt + Cons. Payments to F

$$GVA^M = Y_P + (Y_T + m_T) + SC_P + SC_T \quad | \quad GFU^M = (C - SC_H) + I + (G - SC_G)^* + m_T + m_F$$

Appendix A: Imputed Interest & Service Charge

III

4. We ~~now~~ now examine the ~~actual~~ official NIPA procedure used to calculate GVA_F.

(I) The income statement of the financial sector (before adjustment) would ~~take~~ be as in Figure xx below (p. 39, Rosen). ~~Actual Total~~ Total net Interest Received by the finance sector ($=(N\cdot P)_{P+T}=400$) as shown here as total gross interest received by F (500) and Total Int paid by F (to P+T) = 100

FINANCE

Uses		Sources	
Purchases From Other Firms (M_F)	200	Actual Interest Received $[(N\cdot P)_{P+T}]$	500
Actual Interest Paid	100		
Wages	100		
Profits (net of interest)	100		
Total	500		500

(II) The first step is to add a fictitious "Imputed Service Charge", ~~of~~ equal in magnitude to Net interest received by the finance sector (= 400), to the sources side. This represents ...

~~At~~ The same time, a fictitious net interest paid by the finance sector, equal in magnitude to ~~the~~ actual net interest received, is added to the uses side.

The resulting table is (Rosen 39)

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IV, 4

Finance

(ii)

Uses		Sources	
Purchases From Other Firms (m_F)	~~200~~ 200	Actual Interest Received	500
Actual Interest Paid	100	Imputed Service Charges Received	+400
Wages (W_F)	100		
Profits (π'_F)	100		
Imputed Interest Paid	+400		
Total	900 (+400)		900 (+400)

(iii) From this artificially expanded Income Statement we then derive an income and product account in "standard" NIPA / I-O format ~~(...)~~. Note that by construction, net interest paid = (Actual Int. Paid − Actual Interest Received) + Imputed Interest Paid = (100−500)+400 = 0, by construction (~~...~~ 400)

Income		Product	
Wages (W_F)	100	Imputed Service Charges	400
Profits (π'_F)	100	*less* Purchases from Other Firms	200
Net Interest Paid (Actual and Imputed)	0		
Gross Value Added (GVA_F)	200	Gross Product	200

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III - 4 (14)

We can see that the final result of this whole rigmarole is to be able to treat the sum $W_F + \pi_F'$ as the NIPA I-O measure of value added in finance.

(IV) But this is not all; ~~The~~ last step involves adjusting the accounts of the production & trade sectors in exactly the opposite way, with equal but opposite magnitudes, so as to preserve "accounting balance". Thus ~~(NIP)~~$_{P+T}$ is disappeared

no $(NIP)_{P+T}$ because cons. & govt are ignored

— Note that in end $GVA = (W_P + \pi'_P) + (W_T + \pi'_T)$

$+ \underbrace{(W_F + \pi'_F)}_{(NIP)_{P+T} - m_F}$

~~DO BP~~ ~~also~~

whereas $GVA^* = (W_P + \pi'_P + NIP_P) + (m_T + W_T + \pi'_T + NIP_T)$

$\therefore$ $GVA^* = GVA + m_T + m_F$

$= (GVA)_{P+T} + (NIP)_{P+T} + m_T + m_F$

Similarly $GFD^* = GFD + m_T + m_F$

GFD is not affected by this process

So ~~same~~ standard portrayal here is OK

This one is more general, since once we introduce cons & govt, GVA_F is double counted & C & G are inflated?

(Imputed Net Int. Received ~~Imputed service charge paid~~ by P + T)

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II. 4

same total (400) is deducted from the GVA's of the production and trade sectors in proportion as negative imputed interest paid ([IMPNIP$_P$ + IMPNIP$_T$] = −[NIP$_P$ + NIP$_T$] = −400) to their respective bank deposits with the bank sector, and added to their intermediate inputs as imputed service charges ([IMPSC$_P$ + IMPSC$_F$] = +400). Since the imputed interest in question is definitionally equal to the actual interest paid by the production and trade sectors, this procedure in effect reduces the total (actual and imputed) net interest paid by P + T to zero, and increases the total (actual and imputed) net interest paid by the finance sector to zero (since without "adjustment" it would be negative, as in Fig 12).

(111) To illustrate this process, I have assumed below that the individual deductions from the GVA's of the production and trade sectors are equal to these sectors' respective actual net interest payments. This is not strictly necessary, since only the totals need match. But it is a very useful simplification, because it makes the process quite transparent. Recalling that "IMPNIP" stands for Imputed Net Interest Paid, and "IMPSC" stands for imputed service charges, Figure 13 below depicts the transformation of each sector's accounts from Marxian to NIPA form in three successive steps.

For the sake of comparison, the Marxian GVA*'s are shown shaded yellow (on top) and the NIPA measures of GVA are shown shaded blue at the end of each sector's transformation sequence.

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NIPA GVA, ADJUSTED VIA IMPUTED INTEREST FLOWS

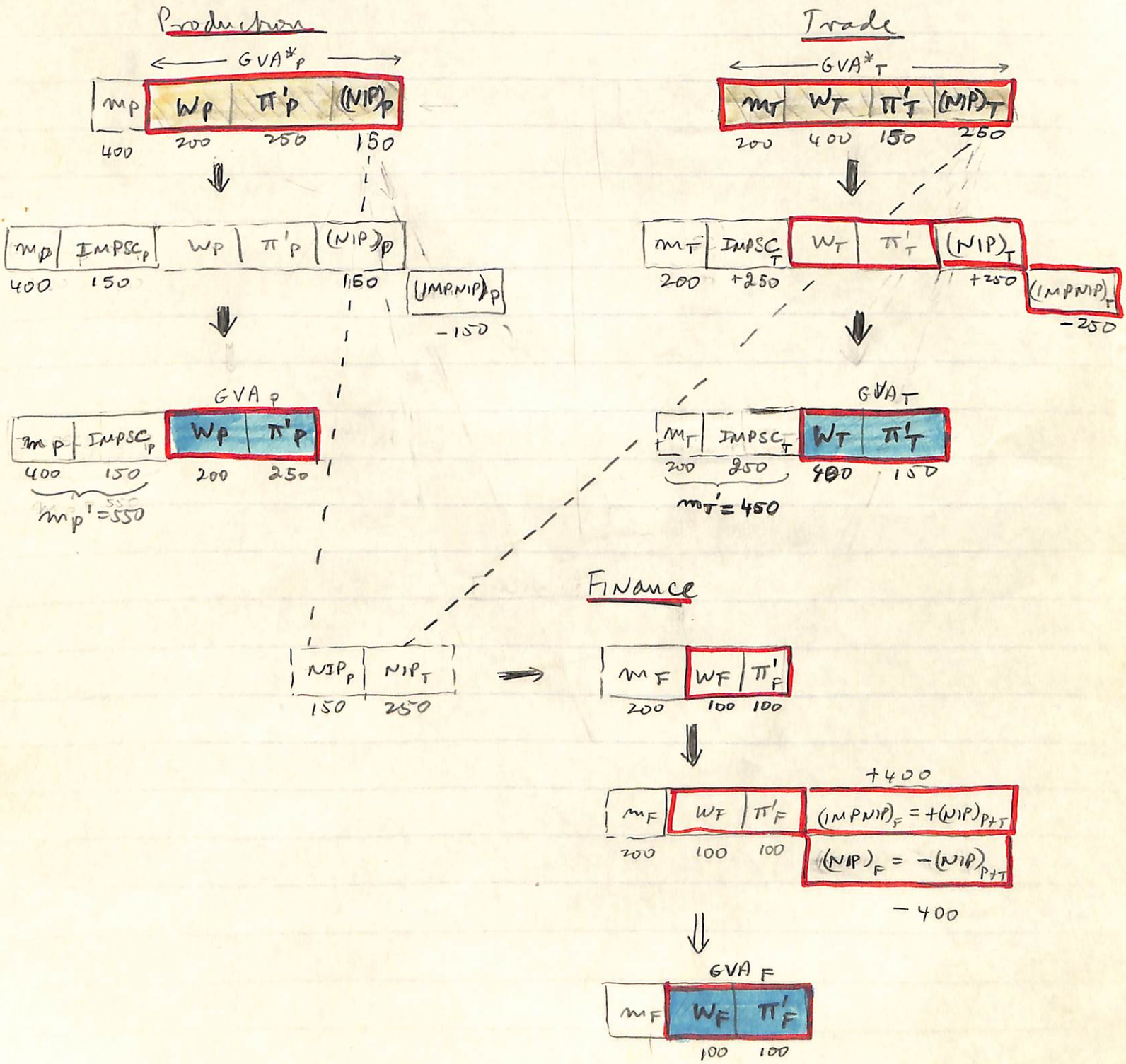

FIGURE 13

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II. 4

(IV). The transformations pictured in Figure 13 above can be summarized by leaving out intermediate steps. This can evidently be done in several ways. The form ~~chosen~~ below was chosen because, as we shall see, it remains valid even after we introduce consumer and governmental financial flows.

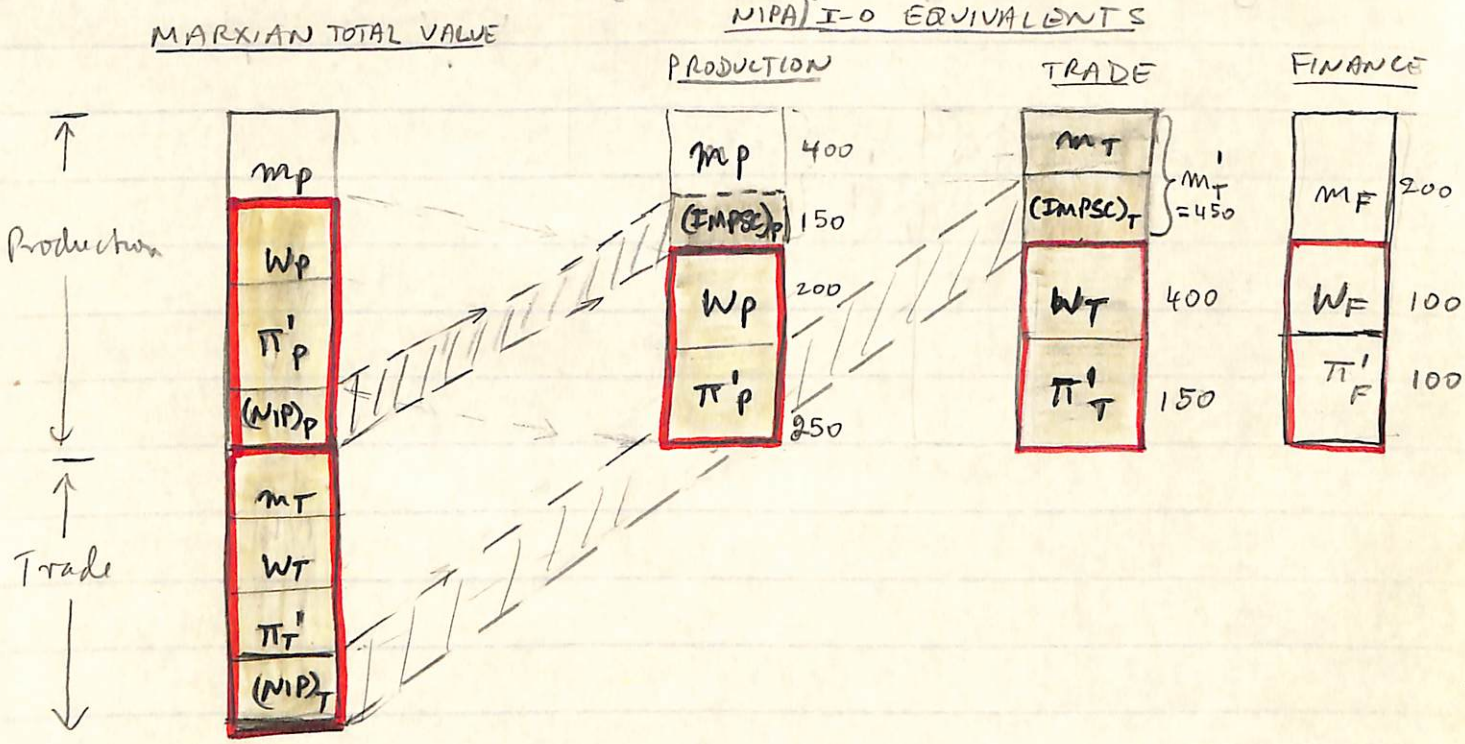

FIGURE 14

In the above diagram, the Marxian total value is depicted as a single column on the left hand side, with Marxian gross value added outlined in red and also shaded in yellow.

On the right hand side are the three NIPA/I-O sectoral equivalents, with each column representing the total revenue of the corresponding sector, and each sector's NIPA measure of GVA outlined in red. The areas shaded in yellow then represent the ~~eq~~ NIPA/I-O equivalent of Marxian total value added GVA*. On this basis, we can easily see that

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II. 4

$$GVA^* = (GVA_p + IMPSC_p) + (GVA_T + m_T')$$

$$= (450 + 150) + (550 + 450) = 1600 \checkmark$$

where $IMPSC_p$ = imputed service charge paid by productive sector to the finance sector *

m_T' = "expanded" intermediate input of the trade sector = real intermediate input (m_T) + imputed service charges ($IMPSC_T$)

(V.) The imputations made by NIPA because of the finance sector are all on the value added side of the NIPA accounts. Therefore they do not affect the NIPA totals of GFU = C + I

But, as we have already seen in Figure 9, the Marxian measure of gross final use GFU* includes within it m_T and m_F, since these represent that portion of the surplus product which is absorbed in circulation (trade and finance) activities. Now, of these two amounts, the NIPA imputations procedure transforms m_T into $m_T' = m_T + (IMPSC)_T$. Thus, to recover the

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* In our diagrams so far, the imputed service charges $IMPSC_p$ and $IMPSC_T$ are equal to the corresponding amounts of actual net interest paid by each sector (i.e. $IMPSC_p = NIP_p$, $IMPSC_T = NIP_T$). But even if P+T only pay net interest to banks, this would not be true of individual sectors, but only of the totals (as already noted). In addition, P+T can also pay net interest to consumers and government, so even total $(NIP)_{P+T} \neq (IMPSC)_{P+T}$.

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II.4

(V)

The correct, Morgan measure of Gross Final Use GFU^{M}, we must correct the recorded figure m_T' for the imputed service charge included in it. Going back to Figure 9, noting that $m_T = m_T' - IMPSC_T$, we can write

$$GFU^{M} = [(m_T' - IMPSC_T) + m_F] + C + I$$

$$= [(450 - 250) + 200] + 950 + 250 = 1600$$

5. As a last step, we can portray the whole set of transactions in standard input-output form, as in Figure 15 below. For this representation, the value flows are shown in Figure 14, and the product flows in Figures 7 and 9 (with the intermediate inputs expanded of production and trade expanded by (fictitious) imputed service charges.

Production, Trade, & Finance

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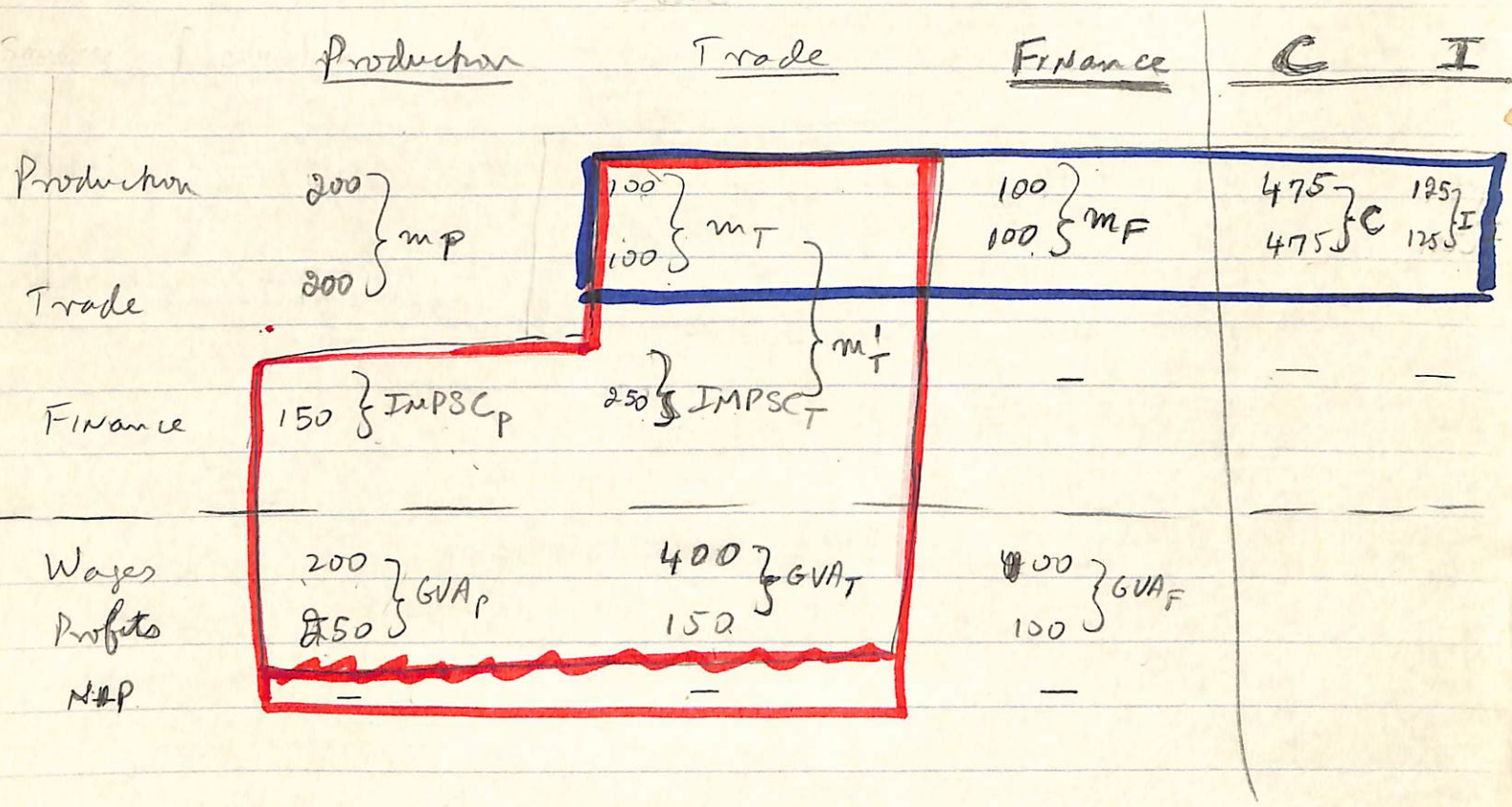

Figure 15

The Marxian measure of Gross Value Added GVA* is indicated by the items ~~bordered~~ enclosed within the red ~~figures~~ lines, and the corresponding Marxian Gross Final Use GFU* by the items enclosed within the blue line.

$$GVA^* = \underbrace{[GVA_P + IMPSC_P] + [GVA_T + IMPSC_T + m_T]}_{= GVA_P + GVA_T \text{ before, with NIP's}}$$

$$GFU^* = (C + I) + [m_F + m_T]$$

Prod + Trade

$GVA^* = [GVA_p] + [GVA_T + m_T]$ | $GFU^* = C + I + m_T$

Prod + Trade + Finance

$GVA^* = [GVA_p + FIMPSC_p] + [GVA_T + m_T]$ | $GFU^* = C + I$

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I-O

Note: The problem of Value Added in I-O is not that of breaking it as Wages + "Profits", but rather of breaking ~~it down into~~ "Profits" down into Net Interest + Rental Income of Persons + Corp. Profits, etc —

It is only in the latter instance that Finance gets negative NI,
& (~~Rental~~ Fictitious Rental sector ~~gets~~ goes into ~~Net~~ Rental Income of Persons)

Similarly, the problem of "Final Demand" is not to get same total as VA, but to have it represent only commodity purchases and not also transfers of revenue to Finance Sector or State.

From our point of view, the discrepancy between VA & FD is because ~~total~~ of recirculation of revenues → Portion of VA is due to recirculation of revenues hence TT > 5>

1. Int Paid by NFB does not change their VA, since it is listed as part of NIPA measure of GVA, under net int paid

2. ~~But because~~ Now if NIPA measure were also applied directly to Finance, we would get

a) Correct value added total with $Y_P + Y_T + m_T = Y^*$
→ Y_F does not enter at all ✓

b) ~~Eq~~ But negative Y_F, since Net Int = negative for banks

⇒ So if we took out effect of Imputations, then correct total from P+T alone

3. But actual NIPA measure of Y_{F_B} includes Business Finance own imputed int. of service charges, both equal in total to Net int. paid by corp.

(i) The ~~service charges~~ imputed int. received (+250) by Prod + Trade reduces Net Int paid by P+T, & hence VA "originating" in P+T, by −250
Thus total VA ↓ by −250 at this point

(ii) The NIPA "value added" by Financial Sector, on other hand, is merely wages + profits of financial sector $= W_F + \Pi_F = 270$
∴ This component adds to VA by +270

(iii) It follows that the net change in measured VA due to NIPA conventions (as compared to correct VA) is $E = [\text{Imputed } \text{~~Serv~~ Int. Received by Corp} - Y_F]$
$E \gtrless 0$ are all possible

⇒ Alternate measure: $Y^* = Y_P + Y_T + Y_F + E = Y_P + Y_T + \text{Imp. Int. Received by US}$

(R2)

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4. Three ways to calculate $Y^{*\oplus}$

(Y^* as defined as correct sum of $W+\Pi$, leaving out m_T, etc.)

Method A

$Y^{*\oplus} = Y^* + m_T$ = Marxian Value Added,

$= 1300 + 400 = 1600$ ✓

Method B where

$Y^* = Y + [\text{Imp. Int Received by (P+T)} - Y_F]$ ($Y_F = (W+\Pi)_F$ since $NI_F = 0$)

$Y^* = 1320 - 20 = (1300)$ ✓

$\Leftrightarrow Y^* = Y_P + Y_F + \text{Imputed Int. Received by P+T}$

Method B' $Y^{*\oplus} = (C+I)^* + m_T + m_F$, where $C' = C - \text{Imp. Sur. Charge Paid by (Gov)}$

$(C+I)^* = (1220) = (C - \text{Imp. Sur. Charge Paid by (Gov)}) + I$

$= 820 - 100) + (400) = 1220$ ✓

[Note $(C+I)^* \neq Y^*$]

Note that $Y^{*\oplus} = Y^* + m_T = (C+I)^* + m_T + m_F$

$= 1300 + 300 = (820 + 400) + 300 + 80 = 1600$

But, once we have unprod. labor, we no longer get $Y^* = (C+I)^*$

Prod. Sector $C_{m_p} + w_p + S^* = \Lambda$

(i) Sold to Trade Sector ✓

(ii) Int. Paid to Finance by — Bus / Cons / Govt
Our Treatment
Their's

(iii) Int. Received from Finance by — Bus / Cons / Govt
Ours
Theirs

Note that on F.D (consumption side), ~~only~~ service charges show up

MARXIAN

1.

Prod.	m_p	400	1000
	W_p	300	
$Y_p^* = 600$	π_p	200	
	$(IntP)_p$	100	

Trade	m_T	300	1000
	W_T	200	
$Y_T^* = 700$	π_T	250	
	$(IntP)_T$	250	

I - O

	Prod	Trade	Finance	C	I	G0
Prod	200 } 400	150 / 150 } 300	40 / 40 } 80	410 / 410	200 / 200	1000 ✓ / 1000 ✓
Trade	200					
Finance	50	Imputed Svce charge Paid 100	F_F	Imputed Svce Charge (100)		$350 + F_F$ ✓
			180	Final Demand: 1320 (+20)		
W	300	Imputed Int. Received 200 / 250	150			
π	200 (-50)	50 (-200)	0			
Net Int	150	(200)	270	} $4320 = Y_p + Y_T + Y_F$ ✓		
VA	550 (-50)	500		$(Y_p^* + Y_T^* = 1300)$		
GO	1000 ✓ (unchanged)	1000 ✓	$350 + F_F$			

$C = 820$

$\Rightarrow C + I = 1220 = Y^+$

$C + I + m_T + m_F - \text{Imp. Service charge}$

Total Use of Prod.: $M = m_p + m_T + m_F = 780$ $C_W = 300 + 200 + 120 = 620$, $C_\pi = 200$, $I = 400 \Rightarrow 2000$

Total Value of Output $= 1000 + 1000 = 2000$

Total $VA = Y^{*+} = TV - C_m = 1600$

$= Y_p + Y_T + m_T = 1600$ ✓

$Y^{*\oplus} = Y_p + (Y_T + m_{T-})$ } Need to distinguish Y^+ & Y

$Y^* \equiv Y_p + Y_T$

Financial Sector (Assumes no Int. Received from Cons.)

Σ Int. Received	350
$- m_F$	180
$- W_F$	120
π_F	150

∴ NIPA

Imputed Int.

Marxian Sum of Value added $= Y_p^* + Y_T^* + m_T$

— leaving aside m_T, $Y_p^* + Y_T^* = 600 + 700$

$Y^* = 1300$

NIPA $Y = Y_p + Y_T + Y_F = 550^{(-50)} + 500^{(-200)} + 300$

$Y = 1350^{(+50)} > Y^*$

~~The difference is simply m_F, since this is~~ The difference between

Net Int. Paid $= -350 \Rightarrow$ Imputed Int. Paid by Banks to depositors

$= 350$ < 150 to Prod / 200 to Trade / +100 to Cons.

= Imputed Int. Received by Prod, Trade, & Cons. [illegible]

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~~Bank~~ Financial Business

~~[illegible]~~

(100) (10) (5)
Revenues : Int Received + Svce Charges + Other Receipts = 115,000

Costs : Purchases (10) + Other Costs (20) + Wages (50) + ~~[illegible]~~ = 80,000.

Surplus Value ~~Profits~~ : 35 ← Corp. Profits Tax 10, Dividends Paid 10, Retained Earnings 10 ; Int Paid (5)

GVA = Wages + ~~Int Paid + Profits~~ Surplus Value + Depreca = 50 + ~~[illegible]~~ 35 + 20 = ~~[illegible]~~ 105

Note that here "Surplus value ~~Profits~~" already takes Int Received & Int Paid into account.

NIPA adds Net Int. Received = 95 to Revenues, as Imputed Service Charges
add Net Int. Received = 95 to Costs, as Imputed Int. Paid

New Revenues = 210
New Costs = 180

New Profits = 30

But : GVA' ≡ Wages + Net Int. Paid + Profits + Deprec = 50 + 0 + 30 + 20 = 100. ✓

So NIPA treatment reduces true measure of GVA !

Owner Occ
Non Farm

GO	=	90.1
− M	=	12.9
Imputed GAP		77.2

CCA	19.5
IBT	19.1
Net Subsidies	0.2
Net Ent	28.7
Rental Inc	10.2
# Persons (with CC Adj)	