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SM/82/186
Correction 2

CONTAINS CONFIDENTIAL
INFORMATION

December 3, 1982

To: Members of the Executive Board

From: The Secretary

Subject: Hungarian People's Republic - Recent Economic Developments

As a result of the extensive corrections made on pages 117 through 122 of SM/82/186 (9/17/82), the material which was on page 123 now appears on page 122 of SM/82/186, Correction 1 (12/1/82). Therefore, a blank page 123 is attached.

Att: (1)

Other Distribution:
Department Heads

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Net Material Product and GDP

Until 1968, national income accounting in Hungary was based on the material product system (MPS) used in socialist countries, which included the value of all final goods and services directly necessary for material production. In 1968, the coverage of the national accounts system was extended to include the value of services such as social, cultural, and health services, public utilities, services of financial institutions, public administration, etc. The Appendix table illustrates the derivation of GDP from net material product in 1981. Minor differences still remain between the Hungarian system of national accounts and that of the United Nations (SNA), due mainly to differences in the breakdown of market and nonmarket activities and in the valuation of certain services. The references to plan aggregates are generally based on the material product system since the plans are formulated on that basis.

Table 68. Hungary: Derivation of Gross Domestic Product 1/
(At current market prices)

	1981 <u>1/</u>	
	In billions of forint	In per cent of total
1. Net material product	631.4	81.6
2. Net value added in nonmaterial services	73.6	9.5
3. Value of nonmaterial services used in material production (-)	<u>-28.0</u>	<u>-3.6</u>
4. Net domestic product (1 + 2 + 3)	677.0	87.4
5. Depreciation of fixed capital	<u>97.2</u>	<u>12.6</u>
6. Gross domestic product (4 + 5)	774.2	100.0

Sources: CSO, Statistical Yearbook; and data provided by the Hungarian authorities.

1/ Preliminary data.