

A REJOINDER

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If it were true that the full value of government product is actually included in the concept of national income at factor cost, then it would not be any difference between the national income at factor cost and the national income at market prices. The two figures would have to be identically the same. As a matter of fact they are not identical, which in itself is sufficient to show that Ezekiel's arguments cannot be correct in principle.

It is easy to explain why the full value of government product cannot be included: to do it, one would need to have in the first place an exhaustive theory of the way in which government activity is really functioning in a "productive" way and in the second place one would need an amount of statistical information which goes fantastically beyond anything which is at present available.

There would be only one way to include government product in a "full" way, namely to do it in the way I suggested in the numerical example appended to my *Sankhyā*-paper. But, of course, if one does it in this way, one will get back to a situation where there is no difference between the concepts of national income at factor cost and the concept of national income at market prices. Or rather the two concepts would be equal to the figures now designated under the name "national income at market prices".