

Table 1

AN ILLUSTRATIVE EXAMPLE OF BUILDING UP A REFERENCE COLLECTIVE OF COMPOUND UTILITY UNITS, WITH EACH C_a CONTAINING TWO UNITS OF TYPE A_1 , ONE UNIT OF TYPE A_2 , AND THREE UNITS OF TYPE A_3

Year	Volume of the market in ordinary units (thousands)			Volume of the market in compound units
	q_{1t}	q_{2t}	q_{3t}	K_t
0	1.50	0.75	2.25	0.75
1	1.00	0.50	1.50	0.50
.
.
a	2.00	1.00	3.00	1.00
a+1	4.00	2.00	6.00	2.00
.
T	10.00	5.00	15.00	5.00

As the table exemplifies, it is not necessary for K_t and K_b to be whole numbers; if the prices of the individual commodities had been given in the table, the price of the compound unit would be calculated as $\sum q_{ha}p_{ht}$ in t , and would not vary from unit to unit within the year so that the average price, $p(C_a)$, if written in full (in order to express explicitly an average), would be $K_t(\sum q_{ha}p_{ht})/K_t$.

Next, using FGA, we obtain the Second Fundamental Equation of ELINT, F_2 :

$$\frac{K_t(\sum q_{ha}p_{ht})/K_t}{K_b(\sum q_{ha}p_{hb})/K_b} \times \frac{K_t}{K_b} = \frac{K_t \sum q_{ha}p_{ht}}{K_b \sum q_{ha}p_{hb}} \quad (2)$$

with $t = 0, 1, \dots, T$ and $U(C_a)$ as the reference collective of (2). Note that the three components of (2), though constructed independently from each other by FGA, nonetheless exhibit the known "product property" of CINT. Moreover, especially in ELINT, the numerators and denominators of the formulae exhibit this property