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REVIEW OF SYSTEMS OF NATIONAL ACCOUNTS AND BALANCES

(Report by the Secretary-General)

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I. INTRODUCTION

1. This paper furnishes an outline of the programme for reviewing the systems of national accounts and balances. The systems in general use in countries with market economies (the SNA) and in countries with centrally planned economies (the MPS) are covered in this review. The paper consists of a description of the stages of the review that have been completed and the work that remains to be done.

II. REVISION OF SNA, 1952

2. The Statistical Commission will be considering at this session, A System of National Accounts (Proposals for the Revision of SNA, 1952), E/CN.3/320. These proposals are the result of the discussions of an Expert Group convened by the Secretary-General to review the existing SNA. The Group met from 2 to 18 December 1964 and consisted of experts from the various regions of the world and a number of international organizations. The Group based its discussions on working papers on a revised SNA, the views of national statistical authorities, gathered as an initial part of the review of the SNA, and information on the relevant United Nations discussions and programmes, including those of the regional conferences of statisticians.

3. The proposals in the paper, E/CN.3/320, deal with the concepts, structure and classifications of a full system of accounting for flows and stocks in an economy. The system encompasses input-output tables, financial transaction accounts and national and sector balance sheets, in addition to the accounts of the existing SNA. The real and financial accounts and transactions of the system are also much more fully decomposed and classified than in the present SNA. Except for some series on employment, the system does not include balances and tables on labour, demographic and other social statistics, which the Expert Group felt could be usefully related, if not integrated, with the national accounts.

4. The standard accounts and tables set out in the paper, E/CN.3/320, do not cover all aspects of the proposed framework. National and sector balance sheets and tables on income distribution statistics are not included. Also omitted are the related subdivisions of the income and outlay account of households according to size of income or socio-economic status, and the possible separation from households of private non-profit institutions.

5. While the paper furnishes detailed proposals for all the schemes of classification required in the new system, some of these proposals are more tentative in character than others. For example, the schemes of classification set out for government purposes and for kind of economic activity are not as firmly based in international discussions as the other classifications. Though changes are proposed in the definitions of the present SNA with respect to some institutional sectors or transactions, it was not feasible for the Expert Group to consider this aspect of the review of the SNA thoroughly or in detail.
6. The proposed new system has been considered in detail at the first meeting of the Working Group on National Accounts and Balances of the Conference of European Statisticians. The report of the Working Group's comments on the system has been made available to the Commission.
7. It is hoped that the consideration by the Commission of the document, E/CN.3/320, and related papers, will result in agreement, at least tentatively, on the concepts and classifications and accounts and tables of a new SNA which can provide the basis for the further work of detailing the definitions and adapting the full system to the circumstances of the developing countries. While the proposed system provides suitable goals for the statistical advancement of these countries, it needs to be accommodated to their present stage of economic and statistical development.
8. In these circumstances, a draft would be prepared giving all the definitions required for the system set out in the document, E/CN.3/320, modified in the light of the discussions of the Commission. A draft adaptation of this full system to the circumstances of the developing countries would also be prepared. Working groups in Africa, Asia and the Far East and Latin America, which will be convened during the second half of 1965, would consider the draft adaptation in relation to the new full system. The definitions and the more tentative schemes of classification of the full system should also be considered by Groups of Rapporteurs of the Conference of European Statisticians.
9. The Secretary-General proposes to convene another session of the Expert Group at United Nations Headquarters to review the complete drafts that will result from the regional and other consultations, of the new full SNA and its adaptation to the present circumstances of the developing countries. This meeting should take

place late in 1965. It is intended that the complete drafts will include tables, and perhaps accounts, on income distribution and related statistics. The Commission will be considering at this session, a paper on statistics of the distribution of income, E/CN.3/323; this discussion should provide the basis for preparing draft tables on the subject for purposes of the regional and other consultations mentioned above. It is hoped that before the fourteenth session of the Commission, the complete descriptions of the revised SNA from the second meeting of the Expert Group, would be discussed and commented upon by the Working Group on National Accounts and Balances of the Conference of European Statisticians.

10. The conclusions that the Statistical Commission reaches on the complete versions of the new SNA would provide the basis for issuing a revision of the publication, Series F, No. 2, Rev.2,^{1/} and preparing a manual on the new system, primarily for use in the developing countries. Technical manuals would also be needed on the details of particular aspects of national accounting, for example, the gathering of basic figures for, and the compilation of, estimates in constant prices, data on capital formation, inventories, and stocks of fixed assets, statistics of income distribution or of financial assets and liabilities, or input-output tables. Also, the questionnaires and other aspects of a new system of international reporting of SNA data would be developed in consultation with the interested specialized and other international agencies. This system of international reporting is unlikely to cover the standard accounts and tables of the new SNA in full detail. The full detail of these accounts and tables would however provide goals for the advancement of national and international compilation of the statistics.

11. The full version of the new SNA is unlikely to include recommendations on standard accounts and tables on national and sector balance sheets. Also omitted will be suggestions on means of organizing and compiling labour, demographic and

^{1/} A System of National Accounts and Supporting Tables, United Nations, New York, 1964.

other social statistics so as to integrate these data with the systems of national accounts and balances. It seems best to delay the undertaking of intensive studies of these subjects.

III. THE MPS AND LINKS BETWEEN THE MPS AND SNA

12. Another major aspect of the review of systems of accounts and balances is the definition of the common ground and links between the MPS and SNA. In developing the new SNA, in particular the classifications of the system, account is being taken of feasible ways of facilitating this work, as well as extending the common ground between the two systems. It may also be feasible to deal with parts of this general subject in the technical manuals on the details of particular aspects of national accounting that were mentioned in paragraph 10.

13. A comprehensive description of the MPS, generalized to cover the practices of the countries where the system is in use, is needed as a basis for defining the common ground and links between the MPS and SNA. The description by experts from a group of these countries, with the participation of the secretariat of the Council of Mutual Economic Assistance, which has been prepared for this purpose, General Provisions on the Compiling of the National Economy Balance, has been made available to members of the Statistical Commission. It is envisaged that this description will be improved through work carried on within the framework of the Council of Mutual Economic Assistance and the Conference of European Statisticians.

14. As the Commission is aware, the work of defining links between the MPS and the present SNA has been conducted under the auspices of the Conference of European Statisticians. The Conference plans to continue this work in terms of the revised SNA.