

UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL



Distr.  
GENERAL

E/CN.3/347  
23 August 1966

ORIGINAL: ENGLISH

STATISTICAL COMMISSION  
Fourteenth session  
Item 3 (b) of the provisional agenda

NATIONAL AND SECTOR BALANCE SHEETS

(Note by the Secretary-General)

1. The thirteenth session of the Statistical Commission requested that a study be conducted of national and sector balance-sheet statistics which are integrated into the revised and extended SNA. It was suggested that the study be carried out with the assistance and advice of an individual expert and the Expert Group on the Review of National Accounts and Balances. The Commission considered that this investigation was required in order to assess the implications of the eventual integration of these statistics for the structure of the revised SNA and to lay the groundwork for developing guidelines in respect of accounts and tables on national and sector balance sheets.

2. Accordingly, the Secretary-General commissioned a study by Professor Richard Stone of the uses, concepts and classifications, and problems of valuation of balance-sheet statistics. This study, National and Sector Balance Sheets, ST/STAT/12, has been submitted for the information of the fourteenth session of the Commission. The paper also deals with the sources of data for, and the techniques of, compiling balance-sheet statistics.

3. The second session of the Expert Group on the Review of National Accounts and Balances considered the paper prepared by Professor Stone. The experts discussed the general characteristics of the statistics desired in respect of balance sheets and whether the proposed revised SNA would accommodate these data. The results of this discussion are set out in part III of the Report of the Second Session, E/CN.3/346.

4. The Expert Group concluded that the proposed structure, classifications and definitions of the new SNA will accommodate the integration of balance-sheet statistics on the lines suggested in ST/STAT/12. This was thought to be the case for both data of the complete balance sheets of the institutional sectors, which are related with the capital finance accounts of the system, and data of the stock of fixed assets of industries and other producers, which are linked with the capital expenditure accounts. It was noted that certain changes are required in the definition of resident enterprises and the classifications of institutional sectors and financial claims utilized in the statistical investigation described in ST/STAT/12 in order to bring the study into alignment with the proposed SNA. A majority of the experts also felt that major consumer durables, other than owner-occupied dwellings, should continue to be part of consumption expenditure though it was generally agreed that figures of the stock of these goods were wanted in the analysis of consumers' behaviour. In the proposed new SNA, outlays of households on major durables are however to be distinguished from other outlays on consumption.

5. The major modification proposed by the Expert Group in the guidelines suggested in ST/STAT/12 relates to the valuation of holdings of financial assets and liabilities. It was considered that for a number of analytical purposes, the current valuation recommended in ST/STAT/12 should be divided into two parts. In the case of financial assets, the components would consist of valuation at cost and unrealized capital gains (losses) accumulated since the financial assets were purchased. In the case of financial liabilities, the division would be into the nominal (face) value and the revaluations since the liabilities were issued.

6. Some aspects of the major problems of integrating balance-sheet statistics into the revised SNA are not dealt with in ST/STAT/12 and were not discussed by the Expert Group. Explicit attention is not given to the revaluation account, which coupled with the capital finance account, is the link between the balance-sheet account as of two dates. Part of the entries in this account for financial assets and liabilities, as well as real assets, may not be due to changes in current prices; and it would be valuable to classify the data according to the major factors leading to the revaluations. Further, difficult statistical problems will arise in reconciling data on transactions and holdings in respect of financial claims. In the case of data on the gross stock of real assets, the appropriate classifications,

in addition to the problems raised in part III of the Report of the Expert Group, require investigation. Consideration is also needed of the form of the accounts and tables on balance sheets and revaluations which might be introduced into the revised system.

7. The discussions of the Expert Group suggest that while it will not be appropriate in the near future to include specific suggestions on balance-sheet accounts and tables in the revised SNA, it will be of value to continue international study and discussion of this subject. Though experience in compiling complete national and sector balance sheets is limited, a number of countries are working on various aspects of these statistics, some with a view to evolving a full set of balance-sheet accounts. Continued international work should furnish a means of exchanging views and experience and formulating detailed guidelines in respect of balance-sheet statistics which are integrated into the new SNA. It is apparent from the Expert Group's discussions that the studies should deal with statistics of the gross stock of fixed assets, in current and constant prices, and holdings of selected kinds of financial claims (e.g., public debt), as well as full balance-sheet accounts.

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