



Economic and Social Council

Distr.
GENERAL

E/CN.3/1983/13
12 May 1982

ORIGINAL: ENGLISH

STATISTICAL COMMISSION
Twenty-second session
7-16 March 1983
Item 6 (a) of the provisional agenda*

PRICE STATISTICS: INTER-AGENCY PRICE STATISTICS PROGRAMME

Development of an inter-agency price statistics programme

Report of the Secretary-General

SUMMARY

Section I of the present document contains a description of the nature of recent work on the development of an inter-agency price statistics programme in terms of the conceptual framework proposed and the steps being taken to implement the framework as a co-ordinating scheme for inter-agency work in this field (paras. 6-21). In section II, related developments in individual areas of the programme are reviewed (paras. 22-54). Section III contains the views of the Statistical Office of the United Nations Secretariat on priorities for future work at the national level as well as the international level (paras. 55-69). In section IV, points for discussion by the Commission are identified (para. 70).

* E/CN.3/1983/1.

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
INTRODUCTION	1 - 5	3
I. DEVELOPMENT OF AN OVERALL PROGRAMME	6 - 21	4
A. Conceptual framework	6 - 9	4
B. Methodological support	10 - 13	5
C. Empirical activity	14 - 17	6
D. Organizational aspects	18 - 21	6
II. DEVELOPMENTS IN INDIVIDUAL AREAS	22 - 54	7
A. Export and import prices	26 - 29	8
B. Domestic supply prices	30 - 33	9
C. Price indexes of final demand	34 - 37	9
D. Output and input price indexes	38 - 41	10
E. Labour cost indexes	42 - 45	11
F. Output per person-hour and unit labour cost indexes ..	46 - 48	12
G. Exchange rates and purchasing power parities	49 - 51	13
H. Market price indexes	52 - 54	13
III. FUTURE WORK AND PRIORITIES	55 - 69	14
A. Directions for the Statistical Office	57 - 60	14
B. Role of the regional commissions	61 - 63	15
C. Contribution of agencies	64 - 66	16
D. Promotion of national work	67 - 69	16
IV. POINTS FOR DISCUSSION	70	17

INTRODUCTION

1. The present report brings back into the agenda of the Statistical Commission a subject which, in recent years, has had only intermittent attention in the Commission's discussions. It is particularly fitting that it should be re-introduced at the present time, not only because of the increasing concern for the improvement of price statistics at both the national and international levels, but also because of the nature of the steps which are now being taken by the Statistical Office of the United Nations Secretariat and by co-operating international agencies to organize the improvement in an integrated and co-ordinated manner. This is the basic objective of the inter-agency price statistics programme which is discussed here.
2. An examination of the Commission's past discussions on price statistics indicated that the subject was looked at in two different ways: first, in terms of the development of specific price indexes, such as consumer price indexes or wholesale price indexes; and second, in terms of the price indexes required for the adjustment of national accounting flows. It was essentially in the context of national accounting requirements that the subject was discussed by the Commission at its nineteenth session, held in 1976.
3. One of the main achievements of recent work on price indexes has been a clearer understanding of the respective roles of different forms of index numbers in the measurement of price change and of the special advantages of the Laspeyres form for practical work. At the same time, there appears to have been a widening area of agreement on the need to align the specific price indexes traditionally constructed on the Laspeyres basis with the concepts and classifications of the national accounting system. The dovetailing of the two objectives was reflected in the report Guidelines on Principles of a System of Price and Quantity Statistics. ^{1/}
4. The concept of an inter-agency price statistics programme developed independently of the work mentioned above. It owes its origin, in large part, to the discussions which took place in the General Assembly and the Economic and Social Council, in 1974 and 1975, on the need for the improved monitoring of global price developments. At that time, the need was felt not only for comprehensive, reliable and timely information on such developments, but also for the establishment of a framework within which the inflationary and redistributive effects of these developments could be analysed and evaluated. The inter-agency programme was intended as a partial response by the international statistical system to that need.
5. The programme is outlined in some detail in the following paragraphs. Section I contains a description of the nature of recent work on the programme in terms of its conceptual, methodological, empirical and organizational components. In section II, developments in individual areas of price statistics distinguished in the programme are reviewed. Section III contains views on priorities for future work at the national level as well as at the international level.

^{1/} United Nations publication, Sales No. E.77.XVII.9.

I. DEVELOPMENT OF AN OVERALL PROGRAMME

A. Conceptual framework

6. The conceptual framework of the programme relies heavily on the general recommendations for national accounting work set out in A System of National Accounts (SNA) 2/ and on the specific views expressed in chapter IV thereof, on the use of SNA as a basis for price and quantity statistics. It also makes extensive use of the draft guidelines for work of this kind developed under the aegis of the Conference of European Statisticians, and issued in modified form in the report referred to in paragraph 3 above. The proposed framework first appeared in a document presented to the Administrative Committee on Co-ordination (ACC) Sub-Committee on Statistical Activities at its session held in 1978, and it has been refined and elaborated in subsequent papers presented to the Sub-Committee.

7. The overall programme was broken down into eight subprogrammes relating to specific areas of work on price statistics. The enumeration of the subprogrammes, as originally presented, is as follows:

- A. Spot market prices of basic commodities in international trade
- B. Export and import prices (transactions basis)
- C. Commodity prices (domestic supply)
- D. Output and input price indexes (activity basis)
- E. Primary input prices (activity basis)
- F. Productivity and unit costs (activity basis)
- G. Final expenditure on gross domestic product (by object)
- H. Exchange rates, purchasing power parities and relative price levels

One grouping of subprogrammes (B, C and G) covers price statistics on a commodity-related basis, and a second grouping (D, E and F) covers price statistics and associated indicators on an activity-related basis. The remaining subprogrammes (A and H) may be regarded as ancillary to those two groupings.

8. While SNA is the source of the main features of this structure, some special considerations have been brought to bear. These include: (a) the preference for an activity-related commodity classification as one of the integrating elements of the framework; (b) the preference for the Laspeyres form of price index number as a measure of pure price change; and (c) the inclusion of labour cost and productivity indicators as an essential part of the programme. Other special features of the design are referred to in subsequent paragraphs.

9. The conceptual framework described above was endorsed by the ACC Sub-Committee on Statistical Activities as a basis for the co-ordination and development of inter-agency work on price statistics. While it has yet to be fully refined and

2/ United Nations publication, Sales No. E.69.XVII.3.

elaborated, it has been adapted for the centralized collection and compilation of information on national price trends and related indicators by the Statistical Office. This application is described in paragraphs 14-17 below. 3/

B. Methodological support

10. Apart from the methodological elements associated with the elaboration of the conceptual framework, there has been no special activity in this direction in the present development of the programme. The primary support of this kind comes from the work currently undertaken by the Statistical Office as part of the more general development of price and quantity statistics, particularly the work on a series of manuals to supplement the Guidelines. The series now includes volumes covering national accounts at constant prices, producer prices of industrial products, and price and quantity measurement in external trade. A manual on consumer price indexes is in preparation.

11. In addition to this basic source of methodological support, there is the peripheral work on methodological development undertaken in connexion with other price-related activities of the Statistical Office. Perhaps the most important work of this kind is the work on methods of price collection and compilation associated with the International Comparison Project (ICP). A discussion of the links between the two activities will be found in the report of the Secretary-General on the long-term organization of ICP (E/CN.3/1983/14), which is also before the Commission at its twenty-second session.

12. Indirect methodological support is also given by a number of other agencies of the international statistical system. Such support includes, principally: (a) Food and Agriculture Organization of the United Nations work on a manual on output and input prices for agriculture; (b) European Economic Community work on a system of producer price indexes for industrial products; (c) Economic Commission for Europe/International Labour Organisation work on the refinement and development of consumer price indexes; (d) Organisation for Economic Co-operation and Development work on unit value indexes of exports and imports; and (e) International Monetary Fund work on the aggregation of national price indexes. In these cases, as in the case of the work of the Statistical Office of the United Nations Secretariat, elements of technical assistance to national statistical services are, in varying degree, associated with methodological development.

13. The overall pattern of methodological support is not entirely satisfactory for the purposes of the inter-agency programme, particularly in terms of relevance, balance and consistency. There is a need for a more systematic effort to be made that will be directed specifically at the categories of price statistics identified in the programme, and that will provide for the integrated and co-ordinated

3/ A parallel conceptual framework was developed for the countries which use the System of Balances of the National Economy (MPS); the framework described has been adapted for the collection of information in a similar manner.

presentation that is at the heart of the programme concept now being put forward. Some of the main issues in this work are identified as part of the review of each area of the basic programme (see sect. II below).

C. Empirical activity

14. The changes envisaged in the pattern and scope of agency work on the compilation of price statistics are of a more radical character than the changes envisaged in the directions of methodological work. They may be looked at in terms of the core presentation of annual indexes in the form described previously, and the more detailed presentations, such as of monthly or quarterly data, linked conceptually to the central framework. In the case of the Statistical Office, the latter type of presentation is exemplified by the monthly tables on consumer price indexes and wholesale price indexes which have appeared in the Monthly Bulletin of Statistics since its inception.

15. To establish the core presentation in the form described, the Statistical Office proposes to introduce, in 1983, a new annual publication on national price trends and related indicators. A provisional questionnaire for the collection of data for this publication was sent to countries late in 1981, and an experimental issue of the publication, covering the period 1970-1980, will be distributed to the agencies for comments in 1982. The data collected will form the nucleus of the computerized price statistics data base for inter-agency use envisaged in the original programme.

16. As in the case of the national accounts questionnaire, the centralized collection of summary data will provide the agencies not only with a common source of comparable data but also with a framework within which their own more detailed work can be harmoniously developed. The publication itself will be used as a means of linking these activities and of describing their conceptual and methodological relationship to the summary data included.

17. Pending the development of the central data base envisaged, individual agency work on the compilation of price statistics has proceeded in many of the directions indicated in the programme. Of special importance in this connexion is the work of (a) the International Monetary Fund, on national price indicators and their aggregation into regional and global totals, (b) the United Nations Conference on Trade and Development, on export and import price indicators for the developing countries as a group, (c) the Statistical Office of the United Nations Secretariat, on true export price indexes for machinery and transport equipment, (d) the World Bank, on internationally important commodity price series, and (e) the European Economic Community, on producer price indexes for industrial products.

D. Organizational aspects

18. The ACC Sub-Committee on Statistical Activities has played a key role in the development of the programme and has been fully supportive of the efforts of the Statistical Office to organize the central collection of national data in the form

proposed. To supplement the recent work of the Sub-Committee, the Statistical Office has proposed that an inter-agency technical meeting should be convened at an appropriate time to discuss specific issues arising from the response of countries to these efforts.

19. Such a meeting could have broad terms of reference, including a discussion of issues arising from (a) the articulation of existing agency activities on price statistics within the programme, (b) the development of new activities linked to the objectives of the programme, (c) the contribution each agency might make to monitoring the data collected centrally, and (d) the design and management of the common data base to be established.

20. The organizational role of the regional commissions in the development of the programme might be similar to the role of the agencies. Of particular importance in this case would be (a) the development of regional programmes of work linked to the inter-agency programme and (b) the special contribution they might make to the work of data collection and compilation for the international programme, particularly in terms of the evaluation of national data from the region and their aggregation into regional indicators. Some initial steps in these directions have been taken by the Economic Commission for Africa.

21. A crucial role in the development of the international programme is necessarily played by the organization of work at the national level. Historically, the co-ordination of national work has been beset by problems of divided jurisdiction, and it is only recently that the idea of an integrated and co-ordinated programme at the national level has appeared. Given the central importance of the national accounting framework in such a programme, and in the absence of a specific arrangement for price statistics work, the national accounting unit in the national statistical service would appear to be the most suitable agency for co-ordinating the national contribution.

II. DEVELOPMENTS IN INDIVIDUAL AREAS

22. In the present section, national and international developments in individual areas of price statistics in recent years are looked at in terms of their contribution to the advancement of the objectives of the proposed programme. The directions of the developments as part of larger schemes for statistical improvement have been identified in most cases, and have contributed significantly to the particular orientation given to the design of the programme. In general, the developments reflect the rationalization, harmonization and extension of work in line with the progressive diffusion of national accounting ideas and requirements into the areas affected.

23. These trends have been strengthened in almost every area of price statistics work by the increasing need for data for the monitoring, analysis and management of the inflationary process. In specific areas of the work, they have also reflected the special requirements for contract indexation and, in more recent times, for inflation accounting adjustments. At the international level, a specific impetus has been added by the expansion of work on ICP and related activities.

24. Despite the growing body of international recommendations and guidelines for price statistics work, developments have not always been in the direction of greater uniformity of scope and coverage, concept and classification. SNA and subsequent recommendations in Guidelines leave considerable latitude in the design of indicators, and the problems arising from this flexibility have been compounded by the practical limitations imposed on the application of the recommendations in each case. The limitations may spring from established organizational arrangements in the compilation of the data, or from budgetary constraints on the introduction of new and more costly methods.

25. Nevertheless, overall progress has been quite marked. The use of the national accounting framework as an instrument for strengthening and integrating the conceptual development of national price statistics is now widely accepted, and the demands of national accounting for the construction of deflator indexes have contributed to a significant improvement in the scope, coverage and quality of national data. The nature of the progress made in individual areas and its adequacy for the inter-agency programme are examined below.

A. Export and import prices

26. This area, despite its importance for national as well as international work, must rank as one of the least developed areas of price statistics. In terms of international work, adequate information on export and import prices is vital for the analysis of the global inflationary process, for the comparison of competitiveness in international trade, for the measurement of broad changes in terms of trade, and for the application of related indexation policies to the developing countries. In national work, a similar and equally important set of uses can be identified.

27. The main problem associated with the development of this area has been the special links maintained in most countries with the administrative reporting of international trade statistics. In many cases, this has implied the separate development of the area in terms of the unit-value approach and in terms of the special categorization of foreign trade flows. The results have been an intimate association of price and quantity measurement for these flows, but a weak conceptual and methodological relationship to the measurement of price developments in the economy as a whole.

28. The trend of development in this area is towards a more integrated position in conceptual, methodological and organizational terms. The unit-value approach is being refined, supplemented and, in some countries, wholly replaced by the more precise method of "specification pricing" through ad hoc surveys. In addition, a progressive movement towards the linking of export and import price statistics work with the measurement of producer prices is taking place in the form of an integrated system covering all foreign and domestic commodity flows.

29. In line with the objectives of the inter-agency programme, priorities for international action in this area might include the following: (a) promotion of efficient methods of specification pricing at the national level; (b) development

of activity-related as well as trade-related classifications of national indexes and (c) integration of the work as far as possible into a system of indexes covering related domestic commodity flows (producer price index system). While some work has already taken place in these directions, further initiatives are required to ensure a well co-ordinated effort.

B. Domestic supply prices

30. This area, which may be regarded as corresponding broadly to the traditional area of wholesale prices, is still one of the most unsatisfactory areas of national work. Concepts are very often poorly structured and inadequately related to the pattern and dimensions of domestic commodity flows. Moreover, the sampling methods adopted frequently result in a partial or biased representation of the universe under inquiry.

31. The basic concept in this area normally refers to the supply price of commodities sold in quantity on the domestic market. In this form, the data are used to measure price changes in the output and input of individual activities and to indicate price developments in the commodity universe by stage-of-processing and end-use classifications. The general indexes in this area are also used as coincident indicators of inflationary developments at the intermediate demand stage, and as leading indicators of inflationary developments in individual components of final demand.

32. The principal developments in recent years have been the clearer articulation of the conceptual framework for such indexes and a significant strengthening of conceptual and methodological links with ongoing work in other areas. In its most refined state, this takes the form of a producer price index system integrating the work on producer prices and on export and import prices on both the conceptual and methodological sides. From this system, the concept of a domestic supply price index evolves as a logical successor to the traditional wholesale price index.

33. A review of national experience in the reorganization of work in this area points to the need for more adequate guidance at the international level. On the conceptual side, it is evident that there are still significant differences in (a) the price concept itself, (b) the universe of items covered, (c) the nature of the weighting pattern adopted, and (d) the classifications introduced. Most of the differences might be eliminated by the articulation of more positive recommendations for national work. On the methodological side, there are major differences in the way in which an integrated producer price index system is established and in the priorities accorded to the development of individual components. These differences imply a fertile field for international action.

C. Price indexes of final demand

34. The third area associated with commodity flows is relatively well developed, partly as a result of the prominence given in national accounting work to the breakdown of final demand, and partly as a result of the broad interest in specific

indexes linked to individual components, such as the Consumer Price Index (CPI). In this case, there are few problems with the price concept or with the classifications, while methods for a major part of the overall breakdown have been refined progressively over the years.

35. The need for improvement in this area can be looked at largely as requiring a selective effort. Apart from personal consumption expenditure, the components of final demand are not especially well served by the price indicators available. This is particularly true of (a) general government consumption expenditure, where quantity measures for the services produced are generally difficult to establish, and (b) increase in inventories, where information on commodity composition and its changes is frequently lacking. In the case of net exports of goods and services, the problem of pricing services again appears. These difficulties frequently mean that only implicit price indexes in Paasche form are available for the components concerned.

36. With increasing public sensitivity to price changes in final demand, the need has grown for Laspeyres-type indexes for all major components, and for the integration into this framework of all related specific price indexes. Relatively stringent requirements of this kind for indexation purposes have arisen not only in the case of personal consumption expenditure, but also for purchases of capital goods and for inventory changes. The increasing demand for a price-level indicator which can be used both as a comprehensive measure of inflation and for the adjustment of current monetary values has also focused attention on the development of a Laspeyres-type index for gross domestic product (GDP) as a whole.

37. For the inter-agency programme, the problem of development in this area is more one of method and implementation than of concept. A well-accepted conceptual framework already exists, and what is required is to see that the framework is applied internationally, through more detailed and more consistent guidance on individual areas of difficulty. Most of these involve general problems of price measurement, including problems of services, unique goods, quality change, imputations, and seasonal items. As part of the application of the framework, it is implicit that links with specific indexes compiled on a monthly or quarterly basis should be articulated and strengthened appropriately.

D. Output and input price indexes

38. The next three subprogrammes are designed to facilitate the monitoring and analysis of price developments on an activity-related, rather than on a commodity-related basis. The present subprogramme provides for the measurement of price developments in terms of the output and intermediate input of producers, and may thus be regarded, to some degree, as a restructuring of the work on foreign and domestic commodity flows mentioned above. In this case, since the subprogramme extends to all recognized sectors of economic activity, also to be provided for is the pricing of services in output and input transactions.

39. The development of work in this area begins, in most cases, with the agricultural sector and the need to monitor, analyse and manage the activity of

this sector in terms of prices received for output, prices paid for input and real income generated by the relationship between them. The extension of economic management of this kind to other sectors of activity, and the increasing need for activity-related price information for productivity and inflation analysis, have been reflected in the progressive expansion of the sector coverage of these indicators. More recently, the requirements of indexation and inflation accounting have placed new emphasis on input measures.

40. The conceptual problems in this area are not especially onerous, although again SNA appears to have left the position too flexible. As in the case of domestic supply prices, the weighting pattern to be applied to sector indexes creates some questions about the degree of "netness" to be used, and the problem of the output price concept (producers' values or approximate basic values, (for example) has yet to be resolved in a consistent way for the system as a whole. ^{4/} On the methodological side, there is no clear guidance on how work on input prices should be organized and related to the general pricing of commodity flows.

41. The broader problem to be addressed in the context of future international work is the development of sound recommendations for pricing on an activity-related or sector basis in terms of all components of input - that is, including the components of primary input as well as of intermediate input. This kind of comprehensive information, used in conjunction with derived information on productivity movements, would seem to be essential for the comprehensive monitoring, analysis and management of inflationary developments.

E. Labour cost indexes

42. In the area of indexes for primary input, the development of labour cost indexes is given priority. Labour cost for almost every sector is a major element of primary input, an important part of overall input, and a key factor in output price development. It is essentially from the latter that its measurement derives its importance for the overall programme. For this purpose, what is required is the measurement of labour cost in terms of a specific quantity of homogeneous labour or as an aggregate, in terms of a specified basket of different kinds of homogeneous labour.

43. Looked at in the context of this requirement, national and international work on labour cost indexes has made relatively limited progress. In general, the basket-of-skills approach has still to be accepted and implemented as the basic approach to this work, replacing the more loosely structured indexes now compiled in many countries. Some progress in this direction has been made by ILO as part of its work on labour statistics, and recommendations for the compilation of such measures have been put forward as part of its recently developed integrated system of wage statistics.

^{4/} In the case of output price indexes, the Statistical Office in its questionnaire recommends that only the "net" sector output should be priced, that is, essentially only the output crossing the sector boundary.

44. To make this an effective component of the inter-agency programme requires the detailed improvement of work on specific indexes of labour cost at the national level, and their integration into the broad framework of sectoral price indexes envisaged in the programme. This implies the further articulation of the conceptual design of these indexes, the development of detailed methodological recommendations on their construction, and the provision of comprehensive guidance on the organization of such work as part of an overall system of price indexes linked to SNA.

45. Largely for practical reasons, the development of price indexes for other primary inputs has been given a relatively low priority in the inter-agency programme. Some of the problems are examined briefly in SNA as part of the overall discussion of price and quantity measures of sector activity.

F. Output per person-hour and unit labour cost indexes

46. This subprogramme covers output per person-hour indexes and the related unit labour cost indexes derived as the ratio of labour cost to output per person-hour. Together, they measure change in labour productivity and its implication for the pricing of output in a relevant way for the overall programme. In conjunction with the previous indexes of output, input and labour cost, they form an articulated system providing essential information for the analysis of price developments, by sector of activity.

47. Historically, work on these indexes at the international level has been given relatively limited recognition, although labour productivity measures have been the subject of intermittent attention by ILO for many years. At the national level, a diversity of interest exists, extending, in cases such as the United States of America, to the gathering of basic data and the compilation of comparative international information in some detail. Part of the development problem in the case of productivity indexes is a reflection of the inadequacy of the available measures of output, particularly in the case of services, and of labour input. Although conceptually there may be a great degree of agreement on the content of these measures, a refined calculation involves a relatively high resource cost when undertaken independently. Within the context of the system of price indexes described here, however, the specific cost of this work necessarily diminishes and in many cases it should reach manageable proportions.

48. At this time, more detailed guidelines for productivity measurement than SNA provides are required in order to improve the degree of harmonization of national work and to encourage its co-ordinated development. An essential preliminary would be the study of methods of labour input measurement in practice, and the elaboration of recommendations for the deflation of labour income within the framework of a system of national accounts at constant prices.

G. Exchange rates and purchasing power parities

49. The importance of information in this area is related to the need for the comparison of prices and price levels across countries, as well as through time. In the case of exchange rates, the United States dollar is currently considered an appropriate "numeraire" currency for the purpose, and on that basis, exchange rate indexes will be developed for each country. This is particularly important for the export and import price subprogramme (see sect. II. A above) and for the development of regional and global aggregates. In the case of purchasing power parities, the corresponding indexes for the individual categories concerned will be developed in terms of the relationship with the United States dollar or in terms of the relationship with the "international dollar" used in ICP. This implies a three-dimensional measure of prices and price levels for these categories at any point in time.

50. Ultimately, ICP will result in the development of a system of place-to-place price indexes parallel to, and consistent with, the time-to-time indexes stressed in the inter-agency programme. As yet, this development is still in its infancy; international work is limited essentially to price indexes of final demand for a select group of countries.

51. A valuable feature of international comparisons work for the inter-agency programme is the impetus it gives to specification pricing, the establishment of price data bases for general-purpose use, and the development of efficient methods of price-level measurement. Given a continuing commitment to international work of this kind, important economies could be introduced at the national level in the collection and compilation of relevant price data. At the same time, a new dimension of interest could be added by the use of the global data base to serve national as well as international needs. International comparisons work is thus considered as being brought to a position where it can be recognized as an important adjunct to the price statistics programme.

H. Market price indexes

52. Market price statistics for basic commodities appear to warrant greater attention than they have received in recent years. Work in this area is included as part of the inter-agency programme with a view to establishing the better co-ordination of the existing international effort, and its further development as an integral part of the overall system of price indicators. These prices merit attention as indicators of demand and supply conditions in individual commodity markets, as parameters for international action on commodity prices within the framework of international commodity agreements and, in combined form, as sensitive reflectors of final demand pressures in the international economy as a whole. Similar functions can be assigned at the national level.

53. Part of the problem in this area is that work at the national level is, in general, poorly organized. In the case of international markets, while the contracts themselves may be highly defined, the selection of commodities may be limited and the nature of the contracts may differ widely from commodity to

commodity. These factors create difficulties in the collection and compilation of comparable information for statistical purposes. This is seen in the selective character of international work and also in the relatively arbitrary composition and construction of many of the aggregates compiled.

54. A current focus of international work is on the identification of a standard minimum list of contracts that can be recognized as forming satisfactory world-market price indicators for the commodities concerned. Beyond the refinement of these individual indicators and the expansion of their scope, there are problems of aggregating disparate series which may or may not be critical for the uses involved, but which, in almost all cases, require methodological investigation. Finally, the problems of aligning the market-price aggregates with the transaction-price aggregates of the overall programme, by appropriate classification and weighting, have to be examined and resolved. In effect, a much more positive structuring and development of the information generated by commodity market activity is needed.

III. FUTURE WORK AND PRIORITIES

55. An outline of a programme of future work at the international level is given below. Examined first is the role of the Statistical Office of the United Nations Secretariat in the development and implementation of a programme of future work, and then examined are the contributions which might be made by the regional commissions and the agencies concerned. Finally, there is a review of the implications of the programme for work at the national level, and some conclusions are attempted regarding the consistency of the international programme with similar programmes being developed at the national level.

56. The general nature of such a programme has already been indicated. Conceptually, the use of specification pricing and the application of SNA are relied on heavily as a framework for the scope, structure and content of the programme. Methodologically, the programme is oriented towards more efficient methods of pricing, particularly through the greater use of probability sampling. Empirically, envisaged is a progressive though cautious expansion in the compilation and dissemination of information on global price developments. Organizationally, the programme is based on close co-ordination of work on price statistics at all levels - nationally and internationally.

A. Directions for the Statistical Office

57. A high priority for the Statistical Office is the completion of the elaboration of the inter-agency programme as a basis for the co-ordination and development of work on price statistics at the international level. This can be done, as in the past, within the context of the work of the ACC Sub-Committee on Statistical Activities, supported by formal or informal arrangements for inter-agency discussion of issues at the technical level. Elaboration of subprogrammes D to H, as defined in paragraph 7 above, has yet to be completed, and an iteration of the work on all subprogrammes will ultimately be required to ensure the consistency of the overall scheme and to provide for the review of priorities.

58. On the methodological side, some further supplementing of the existing series of manuals on special areas of price statistics work is required to strengthen the empirical effort. In effect, what appears to be necessary is a development of the Guidelines publication, which will take into account more explicitly the analytical, as opposed to the instrumental, requirements for price statistics, and which will furnish the practical advice needed to build up a comprehensive system of indicators according to current priorities. The nature of this development should become clear as the elaboration of the subprogrammes and the articulation of the issues to be examined are undertaken.

59. An integral part of the proposed programme of future work is the cautious expansion of the collection, compilation and dissemination of summary information on global price trends. The limits of this activity, as currently envisaged by the Statistical Office, are indicated by the questionnaire on national price trends and related indicators, which was distributed recently for the collection of information for the period 1970-1980. In addition to this centralized activity, some refinements will be introduced in peripheral areas of price statistics work to ensure an appropriate articulation with the basic framework.

60. The promotion of the programme will be undertaken largely by means of the questionnaire and the various documents and publications articulating its conceptual and methodological aspects. It will also be undertaken through technical co-operation activities, and meetings organized at the regional level to discuss the implementation of the programme or its regional modifications. The co-ordination of such activities will be an important responsibility of the Statistical Office.

B. Role of the regional commissions

61. An important role in the development of the programme is assigned to the regional commissions. This takes the form of the articulation in each region of a regional programme of work on price statistics, designed in part to meet the requirements of the inter-agency programme. Some steps in this direction have been taken recently by the Economic Commission for Africa, and an early meeting on price statistics, with similar objectives, has been proposed for the Asian and Pacific region.

62. A possible organizational format for the role of the regional commissions is the establishment of working groups on price statistics, which would be responsible for the development of the regional programmes and which would report to the regional conferences of statisticians. A particularly important aspect of the work of these groups would be the setting of priorities and the establishment of timetables for the implementation of individual phases of the regional programmes. Seminars which provided for the exchange of experience on problems of implementation might be organized.

63. On the empirical side, a special role for the regional commissions might be found in the preparation of aggregates for the region as a whole or for individual subregions that may be identified for analytical or other purposes. The aggregates would normally involve supplementing the centrally reported data by estimates drawn from a variety of sources. This is a task which probably could be done more effectively on a regional, rather than an international level.

C. Contribution of agencies

64. With the completion by the Statistical Office of the basic conceptual and methodological framework of the programme, the stage would be set for the active participation of the agencies in filling out the framework in relevant directions. A tentative assignment of responsibilities of this kind was, in fact, included in the draft programme from the start, and it was regarded as essential in meeting the co-ordination objective envisaged. This broad assignment of responsibilities in terms of individual areas of the programme followed current jurisdictional lines.

65. A similar assignment of responsibilities has not been made for the lists of projects associated with the development of individual subprogrammes. This work is not complete, as indicated above, and it would seem wiser to defer any formal assignment of individual projects until the full scope of the projects is established and some agreement on priorities arrived at. In some cases, the objectives will be largely met by the completion of existing projects within the work programmes of the agencies. In other cases, the assignment of the projects will represent net additions to their work programmes.

66. On the empirical side, the idea of a shared price statistics data base, with telecommunications links between the various agency components, was put forward at an early stage. This idea is slowly being realized as the agencies extend the computerization of price data collection, compilation and dissemination, and as interest widens in establishing international data files on price statistics as common resources. An important acceleration of this movement can be expected when the national information obtained from the new questionnaires is entered as part of the Statistical Office data base.

D. Promotion of national work

67. The success of the overall programme depends largely on the availability of the required data in comparable form from country to country. In the field of price statistics, this is a particularly exacting requirement, which is unlikely to be achieved by any means other than steady effort over a prolonged period. This effort should include not only guidance on the concepts and methods required to produce the data, but also a forceful presentation of the case for the production of national data in standard form. The case is helped immeasurably if it can be seen that national and international requirements and interests are essentially consistent.

68. What this means in practice for the international effort is that
(a) the overall system of price statistics should be properly conceptualized;
(b) the implications of the SNA framework for price statistics work should be clearly articulated; (c) where ambiguity remains, international conventions should be adopted for reporting purposes; (d) guidance should be provided on the effective organization of national price statistics work as a whole.

69. On point (d), there is clearly much to be learned from individual national experience. As efforts continue to reformulate and reshape national programmes of price statistics, the expanded body of national experience should be made available to those countries contemplating the improvement of their systems. It is particularly important that the idea of an integrated and co-ordinated programme of price statistics, which runs through the inter-agency proposal and which has been widely accepted as a principle for the development of national work, should be looked at closely in terms of the changes actually introduced or planned in the organization and management of individual national activities.

IV. POINTS FOR DISCUSSION

70. The Statistical Commission may wish to express its views on:

(a) Future directions for the work on the development of an integrated and co-ordinated inter-agency programme on price statistics;

(b) The priorities to be accorded to individual components of the overall programme;

(c) The place a programme of this kind should have at the present time in the activities of the international statistical system.
