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PRICE STATISTICS

Report on the International Comparison Project and the
International Price Statistics Programme

SUMMARY

The present document describes the completion and publication of Phase IV of ICP (paras. 4-13). The interorganizational group for the completion of Phase IV is explained and its role in the implementation of Phase V of the ICP is discussed (paras. 14-22). The major directions and changes in the programme of the international price statistics programme are outlined (paras. 23-30). The publications completed and the delay in preparation of an ICP manual are also discussed (paras. 31-42). A work programme of the IPSP, scaled down to the available resources, is set out along with the co-ordinating role of the Statistical Office of the United Nations in ICP, in the context of the global programme for Phase V (paras. 43-48). Points for discussion are provided (para. 49).

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CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
INTRODUCTION	1 - 3	3
I. COMPLETION OF PHASE IV OF THE INTERNATIONAL COMPARISON PROJECT	4 - 13	3
II. ORGANIZATION AND IMPLEMENTATION OF PHASE V	14 - 22	6
III. DEVELOPMENT OF THE OVERALL INTERNATIONAL PRICE STATISTICS PROGRAMME	23 - 30	8
IV. MANUALS AND PUBLICATIONS	31 - 42	9
V. DIRECTION OF FUTURE WORK	43 - 48	11
VI. POINTS FOR DISCUSSION	49	13

INTRODUCTION

1. Since the twenty-second session of the Statistical Commission, Phase IV of the International Comparison Project (ICP) has been completed on a world basis, involving about 60 countries for 1980. Although the report on Phase IV was not completed at the time of the preparation of the present report, the main framework of Phase IV is presented in section I (see paras. 4-13 below); it is anticipated that the results of Phase IV will be available for distribution when the Statistical Commission meets. The completion of Phase IV and the planning of Phase V for 1985 have proceeded on a parallel basis. The plans for Phase V, including the regular meetings of an interorganizational group on ICP, are described in section II (see paras. 14-22 below).

2. The Interagency Price Statistics Programme (IPSP) has modified its plans to issue a yearbook on price statistics by 1985. Instead, in accordance with the reduced priority and the decrease in resources accorded the programme, efforts have been directed towards publishing price statistics from selected countries in the Monthly Bulletin of Statistics. The results of that work and the comments on IPSP from various agencies are discussed in section III (see paras. 23-30 below). Aspects of both IPSP and ICP have been involved in the preparation and planning of manuals which are discussed in section IV (see paras. 31-42 below).

3. A report on Phase IV of ICP has been prepared jointly with the Statistical Office of the European Communities (EUROSTAT), the Organisation for Economic Co-operation and Development (OECD) and the Statistical Office of the United Nations Secretariat, with the assistance of the Economic Commission for Europe (ECE), the Economic Commission for Latin America (ECLA) and other organizations. In addition to the Phase IV report, other publication plans include an updating of the ICP results; those are also discussed in section V (see paras. 43-48 below). The future work programme will be a continuing subject of the interorganizational group on ICP. Some of the issues to be faced in the completion of Phase V and in any subsequent work are outlined in section V below. The IPSP future work and publication programmes are taking a more final form and those developments are discussed in section V below.

I. COMPLETION OF PHASE IV OF THE INTERNATIONAL COMPARISON PROJECT

4. Phase IV of the International Comparison Project (ICP) had a reference year of 1980 and it was completed for the European Community (EC) in 1981 and for Africa and Europe in 1983, with final results in 1984. ECLA has updated the 1979 survey by Estudios Conjuntos sobre Integración Económica Latinoamericana (ECIEL) to 1980 and, with the co-operation of EUROSTAT, the United Kingdom Office of Development Administration, Spain, the World Bank and the Statistical Office of the United Nations Secretariat, the Commission has supplemented the 1979 comparison with additional price information. OECD plans to complete its comparisons for 17 countries before the end of 1984. Finally, the Statistical Office of the United Nations Secretariat is directly co-ordinating about eight countries in the ECWA and ESCAP regions. The main problem, from the standpoint of world comparisons, has been to bring together appropriately those various comparisons. One point that was quite clear to all concerned with Phase IV was that it was much harder to join regional comparisons ex post than ex ante.

5. The report on Phase IV will be published in two volumes. Volume I will contain the results for 1980 at the level of gross domestic product (GDP) and the main aggregates, while volume II will extend the presentation of volume I, including descriptions of the work for each group of countries, the methods employed at the detailed level, the expenditure classification and the aggregation procedures. The concluding chapter of volume II will present results at the level of 38 summary categories and 14 higher levels of aggregation.

6. The general approach taken towards the completion of Phase IV world comparisons, following the recommendations of the Statistical Commission at its twenty-second session, was that it would be desirable to complete the work as quickly as possible so that it could serve as a guide to planning Phase V and because, in fact, the number of countries participating was significantly larger (60 in 1980 versus 34 in 1975) than in Phase III. However, that has meant that, while the quality of many of the comparisons between countries within groups has been improved in Phase IV, the comparisons between groups of countries may in several cases have received less scrutiny than in earlier rounds. It is hoped that whatever are the shortcomings of world comparisons for Phase IV, they may at least serve as a guide for improving Phase V.

7. The role of the Statistical Office of the United Nations Secretariat in the completion of Phase IV has included organization and implementation. The Statistical Office directly computed purchasing power parities (PPPs) linking the six main groups of countries, 1/ including: (a) the African-EUROSTAT group, (b) the European-EUROSTAT group, (c) Group II in Europe, (d) the OECD group, (e) the ECLA group and (f) the remaining ECWA and ESCAP countries co-ordinated by the Statistical Office of the United Nations Secretariat. The computations were done for 20 countries, allowing PPPs to be derived for the remaining countries which had already completed comparisons within their groups. In fact, the Statistical Office could have used more countries for the linking, but, because this would have delayed the completion of Phase IV, it was thought best to leave the examination of the use of more countries to a later date.

8. The principal aggregation method used for Phase IV was the Geary-Khamis method, but with some small differences in detail from Phase III which are described in the Phase IV report. The most important departure from Phase III was the way in which the results by regions were handled. A practical difficulty that arose in Phase IV was that the results of the comparisons for the European Community (EC) countries were officially being used at the time the Phase IV world comparisons were being prepared. Following the procedure of Phase III would have yielded a set of results that would have produced relationships between the countries of the European Community that were different from those already used in the Community. That would occur because the Community comparisons used average community prices, while world comparisons involve world prices. It became apparent when that problem was discussed that it extended beyond the Community, since there might be other country groups which would prefer their quantities valued at prices of their group and not at world prices.

9. In the Phase IV report, the approach to the "fixity" question will be quite general. The method was employed to retain results at the GDP level between countries within any group and linking them to the world Geary-Khamis result by the relation of the sum of the countries to the numeraire. A similar question arises

below the level of GDP, where two general approaches prevail. One would be to retain results for groups of countries. In that case, one could aggregate world results for categories and indicate that the discrepancy between world totals from a Geary-Khamis estimated over all countries and those summing up countries was owing to different international prices. An alternative approach would be to publish the subaggregates for each country from a world Geary-Khamis run and to indicate that the discrepancy between that total and the GDP for the country from the regional Geary-Khamis was owing to the use of different international prices.

10. The level of detail published in volume II of the Phase IV report will be at the summary category level. The actual level of detail for the Geary-Khamis aggregations was 150. It was somewhat more detailed than was available for the ECA and ECLA countries and considerably less than was used in the European comparisons. Following the recommendation of the interorganizational group in Luxembourg which met from 28 to 30 November 1984, the Statistical Office of the United Nations Secretariat will make available a tape of the PPPs and expenditure at the detail of 150 categories. That decision reflects the fact that much of the research on ICP is likely to be done outside the Statistical Office because of limited resources.

11. Because of the interest in completing Phase IV at an early date, a number of countries that agreed to participate could not be included in the initial report, but they will be included as their data become available. It is planned to update the results which will then be published, with the permission of the countries, in the Monthly Bulletin of Statistics and the Statistical Yearbook. As other organizations will be similarly updating the results for their groups of countries, it will be necessary to co-ordinate that work. In general, however, it will be possible to include countries where data has become available at a later date by including them in a new aggregation, without changing published results for other countries.

12. When benchmark results are extrapolated to a later or an earlier year, it may be done at constant international prices of the benchmark year, which is analogous to national income at constant prices for an individual country. That result may also be modified to take into account any changes in the terms of trade. It is also possible to update benchmark purchasing power parities at a summary level of aggregation and to do a new aggregation for a non-benchmark year. That produces results in the international prices of the given year, and most closely replicates a benchmark comparison. Discussion of the merits of publishing any or all of those types of extrapolations will have been held as part of other meetings so that more may be reported at the time of the Commission session next year.

13. In addition to the report on benchmark comparisons for Phase IV, the Statistical Office of the United Nations Secretariat has co-operated with the World Bank in its work on reduced information estimates. A report on that work for 14 countries was prepared in 1984, but it was not received in time for inclusion in the present report. The countries included in the report are Costa Rica, the Dominican Republic, Guatemala, India, Indonesia, Kenya, Morocco, Nigeria, Panama, Senegal, Tunisia, the United Republic of Tanzania and Zimbabwe. A summary of those results should be available for distribution by the time of the Commission meeting.

II. ORGANIZATION AND IMPLEMENTATION OF PHASE V

14. The interorganizational group on ICP met at INSEE at Paris in June 1983 and at EUROSTAT in Luxembourg in November 1983 to discuss Phase IV and Phase V of ICP. The Statistical Office of the United Nations Secretariat has a co-ordinating role for the interorganizational meeting which includes the representation of interested international organizations and national statistical offices. Reports of those meetings or the periodic reports, which are issued every three months or so, are distributed by the Statistical Office and are available upon request. The interorganizational framework for ICP has developed in response to the limited resources available for ICP work at the Statistical Office and the increasing role that the regional commissions, EUROSTAT, Austria and, recently, OECD are assuming in undertaking actual comparisons.

15. In addition to its co-ordinating role, the Statistical Office of the United Nations Secretariat will be responsible for the core-country comparisons for Phase V. 2/ Sixteen countries from all of the regional commissions and other major international groups have been asked to assume the role of core countries for the 1985 comparisons. Those core countries represent various types of economies, regions and memberships of international organizations and will, in turn, be linked to groups of countries encompassing all countries participating in the comparisons. Experience has shown that it is very difficult to make ex-post comparisons bridging various regions of the world, which is the essential data input to world comparisons. The core-country approach builds in those bridges at the outset of the comparisons. During 1984, the core countries will be agreeing on the list of items for comparison in 1985, with all price data to be submitted in early 1986. By maintaining that time schedule, it is possible that more timely results may be obtained.

16. The Statistical Office of the United Nations Secretariat will initially be involved in estimating PPPs at the level of 150 detailed headings or categories for the core countries. Those detailed PPPs can then be linked to the regional comparisons using the relation of the PPPs of the core countries to non-core countries in their region. That will allow for an estimate of a transitive set of PPPs for each detailed category across all participating countries. The resulting PPPs, along with the expenditures, are the principal inputs for world comparisons. The use of the core-country comparisons will allow the Statistical Office to prepare more timely world comparisons in two ways. First, the initial core-country data, along with an additional 10 to 15 countries that are expected to complete their work on the same schedule, will provide new estimates for over half of the participating countries. That would allow for the publication of 1985 preliminary estimates for a substantial number of countries in the Monthly Bulletin of Statistics or the Statistical Yearbook, if the countries agree. It is expected that those results would be available in late 1986. They are termed preliminary because some of the non-core countries which have not yet completed the 1985 data collection will be included on the basis of extrapolations from 1980.

17. The results of Phase V will be issued in greater detail in 1987 or 1988 when substantially more countries will have completed their data collection. The relationship of the Statistical Office of the United Nations Secretariat to non-core countries would usually be an indirect one, through a regional commission or other international organization from which the Statistical Office received PPPs

and expenditures. However, any country would, of course, be free to work directly with the Statistical Office should there be no other grouping to which it is joined. As with Phase IV, a cut-off date for receiving data will be established beyond which the country could not be included in the Phase V report, but could, of course, be included in subsequent updates, using their full data submissions.

18. At the request of the interorganizational group, the Statistical Office of the United Nations Secretariat has prepared a preliminary expenditure classification for Phase V, which has been distributed for comments. A final version was adopted for 160 categories, and all organizations, using a more or less detailed distribution, have agreed to make the classification such that, if more detailed, it will fit into, or, if less detailed, it will be a combination of, one or more of the 160 categories.

19. The expenditure classification for ICP will be integrated into the classification in the national accounts questionnaire of the Statistical Office of the United Nations Secretariat so that countries will not receive duplicate data requests. For each benchmark year, the detailed ICP expenditures will be requested from participating countries, and a file will be maintained for each country, along with the regular national accounts information of the country. Between benchmark years, the regular submissions of data (with one or two changes for transfers or health, education and cultural expenses) will be sufficient for extrapolations and updating. As in the earlier phases of ICP, rent subsidies have been incorporated for countries in which they are important, and data are available which allow that category of expenditures to receive a weight, on a comparable basis, of countries without subsidies. For the time being, no attempt has been made to treat subsidies for other important expenditure groups, such as transport. That reflects a desire to be in accord with any changes that may occur in SNA in the future. Some other conceptual questions have been raised, including the comparability of country practices in public and private enterprises and the question of whether or not consumption should be domestic or national.

20. As part of Phase V, the category and item codes will be harmonized. The major work on that was accomplished in early 1984. The principle has been to adopt the coding system with the most detailed breakdown so that any item can be assigned automatically to the most detailed expenditure heading, as well as to less detailed classifications. A collation of the various coding systems has also been developed.

21. A new specification list was distributed to core countries in the spring of 1984. An interorganizational meeting on ICP took place in Bellagio, Italy, from 24 to 28 September 1984 to finalize the item lists and to make further plans for Phase V. Particular attention was devoted to item choices and linking across core countries. Representatives of most core countries attended the meeting.

22. At a meeting in Addis Ababa organized by EUROSTAT, plans were made for the Phase V comparisons in 1985 for about 20 African countries. As in Phase IV, it is planned to integrate the improvements of national price statistics with the ICP data requirements. At a meeting in March 1984 at OECD, plans for Phase V were discussed, and it appeared probable that almost all of the OECD countries would participate in the Phase V comparisons. A meeting of ESCAP countries was held in Sapporo, Japan, from 16 to 23 October 1984. The results of Phase IV for the ESCAP countries were considered at that meeting, and plans were drawn up for Phase V

comparisons in the region. EUROSTAT and Japan have been attempting to have ICP extended to hitherto uncovered Pacific areas during Phase V. In those plans, national price collection improvement would be integrated with data collection for ICP purposes. It is also expected that some special efforts will be made in the Caribbean countries for Phase V. Some additional meetings connected with planning Phase V will be discussed in the section III (see paras. 23-30 below). At the present time there are no specific plans as to how Phase V would be organized in the ECWA region; it is also not clear what procedure could be used for the ECLA countries that would be both effective and feasible.

III. DEVELOPMENT OF THE OVERALL INTERNATIONAL PRICE STATISTICS PROGRAMME

23. Since the last report to the Statistical Commission, some of the resources assigned to work on the development of IPSP have been redeployed in directions of higher priority and, as a result, progress with the further conceptual development of the programme has been limited. It has not been possible to elaborate the sub-programmes on price indexes of final expenditure, input and output price indexes, labour cost indexes, output per man-hour indexes and unit labour cost indexes.

24. In 1984, however, it was possible to publish the first results of the IPSP in the form of special tables in the Monthly Bulletin of Statistics covering the period 1970-1982. It was in the light of the quality of the responses that it was decided to postpone the publication of a separate yearbook until sufficient data material would be available.

25. Before publishing the special tables, an experimental set of tables was sent to the specialized agencies and regional commissions for their comments. The Statistical Office of the United Nations Secretariat was especially interested to know whether (a) they preferred the presentation of the price data by subject or by country, (b) unit values and deflators should be included and (c) the presentation of compound growth rates would be valuable to the users.

26. There was a mixed reaction concerning the presentation of those tables. Most comments favoured the arrangement by subject for cross-country analysis purposes. The Statistical Office of the United Nations Secretariat eventually decided upon presentation by subject, especially because tables in the Monthly Bulletin of Statistics are arranged that way. Should the Statistical Office undertake a separate publication, that decision would be reviewed, since a yearbook could include country tables with descriptions of country methodologies as well as subject tables, permitting inter-country analysis.

27. Most comments supported the inclusion of unit values and deflators. To distinguish clearly between specification prices and unit values/deflators, the "true" price indexes were printed in bold letters.

28. Commentators saw no significant advantages in presenting compound growth rates. Instead, they suggested using that space to extend the time series, which is what was done.

29. In 1984, questionnaires covering the period 1973 to 1983 were sent to the concerned national offices. In that context, all publications on hand in the Statistical Office of the United Nations Secretariat were checked beforehand with regard to existing national price index series. The national offices were asked to provide methodological information for those series.

30. The first tables of the IPSP programme appear in the Monthly Bulletin of Statistics in 1984. It will be a continuing series to be re-examined with a view to testing the efficacy of a yearbook on price statistics in accordance with the original programme.

IV. MANUALS AND PUBLICATIONS

31. It was originally planned to complete the revision of the joint ILO/United Nations Statistical Office publication on consumer price indexes before the twenty-third session of the Statistical Commission. That plan has now been revised. Before finalizing the joint publication on consumer price indexes, ILO will convene an expert meeting in the spring of 1985. That publication is intended to serve as a self-contained guide that can be used by statistical offices, particularly in developing countries, in preparing basic consumer price indexes.

32. The supplements to Strategies of Price and Quantity Measurement in External Trade, 3/ containing case studies of the experience in Norway with the unit-value approach to price measurement and of the experience of the Federal Republic of Germany with the survey-pricing approach, were released in 1984.

33. Arrangements have been made to publish the results of ICP Phase IV during 1984. Volume I will be completed in December 1984 and volume II is scheduled for completion early in 1985. The previous reports for Phases I to III were published by the World Bank. Phase IV will be published in English by the Statistical Office of the United Nations Secretariat; a French edition will be prepared and published by EUROSTAT.

34. Mention may be made of several other publications related to Phase IV. EUROSTAT published summary results for the European Community, Spain and Portugal in 1982 and 1983. 4/ In addition, EUROSTAT published a major report containing details of the 1980 survey with several substantial analytic chapters on methods, including extrapolation. 5/ In 1981, Programa de Estudios Conjuntos sobre Integración Latinoamericana (ECIEL) published a report for Latin America, with a reference year of 1979 involving 14 full surveys and four partial surveys, permitting updates of earlier work. 6/

35. In 1984 ECE finalized their draft report on Phase IV for 17 European countries. That draft was discussed and adopted at an informal meeting of the Commission at Geneva, held from 6 to 8 February 1984, and will be published shortly. 7/ Phase V publication plans for Europe were also developed at that meeting.

36. At a meeting in Addis Ababa on the African ICP comparisons, EUROSTAT presented a preliminary report for the consideration of the 15 participating countries. That meeting was also attended by five countries in ECA which plan to participate in ICP

for the first time in Phase V, by representatives of the Commission's secretariat and by the World Bank. The report of that meeting will be issued in the near future.

37. At a special meeting of OECD on PPPs, held in Paris from 24 to 26 March 1984, the experience of preparing the phase IV comparisons and the plans for Phase V were discussed. It is expected that the Phase IV report for OECD will be issued before the end of the year.

38. A manual on ICP was initiated in 1981, an outline was completed and the first three chapters drafted by early 1983. Those chapters have been circulated for comments and, while there has been strong support for continuation of the work, several questions have arisen. First and foremost is the problem that methodologies are continually evolving so that it is not possible to prepare a manual that could describe all of the procedures to be applied in Phase V since they are not fully set. That is not primarily a question of aggregation methods since, as a practical matter, the Geary-Khamis method has been used in Phase IV and many alternative methods continue to be explored. Unless an alternative method gains acceptance, however, it is now planned to use the Geary-Khamis method in Phase V. 8/

39. The more fundamental questions of method involve item selection, the weighting of items within categories and the estimation of PPPs at the basic heading (or category) level. In Phase IV, EUROSTAT developed a method of item selection and weighting for 328 basic headings that involved countries distinguishing between representative items and those available but not otherwise important. In another group of European countries (Group II countries), item selection was done on a binary basis between each country and Austria. In EUROSTAT comparisons in Africa, some item weights were collected. In Latin America, countries priced a common list. It appears probable that continuing attempts will be made to evolve a type of weighting procedure for items within basic headings, but at the time of preparation of the present report, there was no method on which all could agree. There are no strong advocates for one position versus another: methods of item selection and weighting are very important and improvements (including reduction of or clearer directions for work by countries) need to evolve. In that regard, efforts made in Europe in Phase IV have produced important innovations that will significantly influence future work.

40. The methods of item selection are also related to developing category PPPs. In Phase IV, the Elteto-Koves-Szulz method (EKS), Country-Product-Dummy (CPD) or simple geometric means were the three methods used to estimate PPPs, whereas for the Phase III world comparisons, only one method was used, in some cases with weights for the world comparisons. 9/ That is another area where differences in procedure are not particularly controversial, but where discussion continues.

41. Four other special areas are the treatment of quality differences, construction comparisons, rent comparisons and service categories such as government, education and health. All of those subjects were on the agenda of the Bellagio meeting and, in addition, papers are being prepared for the ESCAP meeting in October 1984 on several of those subjects. Another major area discussed extensively at Bellagio was the role that chain-linking could play in the treatment of quality differences and in the aggregation of results across groups of countries. Because there are so many areas of ICP about which active discussion is continuing,

it was considered prudent to postpone the preparation of a manual until the framework for Phase V could be fully articulated. What has emerged is that it will be possible to assemble substantial documentation on ICP for Phase V that can serve the purposes of a manual.

42. The following materials can provide participating countries with the necessary information to understand and to carry out the ICP project:

- (a) A conceptual introduction to ICP; 10/
- (b) The national accounts framework and the ICP expenditure distribution;
- (c) The range of items priced in different countries and papers on quality differences;
- (d) Methods of estimating national average prices, including the treatment of controlled prices, and the integration of ICP price collection with national price collection;
- (e) A paper on house rents;
- (f) Treatment of construction;
- (g) Papers on health and education;
- (h) Paper on estimating category PPPs;
- (i) A paper on aggregation methods.

It seems reasonable to expect that, as Phase V develops, those documents can be put in final form as reactions are received from users in various countries.

V. DIRECTION OF FUTURE WORK

43. Given the available resources, IPSP is not able to initiate work in several important areas, such as productivity measurement and input and output price indexes. The available resources will be directed towards establishing the price questionnaire on a continuing basis, publishing those results in the Monthly Bulletin of Statistics and co-operating with ILO in the completion of the manual on consumer's prices. Specific plans for the publication of a yearbook of price statistics will be formulated if warranted by responses from countries.

44. The ICP programme of work will co-ordinate Phase V at the world level. As part of that programme, meetings will be held of the interorganizational group on ICP. Those meetings will, as a rule, be in Europe where, at least for the present time, transportation costs are minimized. Because organizations must pay their own expenses to those meetings, representation is unduly limited. To help meet that problem, the Statistical Office of the United Nations Secretariat plans to continue regular reports (two to four times a year) on ICP with a view to bringing interested groups up to date on recent meetings, responding to questions of general interest that have been sent to the Statistical Office, informing groups of forthcoming ICP meetings, reporting on progress or on problem areas in the

completion of the work schedules established at the interorganizational meetings and reporting on activities of regional and other groups.

45. The operating responsibilities for comparisons of various groups of countries in Phase V are clearly defined in the cases of Africa, Europe and North America. Within Europe, ECE will co-ordinate comparisons between the group of countries which participate through EUROSTAT and the group of countries which participate through Austria. EUROSTAT, in co-operation with ECA, will take responsibility for co-ordinating the comparison in Africa. In addition to its European countries, OECD will also be co-ordinating the participation of its five members in North America, Asia and Oceania. With respect to Latin America, ECLA plans to co-ordinate comparisons in that region, but the extent of the Commission's efforts will depend on resources. Although several countries and the secretariat of ECWA have indicated interest in the work, there has been no regional meeting on ICP in the ECWA region. There will certainly be a number of countries in the Asia and Pacific region participating in Phase V, and it is hoped that most of the co-ordination of that work which has been carried out by the Statistical Office of the United Nations Secretariat can be done in the regions in Phase V.

46. It is estimated that the regular budgets of Austria, EUROSTAT, OECD, the Statistical Office of the United Nations Secretariat and the regional commissions will allocate somewhat over \$5 million to ICP work during the three years from 1985 to 1987. Almost all of those funds are in budgets specifically tied to work in Europe and for EUROSTAT support for comparisons of about 20 countries in Africa. That represents a major commitment of resources; however, because those existing commitments are not transferable, there remain major shortfalls at the Statistical Office, at ECLA, ESCAP and, to a lesser extent, at ECWA and in the ECE co-ordination work of Group II countries. During 1984, the Statistical Office began organizing a fund-raising drive for Phase V to help meet those needs. It is estimated that, if \$500,000 could be raised over three years, either through the Statistical Office or directly in the regions, it would be feasible to complete the Phase V comparisons for the 40 (non-core and non-OECD) countries in 1987. That amount may appear too little compared to what has already been committed for Africa and Europe, but it does not include country survey costs, which are partially represented in the funding for Africa and for Europe.

47. While the form of the Phase V publication has not yet been formulated, it is planned to have a first set of results available in late 1986, when EUROSTAT, OECD and, perhaps, ECE would expect to publish their reports. The earliest that a world comparison involving at least 60 countries could be prepared for publication would be late 1987, with 1988 being a more likely date.

48. In the future, ICP will make further attempts to integrate its data requirements with both national needs and other international requests. Steps were taken in 1983 to integrate the marginal additional data required by ICP with the National Accounts Questionnaire. During 1985 and 1986, it is planned to integrate the Statistical Office data banks for national accounts and ICP. With respect to price data, three attempts at integration may be mentioned:

(a) During Phase V, a uniform coding system for expenditures and item prices will be used by most, if not all, of the participating countries. Through EUROSTAT and Spain, it is planned that specifications for most, if not for all, of the items will be available in English, French and Spanish (and some other languages) on a

fairly current basis. Those specifications which represent items that it has been possible for enumerators to identify and price may be useful to countries in their national work, whether or not they participate in ICP;

(b) When ICP work is being carried out in countries without a strong set of national price indexes, attempts are made to improve national price indexes while meeting ICP data needs. There are a number of areas of overlapping interest including intra-country price differences, items for time-to-time indexes, the establishment of new specification price indexes (for example, for machinery or imports) and weights;

(c) Another important area is the possible use of post-adjustment price collection for ICP purposes and vice versa. Under the auspices of ECE, that subject has been raised with respect to the duplication of post-adjustment price collection by countries and international organizations. In the case of EUROSTAT, prices collected for ICP are used for post-adjustment purposes, with, of course, different expenditure weights and with some supplementary price collections. That is not true with respect to other international organizations or individual countries participating in ICP. It is an area of work which the Statistical Office of the United Nations Secretariat will continue to explore from the standpoint of utilizing price information collected by others and from the standpoint of co-operating with other groups within the limits imposed by confidentiality.

VI. POINTS FOR DISCUSSION

49. The Commission may wish to consider:

(a) The co-ordinating role assumed by the Statistical Office of the United Nations Secretariat within the framework of the interorganizational meetings for the completion of Phase IV and planning of Phase V;

(b) In the light of reduced resources, the types of cutbacks that have been made by the United Nations Secretariat Statistical Office in:

(i) The subprogramme of IPSP;

(ii) ICP, with respect to:

a. Reducing the research emphasis at the Statistical Office;

b. Reducing the direct handling of prices at the Statistical Office to a set of 15 or so core countries;

c. Postponing further work on a manual until Phase V methodology is further developed;

d. Encouraging, with only partial success, decentralized responsible units through which all non-core countries may participate in the ICP;

(c) The attempts at the integration of ICP data requirements with those of other groups and programmes.

Notes

1/ The countries are, in Africa: Botswana, Cameroon, Ethiopia, Ivory Coast, Kenya, Madagascar, Malawi, Mali, Morocco, Nigeria, Senegal, Tunisia, United Republic of Tanzania, Zambia and Zimbabwe; EUROSTAT members and other countries: Belgium, Denmark, France, Germany, Federal Republic of, Greece, Ireland, Israel, Italy, Luxembourg, Netherlands, Portugal, Spain and the United Kingdom of Great Britain and Northern Ireland; Group II in Europe: Austria, Finland, Hungary, Poland and Yugoslavia; OECD: in addition to Austria and EUROSTAT members and associates, Canada, Japan, Norway and the United States of America are included; ECLA: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela; ESCAP: in addition to Japan, Hong Kong, Indonesia, Pakistan, the Republic of Korea and Sri Lanka.

2/ The core-country system may evolve into a set of country blocs from which world comparisons would be derived. That subject was also discussed at the Bellagio meeting in September 1984.

3/ United Nations publication, Sales No. E.82.XVII.3.

4/ Multilateral Measurements of Purchasing Power and Real GDP (EUROSTAT, 1982).

5/ Comparison in Real Values of the Aggregates of ESA (EUROSTAT, 1980).

6/ "Comparaciones de precios, poder adquisitivo y producto real en America Latina", 1982.

7/ The title of the report is "International comparisons of gross domestic product in Europe, 1980".

8/ A difference in view exists between those who would believe the aggregation formula should primarily meet index number criteria and those who would prefer the aggregation measures to be more solidly based in the theory of consumer demand. For an exposition on the latter approach see Robin Marris, "Comparing the income of nations", Journal of Economic Literature, March 1984.

9/ In Latin America, geometric means of price ratios were used to estimate category PPPs, which was possible because price ratios were developed for each item. In comparisons done by EUROSTAT, the EKS, with some new variations, was employed. The Statistical Office of the United Nations Secretariat used a weighted CPD method for the 20 countries for estimating category PPPs across regions. When those latter PPPs and those used within country groups differed, agreement was reached on a common set to be employed in aggregations.

10/ That includes a paper prepared by EUROSTAT, and a survey article by I. B. Kravis, entitled "Comparative studies of national incomes and prices", Journal of Economic Literature, March 1984.