

In 10.204 you said that transfers from govt units to publicly or privately owned enterprises to cover large operating deficits accumulated over 2 or more years are considered capital transfers. That is the same treatment as in the current SNA 93. In our society it is the norm for govt to underwrite the current losses of State Enterprises which run into billions of dollars. This constitutes transfers in the govt receipts and disbursement accounts. As a result, govt savings are reduced because it is treated as a current transfer in these accounts. However if treated as a capital transfer, it would reduce govt current account expenditure and result in an unusually large savings and conversely inflate capital formation on the part of govt. This to me is not a realistic picture.

You need to be more specific in this situation. You said animals raised for slaughter incl. poultry are not fixed assets but inventories. However you are not very specific in the treatment of timber and one use products such as cereals and vegetables. You said they cannot be fixed assets (10.92) Should they be treated the same as animals for slaughter?

In the current SNA 93 all Research and Development is treated as intermediate consumption. However in the revision it is to be capitalised. However you said that R&D that does not provide an economic benefit to its owner does not constitute a fixed asset and should be treated as intermediate consumption. Who makes that judgment call? Wouldn't that be introducing too much subjectivity in the system?

Weapons systems with their deterrence capability is classified as fixed assets (10.85) Who would put a value to the stocks of assets? Would any Government reveal such secrets to a Statistical organisation? What about holding gains? Most of the missiles were produced and deployed decades ago, who would be able to value them at current market prices? This inclusion/treatment of weapons systems may end up to be a mere theoretical conception.