

**Comments on draft SNA chapter:  
Chapter 14: Summarising and presenting the accounts**

**Deadline for comments: 03 December 2006  
Send comments to: [sna@un.org](mailto:sna@un.org)**

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This three-part template allows you to record your comments on draft chapter 14 easily and, at the same time, makes it easy for us to use your comments in considering revisions to the draft chapter. You may complete any one, any two, or all of the three parts of the template.

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**Part I: General comments**

In the space below, please provide any general comments, such as about the clarity with which the new recommendations were incorporated (30 words or less).

*Comments:*

1. The purpose of chapter 14 is to summarise and present the accounts as elaborated in the other chapters; it is therefore difficult at this stage to provide rather precise comments in the absence of a full and final view of the other chapters.
2. Some items are treated in various sections of the chapter: current accounts are described in sections B and H, quarterly accounts in sections F and I.
3. Generally, the various aspects (summarising and presenting) are treated in a rather imbalanced way. For instance, presentational issues are described in a rather short section I. Other terms are treated in a very detailed way: Approximately one third of the chapter is dedicated to GDP, whereas other terms would deserve to be expanded (sequence of accounts, institutional sector accounts, stock-flow relationships)
4. Technical and implementation issues may be grouped together at the end of the document or in a separate accompanying document.

For these reasons, I would propose a reorganization of chapter 14 along the following lines:

The chapter should start with the complete sequence of accounts and should contain a full matrix presentation of the accounts (the relevant ESA 95 chapter may serve as an example).

**Summarising the accounts:** (a) vertically (sequence of transaction accounts); (b) horizontally (institutional sector accounts); (c) related to stocks and flows; (a) offers the possibility to describe key indicators like GDP, income, saving, investment; (b) refers to sector-related indicators like household saving or income, corporation GFCF, net lending/net borrowing by sector; (c) allows to describe key indicators like household or corporation debt, capital, household wealth or net worth, asset prices (derived from the revaluation account).

**Presenting (and analyzing) the accounts:** (a) T accounts (economy and by sector); (b) matrix tables (by account, by sector, whom-to-whom, accounting matrices); (c) charts (sectors and flows/stocks); (d) quarterly accounts (time series); (e) revisions, discrepancies (data quality); (e) regional accounts (Would this issue also be treated in another chapter the context of political/monetary unions?) .

Summarising the accounts horizontally and on a stock/flow basis would allow to present key variables across institutional sectors, in the form of accounting identities from the opening balance sheet to the closing balance sheet (for example in the case of non-financial corporations, from value added to entrepreneurial income, as illustrated in the recent ECB Monthly Bulletin article<sup>1</sup>).

## **Part II: Comments on specific draft paragraphs or passages**

In your review of draft chapter 14, you may wish to devote particular attention to the passages listed below. There is space after each issue for any comment you wish to make.

1. Sections B and C describe the derivation of the most common macro-economic aggregates.

*Comment:*

Section B (paragraph 14.26):

Why refer only to the "third definition of GDP" (income) in the start of the paragraph (and not also to the output and expenditure measure) when the rest of the paragraph refers also to other measures?

Please explain why the SNA should give preference to net measure against gross measure of GDP and components, as it may depend on the standpoint.

It may be considered (to simplify) that analysis of aggregate demand, effective transactions, impact on prices, may rather focus on gross measure, whereas consideration on asset accumulation (as hinted at in the paragraph) may rather focus on net measure.

2. Section D mentions the need to present the accounts in time series format.

*Comment:*

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<sup>1</sup> "Integrated financial and non-financial accounts for the institutional sectors in the euro area", ECB Monthly Bulletin, October 2006.

While the table presentation focuses on the overall consistency of the accounts researches, analysts and policy makers are more interested on national accounts data in a time series format. Especially for econometric models, simulation or projections long time series for main aggregates are required. They play a key role in monetary and fiscal policy analysis but are also broadly applied in research. To be of high political relevance timely quarterly sectoral national accounts have to be provided. The following table provides an overview of the preferences of ECB users in terms of timeliness, frequency and back data of national accounts.

Dimension	Purpose	Policy analysis		Financial stability analysis
		Conjunctural analysis	Structural analysis	
Timeliness		Most important	Less important	Important
Frequency		Quarterly	Annual	Quarterly and annual
Back data		Very important	Important	Less important

- Section E describes the place of volume measures in the accounts.

*Comment:*

There is some overlapping between D.4 and I.4 (Accounts in volume terms). Nothing is included in section E. Very difficult to assess what should be shown here in comparison to chapter 16 (price and volume measures).

- Sections F to I describe briefly other possible dimensions to the accounts.

*Comment:*

See comments made in part I. Especially institutional sector accounts should be more prominently presented. The same applies to balance sheets. The other flow accounts are not explicitly mentioned. They should not be seen as the 'residual' accounts but as the accounts of some analytical value (in the context of financial accounts: write-offs, write-downs of loans, mergers and acquisitions, asset prices).  
Finally, current repetitions could be avoided if the chapter would be reorganized.

- Section J describes alternative presentations of the accounts.

*Comment:*

I assume that section I is meant. See again comments made in part I.

### Part III. Other specific comments

You are welcome to make other comments. Please do so by using Adobe Acrobat Version 6 or 7 to comments directly on the PDF of the draft chapter.

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