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

Deadline for comments: 03 December 2006
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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).

Comment:

Overall, the chapter reads well and is quite clear. But there are a few paragraphs that are unclear, there are some omissions and there are some recommendations that appear unwarranted. These are addressed below.

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:

1. Section B4 (paras 14.26-14.27) explains why NDP is preferred to GDP, but it does so by referring to them as measures of income, which they are not. It would be better not to refer to income at all and only refer to production. For example,

GDP is a net measure of output in the sense that it is derived as output *less* the intermediate input used up in producing that output. But no deduction is made for the capital used up in the production of the output. To make such a deduction, consumption of fixed capital is subtracted from GDP to obtain net domestic product (NDP).

Following on, in 14.33 it is stated that "as mentioned above, an income concept is better measured after deducting CFC", but so is a production measure.

2. Para 14.37 explains how saving is affected by net lending to ROW, but it does so in a strange way. Would it not be better to say that some of the saving of the total economy (540 less 499) is used to acquire financial assets abroad, and so the amount left over for capital formation is reduced.

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

Comment:

1. There are too many "but"'s in the fourth sentence of para 14.48.

2. D4 discusses volume estimates, but there is no mention of real income estimates, such as real net national disposable income.

3. 14.50 ignores the fact that chapter 16 says that volume estimates can be derived for compensation of employees. This is the appropriate input measure of labour for productivity analyses.

4. 14.51 says the easiest way to derive volume estimates of GDP is by the expenditure approach, and then goes on to say that the estimates can be cross-checked via a supply and use table. But this requires volume estimates of outputs, inputs and taxes, i.e. the estimates required to derive volume estimates of GDP using the production approach. It would be better to say that volume estimates of GDP can be derived using both the production and expenditure approaches, and the estimates can be confronted in a supply and use table in the same way as their current price counterparts.

5. The last sentence of para 14.53 is difficult to understand. What does it mean?

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

Comment:

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

Comment:

1. Para 14.63 argues that estimates of changes in inventories are best made over short intervals. Hence, it is argued that the sum of quarterly estimates is preferred to direct annual estimates. But it is not clear why this should be the case. In fact, I know of no OECD country that does this. The preference is to benchmark quarterly estimates to annual ones.

Apart from annual sources usually being better than quarterly ones, there is another reason for favouring annual estimates over quarterly ones. The error of estimating goods entering inventory in one quarter may cumulate with the error of estimating the value of corresponding goods leaving inventory in a subsequent quarter. If the goods enter and leave within a year no error is made.

2. Para 14.95 promotes the presentation of volume estimates in index number form or as growth rates in order to get over the problem of lack of additivity. But it does not mention that these forms of presentation have drawbacks. One is that they do not work for data that can change sign or have zero values, such as changes in inventories and GFCF. Also, some countries like to report net exports. Another consideration is that values inform the user of the relative size of components. This can be important if there are no corresponding current price data available, which is often the case for quarterly estimates of GDP by activity.

5. Section J describes alternative presentations of the accounts.

Comment:

Click here and start typing.

Part III. Other specific comments

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