

Communication Task Team (CMTT)

CM.2 Terminology and Branding and CM.5 Common Glossary of Macroeconomic Statistics

PROGRESS REPORT

AEG / BOPCOM MEETING MARCH 2023

Sanjiv Mahajan – Chair of CMTT (UK)

Particular thanks to: CM.2 Albert Braakmann (Germany) and
CM.5 David Bailey (IMF) for their inputs.



Outline

- CM.2 Terminology and Branding - Progress Report
 - Background and links to the main process.
 - Global Consultation.
 - Joint AEG / BOPCOM Meeting – December 2022.
 - Question for the Members.

- CM.5 Common Glossary of Macroeconomic Statistics - Progress Report
 - For information.

- *Additional annexes for CM.2 covering:*
 - Summary of Proposals.
 - Improved Branding.
 - The terms “gross” and “net”.
 - Tables with final proposals reflecting changes from the feedback from the Global Consultation and the last Joint AEG / BOPCOM Meeting.

CM.2 Terminology and Branding Workstream

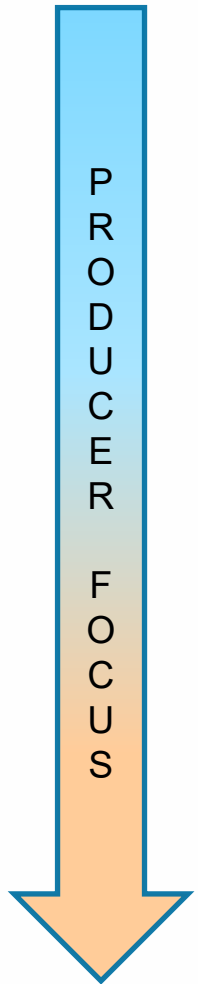
Objective: Review the current macroeconomic accounting terminology and propose **simpler alternative** terms and **clarified definitions / descriptions** for more consistent and accurate use in the communication with **users** to better convey the meaning and interpretation of the concepts and methods.

The goal is not to change the concepts or definitions used but to express them in a non-technical, easier to understand way to help **users**.

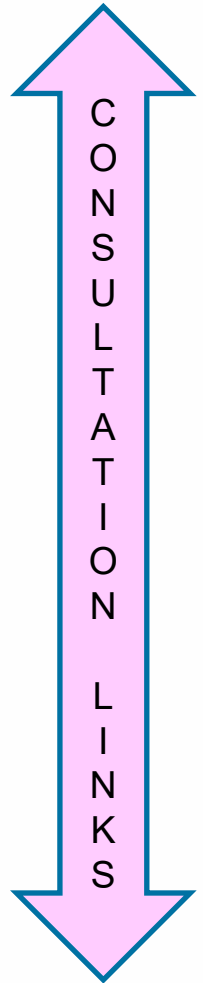
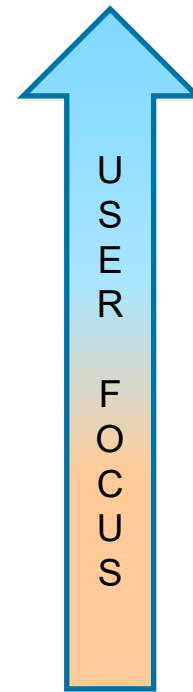
Public understanding of economics and economic statistics through COVID-19 pandemic:

- Using YouGov, ONS / ESCoE Survey in February 2020 (1,665 people) and in August 2022 (2,007 people).
- In general, public misperceptions about economic figures and the economy continue.
- Better understanding of inflation due to lots of analyses covering the cost of living crisis (including personal calculator) – still confusion over price levels, changes in prices and changes in inflation rate.
- GDP is still not well understood and labour related terms / definitions are poorly understood.
- Interest rates - strong understanding of how interest rates affect personal finances for borrowers and savers.

CM.2 Terminology and Branding: Links to the main process



- Ensure harmonised **definitions** across the economic accounting statistical standards primarily for producers.
 - Primary focus on SNA and BPM but also GFSM, SEEA, MFS, etc.
- Single, harmonised **Common Glossary of Macroeconomic Statistics** covering the economic accounting statistical standards.
 - Primary focus on SNA and BPM but also GFSM, SEEA, MFS, etc.
- Examples of “**user friendly**” and “**easier to understand**” terms for communicating with users.
 - Primary focus on SNA and BPM but also GFSM, SEEA, MFS, etc.
 - Goal is **not** to change the concepts and definitions used but to better communicate them using non-technical, user-friendly language.
 - An alternative term for users will not exist for all terms.



Global Consultation

- **Global consultation on GN CM.2 Terminology and Branding of the Economic Accounting Statistical Standards took place during December 2021 - February 2022:**
 - Received a total of 60 responses from 48 economies and international organisations.
 - Represented views of national accounts, balance of payments, and government finance statistics compilers.
 - Respondents from European economies had the largest participation (46 per cent), followed by those from Western Hemisphere countries (22 per cent), Asia and Pacific countries (13 per cent), Middle East and Central Asia countries (12 per cent), and from Sub-Saharan Africa (seven per cent).
- Consultation showed that the **majority of respondents agreed with the objective of the guidance note (GN)** and specifically with most of the key proposals.
- Nevertheless, the respondents **provided several valuable suggestions to further harmonise the terminology of the economic accounting statistical standards.**
- The ***Global Consultation feedback*** has been reflected in the revised Guidance Note.

Joint AEG / BOPCOM Meeting Feedback (October 2022)

Meeting discussion and feedback:

- Needed to review particular proposals:
 - Use of the word “genuine” in terminology related to insurance and social contribution;
 - Use of “depreciation” rather than consumption of fixed capital; and
 - Use of “balance of overseas payments” and other terms related to trade; etc.
- Time for further feedback - further two-week written consultation.
- Revised GN is being presented to the Joint AEG / BOPCOM Meeting for approval (March 2023).
- Need to develop the Questionnaire for user consultation and feasibility of translating the GN and questionnaire into other languages before testing.

Question for the Members

- The revised guidance note on CM.2 Terminology and Branding reflects the review of the comments from the global consultation and the last Joint AEG / BOPCOM Meeting. The final proposed changes are reflected in the Annexes in this presentation.

Do the members agree this GN is now ready for user consultation?

- **Way forward:**

Need to develop Questionnaire for user consultation and feasibility of translating the GN and Questionnaire into other languages before testing.

CM.5 Common Glossary of Macroeconomic Statistics

Need: A **common glossary** is important as it ensures further harmonisation across international statistical standards and provides **users** with a clear and consistent understanding of key economic terms and definitions.

- As part of the update process, it was agreed that a common harmonised glossary covering SNA , BPM and a range of other economic accounting statistical standards (EASSs) should be developed.
- Seen as an extension to the original scope covered by the Communications Task Team.

Ambition: Publish the final Common Glossary as a **separate electronic publication**.

- Form an important part of the digitisation of the EASSs with the goal of using the Common Glossary to enhance search capability across EASSs and related manuals as well as from search engines.
- This facility will also aid future proofing changes to the Common Glossary and the impact of changes across the EASSs in terms of retaining the consistency and harmonisation.

CM.5 Common Glossary of Macroeconomic Statistics

- **Scope:** Inputs from the SNA, BPM, ESA, GFS, MFS, SEEA, IPSAS and BIS.
- Lots of detailed guidance provided – there is a background note available. Flavour of the examples of the **principles** and **guidance** followed:
 - Focus on terms used in economic statistics.
 - Focus on the concepts, institutional sectors, transactions, stocks, flows, balancing items, etc. (long-lived features of the economic accounting system).
 - Reflect technically correct statistical terminology underpinning the EASSs.
 - Avoid abbreviations.
 - Aim to be brief with the definition description, maybe maximum 50-60 words as a guide.
 - Focus on future proofing, e.g., cross-referencing where applicable but kept to a minimum.
- **Glossary Team:**
 - David Bailey (IMF), Albert Braakmann (Germany), Jannick Damgaard (IMF), João Carlos Fonseca (IPSAS), Foyzunnisa Khatun (IMF), Powkeem Lo Tiap Kwong (IMF), Eric Metreau (World Bank), Wilson Phiri (IMF), Lisbeth Rivas (IMF), Jim Tebrake (IMF) and led by Sanjiv Mahajan (Chair of CMTT and 2025 Supporting Editor).

CM.5 Common Glossary of Macroeconomic Statistics

- **Broad timeline of work:** Following initial work by the SNA / BPM Editors and IMF.
 - End-Nov 2022 Glossary Group formed.
 - Dec 2022 Meetings, principles, guidance and working baseline formulated.
 - Jan 2023 1st Phase Review completed.
 - Feb 2023 2nd Phase Review completed and a full review of over 1,240 terms and definitions.
 - 10th Mar 2023 New baseline handed over to the SNA / BPM Editors.

- **Overview**
 - Started with over 1,240 terms and definitions, reduced to 730 with 90 new terms leaving circa 820.
 - Significant piece of work undertaken by the Glossary Group in the time available - great collaborative effort.

- **Way ahead and further work**
 - New “baseline” is now with the SNA / BPM Editors – the cumulative style process will continue.
 - General improvement and consistency to existing terms and definitions – “the more I look, the more I find!!”.
 - New terms and definitions from the Guidance Notes and appropriate terms from the Resolutions of the ICLS.
 - Opportunity to improve (correct) the style guides.
 - Various feedback channels to cover (e.g., BOPCOM, SEEA, GFS) and Global Consultation.
 - Utilisation through the EASSs.

Annexes

- Summary of Proposals.
- Improved Branding
- The terms “gross” and “net”.
- Tables (1-4) with final proposals reflecting changes from the feedback from the Global Consultation and the last Joint AEG / BOPCOM Meeting.

Terminology and Branding: Summary of Proposals

- **Proposal 1:** Change the name of the SNA allocation of primary income account, secondary distribution accounts, and use of disposable income account to *earned income account*, *transfer income account*, and *use of income account*. Corresponding changes recommended for BPM.
- **Proposal 2:** Align all domains on the use of *revenues and expenses* - replacing SNA's *resource and use* convention and BPM's *debit and credit* convention. Consistent use of the term *statistical discrepancy* across all three domains (replacing BPM's *net errors and omissions*).
- **Proposal 3:** Develop an integrated **user-friendly glossary** which **clarifies or proposes alternatives to some existing terms and definitions** of the IESS. The expanded or clarified definition should make clear distinction between explanation of the concept and the measurement of the concept where relevant.
- **Proposal 4: Alternative terminologies for example:** 'labour costs' replaces 'compensation of employees', 'natural resource rent' replaces 'rent', 'depreciation' replaces 'consumption of fixed capital', etc.

Terminology and Branding: Summary of Proposals

- **Proposal 5: Avoid the use of ‘gross’ or ‘net’ in the terminology (across domains) except in cases defined by the SNA.** Instead, emphasis should be given to the full term e.g., Acquisitions less disposals of valuables instead of ~~Net transactions in valuables.~~
- **Proposal 6: More prominence should be given to the “net” aggregates.** For example, referring to the "net" aggregates (e.g., net domestic product) in the sequence of accounts and recognising the treatment of depletion and degradation.
- **Proposal 7: Standardise the naming convention of the IESS across all domains.**
- **Proposal 8: Brand the group of standards as the ‘*International Economic Statistical standards (IESS)*’**

Improved Branding

- **An umbrella approach is proposed**, where manuals for different statistical domains appear under the same broad headline:
 - ▶ **Economic Accounting Statistical Standards (EASSs)** is the name for the umbrella.
 - ▶ This approach enables to **keep the longstanding and well-introduced names and labels** of the different statistical manuals (year, edition).
- However, **for a clearer distinction of the umbrella**, there are elements that will seek to adjust the names of the statistical domains covered:
 - National Accounts should be amended to **National Economic Accounts**, to highlight the holistic view covering all economic sectors and all economic transactions.
 - Balance of Payments/International Investment Positions should be adjusted to **Balance of International Transactions and Investment Positions**, underlining the fact that this statistical domain covers economic transactions and stocks between residents and non-residents.
 - Governments Finance Statistics Statements could be changed to **Governments Finance Statistics Reports**.
 - **Joint presentation of the updated manuals in 2025**, highlighting the harmonisation and common work undertaken to better cover digitalisation, globalisation and well-being and sustainability, would strengthen a common branding.

The terms “gross” and “net”

To improve clarity and eliminate confusion, CMTT proposes that:

- (i) **the terms “gross” and “net”** in the current accounts and the capital account of SNA and balance of payments are only used to indicate whether an aggregate includes or excludes consumption of fixed capital (CFC); and
- (ii) in other cases, only used in the context laid out in the 2008 SNA as well as the BPM6, in particular the financial transactions in the financial accounts.

With the update of the 2008 SNA and BPM6, there is an additional case to sit alongside CFC, the depletion of natural resources.

Changes

Table 1: Proposal for Further Alignment of Key Concepts in SNA, BPM and GFSM

SNA	BPM	GFSM	Proposal
Resources	Credits	Revenue	Revenue
Uses	Debits	Expense	Expenditure
Changes in inventories		Net transactions in Inventories	Changes in inventories
Acquisitions less disposals of valuables		Net transactions in Valuables	Acquisitions less disposals of valuables
Acquisitions less disposals of non-produced assets		Net transactions in non-produced assets	Acquisitions less disposals of non-produced assets
Acquisitions less disposals of contracts, leases and licenses		Net transactions in Contracts, leases, and licenses	Acquisitions less disposals of contracts, leases and licenses
Purchases less sales of goodwill and marketing assets		Net transactions in Goodwill and marketing assets	Acquisitions less disposals of goodwill and marketing assets
Statistical discrepancy	Net errors and omissions	Statistical discrepancy	Statistical discrepancy

Changes (continued)

Table 2. Proposal to Update the Names of the SNA Accounts

Current SNA Terminology	Proposed Update (Individual economic account)	Economic Accounts Groups
The production account	No change	Income and Expenditure Accounts
The generation of income account	No change	
The allocation of primary income account	The allocation of income account Note: the balancing item will not change.	
The secondary distribution of income account	Current transfers account Note: for BOP this implies to replace secondary income by transfer income.	
The use of disposable income account	The use of income account	
The capital account	No change	Accumulation of Economic Assets Accounts
The financial account	No change	
Other changes in the volume of assets account	No change	
Balance Sheets	No change	Balance Sheets

Changes (continued)

Table 3. Proposals for Alternative More User-Friendly Terminologies in the SNA

2008 SNA	Suggested amendments	Rationale
Constant prices	Price-adjusted figures or data	Previous years' prices used as standard for deflating aggregates
Compensation of employees	Employees' remuneration	More user-friendly term since "compensation" has a mixed meaning.
Consumption of fixed capital	Depreciation	The term depreciation is simpler and more widely understood. Depreciation is already used by several national statistical institutes.
Financial Intermediation Services Indirectly Measured	Interest receiveable on loans less interest payable deposits Or: Financial service on loans and deposits	Proposal focuses on the basic idea, avoiding the technical measurement method
Financial Lease	Finance lease	Easier language
Imputed Rental	Owner-occupied dwelling services	Gives the concept and avoids confusing rent and rental
Rent	Natural resource rent	More clarity of what is covered
Resource lease	Natural resource lease	More clarity of what is covered
Trade margin	Distribution trade margin	Make clear that trade margins not only occur in retail / wholesale trade but also in other industries.

Table 4. Proposed Changes in the Statistical Domains

Domain Concerned	Current Term	Aligned Proposal
SNA, GFS	Changes in inventories / Net transactions in Inventories	Changes in inventories
SNA, GFS	Acquisitions less disposals of valuables / Net transactions in Valuables	Acquisitions less disposals of valuables
SNA, GFS	Acquisitions less disposals of non-produced assets / Net transactions in non-produced assets	Acquisitions less disposals of non-produced assets
SNA, GFS	Acquisitions less disposals of contracts, leases and licenses / Net transactions in Contacts, leases, and licenses	Acquisitions less disposals of contracts, leases and licenses
SNA, GFS	Purchases less sales of goodwill and marketing assets / Net transactions in goodwill and marketing assets	Acquisitions less disposals of goodwill and marketing assets
SNA	Constant prices	Price-adjusted data
SNA, BPM, GFS	Consumption of fixed capital	Depreciation
SNA, BPM, GFS	Compensation of employees	Employees' remuneration
SNA, BPM, GFS	Financial Intermediation Services Indirectly Measured	Interest receivable on loans less interest payable deposits
SNA, BPM, GFS	Financial Lease	Finance lease
SNA	Imputed Rental	Owner-occupied dwelling services
SNA, BPM	Net exports of goods and services (under merchanting)	Balance of exports of goods and services (under merchanting)
SNA, BPM, GFS	Net (non-life) insurance premiums	Total (non-life) insurance premiums less service charges
SNA, BPM, GFS	Net re-insurance premiums	Total re-insurance premiums less service charges
SNA	Net social contributions	Total social contributions less service charges
SNA, BPM	Net fees (guarantees)	Total fees (guarantees) less service charges
SNA	Output for own final use	Goods and services produced for own final use
SNA	Product balance	Balance of the supply and use of a product
SNA, BPM	Rent	Natural resource rent
SNA, BPM, GFS	Resource lease	Natural resource lease
SNA	Trade margin	Distribution trade margin
BPM	Balance on trade in goods	Balance on international trade in goods
BPM	Balance on trade in services	Balance on international trade in services