

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

Deadline for comments: mm/dd/yyyy

Your name:	Robert Dippelsman
Your country/organization:	IMF
Contact (e.g. email address):	rdippelsman@imf.org

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.

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:

Excellent and useful addition to the manual; more impressive because it has been built from scratch for the new edition.
--

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:

14.15—the spacing generated by the word processor the numerical equations in this and later paragraphs would look better if not so uneven. 14.19—suggest add a qualification to the equation that it only holds in a closed economy or one with a current account in balance and that a more complex case is discussed later. (This fact is recognized in 14.36-38, but 14.19 could give a wrong impression, and the equation is expressed more crisply and prominently than the equivalent in 14.36-38.) 14.20—add a space between + and exports; the description of capital formation is
--

incomplete because it is just for fixed capital formation—products may also be kept for future consumption (inventories).

14.26—suggest delete reference to income; we are talking about alternative measures of production, and income is another process. Alternatively, could change the text to use “the contribution of production to income.”

C. There is an important distinction between production, primary income, and secondary income as processes that should be made somewhere, and the distinction suffers a bit here as being looked at through the prism of domestic-ROW issues. (Objection withdrawn if it is covered elsewhere.)

14.28:

Delete first two sentences; it’s not new—BPM3 and BPM4 certainly had a full current account view. The goods tend to get more prominence only because they are produced more quickly and often more frequently.

On the use of “international accounts” as a term, the current treatment is that: (a) “international accounts” is used as short hand to mean BOP + IIP + other changes. (This terminology is not a change, it was used in BPM5); (b) the manual will be called “BOP and IIP Manual” but will be abbreviated to “BPM6.” In paragraph 14.28, either BOP or international accounts would be correct—while this section only deals with the BOP (transactions), the statement is also be true for the international accounts more generally. Add global financial mobility to the alter part of the paragraph because the international property income flows are very large and much larger than labor-related flows.

14.29—could footnote that BOP and IIP Manual take perspective of domestic economy, so are the same as ROW accounts but with opposite sign.

14.31—sentence beginning with “As well”: should be “taxes on production,” not “taxes on products.”

14.34—second sentence, part in brackets should be “one year or more.” Last sentence add “current” before “transfers.”

14.35—space after 1632

14.37—first sentence should be imports plus primary income and transfers payable are greater than exports plus primary income and transfers receivable by 41. The current statement is only true because of the coincidence of the other items being in balance.

14.36-38—suggest give the saving=cap form + current account balance identity and give it at least as much prominence as the incomplete version given in 14.19.

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

Comment:

14.45 and subsequent—change “statistical office” to “statistical compiler” to cover the cases where other agencies compile NA.

14.48—replace “exports and imports (usually of goods only)” by “balance of payments current account.” Looking through IFS and BOPSY, there is a very high % of countries that have the full BOP, and the countries with IIP now exceeds 100. The development of the full sequence of accounts is more advanced for the ROW.

14.54—the view of capital stock as being limited to fixed capital formation is acceptable, but the possibility of including inventories, land, and other assets might be flagged.

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

Comment:

14.65—suggest add production account, as well as G&S account.

14.68—a lot of banks and other financial corporations might be included in (c), and perhaps even more so. While the railway production process has strong physical dimensions in the bases of operations (though less so in the tracks which may be located in one region, but repaired from a base in another), the financial process has much weaker physical connections. General government is not mentioned here, but it is usually located in every region. Government is easier in that there is not track and electricity lines which may have an ambivalent regional connection.

14.70—suggest try to stress minimizing the unallocated amount as much as possible; e.g., for a telecoms company, all wages should be allocated to the home establishment of the employee concerned, and the physical capital has a strong geographic element, while income from the satellite or patents can be left in the unallocated category. The statement risks encouraging allocation of too much of the value added of the locations of head offices away from where the activity is occurring to an unallocated category.

Other—household income measures are mentioned in the last paragraph (14.72) for the first time. Could add another paragraph to discuss this, and note that household income by regional is feasible because it can be defined by residence of the individual or household concerned, which can be ascertained more readily than for corporations.

Other—new section? There is a discussion of sub-national accounts, but no discussion of accounts for currency or economic unions. There are a few special issues (raised in an appendix to the draft balance of payments manual) and this concept of an economy is one of increasing interest. One to three paragraphs would probably be adequate.

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

Comment:

F Other—consider mentioning that a prime issue for QNA is multi-period production processes; particularly common for agriculture, but also true for ships and large-scale construction. Many countries are forced to address these issues more seriously when they do QNA. A cross-reference to wherever agricultural work-in-progress is covered may be enough.

14.96—last sentence should apply for unadjusted data only. Some countries force the adjusted to equal the annual total, which is convenient but is at a slight loss of trueness to the best indication of trend, and some seasonal adjustment people don't like it.

5. Section J describes alternative presentations of the accounts.

Comment:

No section J—possibly reordered.

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.

You can download Adobe Reader 7.0 for free from
<http://www.adobe.com/products/acrobat/readstep2.html>