

Chapter 16: Price and volume measures
Comments on draft SNA chapter:

Deadline for comments: 5 October 2007
Send comments to: sna@un.org

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Submission date:	Oct. 5, 2007

This three-part template allows you to record your comments on draft chapter 16 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.

There is no file comparing existing text with draft text for this chapter due to the large amount of new text in this chapter.

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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:

On the whole, the text is clear.

Part II: Comments on specific draft paragraphs or passages

In your review of draft chapter 16, you may wish to devote particular attention to the passages listed below. For ease of reference, we have identified the relevant paragraphs.

Please use the space provided to the right of the paragraph number to make your comment.

Index number theory

Section B presents an overview of index number theory as applied in the System. It has been updated to reflect work during the last decade embodied in the new manuals on consumer price indices, producer price indices, and export and import price indices (available in draft).

1. Paragraphs 16.10 - 16.88 present this overview. Are these paragraphs clear and appropriate to the SNA?

General comment	OK.
16.10	Click here and start typing.
16.29	<p>The formula for Tornqvist price and volume indexes should also be put in words following the example of Fisher index in Para 16.27.</p> <p>In the context of consumer price index, the Manual on Consumer Price Index (para.1.44, Chapter 1) defines Tornqvist price index. “The Tornqvist price index is defined as the geometric average of the price relatives weighted by the average expenditure shares in two periods” Of course, here weights would be average value shares in the two periods.</p> <p>Typo in the formula: The second T_p should be T_q</p>
16.85 Line 4	Typo: change ‘affect’ to ‘effect’

* Insert rows in this Word table for each paragraph on which you wish to comment.

Derivation of volume measures in the national accounts

Section C is considerably expanded from its counterparts in the *SNA 1993*. The ISWGNA agreed that this expansion was needed and that the new price manuals provided useful input for the expansion.

2. Paragraphs 16.89 - 16.183 cover price deflation vs. quantity revaluation, volume measures of the output estimate of GDP, volume measures of the expenditure estimate of GDP, volumes and prices for stocks of non-financial assets and consumption of fixed capital, components of value added, measures of real income

for the total economy, and other aspects of price and volume measurement. Are these paragraphs clear and appropriate to the SNA?

General comment	See comments below
16.89	
16.115	<p>Be noted that outputs PPIs are not conceptually equivalent to outputs at basic prices which include subsidies on products. Prices for outputs at basic prices are not observable.</p> <p>.</p>
16.119 Line1	<p>Say that ‘Gross value added’ here refers to gross value added at basic prices. The Gross value added in the heading above the paragraph 16.118 refers to Gross domestic product at market prices.(see paragraph 16.118)</p>
16.131 Line 4	<p>This Para. is confusing. Why the capital goods would be used intermediately?</p>
16.163	<p>The statement “ When GDP is determined as the difference between output and intermediate consumption plus taxes less subsidies on production , net operating surplus for corporations (or net mixed income for unincorporated enterprises) is derived as an accounting residual. This is so in both current price and constant prices” will not be clear to non-experts.</p> <p>Either make a general statement that ‘net operating surplus’ is derived residually and is not amenable to factoring into price and volume or provide a complete formula for deriving net surplus. This amounts to including wages and salaries and capital consumption in the formula. And then talk about the constant prices.</p> <p>Again, ‘less subsidies on production’ should be modified to ‘ other taxes less subsidies on production’ The GDP here refers to GDP at basic prices.</p>
16.166 Line1	<p>Typo: change ‘buy’ to by</p>
16.170	<p>Insert the formula in the box</p>

16.180 line 10	Typo: Insert 'as' after 'such'
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* Insert rows in this Word table for each paragraph on which you wish to comment.

International price and volume comparisons

Section D presents the theory and practical aspects of international comparisons of prices and volumes. It draws on the most recent round of the International Comparison Program, which involved 107 countries.

3. Paragraphs 16.184-16.225 present this material. Are these paragraphs clear and appropriate for the SNA?

General comment	OK
16.187 Last line	Typo: change 'spart' to 'part'

Part III. Other specific comments

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

If you don't have Adobe Acrobat Version 6 or 7 and would like to make detailed comments, please send a message to sna@un.org requesting a version of the draft chapter that permits you to comment. To optimize your commenting tools, please download Adobe Reader 7.0 for free from <http://www.adobe.com/products/acrobat/readstep2.html>

Table 16.1, Section V

Typo: P^{10q15} be changed to P^{0Q15}