

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

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

Your name:	Clifford Lewis
Your country/organization:	Trinidad and Tobago Central Statistics Office
Contact (e.g. email address):	Clifford.Lewis@statistics.gov.tt
Submission date:	Click here and enter your submission date

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.

Save this template and send it as an attachment to the following e-mail address:
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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:

Click here and start typing.

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	They are clear. However one should ask how appropriate are they to National Accountants rather than to SNA. National Accountants who need to derive GDP estimates at the level of the economy/industry and who also need to deflate aggregates such as private final consumption expenditure, exports and imports of goods and services in order to derive volume measures. Paragraphs #13 to #18 where you differentiated between volume and quantity indices, between price and value indices and between Laspyres and Paasche indices are quite relevant to the National Accountant who is in the business of using already compiled indices to obtain constant price measures. A knowledge of the various types of indices and their corresponding strengths and/or weaknesses would be a tremendous asset, since it would allow him/her to have a fair idea of the integrity of the final estimates. Paragraphs #20 to #88 are very in depth and theoretical, more suited to a student of index number compilation than to a National Accountant who needs a more practical down to earth approach. We would suggest a reduction in the text and more of an effort to link index numbers with real time situations existing in the world of the National Accountant.
16.10	Click here and start typing.
*	Click here and start typing.

* 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	We think that this section is clear incisive and relevant to SNA 93.We would make our specific comments below
16.89	In para 16.92 we note your advocacy of price deflation . However we would like to point out that international organizations like the IMF prefers volume extrapolation, and where deflation is used, double deflation is recommended.In para 16.114 you spoke about goods and services produced and consumed by households as being deflated by the CPI. This statement can give the erroneous impression that all goods and services produced and consumed by households enter the production boundary,when actually only domestic services paid for by h/holds and dwelling services produced by owners/ occupiers enter the production boundary.In para 16.120 your point is well taken. Intermediates comprise a wide variety of goods and services some of which is produced locally but as in our case ,a lot is imported from the rest of the world. A single index to deflate this wide range of goods and services may give inadequate results and therefore seriously compromise the resulting value added estimates.Again we take your point made in 16.133! The deflation of various categories of capital goods must be done separately . This we feel reflects a down to earth understanding of the real life problems faced by National Accountants.We agree strongly with your statement in para 16.151! Custom based average unit value indices used as deflators can give very erroneous results compared with pure price indices of imports and exports.Custom officials usually record accurate value data on these documents, but quantities recorded are usually woefully inaccurate resulting in poor average unit values.
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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	In the last line of para 16.187 there is a typographical error.It should read last part not last <i>part</i> .
16.184	We think they are clear and relevant to SNA 93. <u>We feel that the ICP programme is a very ambitious programme requiring pricing at the very detailed level across several countries.One wonders therefore how accurate these prices are and how valid the final PPP's are.</u>

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>