1. At its third session the Statistical Commission referred to the Statistical Office for preliminary study, prior to consideration by the Commission at its fourth session, various statistical projects, including the "study of the problems of international comparability relating to statistics published by Governments of their revenues and expenditures and public debt". (E/795)

2. The Fiscal Commission has also expressed its interest in these problems which are closely related to problems in the field of budgetary standards and public accountancy practices. For example, document E/CH.8/31, the Fiscal Commission draws attention to the existing diversity of budgetary systems which makes it difficult to compare figures on government revenue and expenditure for different countries. Sometimes budgetary methods used date back to a period when the functions of government were much more limited and of a very different nature. In those cases, there may be a need to bring budget systems and methods for compiling and publishing data on public finance into better correspondence with modern views and principles. The experience gained in countries where new methods have been introduced may prove useful in this respect. The development of standards, if commonly adopted, would not only greatly facilitate international comparisons but also the analysis of economic problems within or related to the field of public finance.

3. In accordance with a recommendation of the Fiscal Commission (E/440, 29 May 1947, page 51), the Economic and Social Council adopted a resolution (67 (c) v), requesting the Secretary-General to arrange for the preparation of...
the preparation of a "Public Finance Survey 1937-1947" including data on government revenue and other receipts, classified by sources, government expenditure classified according to principal categories, and public debt, classified according to dates of maturity, domicile, and rates of interest; and if practicable to arrange for the periodic publication of this information.

4. The preparation of the "Survey" has started and a series of documents entitled Public Finance Data, 1936-1938 for eighteen countries has been released by the Fiscal Division. Work is in progress for a number of other countries. There remain some thirty countries for which the Secretariat has been so far unable to obtain complete data. To meet this problem, various steps are being taken, including the preparation of a questionnaire to be submitted to national ministries of finance, government research services, and others.

5. The work on public debt has been completed by the Fiscal Division and published under the title Public Debt 1914-1947. This volume gives two sets of tables for some forty-five countries. The first set presents for each country a consolidated statement of the annual position of government debt divided into short-term domestic debt, long-term domestic debt, and foreign debt, together with corresponding annual data on debt service. The second set of tables shows a breakdown of outstanding debt by types of issues for the period starting in 1929. The tables are preceded by an introductory note which discusses the international comparability of public debt figures and points out differences in concepts and terminology.

6. To meet the need for monthly data on fiscal developments, the Fiscal Division in co-operation with the Statistical Office and the International Monetary Fund has prepared a Special Questionnaire for Periodic Data on Public Finance. In the introduction to the questionnaire it is explained that its purpose is to assist the United Nations, specialized agencies, and Member Governments in considering the effects of government financial activities on economic variables such as prices, monetary circulation and national income. At present, the questionnaire consists of three tables to be filled in by the competent services of Member Governments relating respectively to annual data for the period 1936 to 1948, monthly or quarterly data for 1947, monthly or quarterly data for 1948. Eleven series are included in those tables, i.e.:
(1) Central government expenditure; (2) Central government receipts;
(3) Results from governmental monetary operations; (4) Foreign grants
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received; (5) Domestic borrowing; (6) Redemption of domestic debt; (7) Foreign borrowing; (8) Redemption of foreign debt; (9) Cash balances; (10) Aggregate outstanding domestic debt; (11) Aggregate outstanding foreign debt. Each of these items is defined so that, taken together, they give an all-inclusive representation of government spending and financing and avoid duplications and other possible distortions of figures.

7. The Fiscal Division has also studied the problems that arise if attempts are made to present uniform data on public finance. Among the difficulties encountered are the following:

(a) In some countries financial reports based on a uniform system of classification are either not published regularly or not published at all.

(b) Sometimes part of the revenue and expenditure is recorded in special accounts, and consequently the main accounts as published may not show all receipts and expenditure.

(c) The budgets of certain public units, such as independent offices, governmental corporations, autonomous agencies, agencies for economic development, and others of a similar character may not be consolidated into the budget of the central government.

(d) The accounts may not have internal consistency, and consequently total expenditure may not equal total revenue plus deficit (or less surplus).

(e) Expenditures and receipts are sometimes shown on a gross basis, and in other cases on a net basis, i.e., expenditure is shown net of certain administrative receipts, and receipts are shown net of certain items such as refunds, drawbacks, etc. Items deducted may differ from country to country.

(f) In the accounts of many governments no distinction is made between revenue and expenditure on current account and on capital account. If such a distinction is made, criteria adopted for defining both categories may differ. Also, the extent to which capital accounts cover all capital receipts and expenditure may vary from country to country.

(g) When detailed classifications of government revenue and expenditure are shown the definitions and coverage of individual items may vary widely, even if the terminology used is the same.
8. Attention may be drawn to the relationship between problems of public finance statistics and the work that is being done by the Secretariat in the field of statistics of national income and expenditure and social accounting. Recommendations aiming at improving the comparability of statistics of national income and its components include proposals for the adoption of standard definitions of items such as income originating in the government sector, government transfer payments, government subsidies, public capital formation. The development of the social accounting technique has resulted in the introduction of a set of accounts for the various sectors of a country's economy, including the government sector. In these accounts public revenue and expenditure are classified into broad categories. For example, in the League of Nations report Measurement of National Income and the Construction of Social Accounts, the following classification of revenue and expenditure on current account is proposed:

**Public revenue:** direct taxes, indirect taxes, transfer of surplus of government-owned enterprises, interest, dividends, gifts and fines, fees.

**Public expenditure:** Wages and salaries, interest on productive debt, purchases of goods and services, contributions to social security funds, transfer to social security funds, transfers to capital account in respect of depreciation and obsolescence, transfer payments to enterprises and to persons (including national debt interest), subsidies, transfer to capital account of surplus.

A uniform classification for the items entering into the government capital account is also proposed.

9. It is felt that the application of the social accounting technique to public finance data may contribute to an increased usefulness of such statistics for purposes of economic analysis. If uniform definitions of the components of the national income and expenditure and of the items entering into the social accounts could also be agreed upon, a basis might be found for the formulation of proposals to promote international comparability of public finance data.

10. For many purposes there is a need for a detailed functional classification of government revenue and expenditure, in addition to the classification by broad economic categories as used in the social accounting systems. The adoption of uniform concepts and principles of functional classification would greatly improve international comparability of public
of public finance data. As has been pointed out in a paper prepared by the Secretariat for the information of the Fiscal Commission (E/CN.3/50), the improvement of statistics of public finance is in many countries closely related to problems in the field of budgetary standards and fiscal procedures. The Fiscal Commission at times has stressed the necessity of introducing adequate budgetary methods and fiscal practices as a prerequisite for reliable statistics of public finance in all countries where prevailing methods do not meet modern standards. It has suggested that proposals for the adoption of adequate budgetary principles, modern public accounting practices, and uniform presentation of data on revenues and expenditures and public debt be formulated by a group of experts under the auspices of the United Nations, to serve as a guide to national governments.

11. The Statistical Commission may wish to consider what steps should be taken to promote the adoption by all Member Governments of modern budgetary principles and fiscal methods based on uniform classifications as a prerequisite to obtaining statistics of revenues and expenditures and public debt which fulfill reasonable standards of comparability. Also, it may wish to recommend:

(a) That the Secretariat develop proposals for uniform concepts and principles of classification of statistics of revenue and expenditure, and public debt, with the assistance of experts if necessary;
(b) That the attention of the Fiscal Commission be drawn to the work being done in the field of national income statistics and social accounting, particularly in relation to public finance statistics;
(c) That the Secretariat explore the usefulness of the social accounting technique for the formulation of proposals aiming at improved international comparability of public finance data.