COMMENT

BY NANCY D. RUGGLES

Yale University, New Haven, CT, U.S.A.

These three papers on the structure of the SNA are important contributions, but in the space available I can only touch on their high points. That is unfortunate, because they deal with the central problems which face national accountants, and they deserve careful consideration.

The three papers are very different, and at first glance they would appear to be irreconcilable. But on closer examination, common elements do appear. What I propose to do, briefly, is to identify what appears to be common to all three, and then to try to contrast their opposing views of the structure of the system.

Common Elements

1. All of the papers emphasize the need for coherence, completeness, comprehensiveness, and integration—in other words, the commonly understood virtues of any national accounting system.

2. In terms of accounts, all assume coverage corresponding to the flow accounts of the 1968 SNA—that is, as a minimum, production, income and outlay, capital formation, and capital finance accounts. Vanoli would add balance sheets to the minimum list.

3. All assume sectoring as in the 1968 SNA, with a few minor adjustments in some cases.

4. All recognize the need to make some provision for supplementary information or alternative classifications.

So far, there are no surprises. All of these conditions are met by the present SNA, and if there were no other considerations there would have been no need for these papers. But there are other considerations, and on two of them there is still agreement among the papers.

5. In the first place, all three papers agree to some extent on the desirability of showing market transactions separately from imputations and attributions. They do not altogether agree on what market transactions are, and they certainly do not agree on the form of presentation, but they do agree on the need. The Lützel paper focuses entirely on this point. Its concept of market transactions adds some capital items and grosses up intra-sectoral flows. The Dutch paper defines the core of the system in terms of market transactions and makes this a central feature. Although the Vanoli paper is less explicit about what market transactions are, it takes the position that the present SNA does not preclude the presentation of market GDP, and that indeed the enlarged French accounts provide this information. On the other hand, the Vanoli paper rejects the systematic separation of market and non-market flows in the central system, on the ground that this would overburden the system.
6. In the second place, all three papers express concern about the relation between the macro accounts and corresponding microdata. The Lützel paper offers this as a principal justification for establishing market accounts, and in particular for its specific recommendations on grossing up the intra-sectoral flows. The Dutch paper grounds its espousal of the transactor/transaction approach on the need for analytic coherence of macro and microdata. Both of these papers reflect a certain optimism about the possibilities for achieving analytically useful links between the macro accounts and the underlying microdata. The Vanoli paper, on the other hand, is more pessimistic—but the pessimism leads to a solution that is not altogether incompatible with those proposed by the Lützel and Dutch papers. The paper argues that construction of the existing macro accounts by aggregation of microdata is both conceptually and practically infeasible—and it therefore proposes “intermediate accounts,” which are tabulations of the actual microdata collected, and in fact are not unlike what most statistical offices now generate from census and survey data. The Vanoli intermediate accounts, the Lützel market accounts, and the Dutch core really are kissing cousins, even though it may not seem that way to the authors concerned.

It seems to me, therefore, that there is no great disparity among the three papers in the actual information content of the macro systems they are proposing. The differences are matters of detail that probably could be worked out by further discussion.

Contrasting Structure

The big difference among the papers lies in their conception of the structure of the system.

The Vanoli paper is an exceptionally clear and lucid description of the present and projected French system, which it presents as a solution to most of the problems now facing national accountants. However, the presentation seems to be based upon two fundamental premises, with which it is possible to disagree.

The first premise is that the present SNA (or ESA) is and will remain the center of the system. With the exception of some variant of the Pêtre proposals on health care and related topics, no alterations in the system are contemplated. New information, where it is considered to be desirable, should be added in the form of supplementary tables or satellite accounts.

The second premise, which is implicit though not stated explicitly, is that not only the macro accounting system but also the general approach to data collection, processing, dissemination, and analysis will continue to be that which underlies the 1968 SNA, or essentially that of the 1950s or early 1960s. (It is this premise, I suspect, that accounts for much of the paper’s pessimism about the usefulness of microdata. The pessimism was justified in 1955, but it really isn’t in 1985, as developments in several countries demonstrate.)

The Lützel paper is not concerned with the overall structure of the national accounts, but takes it for granted that the present SNA should remain the center of the system. It envisages the proposed market accounts as supplementary to the main system, derived by both deleting information from the main accounts and adding information to them. In part, the adjustments proposed are specific to the Federal Republic of Germany, reflecting ways in which the German
accounts now differ from SNA, and in part they reflect the definition of market transactions adopted, which includes some capital items and intra-sectoral flows.

The Dutch paper, like the French, also proposes a core with supplements, but its core is much more narrowly construed, consisting of actual transactions carried out by institutional transactors, without imputations or attributions. The paper argues that this stripped down version of the SNA accounts, being simpler and more basic, can be expected to continue without changes over long periods so that revisions every 15 or 20 years will not be required. Supplements to this core—which the paper calls modules—present additional information or alternative formulations and attributions. Some of these modules would be generally desirable, and might for international reporting purposes be considered mandatory. Others might vary according to individual country circumstances. The Dutch paper appears to be in most respects a logical implementation of its own criteria. There is one anomaly, however, and that is in the treatment of interest, where it is proposed that an imputation for banking services be retained within the core, rather than assigned to the imputations module.

Three points, I think, need to be made about this formulation. In the first place, a number of the modules proposed in the Dutch paper are very similar, it seems to me, to the French satellite accounts. Second, the Dutch core is very similar to Vanoli’s and Lützel’s market transactions. And finally, the abandonment of the present SNA is not necessarily implied in the Dutch proposal; two modules, which might be made mandatory for international reporting, could contain the imputations and attributions required to bring the core up to the present content of the SNA. These modules would be similar to Lützel’s reconciliation between his market account and SNA, and a similar reconciliation is implicit between the French intermediate accounts and SNA. The Dutch paper points out that “The central system obtained thus as a combination of the core and two standard modules is fully equivalent to the present SNA . . . .”

The difference among the papers lies in their conception of the basic system. Both the Vanoli and Lützel papers view the system as a framework for macro-economic analysis, and consider that the present SNA meets this need. Other uses, while important, are subsidiary and should not influence the structure of the central system. The Dutch paper, on the other hand, views the accounts as a tool for integrating macro and micro analysis, and considers that the framework must take the needs of both into account. Whereas this entails no necessary difference in the information content of the ultimate macro accounts, it does make a very big difference in the flexibility of the macro accounts and their relation to other data, and in what the accounts can be used for.

The principles and definitions underlying SNA have helped many countries develop macro economic accounts, and have served as the basis for the reporting systems of both the UN and Eurostat. It seems only reasonable to both Vanoli and Lützel, therefore, that the proper strategy should be to build on this success by insisting that the center of the system should be the present SNA, and that any additional needs should be met through various forms of supplementary information—intermediate accounts, parallel accounts, satellite accounts, reconciliation tables—rather than by making any alterations in the macro accounting system itself.
But this approach cannot adequately address current analytic and policy concerns, which are no longer exclusively macro-economic, nor can it make efficient use of the richness of the new sources of microdata that are becoming available. Questions are being asked about distributions of income (and well-being) as well as about the aggregates that appear in the macro accounts, and about the effectiveness of policies designed to have an effect upon such distributions. There is increased interest in the impact upon the functioning of the system of institutional changes—changes in the laws and regulations within which the economy operates—and changes in the composition of the population. To the extent that the SNA macro accounts abstract from institutional realities, they are not an effective tool for such analyses. And although additional subsectoring, intermediate accounts, satellite accounts, and supplementary tables can furnish some of the needed additional information about distributive questions, they do not provide the type of data needed for microanalytic modeling and simulation. In a number of countries governments and research organizations are now engaged in carrying out studies of this kind on such topics as the distributonial impacts of the tax system or government expenditure programs. The availability of microdata bases for both households and enterprises is increasing rapidly, but the possibility of linking these microdata bases to the macro accounts is still quite limited. The Dutch paper, with its core consisting of simple aggregation of the micro transactor accounts, provides the basis for such an integration, while at the same time encompassing the content of the existing SNA.