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**REPORT OF THE REGIONAL SEMINAR OF EXPERTS ON COMPARISONS  
OF THE SYSTEM OF NATIONAL ACCOUNTS AND THE SYSTEM OF  
BALANCES OF THE NATIONAL ECONOMY IN LATIN AMERICA**

(Havana, Cuba, 6 to 11 May 1982)



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I. ORGANIZATION



## I. ORGANIZATION OF WORK

### 1. Place and date

1. The Regional Seminar of Experts on Comparisons of the System of National Accounts and the System of Balances of the National Economy in Latin America was held at Havana from 6 to 11 May 1982. The Seminar was organized by CEPAL with support from the Ibero-American Co-operation Institute under the sponsorship of the Government of Cuba.

2. The Seminar was organized in support of the activities performed by the United Nations Statistical Commission with regard to comparability and links between the two systems of accounting, with a view to achieving greater harmonization of international statistics. CEPAL considered it advisable to initiate its active participation in this field from this point of view since in Latin America also the applications of the two systems of accounts makes comparisons between all the countries of the region impossible and also rules out full analysis of the region as a whole.

### 2. Attendance

3. The meeting was attended by representatives from Argentina, Barbados, Canada, Colombia, Costa Rica, Cuba, Ecuador, Hungary, Mexico, Nicaragua, Panama, Peru and Venezuela; officials from the United Nations Statistical Office and the Council for Mutual Economic Assistance (CMEA), by invitation, and representatives of the Centre for Latin American Monetary Studies (CEMLA), the Board of the Cartagena Agreement (JUNAC) and the Latin American Economic System (SELA).<sup>1/</sup>

### 3. Agenda and documentation <sup>2/</sup>

4. The participants adopted the following agenda to guide them in their deliberations:

1. Introduction
2. Conceptual framework of the two systems:
  - (a) the System of National Accounts (SNA)
  - (b) The System of Balances of the National Economy (MPS)
  - (c) Main differences and links between the two systems
3. Comparability of the estimates of goods and services in Latin America:
  - (a) Gross production and intermediate consumption
  - (b) Structure of the final expenditure
  - (c) Composition of the value added
  - (d) Practical exercise on the conversion of the estimates of Cuba to SNA
4. Other studies on comparability sponsored by the United Nations:
  - (a) Activities of the Statistical Office
  - (b) Studies of the Economic Commission for Europe
5. Conclusions

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<sup>1/</sup> See the list of participants contained in annex 1.

<sup>2/</sup> See the list of documents contained in annex 2.

#### 4. Opening and closing meetings

5. At the opening session Mr. Gert Rosenthal, Director of the CEPAL Office in Mexico took the floor on behalf of Mr. Enrique V. Iglesias, Executive Secretary of CEPAL, to convey his best wishes for the success of the meeting.

6. Mr. Rosenthal drew attention to the joint studies and efforts of CEPAL and the Government of Cuba, including the yearly Economic Survey, the study on social progress in Cuba and certain technical assistance activities, among which he drew attention to the current Camalote project and, in particular to the work done in preparation for the Seminar, referring to the determined and active participation of the State Statistical Committee of Cuba in that regard. He underlined the special significance of the Seminar, saying that it would make it possible for the macro-economic information provided by the Government of Cuba to be presented in future in accordance with the concept of the system of national accounts and would at the same time result in an improvement in the degree of international comparability of the estimates of the countries of the region. In addition he said the meeting would allow the technical experts of the region to continue discussing and exchanging opinions and experience which would reflect the efforts each of them were making. Finally, he expressed gratitude for the support and co-operation of the Ibero-American Co-operation Institute of Spain and the authorities of Cuba and for the presence of the participants at the Seminar, which would be enriched by their experience.

7. Mr. Jesús M. Cadarso Galarraga then took the floor on behalf of the Ibero-American Co-operation Institute of Spain. In his statement, he pointed out that when Spain joined CEPAL as a full member, it was not in the spirit of a mere honorary guest but with the intention and desire to contribute, in so far as possible, to Latin America's effort to find formulas which would bring about the development and well-being of its peoples. He pointed out that in the short period since then, it had participated in many programmes and activities, among which he mentioned the organization of the first Ibero-American Conference on Economic Co-operation and the creation of the review "Pensamiento Iberoamericano". Another example of the co-operation between the Institute and CEPAL was the holding of the current Seminar. He said the national accounting offices had been formed to meet pressing economic policy requirements. Consequently, it was not surprising that when social models with different aims and objectives emerged, the international or regional harmonization of national accounts was not easy. Therefore every effort to define national accounting and make it more objective had to be well received and welcomed enthusiastically. The Ibero-American Co-operation Institute was therefore proud of having contributed to the holding of the Seminar.

8. Finally, Mr. Humberto Pérez González, Vice-Chairman of the Council of Ministers of Cuba, speaking on behalf of his Government, conveyed a warm welcome to the participants in the Seminar. He drew attention to the particular importance of holding the meeting at this time because in order to satisfy the needs of regional and rural development, it was necessary to have an increasing amount of comparable economic data of a more and more exhaustive nature in view of the existence of two different social systems and, therefore, of two different methodological concepts of how to measure economic life.

9. He described the various kinds of and approaches to assistance from the international community to Cuba, particularly in respect of the member countries of CMEA and the technical assistance programmes of various United Nations bodies; in connexion with those programmes, he drew attention to the support provided in

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connexion with questions relating to agricultural development and to the 1981 population and housing census. He went on to refer to the activities carried out in recent years at international level to further comparability and said the present initiative of CEPAL constituted another notable effort in that respect which the authorities of Cuba had greeted the idea with approval. This was the first meeting of experts in the field of statistics and economic data ever held in the country. He pointed out that in the field of statistics, relations between Cuba and CEPAL had been and still were growing much stronger and drew attention to Cuba's decision to support and strengthen these efforts, confident that the recommendations emanating from the meeting would be carefully studied because it was convinced that they would be of benefit not only to the national statistics of Cuba but also to those of the region. He stressed that Cuba had much to gain by their immediate application so as to be able to measure economic and social development in the terms of the two methodologies.

10. The closing meeting was addressed by Mr. Casanova, of Venezuela, who spoke on behalf of the participants, and by Mr. Fidel Vascos, Minister Chairman of the State Statistical Committee of Cuba.

11. Mr. Casanova, of Venezuela, thanked CEPAL, the Cuban government authorities and the Ibero-American Institute of Spain for having given those present the opportunity to take part in such an important event and for having offered their hospitality in Havana.

12. Finally, the Seminar was declared closed by Mr. Fidel Vascos, Minister Chairman of the State Statistical Committee of Cuba, who stressed the technical aspects of the meeting, the qualifications of the participants, the quality of the papers prepared for the Seminar and the excellent manner in which the working sessions had been conducted. He emphasized the fact that it was possible empirically, through numerical exercises, to clarify theoretical and practical questions regarding each system, as well as the adjustments necessary to make conversions between systems.

13. His Government was interested in quantifying the economic activity of the country on the basis of the two systems and endorsed the statistical requirements of the United Nations, of CEPAL, of other international agencies -such as CMEA- and of the countries themselves in all studies or bilateral or multilateral comparisons. He also outlined the short-term plan of work of the State Statistical Committee and stressed that his country needed to make maximum use of its technical capabilities, as well as to benefit from the experience of other countries or institutions in the region in various statistical fields.

#### 5. Election of Officers

14. At the first working meeting the following Officers were unanimously elected:

Chairman:	Mr. Jorge Martínez Fernández (Cuba)
Vice-Chairman:	Mrs. Markela Castro de García (Panama)
Rapporteur:	Mr. A. Raúl García Belgrano (JUNAC)

#### 6. Adoption of the report

15. At the final plenary meeting, the Seminar adopted the draft report submitted by the rapporteur.

/II. ACCOUNT

## II. ACCOUNT OF PROCEEDINGS

### 1. Introduction

16. A member of the Secretariat said the Seminar sought to fulfil various objectives simultaneously. It was aimed first at initiating reciprocal understanding of the systems of social accounting which were used in the countries of the region in accordance with their own needs and the international organizations to which each of them belonged. Its second objective was to support the efforts of the United Nations co-operation programme and co-operation in the field of international statistics in order to improve the existing recommendations and to review the problems of practical application at national level in order to generate a system providing adequate and comparable data. It was therefore concerned not only with discussing the conceptual framework of the two systems but also with analysing their actual comparability under practical application. Latin America was considered to be already in a position to be incorporated into this process of analysis and discussion which had begun in Europe and to embark on the feedback process since the countries of Latin America could bring their valuable experience to bear on the accomplishment of that objective.

17. The author said that one target of the meeting was to continue with the permanent programme of activities of CEPAL in respect of communication among experts and making it possible to further and enhance national estimates on the basis of the exchange of experience. Finally, he said another very practical objective was to ensure the comparability of the estimates, which was indispensable for comparing the results of policies and the ways in which they were formulated. Once such comparability had been achieved, it would be possible to interpret the estimates made using the other system more accurately and, in that connexion, he mentioned that CEPAL was ready to support conversion efforts whenever countries expressed an interest in such support.

### 2. General characteristics of SNA

18. A representative of the Secretariat introduced section B of chapter I of the basic Seminar document on the accounting structure and the conceptual framework of the most recent revision of the System of National Accounts.<sup>3/</sup>

19. Some participants then expressed doubts concerning certain key aspects. First, consideration was given to the problem of how classification by economic activity should be put into practice. It was explained that activities were grouped in accordance with ISIC,<sup>4/</sup> which did not rule out the establishment of new categories to meet national needs so long as the criteria laid down in the classification itself for determining and establishing a given category of activity were respected.

20. More information was requested with respect to the treatment of indirect taxes. In that connexion it was pointed out that any tax paid by the producers which was passed on to the prices must be considered to be an indirect tax. In practice, however, it depended on the source of information used; when the data was derived from government statistics it was not always possible to tell whether it was the producer

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<sup>3/</sup> Economic Commission for Latin America (CEPAL), "Comparability of the systems of national accounts and the material product in Latin America", E/CEPAL/SEM.5/L.2, April 1982.

<sup>4/</sup> United Nations, International Standard Industrial Classification of all Economic Activities, Statistical Papers, Series M, No. 4, Rev.2, New York, 1969.



or the families who paid the tax (such as, for example, judicial fees and licence plates); on the other hand, it was easier to settle that question when the data was supplied directly by the enterprises.

21. Concern was also expressed with regard to the way in which intra-inputs should be treated, and it was explained that the different stages in production or the provision of auxiliary support services within the same establishment should not be computed as more than one operation, as, for example, in the case of the production of power for use by the establishment itself or by other general services; in the case of an enterprise engaged in various types of production or operating in various locations, it was pointed out that where the expenditure of central administrative offices or central auxiliary activities was concerned, such offices or activities should not be considered to be independent establishments.

22. The problem with regard to losses and reductions in the electricity sector was also discussed, it being specified that the sector treated electric power production and transmission as a single category of activity, computing it as the production of power actually made available to the users. With respect to losses and reductions in the marketing of agricultural commodities, it was explained that such losses and reductions would be implicit in the gross margin applied on the resale of such commodities. In that connexion, it was specified that the System of National Accounts recorded transactions in monetary values and not in physical terms.

23. At the request of a participant, further details were given concerning the recommendation of the System of National Accounts for measuring the output of financial institutions and the treatment of the nominal sector of the economy. With regard to non-marketed output, it was specified that in general it should be valued on the basis of the prices of similar articles actually traded in the market.

24. With regard to the situation in the market economies where certain services were valued differently depending on who provided them, in that when they were provided by the private sector they were valued at market prices and when they were supplied by the government sector, they were measured on the basis of cost level, it was recognized that although in practice this system made comparability difficult, the treatment applied reflected the way in which the institutional organization of the countries differed. This happened not only between countries which applied different systems of accounting but also among countries which applied the same system, and there was no way in which such differences could be surmounted.

25. One of the participants pointed out that the System of National Accounts flowed from the general to the particular and made it possible to itemize flows and inventories; although that possibility had had yet to be fully developed, information on it could be found in an addendum to the handbook on the System of National Accounts. He also pointed that although the System of National Accounts was based on principles and data on which accounting could be employed, in practice its construction did not operate entirely by aggregating such data but was supplemented by statistical estimates facilitated by the conceptual framework laid down by the System.

26. Finally, it was explained, with regard to employment statistics, that they were treated indirectly within the system of accounts as soon as reference was made in the structure of the cost of production (the main component) to payment for work, at which point it became necessary to have data relating to employment; this data was included in a supplementary table on employment by kind of economic activity. In this same connexion, it was also observed that, with regard to statistics on human resources and other subjects related to economic and social problems, a system of social and demographic statistics had been developed and that an attempt was being made to put the welfare statistics system into operation.

### 3. General characteristics of MPS

27. A member of the Secretariat of the State Statistical Committee of Cuba described the general characteristics of the System of Balances of the National Economy. First he emphasized that the Spanish version of the United Nations document relating to MPS 5/ uses terminology which differed from that used formally and effectively by the System and from that employed by Cuba, the only Spanish-speaking country which applied the System, making a revision of the Spanish version necessary.

28. In the intervention by participants, some observations were first made with respect to the meaning of the word "balance", since in the accounting practice of the countries which applied SNA, the content of the "material" and "financial balance" consisted of the data recorded in the "accounts". On the other hand, the other two balances in SBNE did comply with the definition of that instrument of accounting as being like a photograph of certain economic facts at a given moment. The speaker explained that in Cuba the word "balance" referred to the data base which from the onset was used to calculate the flows during the period leading to the final balance, although he acknowledged that in the case of some balances, such as the manpower balance, the concept employed in the meeting was used. In this connexion it was agreed that there was a need to co-ordinate the language in use in order to avoid contradictory interpretations of concepts which were similar in both systems.

29. Emphasis was placed on the need for a link between the systems of accounting and the basic data of the productive units, thus making it possible to estimate the variables of supply and demand independently. In the case of Cuba, the lack of such a link explained the statistical discrepancy in the estimates submitted, thus expenditure on personal consumption was measured directly and not by deduction. In addition, direct data on the expenditure of the population was available to reconcile the two estimates.

30. Some concern was expressed with regard to the treatment and calculation of depreciation, and it was explained that for State entities, direct information was available concerning the allocations made for each kind of fixed asset. On the other hand, for the remaining units, the allocations for amortization were estimated on the basis of data obtained from various statistical sources.

31. With respect to the statistical discrepancy in the estimates of Cuba, it was stressed (as had been observed previously) that the independent calculation of each aggregate and the process of aggregating data derived from different sources and relating to different times gave rise to omissions or duplications, although these were usually of little significance.

32. With regard to the method of evaluation used in the material balance for products which were similar but whose book price and free market price differed, it was explained that such articles were dealt with as two distinct products with their own respective quotations. It was explained that the concept of losses referred to losses due to natural calamities, accidental damage and discontinued construction, and excluded those due to normal occurrences in the current production process.

33. Question also arose concerning the dividing line between the material and the non-material production of the transport and communications sector. It was explained that it was hard to draw an exact distinction between these two activities, and

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5/ United Nations, Comparisons of the System of National Accounts and the System of Balances of the National Economy, Studies in Methods, Series F, No. 20, Part I, "Conceptual relationships", New York, 1977.

that every five years an effort was made in the case of each of the countries applying MPS to increase the data available with a view to including more details in this allocation. A similar question arose concerning the treatment of medicines, whether purchased directly by the population or received from social institutions. Here the opportunity was seized to point out that while only activities in the material sphere were recorded as production in the material balance, any kind of activity was recorded in the financial balance, including activities belonging to the non-material sphere since the financial balance provided the most appropriate means for converting SNA estimates.

34. In reply to a question asked by a participant, it was indicated that the value of technical projects, except for those relating to construction, mechanized data processing and film production, were included under other productive activities. With regard to the estimates of the durable consumer goods included in the balance of the national wealth (which included all kinds of durable goods), it was explained that such estimates were made on the basis of information concerning the physical holding by the population of such goods and their estimated value. With regard to this same subject, it was explained that although in MPS there might be a difference between the entries in the material balance and those in the balance of national wealth, the entries were the same in the case of SNA.

35. With regard to the problem relating to the Spanish terminology employed in the United Nations documents, the representative of the Statistical Office said he thought they were being fully revised. All the participants considered it necessary to recommend that the terminology used in the glossary on these topics should be reviewed and made more accurate.

#### 4. Main differences and links between the two systems

36. A member of the staff of the Central Statistical Office of Hungary introduced the subitem concerning the basic differences and links between the goods and services aggregates in the two systems. First she explained that there were problems due to differences in the terminology used in the two systems, which made it important to find a common vocabulary; an example of this was the expression "national income" used by both systems but covering different concepts in each of them. She also stressed that she was referring to the differences between the two basic systems and not to the differences in their practical application in each of the respective countries.

37. After this introduction, it was observed that among the factors which gave rise to substantial difficulties in the comparability of the two systems, the problem of institutional organization was particularly important, and the treatment of financial institutions was cited as an example. While in SNA the criterion used was that they should be entered as unspecified services, in the case of the countries which applied MPS, since financial institutions have characteristics similar to those of entities which provide governmental services, the value of applying equal treatment mechanically was under discussion; question even arose as to whether production imputed in this way should be considered to be intermediate or final consumption. In this connexion, it was observed that under the System of Indicators of Non-material Services (SINS), the production of financial institutions had been designated as a final consumption expenditure, which was not to say that this solved the problem or that the solution adopted was the best one, and it was stressed that the problem must be treated within the framework of the peculiarities of each country.

38. Emphasis was placed on the usefulness, for the purposes of accounting, of distinguishing between the differences due to the basic conceptual framework, such as for example, those resulting from differences in the definition of economic

/production, income

production, income redistribution, etc., and the differences due to the basic system applied, problems of calculation or techniques of procedures followed in making estimates. It was stressed that differences among countries in terms of institutions and historical context not only affected comparability among countries applying different systems of account but also among countries applying the same system.

39. A participant said that for purposes of international comparability the institutional organization and the historical context of the countries should be taken into account and that the important thing seemed to be the comparison of real situations and not accounting systems as such. Consideration should therefore be given to the differences due to the different types of economic organization for the provision of given services, such as education or health services, which were not given the same value if they were provided by private entities as they were if provided by public institutions. Actually, the real situation with respect to the structure of production of each country would not be reflected even if it were permissible to aggregate it in order to compare the effects of the expenditure.

5. Comparability of estimates of production and intermediate  
consumption in both systems used in Latin America  
(Agenda item 3)

40. A member of the Secretariat introduced the item on the practical comparability in Latin America of estimates of gross production and intermediate consumption.

41. One of the observations on this item was that the adjustments presented related to the conversion of the estimates of Cuba to SNA in accordance with the most widespread applications of this system among the countries of the region and not in accordance with the practice of a given country. Conversion in the opposite direction, i.e., from a country using SNA to one using MPS, should be given special consideration because all the countries in the region which applied SNA did not necessarily have as detailed information as the information available in Cuba which made it possible to specify a specific adjustment as in the case of expenditure on business travel.

42. In that connexion, the representative of the United Nations Statistical Office explained that in that office more detailed consideration was being given to the practical applications of each country in order to determine the way in which conversion of some items was actually treated. As an example he cited the case of losses, which were not always treated as clearly specified in SNA and said that different criteria were used by the countries applying that system.

6. Comparability of estimates of the final expenditure in Latin America

43. A member of the Secretariat introduced the question of the way in which the components of the final expenditure in the estimates of Cuba, carried out in accordance with MPS, were converted to SNA.

44. In response to one of the requests for clarification made by the participants, it was pointed out that for the purposes of conversion, the production of financial institutions was valued at its explicit cost and that such services were included under the final consumption expenditure of the units budgeted. This treatment had been decided upon on the basis of the fact that the operation of such institutions in countries with centrally planned economies was similar to that of governmental services and not to that of the banking services of the market economy countries.

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45. With regard to the way in which losses due to accidental damage to stocks were treated in the countries which applied SNA, it was indicated that the way in which they were measured depended on the availability of detailed information. In general, the methods used in Latin America were based on physical differences in stocks between the beginning and the end of the year and, in some cases in particular, on differences in the value of account between these same dates; if no provision had been made for including data on utilization of stocks (through production, transfer to other establishments or reductions) among the data requested of enterprises, the calculation of stock variations, would, in theory, implicitly include the losses occurring during the period. For a more detailed and fairer understanding of national criteria and practices, emphasis was placed on the need for the most highly detailed data concerning the information methods and sources used in each country.

46. It was also explained that under SNA it was considered that uniforms and work garments (excluding those for military use) must be treated as intermediate consumption. It was reiterated that in this case too it would be a good idea to make an analysis of the criteria and practices governing their treatment in each country although, in theory, in accordance with the accounting practices prevailing in the countries of the region, it could be considered to be highly likely that although there was no explicit information in this respect, such articles were included in the expenditure of the enterprises.

47. With regard to discontinued construction, it was explained that it was withdrawn in the period following its discontinuation and that the existing assets in the balances of holdings (statements of assets and liabilities at the beginning and end of the year) were adjusted while no adjustments were made in the historical theories of gross capital formation.

48. With respect to monetary gold, it was pointed out that, although there were differences in the way they were treated under the two systems, in practice in Latin America, all the countries, including Cuba considered it to be a financial asset. Since the production of gold ingots and bars not intended for industrial use was classified as a financial asset, it was included in a country's exports for purposes of reclassifying the merchandise produced in the conversion of a financial asset.

49. As for net exports of non-material services, it was explained that under SNA they included the value of the services provided by the tertiary economic sector and that the services involving net factor payment were treated in the financial balance of payments redistributed between the population and the foreign sector.

50. Speaking under the item on the final expenditure, the experts from Cuba explained in the first place that, for the purposes of the practical exercise submitted to the Seminar, work in progress had been included under fixed capital formation since no detailed information in that regard had been available at the time; however, at present a breakdown of the necessary data was available so that work in process could now be included as a variation in stocks in accordance with the criterion used in MPS. Secondly, it was explained that in table 38 of the basic working document of the Seminar, the concept of other final consumption had been broken down into three categories for the purposes of the conversion (requirements of the population, collective requirements, and other requirements), but that in MPS final expenditure was presented in two categories only, i.e., population requirements and collective requirements.

7. Comparability of the estimates of the composition of the value added in Latin America

51. A member of the Secretariat of the State Statistical Committee of Cuba introduced the next agenda item, on components of the income and their conversion from MPS to SNA.

52. A participant pointed out that although it was more difficult to make comparisons on the basis of the income broken down into small components than it was in the case of production and expenditure because of the marked institutional differences between the market economy countries and those with centrally planned economies, he considered it would be worthwhile enlarging upon the observations concerning the treatment received in Cuba by the free or nearly free distribution of food and by the bonuses paid to State workers and self-employed workers.

53. With respect to the first of those items -the free or nearly free distribution of food in Cuba- it was explained, that in general, all or part of the cost of such food was financed directly by the budget of the enterprises or by subsidies from budgetary sources. In the exercise it is never entered under remuneration for work.

54. In the case of the bonuses for workers, it was explained that, generally speaking, what had been done in Cuba in recent years had been to consider such allocations as remuneration for work since they were awarded as an incentive for meeting the standards laid down with respect to the amount produced by each worker; i.e., in each case the bonus was included in salaries and wages. Since 1981, as a consequence of the general wage reform applied in Cuba for the purpose of providing an incentive for increased production, in addition to awarding this bonus, enterprises could set up an award fund for distribution among the workers under a system of global indicators; these other allocations which were now also granted as an award were considered under redistribution of the gains of enterprises.

55. As for self-employed workers, for purposes of conversion they were considered to be an "enterprise" as were private producers in the agricultural sector. Consequently, the corresponding remunerations were excluded from the primary income of the population and transferred to the primary income of the enterprises.

56. Finally, a participant remarked that it would improve future comparability studies if, in addition to the tables on the conversion of the estimates relating to production, final expenditure and income, account was also taken of the conversion of estimates relating to transactions with the exterior.

8. Introduction of the numerical exercise of Cuba

57. A member of the secretariat of the State Statistical Committee of Cuba then introduced and explained the preliminary and unofficial numerical exercise prepared by the Committee and submitted to the participants in the Seminar by way of illustration. The exercise covers the conversion to SNA of estimates of goods and services and referred to data for the year 1974.

58. A participant asked for clarification concerning the criteria of valuation used in estimating residential services. In that respect it was explained that, in conformity with the previous study on conversion of estimates, which was analysed in detail in the working paper submitted by CEPAL, the most appropriate criterion had been considered to be that of valuing such services at cost level. The

/participant suggested

participant suggested that in the case of the present document it might be possible and advisable to consider an alternative method which might make closer comparison with the other countries of the region possible.

59. The representative of the Committee, after giving a detailed explanation of the procedure followed in calculating residential services, took the opportunity to explain that when the exercise had been prepared, it had not been possible to get hold of sufficiently detailed information for the year 1974 for use in converting the MPS estimates to SNA. For that reason, the entire exercise, and especially the part relating to housing, would have to be reviewed and improved, it had been submitted to show the practical possibility of applying the conversion keys suggested in the working document of the Seminar and not for evaluating the results of the exercise of estimating the aggregates of the Cuban economy in terms of SNA, a task which would be tackled in the future. He also explained that except in the case of the adjustment reflected in the exclusion of fixed capital goods, the numerical exercise accorded with the keys given in the working paper.

60. With respect to radio and television services, he explained that in Cuba the corresponding costs were never collected directly from the population nor from the enterprises using those services. They were organized as a budgetary unit financed through the overall budget and therefore there was no intermediate consumption in the costs of the enterprises.

61. With regard to the manner of calculating the output of the budgetary units, the seminar was informed that it had been calculated at cost level with account taken, in the concrete case of the social security contribution, as in the comparison exercise carried out between France and Hungary, of the imputation referred to in the working paper. In that connexion, a participant suggested the possibility of including the State as a third contributor to the general support of the social security funds, and including that allocation under the remuneration of wage-earners.

#### 9. Studies carried out by the United Nations Statistical Office

62. The representative of the United Nations Statistical Office described the studies under way and the plans for research which were contained in the Office's programme of work. In short he said Part Two of No. 20 of Series F, 6/ had just been distributed and that plans for future activities included the revision of Part One of that document. The basic objective was still the achievement of greater precision in specific concepts and treatments in order to facilitate conversion between the two systems and to add the details needed to further that aim.

63. He also commented on the preparation of specific documents for the analysis of certain basic aggregates, informing the meeting that the analysis of gross capital formation had been distributed to the countries. 7/ Plans had also been made to revise the glossary prepared at the end of the 1960s. He mentioned the studies which the Secretariat of CMEA had initiated to establish the link between ISIC and the CMEA economic classification - a proposal whose implementation was being attempted by Bulgaria and Finland. Finally, he explained that impetus was also

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6/ United Nations, Comparisons of the System of National Accounts and the System of Balances of the National Economy, op. cit.

7/ United Nations, Concepts and Definitions of Capital Formation, Study in Methods, Series F, No. 3, New York, 1953.

being given to the analysis for the calculation of the total consumption of the population and to the inventory of national practices in the application of both systems for purposes of facilitating the analysis and deciding on adjustments in relation to conversion.

64. In reply to a question put by a participant, he explained that for the purposes of comparability of levels between countries, the United Nations Statistical Office had been working on the international comparison project. In response to a participant's observation concerning the criterion which would be applied in the revision of document No. 20 of Series F,<sup>8/</sup> he said it would be premature to decide on the way the new document would be presented.

#### 10. Studies in the CMEA sphere

65. A member of the Secretariat of CMEA then made a statement concerning comparability studies relating to the CMEA countries. He mentioned two basic aspects of such studies -the first concerning the handbook on the System of Balances of the National Economy and the second concerning comparability among the CMEA countries.

66. With regard to the first point, he observed that after the System of Balances of the National Economy was presented in 1968, supplementary documents had been prepared to provide additional information on such subjects as conciliation and extension of the basic manpower balance, updating of the balance of national wealth, conciliation between the CMEA and the SINS countries, basic indicators of income of the population, consumption and social statistics, detailed specifications of the classification by branches of activity, methods and guidelines for calculating the global social product and the net material product and improvement of indicators for calculating the national income. In that respect, he said that CMEA was planning to submit soon to the United Nations Statistical Office an updated publication containing those documents explaining the System of Balances of the National Economy for widespread dissemination internationally.

67. He explained that the new document on the balance of national wealth extended the guidelines on the calculation of durable goods of the population and contained indications concerning the average duration of each article. He also pointed out that SINS described activities in the non-material sphere and, in addition, that it took the form of a balance of utilization and that the social statistics systems included an integrated set of indicators grouped in various subsystems, among which he mentioned those relating to employment, manpower, social composition, state of health of the population, environmental protection and a number of others. He specified that the thrust of the material balance was on the national wealth and for that reason paid special attention to material output.

68. With respect to the second point related to the studies on comparability among the CMEA countries, he pointed out that such comparability was very important and that, through indicators of value, attention was focused on the comparison of national income, on the situation with regard to stocks and consumption, broken down into their respective components, and on indicators of industrial and agricultural production.

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<sup>8/</sup> United Nations, Comparisons of the System of National Accounts and the System of Balances of the National Economy, op. cit.



69. In response to a participant's request for information, the speaker referred to the method of calculation used in obtaining values in a common currency within the sphere of the CMEA countries, on the basis of a basket of representative goods.

#### 11. Introduction of the comparability study between France and Hungary

70. A representative of the Hungarian Central Statistical Office reminded the participants that this bilateral comparison had been carried out in response to the need to test the theory described in United Nations document No. 20 of Series F,<sup>9/</sup> for which purpose France and Hungary had combined forces and set up an inter-agency working group. The study had made it easier to provide the technical experts of both countries with a detailed explanation of the system not used by their own country. In addition, it had facilitated analysis and discussion of practical conversion problems, the conclusions of which were contained in the two documents submitted to the seminar.

71. In listing the points which had been most thoroughly researched, she drew attention to the distinction between the coverage of material and non-material production and the problem of secondary and extra-market activities. One conclusion to be drawn from the study was the need to revise and simplify document No. 20 in Series F <sup>10/</sup> and the advisability of clarifying some of the recommendations of SNA and MPS. Finally she said that very valuable findings had emerged in respect of the use of the import-product tables produced for such comparability studies.

72. A participant drew attention to the effort which had been put into the study and said its preparation made it clear that comparison, aside from the conceptual framework it provided, involved the structures of each country, making it necessary to seek practical ways of resolving the institutional differences to some extent. It was considered important to have classifications of related activities and it was felt that the main problem to be solved was that of the secondary production of the different units of observation.

73. Another participant also drew attention to the effort put into this study of bilateral comparison and into the analysis of secondary production and the use of the input-output tables. Finally, stress was laid on the fact that in MPS there is no explicit treatment for tips and that this varied from one country to another and that, for example, in the case of the USSR tipping was considered to be a form of transfer payment.

#### 12. General conclusions

74. In the seminar detailed consideration was given to the conceptual links between MPS and SNA and the steps required for the formal conversion of the estimates from one system to the other. Consideration was also given to the conceptual problems and problems of measurement illustrated in the numerical exercise on conversion of Cuba's MPS for 1974 to SNA and to the main problems raised in the bilateral comparison exercise conducted by France and Hungary. Note was also taken of the progress made in the studies being conducted by the United Nations Statistical Office and the CMEA secretariat and of those they planned to carry out.

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<sup>9/</sup> Ibid.

<sup>10/</sup> Ibid.

75. In the course of the debates, concern was expressed with regard both to the actual comparability of the estimates made under SNA and those made under MPS and the need to compare the structure of economic systems with a different institutional organization and different price and tax systems, over and above the consideration given to formal aspects of accounting. More general concern was also voiced concerning the comparability of the Latin American socio-economic systems in connexion with the analysis not only of the operation and structure of the economies but also in connexion with the more general aspects of well-being and natural resources.

76. It was recognized that the basic topic of the seminar -the formal comparability of MPS and SNA estimates in Latin America- constituted a narrow frame for this full range of concerns, but that the seminar was the necessary first step in undertaking, in the region, a process of analysis of the problems of comparability between different socio-economic systems which would in future necessarily become increasingly comprehensive and require more highly detailed studies with greater scope.

77. In that sense, the next stage of comparison of the estimates now being made by the countries could be considered to have been embarked upon, with the work done by the seminar in considering the numerical exercise on conversion of Cuba's MPS marking a first step in that direction. The following steps must include the many dimensions of analysis of the problems of comparability, both conceptual problems and institutional and measurement problems which arose in bilateral comparisons which might be made between countries with different institutional systems.

78. Other problems for study were related to the different valuation of the flows in the two accounting systems. In some cases, it would be possible to find solutions which would make it possible to replace criteria of measurement in order to improve comparability and even to further the purposes of analysis for which the two systems could be utilized. Problems of valuation related to the differences in the economic systems would, however, persist; but although they might be insoluble from the conceptual or accounting point of view they could be dealt with in a flexible manner on the basis of explicit data which serve the purposes of specific comparative analyses.

79. Something similar could happen in respect of the treatment of the comparability problems posed by the difference in institutional organization. In this sphere the possibility was envisaged of formulating new concepts, such as the total consumption of the population or concepts that are related to gross capital formation now under consideration, which could enrich both systems. Problems related to the institutional differences would, however, remain insoluble from the conceptual point of view although even they could be given detailed treatment within the framework of specific comparative analysis.

80. Another area where comparability concerns and studies could be applied was the comparison of real products expressed in common currency through parity of purchasing power or price relations. The value of the study carried out within the framework of the United Nations International Comparison Project in comparisons of measurement corresponding to different institutional systems was recognized. At this level, attention was drawn to the study now in process on Latin American intra-regional comparisons and the possibilities it offers for increasing the number of countries covered (with Cuba included) and for tying in with the studies being conducted at world level under the project mentioned above. Mention was also

/made of

made of the need to embark in the immediate future on a comparative study of the methods used by the countries of the region in making estimates at constant prices, in an attempt to achieve greater harmonization of calculation criteria and procedures.

81. It was pointed out that in a broader framework, some of the concerns expressed went beyond the comparison of accounting systems and were aimed rather at the comparison of the social system. In that connexion, consideration was given to the possibilities offered to countries applying SNA in Latin America which took advantage of the potential of that system where it was most relevant for the analysis of the development of the region. In that respect, participants were reminded of the conclusions of the Latin American Seminar on National Accounts held in Mexico in 1981 in connexion with the construction of institutional accounts, the estimation of household accounts, the expansion of those accounts in the two directions indicated by the complementary system for income distribution and household inventories, the utilization of material balances and the estimation of the final utilization through the flow-of-goods method and the need to estimate balances of national wealth envisaged in SNA. Attention was also drawn to the idea that some of those conclusions could be usefully developed in Cuba's estimates relating to the application of MPS.

82. Finally, it was felt that the most widely held concerns in respect of aspects of socio-economic development and living and environmental conditions provided incentive for working on the linking of the two systems of social comparability (whose analytical and operational aims, although many, were concentrated on economic analysis) with other systems now being developed which placed greater emphasis on other aspects of socio-economic development. In this connexion special mention was made of the system of demographic and social statistics and the systems of social indicators based on it,<sup>11/</sup> the guidelines to social accounting in which an attempt was made to incorporate the more general aspects of living conditions and the quality of life, and statistical systems in the fields of environment, energy and natural resources.

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<sup>11/</sup> United Nations, Towards a System of Social and Demographic Statistics, Studies in Methods, Series F, No. 18, New York, 1975.



Annex 1

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Annex 2

List of documents

E/CEPAL/SEM.5/L.1/Rev.1	Provisional agenda
E/CEPAL/SEM.5/L.2	Comparability of the systems of national accounts and the material product in Latin America
E/CEPAL/SEM.5/L.3	Estimate of net material product of Peru for 1969
United Nations, Series F, No. 2, Rev. 3	A System of National Accounts
United Nations, Series F, No. 17	Basic principles of the System of Balances of the National Economy
United Nations, Series F, No. 20	Comparisons of the System of National Accounts and the System of Balances of the National Economy. Part I. Conceptual relationships
United Nations, E/CN.3/543	Links between the System of National Accounts (SNA) and the System of Balances of the National Economy (MPS)
United Nations, Statistical Commission and Economic Commission for Europe CES/451	Comparison of the national accounts and balances of France and Hungary
International Association for Research in Income and Wealth	Franco-Hungarian comparison of concepts and data for national accounting
State Statistical Committee of Cuba	Bases metodológicas del Sistema de Balances de la Economía Nacional
State Statistical Committee of Cuba	Conversión de los principales indicadores macroeconómicos del Sistema de Balances de la Economía Nacional (SBEN) al Sistema de Cuentas Nacionales (SCN). 1974.