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ECONOMIC COMMISSION FOR LATIN AMERICA

REPORT OF THE WORKING GROUP ON NATIONAL ACCOUNTS
Santiago, Chile, 8 to 17 November 1965

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THE HISTORY OF THE

The history of the world is a vast and intricate tapestry of events, shaped by the actions of countless individuals and the forces of nature. From the dawn of civilization to the present day, the human story has been one of progress, struggle, and triumph. The ancient world, with its empires and philosophies, laid the foundation for the modern world. The Middle Ages, with its religious fervor and feudalism, shaped the cultural and political landscape of Europe. The Renaissance, with its emphasis on humanism and scientific inquiry, marked a turning point in human history. The modern world, with its technological advances and global interconnectedness, has brought us to the present day. The future of the world is uncertain, but the human spirit remains resilient and hopeful.

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I. INTRODUCTION

A. Organization of the meeting

1. The Working Group on National Accounts met at Santiago, Chile, from 8 to 17 November 1965 under the joint auspices of the Economic Commission for Latin America and the United Nations Statistical Office, with the co-operation of the Bureau of Technical Assistance Operations.

2. This Group is one of a number of similar working groups which have met or are going to meet in the various regions of the world during 1965 and 1966 in order to discuss the proposed extension and revision of the United Nations System of National Accounts (SNA) and its adaptation to conditions in the developing countries. The agenda, which was approved after some amendment of the original draft, is shown in Annex I.

3. The basic documents considered at the meeting were the report of the expert group which had met in New York in December 1964 in order to present a basic framework for a new extended and revised SNA, a document which included specific proposals for an adaptation to Latin American conditions of the framework proposed by this group, and a document with additional suggestions presented by the ECLA secretariat. A complete list of the documents, including a reference document on experience and problems with national income statistics in Latin America, also prepared by the ECLA secretariat, is contained in Annex II of this report.

4. Participants from Argentina, Barbados, Brazil, Chile, Colombia, Ecuador, Guatemala, Jamaica, Mexico, Panama, Peru, Trinidad and Tobago and Uruguay attended the meeting. Representatives of the Latin American Institute for Economic and Social Planning also participated in the Working Group. The Interamerican Statistical Institute was represented by two observers. The list of participants will be found in Annex III to this report. Following a suggestion by the ECLA secretariat, Mr. Gustaaf Löeb, Chief of ECLA's Statistical Division, was appointed co-ordinator of the group.

5. In his opening speech, the Assistant Executive Secretary of the Economic Commission for Latin America welcomed the participants and stressed the importance of the meeting as a means of obtaining a Latin American point of view in connexion with the extension and revision of the SNA. He indicated some problems which, in ECLA's opinion, ought to be discussed. The substantive part of his statement is contained in the Introduction to document E/CN.12/Conf.22/L.4.

B. The world programme for the extension and revision of the United Nations system of national accounts

6. The Group noted that the proposed revision and extension of the structure, concepts and classifications of the SNA consisted of the system of national accounts set out in document E/CN.3/320 as amended in certain respects by the accounts and tables of document ST/ECLA/Conf.22/L.2. The amendments were the result of discussions of document E/CN.3/320 at regional meetings which had already taken place and at the thirteenth session of the Statistical Commission. Document ST/ECLA/Conf.22/L.2 also included suggestions for adapting the general system to conditions in the Latin American countries. The Statistical Commission had assigned a high priority, in the programme of further work of revising the SNA, to devising an adaptation of the general system to the requirements and circumstances of the developing regions; and the meeting of the Group was part of the first round of consultations in these regions on the general framework and its adaptation.

7. Further work was needed on a number of additional aspects of the new SNA, and the sequence in which this should be undertaken had been outlined at the thirteenth session of the Statistical Commission. The concepts and definitions of the system were to be detailed during the next half year, and a complete version of most parts of the system and its adaptation for the developing countries would be prepared by mid-1966, taking into account the results of the first round of consultations in the various regions of the world. This draft would be considered at the second session of the United Nations Headquarters Expert Group in July 1966 and at the fourteenth session of the Statistical Commission in October 1966. Studies of the integration of statistics on the distribution of income and balance sheets within the extended SNA would also be discussed at these meetings. The framework of the new system allowed for the integration of the statistics, but the accounts and tables for these aspects of the systems were not prepared because some basic problems had to be resolved beforehand.

8. The treatment in document E/CN.3/320 of data at constant prices needed extension and elaboration; and this would be undertaken on an extensive basis later in 1966 and completed during the following year. The Group considered that a further study of this subject should be pursued as rapidly as feasible in view of the urgency of the requirements in the region for national accounting data at constant prices. It was also suggested that a working group be convened in the course of the next year in order to discuss these studies and the related subject of inter-country comparisons of national accounting data. Though constant-price data would be discussed during the course of the present meeting, neither the time nor the documentation was available for adequate consideration to be given to a number of important aspects of this subject.

9. In 1967 another round of national consultations through regional meetings and other means would take place on the complete draft of the revised SNA. It was hoped that the Statistical Commission could adopt the new SNA at its fifteenth session in April-May 1968. A revised Series F, N° 2 would then be issued on the new system, and a detailed technical manual would be prepared. The Group wished to emphasize the need to issue the comprehensive manual on the revised and extended SNA as soon as possible. It was noted that an aspect of the review which would still remain to be carried out was the development of systems of demographic, manpower and other social statistics which are inter-related with the national accounts.

II. ACCOUNT OF PROCEEDINGS

A. Points of major concern

10. In the course of the discussions held during the meeting, particular concern was expressed regarding the regional adaptation of the new proposals, in terms of the realities of Latin America today, from the conceptual standpoint as well as that of analytical requirements.

11. In general the participants stressed the increased requirements in the field of national accounts resulting from the advances in economic and social analysis in the region, especially in relation to planning activities. Hence there was special emphasis, within the broad field of activities covered by the new proposals, on questions most closely linked with planning needs. Subjects such as, inter alia, national accounting at constant prices, input-output and commodity-flow methods, information relating to the external sector, the treatment of the public sector, the detail of financial transactions, and the inclusion of gross instead of net flows, appeared to be the questions of main interest, in terms both of the broad aspects of the new proposals and of certain specific points.

12. In the light of these concerns, the views expressed were aimed at throwing into relief, and as far as possible anticipating, those parts of the work programme at the world level relating to the points in question, in particular national accounting at constant prices. The Group considered that a new study should be made in this field, at the earliest possible moment, in view of the region's urgent needs. It was also suggested that during 1966 a working group should meet to examine these studies and the related subject of the comparability of the national accounts problems of different countries.

13. The group also stressed the need to publish as soon as possible the detailed manual on the SNA in its revised and expanded form. It was indicated that one aspect of the revision which had so far been neglected was the working out of statistical systems on demography, the labour force, and other social concepts relating to national accounts.

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14. It was considered highly desirable to organize as soon as possible new working groups at the regional level, in order to make a more detailed study of aspects that the present meeting could only touch on in broad terms. This applied both to such conceptual aspects as national accounting at constant prices, and to questions of the comparability of the national accounts figures of different countries, and, more specially, the practical problems faced by the Latin American countries in the field of basic data for national accounts.

15. Thus the meeting took note of the considerable advance represented by the new proposals, and formulated specific suggestions for taking them into account in the content and arrangements of future work.

16. Mindful of the need for a concerted statistical research effort designed, among other things, to provide an element of flexibility in the requirements of the new, integrated method of national aggregates, the Working Group expressed the general view that the United Nations Statistical Office and ECLA should not fail to impress upon national governments that, in requesting technical assistance, they should at the same time promote primary statistical research on essential economic, demographic and social aspects.

B. The aims and basic structure of the revision and expansion of the SNA

17. In the light of the background to the world programme for the revision and expansion of the SNA, the Working Group considered the essential aims that should govern the new proposals.

18. These aims are reflected in document E/CN.3/320, and can be summarized as follows:

- (a) To outline an integrated, consistent and sufficiently detailed system of national accounts, to serve as the basis for meeting national needs as well as making international comparisons;
- (b) To help stimulate an integrated programme of basic statistics;
- (c) To integrate national accounts with input-output tables, flow-of-funds statements, national and sector balance sheets, and information on constant prices, with a view to improving this analytical instrument in order to meet economic planning needs;
- (d) To include basic data on personal income distribution, regional accounts and other analytical items;
- (e) To leave the way open in the future for the possible inclusion in the national accounts system of certain demographic and social items.

19. The participants in the Working Group, while recognizing the useful advance represented by the new proposals towards meeting these requirements, stressed the growing needs in Latin America in the field of national accounts, aggravated by the region's activities in the planning of economic and social development. These needs made it desirable that the aims of the revised SNA should accord due priority to some of the most pressing of the problems concerned.

20. Among these problems, the participants drew attention in particular to the need to place more stress on accounting at constant prices. Certain characteristics of the economies of the region, the requirements arising from planning objectives, and the progress already achieved in some countries at the statistical level, all made it necessary, in the view of the participants, for these techniques of analysis relating to accounting at constant prices to be included as one of the principal aims of the system and to be dealt with, in so far as possible, earlier in the timetable, as set out in paragraph 8.

21. It was also indicated that the proposals submitted did not pay sufficient regard to the treatment of regional accounts. Planning at the regional level was also becoming a matter of growing concern in the Latin American countries, and this led to the formulation of certain specific proposals to provide for dealing with this aspect in a more explicit form in the final version of the document.

22. The Group noted with approval that the new system consisted of real accounts - production and capital expenditure - and financial accounts - income and outlay, capital finance, revaluation and balance sheet. In the real accounts, industries (enterprises), general government and households including private non-profit institutions were distinguished from one another; and the establishment or similar unit was used in classifying their economic activity. The other major classifications utilized in the real accounts dealt with the commodities produced by industries, consumer goods and services, and government services (purposes). The Group considered that the use of two units of observation - the establishment and the commodity - in the production accounts was an appropriate solution to the problems arising from the occurrence of assorted (primary and secondary) production in the case of a number of establishments. In the financial accounts, the enterprise or similar unit was utilized as the statistical unit; and the institutional sectors were further sub-divided in the light of differences in their financial and other economic behaviour.

23. In discussing the basic structure of the revised SNA the Group considered the problems of sub-dividing an enterprise into establishments according to the various kinds of economic activity in which it engaged. It was agreed that such sub-division was essential but was not infrequently limited by the availability of separate records and data.

C. Real accounts and tables at current prices

24. Under this head, the Group considered some of the concepts concerned, "B" accounts with their corresponding tables, and the content of those accounts and tables.

25. In discussing the basic aspects of the document's lay-out, it was considered that the definition of production limits was not fully suited to the characteristics of production in Latin America. It was agreed that the concept should be broadened.

26. The national accounts system in force comprised total primary production and the traded portion of the other goods and services. In the revision proposed in document ST/ECLA/Conf.22/L.2, the concept was enlarged upon to include production of all other goods provided that a certain proportion of the output was traded. It was considered, however, that the limits should be widened even further, because of the importance attaching, in the primary sectors of Latin America, to artisan activities whose products did not go through the market. Such an omission might lead to conceptual errors with regard to the evolution of the level of activity or relative degree of wellbeing achieved. Moreover, as the primary producers moved from a subsistence economy to a market economy so will this fact, in itself, bring about an apparent increase in the level of economic activity.

27. The Group decided to suggest that, in principle, the concept of production be expanded to include all the processing done by primary producers and similar to that effected by goods-producing enterprises and generally forming the basis of transactions in a monetary economy.

28. It was felt that such an extension in the boundary of production could enhance the analytical values of the national accounting data but would raise some practical problems of application. In view of the differences in the reliability of data on production for the market and for own use, the Group proposed that where pertinent, a distinction should be drawn between these two categories of production in the tables and accounts of the Latin American adaptation of the system.

29. In discussing the two institutional sectors included in the production account, it was considered advisable to treat government and households and private non-profit institutions as productive institutions providing services and not only as final units. It was argued in favour of this conceptual treatment that the government as a producer of services deserved the same treatment as a productive enterprise, and should therefore have a production of goods account. As a result of these discussions it was decided to adopt the following criterion:

/(a) Treatment

(a) Treatment of the government

The government has two separate activities within the accounting system, that of a producer of goods and services and that of consumer of those goods on behalf of the community. In connexion with the first activity, it should obviously be included in the production account, by branch of activity, as an additional enterprise, which combines the services of factors of production and inputs with a view to obtaining the units of a product called administrative, defence or educational services. With respect to the second activity, the government should appear as a collective consumer or representative of the community, purchasing all those services. That treatment would be completely in line with the "B" accounts of the proposed system. In the production account by branch of activity the services produced by the government are credit entries, and the costs incurred in obtaining them are debit entries; while the account by type of good will show the purchase of those services on behalf of the community.

(b) Treatment of production activities of households (domestic service) and private non-profit institutions

Here the distinction is much clearer and more precise; the production accounts by branch of activity will equal the value of the service and costs incurred, and the commodity accounts will show the distribution of those services. This treatment, compared with the proposal contained in the above-mentioned documents, presents a number of advantages. In the first place, it permits a clear distinction to be made between production accounts and production reclassification accounts. Thus, all productive activities are concentrated in the accounts by branch of activity, and the product, government consumption expenditure and consumer goods and services accounts are clearly defined as product reclassification accounts. Secondly, it makes it possible to establish a clear and comprehensive relationship between the "B" system production accounts and the consolidated expenditure and product account. The product is obtained by consolidating and reorganizing the "B" system production accounts. The new presentation of the "B" accounts for these two sectors is shown in Annex IV.

30. With respect to the elimination of the imputations suggested in document E/CN.3/320, the Working Group agreed that for the imputation of the charges for banking services it would be desirable to maintain the existing treatment, in view of the possible anomaly of this sector showing an operational surplus, and in some cases also showing negative values added. This was agreed on despite the Group's awareness of the statistical difficulties that might arise from these imputations and their allocation in the input-output tables.

31. In the matter of the suggested elimination of the imputations of Government rents, some participants wished to retain the imputations as in the present SNA, whereas others were in favour of the proposal in document E/CN.3/320.

32. In connexion with the rents paid for the use of structure or equipment, these were to be treated as payments for non-factor services and therefore as part of the cost of production. On the other hand, rents for agricultural land were to be considered payments for the use of property and therefore part of the operating surplus of the agricultural producer. The Group accepted these proposals, as set forth in document E/CN.3/320, though some participants were concerned about the effects of treating rents on structures and equipment as payments for non-factor services on capital-output ratios. The Group also noted that owner-occupied dwellings were to be included as a subdivision of the real estate industry.

33. In the discussion on the calculation of imports and exports, it was generally agreed that it would be more appropriate to take them into account at the moment when they crossed the frontier.

34. With respect to the problem of unfinished constructions, document E/CN.3/320 proposes considering these as increases in stocks. The Group accepted this principle, although it indicated the desirability of clarifying certain methodological aspects. For example, problems arise regarding a construction that is completed in a number of stages, or constructions that, although completed, are still without the equipment and installations needed before they can be regarded as operational. In this connexion, it was agreed that the criterion to be adopted in considering a building as completed was that it should be ready for occupation. It was recommended that in presenting data this concept should be separated from the total of stock variations.

35. The Group also considered how own-account construction should be treated. In this connexion, some experts were in favour of the treatment proposed in document E/CN.3/320, in which it is suggested that this item should be included under construction only when it represents a major activity of the bodies concerned. Other experts felt that the treatment of secondary production was not in line with the suggestion that only own-account construction should be separated in each sector. Moreover, if this criterion were adopted certain problems would arise since distinction would have to be made between factor services applied in each sector's production proper and those relating to production transferred to the construction sector. On the other hand, arguments of a certain weight were advanced relating to the desirability of including this activity in the sector concerned - particularly in the case of the agricultural sector - owing to the practical difficulties of separating it from agricultural activities proper. This view implies maintaining the present treatment of this item.

36. The Group turned next to discussion of the definition of capital formation in the rural parts of the economy, including rural housing. There was some difference of opinion regarding the fact that the costs involved in developing plantations until they became productive, and in reforestation, are considered to be fixed capital formation, and it was suggested that they should be deemed to be variations in stock. The maintenance of the present treatment of increase of livestock as changes in inventories in the new system was noted with approval.

37. With respect to the calculation of depreciation, which in accordance with the recommendations before the group, would be calculated at market replacement prices, the Group discussed the implications of this treatment as regards consistency between the balance sheet data on fixed assets, on the one hand, and depreciation charges and fixed capital formation, on the other. Though the proposed system provides for balance sheet valuation of fixed assets at market value or replacement costs, and the inclusion of the consequent capital gains or losses, the view was expressed that it would be desirable to distinguish depreciation and indicate separately its costs at purchase price, and the corresponding adjustment.

38. In considering the "B" accounts it was noted that the industries singled out had been mentioned merely for purposes of illustration, and that each country should adapt the proposal to the characteristics peculiar to its own economy. The Group also observed that in the "Production account - industries", in the "B" accounts, the sum of recorded indirect taxes did not correspond to the parallel entry in the "A" accounts, because import duties are not collected through industries.

39. In analysing supporting table 1A to the system of national accounts, the Group decided to recommend the addition of a column for the gross value of production and another for the value of intermediate consumption. The purpose of the suggestion was to facilitate the calculation of the value added by type of economic activity, and, in many countries, would not entail a special effort of compilation, since the data are implicit in the methodology used to calculate value added. Table 1A embodying the Groups's proposal is given in Annex IV.

40. With regard to the suggestion made in document ST/ECLA/Conf.22/L.2 to include a table on the structure of the labour force, the group recommended that sections b and c of the table should be deleted and that a distinction between public and private employees should be made instead in column 6 of the same table (see table 2A of Annex IV). Moreover, the Group recommended the inclusion of a table (see Annex IV, table 2B) on employment by economic activity according to occupational categories.

41. In reviewing the table presenting information on production and inputs of industries (document ST/ECLA/Conf.22/L.2, table 4), it was agreed to accept the suggestion made by the ECLA secretariat to append

two additional tables to table 4, the first relating to privately-owned and the second to State-owned establishments (see Annex IV, tables 4A and 4B).

42. Likewise, after considering the tables on gross investment, the Group specifically proposed a breakdown in tables 8A and 8C of the public and private sectors and also of the origin of the investment (domestic or foreign), and in tables 8B and 8D a breakdown of the origin (domestic or foreign), (see Annex IV).

43. With respect to information on current transactions with the rest of the world, the Group stressed the need for a supporting table indicating current receipts and payments in the same degree of detail as the equivalent table in the present system (table 11, International transactions), and adapted to follow the lines of the new proposals. It was deemed advisable that the table should classify the transactions by economic area, namely, Latin America, United States, Western Europe and Rest of World. The same table should also be presented at constant prices, but without a breakdown by economic area (see Annex IV, tables 12A and 12B).

D. Financial accounts and corresponding tables

44. The Group examined at length the composition of the financial accounts proposed in document E/CN.3/320, which are based on an institutional classification of financial transactions. The presentation in question was considered to provide a highly useful analytical tool for studying financial processes in the different institutional sectors.

45. One of the specific points raised for discussion was how to reward the definition of the item on pension funds and social security agencies in the light of conditions in Latin America. It was noted that in Latin American countries, pension funds for government employees did not generally meet the criteria set out in document E/CN.3/320 for inclusion in the institutional sub-sector, insurance and pension funds. In that respect, it was deemed advisable to clarify the definitions of the item given in document E/CN.3/320.

46. The Group felt that general government should be subdivided to a greater extent than in document E/CN.3/320 in order to establish a closer relationship between the sub-sectors and the various levels of government administration and to facilitate the compilation of data. It was suggested that the extra-budgetary funds of central government be delineated separately and that local government be sub-divided into state or provincial government and municipalities. The proposed subdivision was approved, on the grounds, among other things, that it was necessary to know each of the different sources of financing and the structure of the savings of the different general government bodies. Moreover, some government bodies obtain their revenue from special laws and taxes specifically imposed for the purpose, whose returns are useful to have in separate figures (see Annex IV, tables 10A and 11A).

47. With regard to the financial accounts, it was suggested, for purposes of credit analysis, that non-financial enterprises - whether incorporated or not - and private non-profit institutions should be classified by activity.

48. The Group concurred in the basis of recording employed in the accounts and tables of the new system. It was considered that though combination, instead of consolidation, of the transaction of the units of an institutional sector was in general desirable, consolidation should be utilized in case of the monetary system and general government. This would avoid obscuring the transactions of these sectors with other sectors by the significant volume of book and other transactions of little economic significance, between the units within each of these sectors. The Group noted that the paid-received basis of recording was utilized in the case of financial assets and liabilities and the payable-receivable basis in the case of other types of transactions. The differing basis of recording were reconciled in the item on payables, receivables and advances included among financial claims.

49. It was thought desirable to extend the definition of national residents, as was recommended in document E/CN.3/320, to include all persons domiciled in a country except seasonal foreign workers, foreign diplomats and foreign military forces, and all enterprises engaged in domestic economic activity.

50. The Group also approved of the proposal in the document that the retained earnings of banks, insurance companies and similar institutions be treated as the saving of these units, and not of households.

51. The Group felt that it was essential to preserve the distinction between current and capital transfers in the case of the Latin American countries. This distinction was of particular importance in the case of transfers from abroad and in view of the requirements for capital formation. Difficulties did however arise in making the distinction; and more precise definition of the two types of transfers was wanted than was furnished in the present SNA or document E/CN.3/320.

52. The Group then turned to the consideration of the financial accounts and supporting tables of document ST/ECLA/Conf.22/L.2, and suggested the addition to the Latin American adaptation of the system of the items of data set out in table 12C and 12D of document ST/ECLA/Conf.22/L.4 in view of the critical importance of foreign financial transactions for Latin American countries. It was noted that table 11A of document ST/ECLA/Conf.22/L.2 called for data on foreign financial transactions classified in a manner which differed in a number of respects from table 12C. The Group considered that both tables were needed as the classification of table 12C was more detailed than the classifications of table 11A and like the present classification in the IMF Balance of Payments Manual. The Group recommended that the items on capital transfers in tables 12C and 12D be eliminated as these tables should sum to the net changes during a period in financial assets and liabilities.

E. Special sector accounts

53. In document ST/ECLA/Conf.22/L.2, formulating ways of adapting the revised SNA to the needs of Latin America, it is suggested that two accounts should be established for special sectors of the economy. The Group agreed that this proposal was of fundamental importance for the countries of the region, since by its means questions relating to two basic sectors - the traditional rural sector and a key sector comprising activities of exceptional significance in the structure and dynamics of any given economy -, which were difficult to analyse under the conventional accounting system, could be dealt with in depth.

54. The prevailing opinion expressed in the Working Group's discussion of this topic was that the "D" accounts should include a special account for the public sector. This view gained considerable support, and a specific recommendation was formulated for the inclusion of a special public sector account in the "D" accounts.

55. The foregoing proposals were based on recognition of the importance that the public sector was acquiring in the dynamics of economic development in the Latin American countries and in the planning process. It was pointed out in this connexion that current progress in the application of programme budgeting techniques was a sign of priority that was being assigned to the sector in question. Other supporting opinions adduced the practical viability of a separate account of the kind envisaged, on the grounds that more detailed coverage was generally available for the public sector, and that data on the Government and on public enterprises were as a rule more readily accessible than information on the private sector.

56. With respect to the content of the traditional rural sector, the Working Group, after exchanging views on the problems involved in drawing the production boundary in agricultural activities, reached the conclusions that countries should be left free to demarcate it in accordance with their own characteristics.

57. In the same context, the Group discussed the desirability of supplementing the set of accounts for each sector with the corresponding accounts for the rest of the economy, so that in the "D" accounts the totals for the economy as a whole could be obtained in each case - a suggestion which would afford a useful means of evaluating the relative weight of the sector whose importance it was desired to indicate. The Group formulated a specific recommendation to that effect, which implied an expansion of the scope of the "D" accounts proposed in document ST/ECLA/Conf.22/L.2.

58. In the course of the discussion, other types of "D" accounts were mentioned, incorporating analytical possibilities of interest in relation to Latin American conditions. Reference was made, for example, to distinctions between the urban and rural sectors; traditional and modern sectors, etc.

F. The consolidated (A) accounts for the economy as a whole

59. The Group considered that the "A" accounts of the system presented a valuable summary of the domestic and foreign transactions of an economy and of the major national accounting aggregates. It was however considered that some additional important aggregates should also be presented. Consequently the Group recommended the following changes: (i) the entries on domestic factor incomes to be sub-divided into compensation of employees and operating surplus, (ii) the entry Saving, to be sub-divided into public and private saving, and (iii) a sub-total for national income at factor costs to be shown in Account 2, National disposable income and its appropriation. The "A" accounts, as amended, are presented in Annex IV.

G. Real flows at constant prices. Concepts and tables.

60. In treating this subject the Working Group reiterated the concern it had expressed at the beginning of the meeting on the essential need to have integrated conceptual systems on flows at constant prices. In this connexion the Group referred to the relevant paragraphs of document ST/ECLA/Conf.22/L.4, some of which are reproduced below, at the express request of the Group:

"The structural imbalances with which the Latin American economies are grappling in their process of growth - inflation, devaluation, wide fluctuations in external purchasing power, etc. - have made it vitally necessary for these countries to have analytical tools with which to ascertain the real evolution of the macro-economic aggregates and the effect of changes in domestic and external prices on the income received by the different sectors of production. The importance attached to this type of analysis can be gauged from the fact that several countries have begun to calculate their domestic product by branches of activity at constant prices before completing the preparation of a comprehensive national accounts system at current prices.

"In view of the work involved in the proposed revision of the SNA, it seems expedient to seize this opportunity to suggest that the data given in real terms in the tables appended to document E/CN.3/320 should be presented in the form of accounts in the interests of greater logic and consistency.

"The proposal envisages a consolidated system of accounts that would be built up in the same way as the "A" accounts at current prices set forth in document E/CN.3/320. This structure would make it easier to obtain a number of totals of great importance for analysis, relating, for instance, to real gross domestic income at market prices, national disposable income, gross savings and the real external deficit. The system would also provide a homogenous method of external sector valuation at constant prices.

/"These suggestions

"These suggestions would make it possible for separate figures to be presented on the effect of changes in the external terms of trade. Such changes would be expressed as an addition to or deduction from the gross product, depending on the fluctuations in the relative price levels of exports and imports. In the proposed framework, the addition of this item to net factor income from the rest of the world would change the concept of the gross product to that of gross national income.

"The idea of explicitly incorporating these concepts does not of course extend to the formulation of specific recommendations on the most suitable method of calculation to be used. Largely because of the nature of the information available in Latin America, ECLA has been using certain methods that the secretariat itself would like to see revised in due course so as to introduce any modifications that may be desirable for conceptual reasons or because of improvements in the basic data themselves.

"The use of the constant price system for analytical purposes shows that significant results can be achieved even with a fairly simple design of the kind proposed. A mere comparison of real domestic income with the gross product will give an idea of the impact on real productivity of the transfers that take place in purchasing power as a result of fluctuations in the prices of external transactions. The domestic product at constant prices is a useful yardstick for a more searching analysis of the product-capital, labour-capital and other technical ratios connected with the internal productivity of an economy, while national income measures the product after allowing for international trade adjustments. The national product thus refers to the production available for distribution to residents as real income and provides an indicator of the state of the economy.

"The observation made in relation to "A" accounts at current prices that the data supplied are too highly aggregated to be really useful, especially regarding the extent to which the items included are broken down, is equally applicable to accounts at constant prices. Consequently, the question of breaking down the items included in the system might well be taken up once the methodological and conceptual studies of estimates at constant prices have reached a more advanced stage, since it would broaden the possibilities of analysis to include such factors as internal productivity, external trade conditions, consumption modules, wage adjustments, and capital formation in fixed assets and stocks. This would, however, call for equal progress in the preparation of compatible price index systems, as suggested by the more recent United Nations publications mentioned.

"Lastly, it should be pointed out that the proposed system could be simplified by not separating the item 'increase in stocks' from 'net transfers from the rest of the world', since the relevant

Latin American statistics are unreliable, and their conversion to constant prices poses a number of difficult conceptual and methodological problems."

In dealing with the topic, the Group examined the practical and conceptual problems presented by a constant-price system, and considered the views of the representative of the United Nations Statistical Office on some problems of concept and measurement in constant-price data.

61. Several participants, recognizing the conceptual and methodological difficulties described above, reiterated the practical requirements with which they are faced in connexion with analysis and planning in presenting accounts of that nature. In the absence of strictly technical conceptual and methodological definitions, in practice partial and provisional solutions are gradually being adopted. In that respect, some experts related their countries' experience in the preparation of accounts at constant prices, drew attention to the problems they had to face and explained the practical measures they had been taking to solve some of those problems. The discussion culminated in a specific proposal put forward by the Working Group endorsing the relevant considerations contained in the paragraphs transcribed above, as well as the idea of incorporating in the system a set of consolidated "A" accounts at constant prices, which is contained in Annex V, together with the supplementary tables, as an illustration of the needs arising in the region. The Group also suggested that the columns on the value of production and intermediate consumption should be included in table 1B.

62. The Group felt that the inclusion of this system would further serve to accentuate the need for the international agencies to give priority to devising the concepts and methods required to solve those problems.

63. The Group also considered the alternatives for estimating value added in the various industries at constant prices. It was noted that the method of double deflation sometimes resulted in negative figures of value added in constant prices. This may be the result of the change in the mix of raw materials inputs in favour of raw materials which fell relatively sharply in price from the base period, or in the mix of commodities made in favour of products which rose relatively sharply in price since the base period. In these circumstances it was necessary to turn to other approaches for making the constant-price estimates. In one view, deflation of gross output only had conceptual, as well as practical, advantages over the double deflation approach estimating value added in the various industries.

H. Classification problems

64. In the discussions on this subject the unanimous view was that, since the problem was too complex and would require additional criteria, this was not the time to pronounce a final opinion. In order to facilitate the classification of employment by occupational categories, as recommended in paragraph 40, it was suggested that a proposed grouping of occupations should be prepared, starting from the third digit of the International Classification of Occupations.

The ECLA secretariat reported to the Group on its work in the field of foreign trade statistics and on the preparation of a classification by economic use and destination and by branches of activity in import and export statistics. The tables referred to were based on a document recently prepared by ECLA, which had been made available to the Working Group.^{1/}

I. Orders of priority in the revised SNA as adapted for Latin American countries

65. In discussing the problem of priorities for the various accounts and tables, the Working Group took up a suggestion to the effect that only two levels of priority should be demarcated.

The first was defined on the basis of two criteria in combination: (a) the degree of urgency with which the information was needed for economic analysis; and (b) the availability of statistical coverage.

Other accounts and tables were relegated to a second category. The Group considered that it was not in a position to establish intermediate priorities that might differ essentially from one country to another.

The list of priorities recommended by the Group appears in Annex VI.

66. It was pointed out that the establishment of priorities should be accompanied by a very extensive effort to improve basic statistical data, in which a still more important role would be incumbent upon international agencies. In the same context, it was stated that ECLA, the United Nations Programme of Technical Assistance and the Inter-American Statistical Institute should co-operate more closely with the Latin American countries in that field.

67. It was felt that principles should be laid down in relation to the length of the intervals at which the various accounts and tables should be presented. For example, input-output data might be published once in so many years, whereas in the case of certain other measurements it was better to present them every quarter.

^{1/} Clasificación del Comercio Exterior según uso o destino económico (CUODE) (E/CN.12/739).

Annex I

AGENDA

1. Opening.
2. Introduction: the world programme of extension and revision of the SNA.
3. Adoption of the agenda.
4. Objectives and basic structure of the revised and extended SNA.
5. Structure and concepts of the revised SNA and its adaptation for use in Latin America.
 - (a) Real accounts and supporting tables at current prices.
Production and capital expenditures, including input-output.
 - (b) Financial accounts and supporting tables; incomes and outlay and capital finance.
 - (c) Special accounts; the key segment.
 - (d) Consolidated accounts for the economy as a whole.
 - (e) Real flows at constant prices; concepts and tables.
6. The classification and definitions with regard to Latin American circumstances.
7. Orders of priority in developing the new system in the light of the requirements and basic statistics in the region.
8. Adoption of the report.

Annex II

LIST OF DOCUMENTS

- A. Working papers
ST/ECLA/Conf.22/L.1
and Corr. 1
E/CN.3/320
ST/ECLA/Conf.22/L.2
ST/ECLA/Conf.22/L.4
ST/ECLA/Conf.22/L.5
- B. Reference papers
ST/STAT/SER.F/2/Rev.2
ST/ECLA/Conf.22/L.3
- Provisional Agenda
Agenda
A system of National Accounts
(proposals for the revision of
SNA, 1952)
Adaptation of the proposed revised
SNA for Latin American countries
Suggestions supplementary to the
proposals for revision of the
SNA in the light of the economic
analysis requirements of the
Latin American countries.
Draft report
A system of National Accounts
and Supporting Tables.
The present state of National
Accounts statistics in
Latin America and its principal
problems.

Annex III

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Annex IV

The following accounts and tables are merely suggestions for additions and modifications to the accounts and tables appearing in document ST/ECLA/Conf.22/L.2, arising out of the Group's discussion of the proposals in that document and in documents E/CN.3/320 and ST/ECLA/Conf.22/L.4

/A. CONSOLIDATED

A. CONSOLIDATED ACCOUNTS FOR THE ECONOMY AS A WHOLE

Account 1. Expenditure and product

1.1 Domestic factor incomes (2.4 + 5.7 + 5.8)	1.5 Private consumption expenditure (2.1)
(a) Remuneration of employees	1.6 General government consumption expenditure (2.2)
(b) Operating surplus	1.7 Gross domestic fixed capital formation (3.1)
1.2 Provisions for the consumption of fixed capital (4.2)	1.8 Increase in stocks (3.2)
1.3 Indirect taxes (2.7)	1.9 Export of goods and non-factor services (5.1)
1.4 <u>Less</u> Subsidies (2.8)	1.10 <u>Less</u> Imports of goods and non-factor services -(5.6)

Gross domestic product at market prices

Expenditure on the gross domestic product at market prices

Account 2. National disposable income and its appropriation

2.1 Private consumption expenditure (1.5)	2.4 Domestic factor income to residents (1.1*)
2.2 General government consumption expenditure (1.6)	(a) Remuneration of employees
2.3 Saving (4.1)	(b) Operating surplus
(a) Private	2.5 Compensation of employees from the rest of the world (5.2)
(b) Public	2.6 Property income from the rest of the world (5.3)
	National income at factor cost
	2.7 Indirect taxes (1.3)
	2.8 <u>Less</u> Subsidies (1.4)
	2.9 Current transfers from the rest of the world, net (5.4 - 5.9)

Appropriation of national disposable income

National disposable income

 Accounts 3 and 4. Capital transactions of the nation

3.1 Gross domestic fixed capital formation (1.7)	4.1 Saving (2.3)
3.2 Increase in stocks (1.8)	4.2 Provisions for the consumption of fixed capital (1.2)
	4.3 Capital transfers from the rest of the world, net (5.10)
	4.4 Net borrowing from the rest of the world (4.5)

 Gross investment

 Finance of gross investment

4.5 Net borrowing from the rest of the world (4.4)	4.7 Net incurrence of foreign liabilities (5.11)
4.6 Net acquisition of foreign financial assets (5.13)	

 Net acquisition of foreign financial assets and net borrowing

 Net incurrence of foreign liabilities

 Account 5. External transactions of the nation

 Current transactions

5.1 Exports of goods and non-factor services (1.9)	5.6 Imports of goods and non-factor services -(1.10)
5.2 Compensation of employees from the rest of the world (2.5)	5.7 Compensation of employees to the rest of the world (3.1*)
5.3 Property income from the rest of the world (2.6)	5.8 Property income to the rest of the world (1.1*)
5.4 Current transfers from the rest of the world (2.9*)	5.9 Current transfers to the rest of the world (2.9*)
5.5 Deficit of the nation on current transactions (5.12)	

 Current receipts

 Disposal of current receipts

 Capital transactions

5.10 Capital transfers from the rest of the world, net (4.3)	5.12 Deficit of the nation on current transactions (5.5)
5.11 Net incurrence of foreign liabilities (4.7)	5.13 Net acquisition of foreign financial assets (4.6)

 Receipts

 Disbursements

B. PRODUCTION AND CAPITAL EXPENDITURE ACCOUNTS

7. General government

Account 1. Production Account - Goods

7.1.13 General government services (7.1.20)	7.1.17 Intermediate consumption
	7.1.16 General government consumption expenditure (1.6)
	7.1.15 Private consumption goods and services
Total supply	Total use

Account 1. Production Account - Type of activity

7.1.18 Intermediate consumption	7.1.20 Government services (7.1.19)
7.1.1 Remuneration of employees (1.1*)	
7.1.2 Provision for the consumption of fixed capital 1/ (1.2*)	
Gross input	Gross production

Account 3. Capital expenditure account

7.3.1 Gross domestic fixed capital formation (3.1*)	7.3.3 Provision for fixed capital formation (7.1.2)
7.3.2 Increase in stocks (3.2*)	7.3.4 Net capital formation (7.3.1 + 7.3.2 - 7.3.3)
Gross domestic capital formation	Financing of gross domestic capital formation

1/ Including rents paid, if the present system of rent treatment is maintained.

/8. Family

8. Family units and private non-profit institutions

Account 1. Production account - Goods

8.1.13 Services produced (8.1.20)	8.1.15 Private consumption goods and services
Total supply	Total use

Account 1. Production account - Type of activity

8.1.18 Intermediate consumption	8.1.20 Serviced produced (8.1.13)
8.1.1 Remuneration of employees (1.1*)	
8.1.2 Provision for the consumption of fixed capital (1.2*)	
8.1.19 Operating surplus (1.1*)	
Gross input	Gross production

Account 3. Capital expenditure account

8.3.1 Gross domestic capital formation of non-profit institutions (3.1*)	8.3.2 Provision for the consumption of fixed capital
	8.3.3 Net capital formation by profit non-profit institutions (8.3.1 - 8.3.2)
Gross domestic capital formation	Financing of gross domestic capital formation

Table 1A
GROSS DOMESTIC PRODUCT AND FACTOR INCOME ORIGINATING, BY KIND OF ECONOMIC ACTIVITY

Kind of economic activity ^{a/}	More detailed list-ISCO major group or ISIC group	e. Total economy						
		(2) Gross production	(3) Intermediate consumption	(4) Gross domestic product at market prices	(5) Indirect taxes less subsidies	(6) Compensation of employees	(7) Provisions for the consumption of fixed capital	(8) Operating surplus
(1a) Condensed list	(1b)							
1. Agriculture, forestry, hunting and fishing	01:02;03-04							
2. Mining and quarrying	10;12;13;14 and 19							
Manufacturing								
3. Beverages and tobacco	20 and 24;211-213 and 22							
4. Textiles, wearing apparel and leather products	23;241-242;243-244;29							
5. Wood products and furniture	25;26							
6. Paper, paper product, printing and publishing	27;28							
7. Chemicals and chemical, petroleum, coal, rubber and plastic products	31;32;30 and 399							
8. Non-metallic mineral products	331;334 and 339;332-333							
9. Basic metal industries	341;342							
10. Metal products	35;36;37;38;391-395							
11. Construction	40 and significant own-account construction							
12. Electricity, gas steam and water supply	511; 512-513; 521							
61								
13. Wholesale and retail trade	71 and 72; 73; 81; 821 and 823; 822; 825; 824 and 825-829; 83; 84; 852-853; 851 and 891-899							
14. Transport, storage and communication								
Import duties								
Total								

b. Private establishments or similar units

The appropriate portions of the same classification as under "a. Total economy" excluding "import duties"

c. Public establishments and similar units

The same classification as under "a. Total economy" excluding "import duties"

d. Where appropriate, the industrial categories would be sub-divided into modern and traditional type establishments.

Table 1B
GROSS DOMESTIC PRODUCT AT CONSTANT PRICES,
BY KIND OF ECONOMIC ACTIVITY

Kind of economic activity ^{a/}		Gross domestic product at constant prices								
Condensed list (1a)	More detailed list (1b)	All establish- ments and similar units (2)			Private establishments and similar units (3)			Public establishments and similar units (4)		
		Gross produc- tion	Inter- mediate consump- tion	Value added	Gross produc- tion	Inter- mediate consump- tion	Value added	Gross produc- tion	Inter- mediate consump- tion	Value added
As in 1Aa										

^{a/} Where appropriate, the industrial categories would be sub-divided into modern and traditional type establishments.

Table 2A

EMPLOYMENT ACCORDING TO KIND OF ECONOMIC ACTIVITY

Kind of economic activity a/	Totals			Employed					
	(2) Total	(3) Private	(4) Public	(5) Own account workers	(6) Unpaid family workers	(7) Employers	(8) Total	(9) Private	(10) Public
Condensed list (1a.)	(1b.)								
More detailed list-ISC major group or ISIC group									
1. Agriculture, forestry, hunting and fishing	01; 02; 03-04								
2. Mining and quarrying Manufacturing	11; 12; 13; 14 and 19								
3. Food, beverages and tobacco	20 and 214; 211-213; and 22								
4. Textiles, wearing apparel and leather products	23, 241, 242; 243-244; 29								
5. Wood products and furniture	25; 26								
6. Paper, paper products, printing and publishing	27; 28								
7. Chemicals and chemical, petroleum, coal, rubber and plastic products	31; 32; 30 and 399								
8. Non-metallic mineral products	31; 334 and 339; 332-333								
9. Basic metal industries	1; 342								
10. Metal products	35; 36; 37; 38; 391-395								
11. Construction	30 and significant own-account construction								
12. Electricity, gas, steam and water supply	511; 512-513; 521								
13. Wholesale and retail trade	61								
14. Transport, storage and communication	71 and 72; 73								
15. Services	62 and 63; 64; 81; 821 and 823; 822; 825; 824 and 826-829; 83; 84; 852-853; 851 and 854-859								
Total									

a/ Where appropriate the industrial categories would be sub-divided into modern and traditional type establishments.

Table 2B

EMPLOYMENT BY OCCUPATIONAL CATEGORY ^{a/}

Kind of economic activity		Total	Top-level professionals and technicians	Directors, executives, managers and senior administrative personnel	Other administrative personnel	Production foremen and supervisors	Other unspecified workers
Condensed list (1)	More detailed ISIC list or group (2)						
1. Agriculture, forestry, hunting and fishing	01;02;03-04						
2. Mining and quarrying	11;12;13;14 and 19						
3. Manufacturing, food, beverages and tobacco	20 and 214, 211-213 and 22						
4. Textiles, wearing apparel and leather products	23,241-242;243-244;29						
5. Wood, products and furniture	25;26						
6. Paper, paper products, printing and publishing	27;28						
7. Chemicals and chemical, petroleum coal, rubber and plastic products	31;32;30 and 399						
8. Non-metallic mineral products	331;334 and 339;332-333						
9. Basic metal industrial	341;342						
10. Metal products	35;36;37;38;391-395						
11. Construction	40 and significant own-account construction						
12. Electricity, gas, steam and water supply	511;512-513;521						
13. Wholesale and retail trade	61						
14. Transport, storage and communication	71 and 72; 73						
15. Services	62 and 63; 64; 81; 821; and 823;822;825;824 and 826;829;522;84;83;852-853;851 + 854-859						

^{a/} This classification by occupation is for purposes of illustration only, the final version to be designed by the United Nations Statistical Office.

Table 4B

OUTPUTS AND INPUTS OF PRIVATE ENTERPRISES

1 2 M

Outputs of industries	Outputs ex commodity taxes		
	Commodity taxes on outputs		
Inputs into industries	Products of agriculture		1
	Products of forestry and logging (Primary products of more detailed industrial classification of industries, as shown in Table 1A, except for Services)		2
	•		•
	Service products	M	
	Complementary import (1)	M +	1
	•		•
	•		•
	Complementary import (n-m)	N	
	Commodity taxes on inputs		
	Compensation of employees		
Operating surplus			
Provisions for the o. of t. e.			
Indirect taxes (net)			

Notes: Table 4A Outputs and Inputs of Branches of Production, pp. 172-173, E/CN.3/320.
Some industries are not relevant in this table.

Table 4C

OUTPUTS AND INPUTS OF PUBLIC ENTERPRISES

1 2M

Outputs of industries	Outputs ex commodity taxes		
	Commodity taxes on outputs		
	Products of agriculture	1	
	Products of forestry and logging	2	
	(Primary products of more detailed industrial classification of industries, as shown in Table 1A, except for Services)		
Inputs into industries	•	•	
	Service products	M	
	Complementary import (1)	M +	1
	•	•	
	•	•	
	Complementary import (n-m)	N	
	Commodity taxes on inputs		
	Compensation of employees		
	Operating surplus		
	Provisions for the c. of t. e.		
	Indirect taxes (net)		

Notes: Table 4A Outputs and Inputs of Branches of Production, pp. 172-173, E/CN.3/320.
Some industries are not relevant in this Table.

Table 8A

GROSS DOMESTIC FIXED CAPITAL FORMATION ACCORDING TO TYPE OF CAPITAL GOODS

	Total			Public			Private		
	Total	Domestic produc- tion	Im- ports	Total	Domestic produc- tion	Im- ports	Total	Domestic produc- tion	Im- ports
1. Dwellings									
2. Non-residential buildings									
3. Land improvement ^{a/}									
4. Other construction and works									
5. Transportation equipment									
6. Machinery and equipment									
7. Gross domestic fixed capital formation									

^{a/} Includes transfer costs in connexion with transaction in land.

Table 8B
GROSS DOMESTIC FIXED CAPITAL FORMATION BY KIND OF ECONOMIC
ACTIVITY AND ORGANIZATION OF PURCHASER

Kind of economic activity ^{a/}										
Condensed list (1a)	More detailed list ISIC major group or ISIC group (1b)	Total gross fixed capital formation (2)			Gross fixed capital forma- tion of private establishments or similar units (3)			Gross fixed capital forma- tion of public establishments or similar units (4)		
		A	B	C	A	B	C	A	B	C
1. Agriculture, forestry, hunting and fishing	01;02;03-04									
2. Mining and quarrying	11;12;13; 14 and 19									
3. Manufacturing, food, beverages and tobacco	20 and 214, 211-213 and 22									
4. Textiles, wearing apparel and leather products	23, 241-242; 243-244;29									
5. Wood, products and furniture	25;26									
6. Paper, paper products, printing and publishing	27;28									
7. Chemicals and chemical, petroleum coal, rubber and plastic products	31;32;30 and 399									
8. Non-metallic mineral products	331;334 and 339; 332- 333									
9. Basic metal industrial	341;342									

/Table 8B (concluded)

Table 8B (concluded)

(1a)	(1b)	(2)			(3)			(4)		
		A	B	C	A	B	C	A	B	C
10. Metal products	35;36;37; 38;391- 395									
11. Construction	40 and sig- nificant own-account construction									
12. Electricity, gas, steam and water supply	511,512-513; 521									
13. Wholesale and retail trade	61									
14. Transport, storage and communication	71 and 72; 73									
15. Services	62 and 63; 64;81;821; and 823; 822;825;824 and 826; 829;522;84; 83;852-853; 851 + 854- 859									

a/ Where appropriate, the categories of industry will be divided into modern and traditional establishments.

A = Total.

B = Domestic production.

C = Imports.

Table 8C

GROSS DOMESTIC FIXED CAPITAL FORMATION AT CONSTANT PRICES ACCORDING
TO TYPE OF CAPITAL GOODS

As for Table 8A

Table 8D

GROSS DOMESTIC FIXED CAPITAL FORMATION AT CONSTANT PRICES ACCORDING
TO KIND OF ECONOMIC ACTIVITY AND ORGANIZATION OF PURCHASER

As for Table 8B

/Table 10A

Table 10A

INCOME AND EXPENDITURE OF THE VARIOUS SECTORS OF GENERAL GOVERNMENT

Type of transaction (1)	Total (2)	Central government (3)	Other decentralized institutions with government functions (F) (4)	Social security bodies (5)	State or provincial government (6)	Municipal government (7)
1. Income from property and entrepreneurship 2. Indirect taxes 3. Social security taxes 4. Other direct taxes on income 5. From households 6. From corporate and quasi-corporate enterprises 7. Current transfers, n.e.c. from other sectors 8. From domestic sectors other than general government 9. From the rest of the world 10. Current transfers from other sub-sectors of general government						
11. Current Revenue						
12. Consumption expenditure 13. Interest on public debt 14. Paid to residents 15. Paid to non-residents 16. Subsidies 17. Social security benefits 18. Current transfers, n.e.c. to other sectors 19. Current transfers to other sub-sectors of general government						
20. Current expenditure						
21. Saving (11-20)						

Table 11A
CAPITAL TRANSACTIONS OF THE DETAILED SECTORS

Type of transactions (1)	Non-financial enterprises corporate and quasi-corporated a/		Financial enterprises a/						General government							
	Monetary authority	Other	Insurance	Other	Central government	Other decentralized agencies with governmental functions	Social security agencies	State provincial governments	Municipal governments	Households and private non-profit institutions serving households	Central government	Other decentralized agencies with governmental functions	Social security agencies	State provincial governments	Municipal governments	Households and private non-profit institutions serving households
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
(The term, Private, would appear in columns 2, 5, 7 and 9 and the term, Public, would appear in columns 3, 6, 8 and 10)																
1. Gross domestic fixed capital formation																
2. Increase in stocks																
3. Net purchases of land																
4. Gross investment																
5. Saving a/																
6. Provisions for the consumption of fixed capital																
7. Capital transfers received, net a/																
8. Net borrowing (4-5-6-7) or (40-24)																
9. Gold and foreign exchange																
10. Other foreign financial assets b/																
11. Currency and transferable deposits																
12. Other deposits																
13. Central government obligations																
14. Counterpart of transfer of central government's current issues on																
15. Counterpart of transfer of central government's gold and foreign exchange holdings																
16. Local government obligations																
17. Corporate debt and equity securities, including capital participations																
18. Consumer credit																
19. Mortgages																
20. Other loans and advances																
21. Net equity of households on life insurance actuarial reserves and pension and similar funds																
22. Proprietors' net investment in quasi-corporate enterprise																
23. Other domestic financial assets																
24. Net acquisition of financial assets																
25. Currency and transferable deposits of non-residents																
26. Other foreign liabilities b/																
Items 27-38 as in Items 11-22 above																
39. Other domestic liabilities																
40. Net incurrence of liabilities																

a/ Saving and capital transfers relate to incorporated enterprises only.

b/ To the extent that it is feasible, it would be desirable to sub-divide the entries, "Other foreign financial assets and liabilities", in the same fashion, where applicable, as domestic financial assets and liabilities.

Table 12A

CURRENT EXTERNAL TRANSACTIONS OF THE NATION, BY ECONOMIC AREA ^{a/}

Type of transaction	Total	Economic areas				
		Latin America	United States	Western Europe	Eastern Europe	Rest of the world
1. Exports of goods and non-factor services (a) Exports (f.o.b.), freight and insurance i. goods (f.o.b.) ii. Freight and insurance payments iii. <u>Plus or minus</u> other adjustments (b) Transportation n.e.s. (c) Travel into the country (d) Other non-factor services						
2. Factor services (a) Income from property i. From direct investment ii. From other investment (b) Compensation of employees						
3. Current transfers from the rest of the world (a) Households (b) General government						
4. Current receipts						
5. Imports of goods and non-factor services (a) Imports (f.o.b.), freight and insurance i. Goods (c.i.f.) ii. <u>Less</u> freight and insurance payments to residents iii. <u>Plus or minus</u> other adjustments (b) Transportation n.e.s. (c) Travel out of the country (d) Other non-factor services						
6. Factor services (a) Income from property i. From direct investment ii. From other investment (b) Compensation of employees						
7. Current transfers to the rest of the world (a) Households (b) General government						
8. Current payments						
9. Surplus on current account (4-8)						

^{a/} The transactions in this table show the kind of information required. Their adaptation will be effected by the United Nations Statistical Office.

Table 12B

CURRENT EXTERNAL TRANSACTIONS OF THE NATION AT CONSTANT PRICES ^{a/}

-
1. Exports of goods and non-factor services
 - (a) Exports (f.o.b.), freight and insurance
 - i. Goods (f.o.b.)
 - ii. Freight and insurance payments
 - iii. Plus or minus other adjustments
 - (b) Transportation n.e.s.
 - (c) Travel into the country
 - (d) Other non-factor services
 2. Adjustment for terms of trade variations
-
3. Current receipts
-
4. Imports of goods and non-factor services
 - (a) Imports (f.o.b.), freight and insurance
 - i. Goods (c.i.f.)
 - ii. Less freight and insurance payments to residents
 - iii. Plus or minus other adjustments
 - (b) Transportation n.e.s.
 - (c) Travel out of the country
 - (d) Other non-factor services
 5. Net factor services paid to the rest of the world
 - (a) Net income from property paid abroad
 - i. From direct investment
 - ii. From other investment
 - (b) Net compensation of employees
 6. Net current transfers to the rest of the world
 - (a) Households
 - (b) General government
-
7. Current disbursements
-
8. Real deficit on current account (7-3)
-

^{a/} The transactions in this table show the kind of information required. Their adaptation will be effected by the United Nations Statistical Office.

Table 12C

CAPITAL TRANSACTIONS OF THE EXTERNAL SECTOR

1. Long-term private capital

- (a) Direct investment
- (b) Investment in corporations
- (c) Other investment
- (d) Foreign government securities
- (e) Other securities
- (f) Other loans and commercial credit
- (g) Other assets

2. Short-term private capital

- (a) Currency and bank deposits
- (b) Central government securities
- (c) Commercial credit
- (d) Other assets

3. Local authorities

- (a) Foreign securities
- (b) Other assets

4. Central government

- (a) Long-term foreign securities
- (b) Short-term securities
- (c) Long-term loans
- (d) Other long-term assets
- (e) Other short-term assets

5. Monetary authorities

- (a) Account with IMF
- (b) Realizable assets
- (c) Deposits
- (d) Loans
- (e) Other external assets
- (f) Gold

6. Other monetary institutions

- (a) Realizable assets
 - (b) Deposits
 - (c) Loans
 - (d) Other external assets
 - (e) Gold
-

7. Net variation in external assets

8. Capital transfers

- (a) Private
- (b) Public

/Table 12C (concluded)

Table 12C (concluded)

-
9. Long-term private capital
- (a) Direct investment
 - (b) Investment in corporations
 - (c) Other foreign investment
 - (d) External securities
 - (e) Other loans and commercial credit
 - (f) Other liabilities
10. Short-term private capital
- (a) Commercial credit
 - (b) Other liabilities
11. Local authorities
- (a) External issues
 - (b) Other securities
 - (c) Other liabilities
12. Central government
- (a) Long-term external issues
 - (b) Other long-term securities
 - (c) Short-term securities
 - (d) Long-term loans
 - (e) Other long-term liabilities
 - (f) Other short-term liabilities
13. Monetary authorities
- (a) Accounts with IMF
 - (b) Deposits
 - (c) Loans
 - (d) Other external liabilities
14. Other monetary institutions
- (a) Deposits
 - (b) Loans
 - (c) Other external liabilities
15. Net errors and omissions
-
16. Net variations in external liabilities
-
17. Net foreign loans (8-17)
-
18. Capital transfers
- (a) Private
 - (b) Public
-

Table 12D

FINANCE OF EXTERNAL SECTOR CAPITAL, BY TYPE OF TRANSACTION AND ECONOMIC AREA

Type of transaction	Total	Economic areas				
		Latin America	United States	Western Europe	Eastern Europe	Rest of the world
I. Assets						
1. Net non-compensatory funds						
(a) Net direct investment						
(b) Net long-term loans						
i. To the public sector						
ii. To the private sector						
(c) Net short-term liabilities						
2. Net compensatory funds						
(a) Deferred import payments						
(b) Net balance-of-payments loans						
(c) Net liabilities in respect of IMF						
(d) Net liabilities in respect of regional compensatory agencies						
(e) Other net liabilities of monetary authorities						
3. Net variation in financial liabilities						
II. Liabilities						
4. Net non-compensatory funds						
(a) Net private long-term assets						
(b) Net public long-term assets						
(c) Net short-term assets						
5. Net compensatory funds						
(a) Net assets of monetary authorities						
(b) Assets in IMF						
(c) Assets in regional compensatory agencies						
(d) Official monetary gold						
6. Errors and omissions						
7. Net variation in financial assets						
8. Net external financing (3-7)						
9. Net capital transfers						

Annex V

A_a CONSOLIDATED ACCOUNTS FOR THE ECONOMY AS A WHOLE AT CONSTANT PRICES

Account 1 - Expenditure on product and income

1.1 Real gross domestic income at market prices (2.4 + 4.7)	1.2 Private consumption expenditure (2.1)
	1.3 Government consumption expenditure (2.2)
	1.4 Gross domestic fixed capital formation (3.1)
	1.5 Increase in stocks (3.2)
	1.6 Exports of goods and services (4.1)
	1.7 <u>Less</u> imports of goods and services -(4.6)
	<u>Expenditure on gross domestic product at market prices</u>
	1.8 Adjustment for terms of trade variations (4.2)
Real gross domestic income at market prices	Real gross domestic income at market prices

Account 2 - Gross national disposable income

2.1 Private consumption expenditure (1.2)	2.4 Real gross domestic income at residents' market prices (1.1*)
2.2 Government consumption expenditure (1.3)	2.5 Factor income from the rest of the world (4.3)
2.3 Gross saving (3.3)	2.6 Net current transfers from the rest of the world (4.4)
Disposal of gross national disposable income	Gross national disposable income at market prices

Account 3 - Capital transactions

3.1 Gross domestic fixed capital formation (1.4)	3.3 Gross saving (2.3)
3.2 Increase in stocks (1.5)	3.4 Real external deficit (4.5)
Gross domestic capital formation	Finance of gross domestic capital formation

Account 4 - External transactions of the nation

4.1 Exports of goods and services (1.6)	4.6 Imports of goods and services -(1.7)
4.2 Adjustment for terms of trade variations (1.8)	4.7 Factor income to the rest of the world (1.1*)
4.3 Factor income from the rest of the world (2.5)	
4.4 Net current transfers from the rest of the world (2.6)	
4.5 Real external deficit (3.4)	
Current receipts	Disposal of current receipts

Note: An asterisk denotes "part of" item listed.

Table 7C

GENERAL GOVERNMENT EXPENDITURE BY TYPE OF EXPENDITURE AT CONSTANT PRICES

1. Consumption expenditure
 2. Compensation of employees
 3. Purchases from enterprises and abroad
 4. Less purchases by enterprises and households
 5. Gross domestic capital formation
 6. Gross domestic fixed capital formation
 7. Increase in stocks
-

Table 5

THE GROSS DOMESTIC PRODUCT AT CONSTANT PRICES ACCORDING TO TYPE OF EXPENDITURE
AND THE CORRELATIVE PRICE INDEXES

Item (1)	Value in constant prices (2)	Price index numbers (3)
1. Private consumption expenditure		
2. General government consumption expenditure		
3. Gross fixed capital formation		
4. Increase in stocks		
5. Consumption and gross capital formation		
6. Exports of goods and non-factor services		
7. <u>Less</u> Imports of goods and non-factor services		
8. Gross domestic product at market prices		
9. Adjustment for terms-of-trade variations		
10. Real gross internal income at market prices		
11. Net factor payments from the rest of the world		
12. Gross national income at market prices		

Annex VI

Suggestions of priority for the accounts and tables under
the new system and their adaptation to the region

		<u>Priorities</u>
A. CONSOLIDATED ACCOUNTS FOR THE ECONOMY AS A WHOLE		
Account 1.	Expenditure and product	I
Account 2.	National disposable income and its appropriation	I
Accounts 3 and 4.	Capital transactions of the nation	I
Account 5.	External transactions of the nation, current transactions	I
	External transactions of the nation, capital transactions	I
A.a CONSOLIDATED ACCOUNTS FOR THE WHOLE SYSTEM AT CONSTANT PRICES		
Account 1.	Product and income expenditure account	I
Account 2.	National disposable income account	I
Accounts 3 and 4.	Capital account	I
Account 5.	External transactions account	I
B. PRODUCTION AND CAPITAL EXPENDITURE ACCOUNTS		
1. Agriculture, forestry, fishing		
Account 1.	Production account - Goods	I
Account 1.	Production account - Industries	I
Account 3.	Capital expenditure account - Industries	I
2. Mining		
Account 1.	Production account - Goods	I
Account 1.	Production account - Industries	I
Account 3.	Capital expenditure account - Industries	II
3. Manufacturing and Electricity, gas and water supply		
Account 1.	Production account - Goods	I
Account 1.	Production Account - Industries	I
Account 3.	Capital expenditure account - Industries	II
4. Construction		
Account 1.	Production account - Goods	I
Account 1.	Production account - Industries	I
Account 3.	Capital expenditure account - Industries	II
5. Transportation and Distribution, including Storage and Communication		
Account 1.	Production account - Goods	I
Account 1.	Production account - Industries	I
Account 3.	Capital expenditure account - Industries	II

/6. Other

Priorities

6. Other industries		
Account 1.	Production account - Goods	I
Account 1.	Production account - Industries	I
Account 3.	Capital expenditure account - Industries	II
7. General Government		
Account 1.	Production account - Goods	I
Account 1.	Production account - Industries	I
Account 3.	Capital expenditure account	I
8. Households and private non-profit institutions serving households		
Account 1.	Production account - Goods	I
Account 1.	Production account - Industries	I
Account 3.	Capital expenditure account	II
C. INCOME AND OUTLAY AND CAPITAL FINANCE ACCOUNTS		
Sector 1. Non-financial enterprises, corporate and quasi-corporate		
Account 2.	Income and outlay account	I
Account 4.	Capital finance account - Investment Financial assets and liabilities	II II
Sector 2. Financial institutions		
Account 2.	Income and outlay account	I
Account 4.	Capital finance account - Investment Financial assets and liabilities	II II
Sector 3. General Government		
Account 2.	Income and outlay account	I
Account 4.	Capital finance account - Investment Financial assets and liabilities	I II
Sector 4. Households, including selected unincorporated private enterprises, and private non-profit institutions serving households		
Account 2.	Income and outlay account	I
Account 4.	Capital finance account - Investment Financial assets and liabilities	II II
D. ACCOUNTS FOR SPECIAL SEGMENTS OF THE ECONOMY		
1. Traditional Rural Segment (s) of the Economy		
Account 1.	Production account - Goods	II
Account 1.	Production account - Industries	II
Account 2.	Income and outlay accounts	II
Account 4.	Capital finance account	II
Account 5.	External transactions	II

Priorities

2. Key Segment(s) of the Economy		
Account 1.	Production account - Goods	I
Account 1.	Production account - Industries	I
Account 3.	Capital expenditure account - Industry	I
(a) Corporate and Quasi-corporate enterprises		
Account 2.	Income and outlay account	II
Account 4.	Capital finance account	II
(b) Households of Proprietors of Other Incorporated Enterprises		
Account 2.	Income and outlay account	II
Account 3.	Capital finance account	II
3. Set of accounts for the public and private sector		I

II. TABLES

<u>Table</u>		<u>Priorities</u>
1 A	Gross domestic product and factor income, by type of economic activity	Abbreviated list I Detailed list II
	(a) Total	
	(b) Private and (c) Public	
1 B	Gross domestic product at constant prices, by type of economic activity	Abbreviated list I Detailed list II
2 A	Employment, by type of economic activity	
	Condensed list	II
	Detailed list	III
2 B	Employment by occupational category	
	Condensed list	I
	Detailed list	II
3 A	Gross production for own use and for exchange	III
3 B	Demand and supply, goods and non-factor services	II
3 C	Commodity demand and supply	III
4 A	Industrial output and inputs	III
4 B	Production and input of industries, by private establishments	II
4 C	Production and input of industries, by public establishments	II
5	Gross domestic product at constant prices, by type of expenditure and correlative price indexes	II
6 A	Composition of private consumption expenditure	II
6 B	Composition of private consumption expenditure at constant prices	II
7 A	General government consumption expenditure, by type and purpose	I
7 B	Categories of general government expenditure, by purpose	
	Condensed classification	I
	Detailed classification	II
7 C	General government expenditure, by type, at constant prices *	I
8 A	Gross domestic fixed capital formation, by type of capital goods	I
8 B	Gross domestic fixed capital formation, by type of activity and organization of purchaser	II
8 C	Gross internal formation of fixed capital at constant prices, by type of capital good	I
8 D	Gross domestic fixed capital formation at constant prices, by type of economic activity and organization of purchaser	II

<u>Table</u>	<u>Priorities</u>
9 National income and its distribution	
(a) National income at market prices	I
(b) Distribution before transfers of national income at market prices	II
10 A Revenue and expenditure of the various sectors of general government	I
10 B Current receipts and disbursements of different types of households	II
11 A Capital transactions of economic sectors:	
Rows 1-8 for all columns	I
Columns 3 to 12 (rest)	I
Columns 2 and 13 (rest)	II
11 B Capital transactions of private and public sectors	
Rows 1-8	I
Column 2 (rest)	II
Column 3 (rest)	I
11 C Consolidated statement of capital transactions of the monetary sector	I
12 A Current external transactions of the nation by economic area	I
12 B Current external transactions of the nation at constant prices	I
12 C Capital transactions of the external sector	I
12 D Finance of external sector capital, by type of transaction and economic area	II