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COMMENTS

on

"Proposals for an Intermediate System of National
Accounts for Use in African Countries"¹⁾

by

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1) Paper presented to a Working Group on the Adaptation of the UN System of National Accounts for use in Africa, called by the ECONOMIC COMMISSION FOR AFRICA to meet in Addis Ababa, 24.-29. September 1962.

I. Introduction

1. In what follows I intend, first, to draw attention to certain trends which are apparent in international national accounting work and which should be kept in mind, I believe, when a system of accounts for use in Africa is to be agreed. I shall go on to comment on some of the proposals made in the ECA Secretariat paper¹⁾, drawing all the time on the experience of my own country (Norway) where for nearly twenty years the product approach to national accounting has been used. I beg that my remarks be accepted in the spirit in which they are put on paper: as the immediate reaction of an interested individual who may have his own pet ideas to sell, and who lacks intimate knowledge of the statistical possibilities of countries outside his own part of the world.

II. The Status of the UN System of National Accounts

2. One of the questions which the working group certainly shall have to discuss is the extent to which the "intermediate system" should be allowed to deviate, if necessary, from the UN system of national accounts (UN SNA). Some observations on the status of the UN SNA may, for this reason, be in order.

3. Let me start by stating that, when planning the lay-out of a national accounting system, it may be wise to distinguish between:

- (i) systems of accounts for "work-shop use", by which I mean systems which are planned to serve entirely as an internal tool for the statistician in his day-to-day work on fitting his estimates together,
- (ii) systems of accounts for "national presentation", that is accounting frameworks which have been designed to be used for presenting national accounting statistics to national users,
- (iii) systems of accounts for "international reporting", viz. systems intended to establish internationally agreed standard definitions of national income and product concepts and to secure international comparability of data.

4. Conceivably, one single system of accounts might serve all these three purposes equally well. In practice, however, this is not likely to be the case. For instance, a system which was ideally suited for workshop use would in most cases be too detailed for national presentation. (There are, incidentally, a

1) Economic Commission for Africa: Proposals for an intermediate system of national accounts for use in African countries (E/CN.14/N AC/7).

number of countries - Norway included - who for the purpose of national presentation do not use accounts at all but prefer more traditionally laid out tables). It is possible also that a system which has been designed primarily for international reporting may not be ideal either for workshop use (because it is not detailed enough) nor for national presentation (because it is too complicated).

5. If the UN SNA is considered in light of the above classification the system clearly belongs to category (iii). If proof is needed, this is explicitly stated in the preface of the first edition which explains that the system was set out "in order to provide a framework for reporting national income and product statistics which is of general applicability". ("Reporting", in this context, obviously means "international reporting"). As such, it bears many traces of compromise, for instance in trying to accommodate a great variety of product and income totals. It is plain that the system was never intended for work-shop use, nor did its authors ever claim that it represents the best possible solution to the problem of presenting national accounting statistics to national users.

6. It is worth noting, furthermore, that the UN SNA in its present shape does not give the final answers to problems of definitions and classifications within national accounting. Though it is true that many of the UN SNA recommendations have been very widely accepted by member countries, others have not¹⁾. It is a fairly safe bet, therefore, that the UN SNA will be subjected to a thoroughgoing revision at some time in the future. The possibility of such a revision was explicitly recognized by the UN Statistical Commission at its twelfth session earlier this year.²⁾

7. Some relevant conclusions follow. The most important is that the working group responsible for designing an "intermediate system" for use in African countries should not feel unduly restrained by the concepts and definitions of

1) Details on this are given in the United Nations Economic and Social Council Document E/CN.3/291: "Survey of National Accounting Practices", prepared by the UN Secretariat for the twelfth session of the Statistical Commission.

2) As examples of conceptual problems for which new solutions might have to be found the Statistical Commission singled out the treatment on factor income payments to and from abroad, capital transfers, interest payments and imputed rent of government buildings. Furthermore, it drew attention to the development of work on input-output flows and financial transactions and concluded that a revision of the UN SNA might ultimately be necessary. See United Nations Economic and Social Council Document E/3633 (E/CN.3/304): Report of the Statistical Commission's Twelfth Session, paragraphs 58-59.

the UN SNA as they exist at present. Rather it could be argued that it is the duty of the group to adopt such modifications as are deemed desirable under African conditions, in order that the group may contribute to the pending revision of the system which, obviously, should take the needs and possibilities of the developing countries into account.¹⁾

8. Another conclusion is that, since the "intermediate system" is intended to be more a system for work-shop use - and perhaps national presentation - than for international reporting (this is the way I understand it), it is to be expected that the lay-out of accounts and tables of the "intermediate system" may have to differ considerably from that of the UN SNA. The need for modifications will be greater the more the system is intended as a "cookery book" for the national statistician. Some attention obviously should be paid in the interest of international comparability towards making the intermediate system reconcilable with the UN SNA, but this should be a secondary consideration only.²⁾ Perhaps the single most important point here is, as is stated in the ECA secretariat report, that the "intermediate system" be made a very detailed or disaggregated system. This is not only because estimates of national income and product totals are built up from detailed estimates of their components, a fact which an accounting system for work-shop use must recognize (though this is justification enough), it is also because the intermediate system should spur the statistician to provide as many details as in any way possible. Any experienced national accountant will know that systems of national income and product statistics never becomes too disaggregated: no matter the amount of details made available there will always be problems for which the user will want to know more about the composition of some aggregate.

III. Problems of Data and Estimation

9. Among the two approaches normally open for national accounting work, the product approach and the income approach, the ECA secretariat paper comes out rather unreservedly in favour of the former. I endorse this, and not only for consideration of the type of data available.

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- 1) The same view is expressed in the ECA secretariat paper in the following words: ".... it is hoped that the proposals contained in this paper, if acceptable to member countries in Africa, may ultimately have some influence on a later revision of the UN SNA (paragraph 9).
 - 2) In particular, I see no great need to reproduce within the intermediate system the "Standard Accounts" of the UN SNA if care is taken otherwise to provide information for filling in the "Standard Tables" of that system. Of the two halves of the UN SNA I consider the "Standard Tables" by far the most important one, the rationale of the "Standard Accounts" presumably being mainly to focus attention on definitional relationships of the system.

10. It should be realized that the two approaches, though estimates of the national totals may be built up either way, will in other respects render very different kinds of information. The income approach, when fully developed, is apt to produce excellent and detailed figures on income distribution of the type which is normally read out of appropriation accounts. But it provides little or no information on the "real flows" (or commodity flows) of the economy, that is, on the composition of consumption and fixed capital formation, on interindustrial transactions, etc. With the product approach exactly the opposite is true. If a choice between the two basic approaches has to be made I prefer the product approach since the latter type of information is by far the more interesting and useful. This would appear to be especially the case under African conditions where problems of development are, no doubt, drawing more attention than, say, problems of income distribution.

11. It has been suggested in appendix V of the ECA secretariat paper that, if the product approach is used, an input-output table should be constructed for at least one year - for work-shop use if not necessarily for publication. I am inclined to agree with this suggestion. In fact, it is difficult to see how an estimate of gross product by sectors, as required by the proposed table 3, could be made without some means of checking that products classified as "purchases by (consuming) industry" in column (b) of this table correspond to products classified as "products for intermediate consumption by producing industry" in table 2. If a country decides to make the construction of an input-output table part of its national accounting programme the work involved should probably be undertaken at an early stage; in terms of the "analytical tasks" listed in paragraph 57 of the ECA secretariat paper its proper place would appear to be in connection with stages 2, 3 and 4 (the analysis of output series for agriculture and other industries and of foreign trade statistics). However, I must warn that setting up an input-output table is a formidable task: Though for many "intermediate outputs" their industry destination will be fairly clear from the physical character of the commodity or service in question there are many others (such as transport services) where this is not the case. However, the work may be much simplified if such difficult commodities and services are treated as a sale from the producing industry to an "unallocated" column of the input-output table, to be distributed on a rough and ready basis as "unallocated input" to the various industries along a corresponding "unallocated" row, making the sum totals of the unallocated row and column equal. This may not result in a very accurate or analytically ideal input-output table but it will at least ensure consistency in the sense that all

"intermediate output" is also treated as input somewhere in the system.¹⁾

12. The product approach, as has been pointed out already, will give no information on income flows. It is natural, therefore, that where the product approach is chosen as the basic approach some attempts should be made to supplement it by independent estimates of income generated. The right-hand part of the suggested table 3 seems to me to be extremely well suited for this purpose. Though few countries may be in a position to supply estimates for these tables in full, estimates of indirect taxes, subsidies and wages by industry should be within reach of most countries. If so, the total of "gross operating profit"²⁾ could be computed industrywise as the balancing item on each line. Such information has been made available for my country for a number of years and has proved very useful in the absence of more detailed information.

13. I doubt whether I would go so far as to recommend the "intermediate system" to include a full set of interrelated appropriation accounts. This has been suggested in the ECA secretariat paper on the ground that appropriation accounts are needed in order to make possible the derivation of (gross) saving figures by institutional sectors. However, the statistics needed for setting up separate appropriation accounts for corporations and households are hard to get and the resulting estimates of corporate versus personal saving are rather unreliable even in countries with well advanced statistical systems. I doubt, for this reason, whether African countries are well advised to put much efforts into an attempt along these lines at present. An estimate of total private saving (corporate + household) can, of course, be given from the formula: gross domestic capital formation + surplus of the nation on current account - government saving (gross) = private saving (gross).

14. I would like to say a word also on the accuracy required in national accounting work, mainly in order to prevent a possible misunderstanding of the following statement: "Few countries in Africa have the range of basic statistics necessary to compile a reasonably complete set of accounts with the degree of accuracy required for use in national budgeting or economic planning"

1) Note that any errors committed along the "unallocated" row, though they will be automatically reflected in errors in the gross product (gross = value added) estimated of individual industries, will leave the estimate of gross domestic product unaffected. A correct estimate of the latter depends only on whether the sum total of output of all industries can be correctly allocated as "intermediate" as against "final" output.

2) A better term might be "gross entrepreneurial income" to indicate that it would also include the earnings of selfemployed.

(paragraph 18 of the ECA secretariat paper). Though it was hardly so intended, this could be read as saying that no attempts at national accounting should be made unless the basic statistics were sufficiently well developed to guarantee a high degree of accuracy of the final results. Nothing would be more wrong. Economic policy must proceed on what information is available; if no information exists the policy-makers will simply fall back on their own vague guesses. As compared with this any attempt at providing systematic national income and product estimates will be preferable: it will, as a minimum, ensure that guesses, when unavoidable, are carried out within a logically consistent framework. The same kind of reasoning makes me more favourable than the authors of the ECA secretariat paper appears to be (see paragraph 58) towards the idea that national income and product estimates should be kept up to date on an annual basis: most countries will have at least some important data becoming available annually (for instance, government accounts and foreign trade statistics) which - supplemented by extrapolations as necessary - could be used for this purpose.

15. There remains a question which has not been discussed in the ECA secretariat paper: Should countries, when they are about to start national accounting work, prepare estimates for one single year only or should they try to include at the same time estimates for some years back in the past? Probably no general answer can be given to this question since the answer will depend on the resources available and the type of basic data which exists for the past. There are, however, at least three reasons - I base myself on Norwegian experience - why a backward extension may be well worth the trouble: First, it is much less costly than would appear at first sight; it often makes surprisingly little difference, in terms of work involved, whether an estimate for a given flow (say, the services of medical doctors) is to be prepared for a series of years or for one single year. Second, time series may improve the quality of the estimates because errors made will frequently show up as strange movements of the series. Third, the usefulness of national income and product series increases strongly as data for more years become available since this allows the study of development trends.

IV. Problems of Concepts and Definitions

16. I hesitate to comment on this aspect of the ECA secretariat paper: I am known to be critical to the UN SNA and there is a risk, therefore, that I may be tempted to carry my own pet ideas too far. With this reservation I shall nevertheless give my reaction to those modifications of the UN SNA which have been suggested. In order to do so, however, I shall have to indicate, as a background,

some of my approach to the definition of the main national income and product totals. My main criticism of the UN SNA in this respect is that the system is unnecessarily complicated.

17. A prime consideration in designing a national income system, in my opinion, should be to keep the basic definitions - those which will have to be understood by the general public - as simple as in any way possible. This is where the UN SNA fails. Among the many possible solutions I have come to prefer one in which the basic concepts are defined so as to satisfy for any sector - for instance, one particular industry, or the household sector, as the case may be - the following four definitional equations¹⁾:

- $$\begin{aligned} (1) \text{ product} &= \text{consumption} + \text{investment} + \text{net sales} \\ & \text{(gross or net)} \quad \quad \quad \text{(gross or net)} \\ (2) \text{ product} &+ \text{net transfers} = \text{consumption} + \text{saving} \\ & \text{(gross or net)} \quad \text{received} \quad \quad \quad \text{(gross or net)} \\ & \underbrace{\hspace{10em}} \\ & \text{"disposable income"} \\ (3) \text{ saving} &= \text{investment} + \text{net lending} \\ & \text{(gross or net)} \quad \quad \quad \text{(gross or net)} \\ (4) \text{ net lending} &= \text{net sales} + \text{net transfers received.} \end{aligned}$$

- 1) If one prefers, these four definitional equations could be presented within an accounting framework in the following way; where "net sales" and "net transfers" received have been split into their respective components:

Accounts for an open economy

Production account		Appropriation account		Capital account	External account	
1	Sales				Sales	
2	Buyings					Buyings
3			Transfers received		Transfers received	
4		Transfers paid				Transfers paid
5	Consumption	Consumption				
6	Investment			Investment		
7	Product		Product			
8				Net lending		Net lending
9		Saving		Saving		

In this system we would have, with appropriate changes of terminology, for the nation as a whole:

- (5) national product = (national) consumption
 (gross or net) + (national) investment (gross or net)
 + net exports
- (6) national product)
 (gross or net) } national } (national) consumption
 + net transfers } = disposable } + (national) saving
 from abroad } income } (gross or net)
- (7) (national) saving = (national) investment
 (gross or net) = (gross or net)
 + net lending to foreign countries
- (8) net lending to = net exports
 foreign countries =
 + net transfers from abroad

I should require, furthermore, that the national totals could be built up from sector totals by the following simple "rules of aggregation":

- (9) national product = the sum total of the product of all sectors
- (10) (national) consumption = the sum total of the consumption of all sectors
- (11) (national) investment = the sum total of the investment of all sectors
 (gross or net) (gross or net)
- (12) (national) saving = the sum total of the saving of all sectors
 (gross or net) (gross or net)
- (13) national disposable = the sum total of the disposable income of all
 income sectors

These equations would guide my approach to the problems of definitions: I would choose my concepts consistently with a view to the validity of the above equations being preserved. For instance, I would make no distinction between current and capital transfers since this would invalidate equation (4) and hence the rest of the system. One special point, important in a number of connections, is that I prefer to treat all interest and dividend as transfers rather than as payments for goods and services. (To put it differently, my system provides no separate category for "factor payments" except as a sub-category of transfers).

18. It so happens that with this approach I am favourably inclined towards most of the modifications to the concepts and definitions which the ECA secretariat paper suggest. This will be apparent from the following paragraphs where I give my reaction to each one of them separately.

19. The boundary of production. In the case of African countries I believe that an extension of the production boundary to include subsistence activities, as suggested by the Working Group of Non-Monetary Transactions within the Framework of National Accounts, is clearly recommended. One minor remark: Building, construction and land work by households, as well as own-account construction in general, would appear to be included within the production boundaries even in the developed countries.
20. Provision for consumption on fixed capital. Though data on net (as opposed to gross) capital formation are extremely valuable for analytical and planning purposes I agree that, because of statistical difficulties, estimates of capital depreciation should not be attempted by African countries at present. It may be interesting to note that the survey-paper on national accounting practices referred to earlier (UN document E/CN.3/291) states that no more than two or three countries have been able, so far, to estimate depreciation on the replacement cost basis recommended by UN SNA.
21. Domestic and national concepts. I share the view of the ECA secretariat paper that, for most analytical purposes, domestic concepts are more useful than national concepts. It may be noted that the system of definitional equations which I advocated above suggests that "domestic product" at market price be adopted as the basic national product total. The basic concept used in Norway (termed "nasjonalprodukt") is essentially a domestic concept but differs from the "domestic product" of the UN SNA in that it includes net wages (but not interest and dividends) received from abroad. The philosophy behind this modification is as follows: A list of factors of production (land, physical capital and labour) which are "resident" in Norway can, in principle, be set up. The "nasjonalprodukt" of Norway, as opposed to that of other countries, is defined as the product (net) which results from the activity of these factors; hence services rendered by resident Norwegians working temporarily abroad must be included (as part of Norwegian exports). To the "nasjonalprodukt" so defined may be added all dividends, interest and other transfer payments received by Norwegians (net) from abroad ("income created abroad but put at the disposal of Norway") to get "national disposable income" which is the total available to Norway for consumption or adding to wealth. (Compare equation (6)).
22. Undistributed profits of subsidiaries. If a domestic product concept is adopted undistributed profits obviously should be considered part of the product total of the country where the subsidiary is located. To that extent I agree with the solution proposed. It could be argued, however, (as I think the UN SNA does),

that such undistributed profits are of the same nature as dividends and should be treated analogously in which case they ought to be counted part of the "national disposable income" (and hence saving) of the country of ownership. Very few countries will have the statistical possibilities of doing this.

23. Interest, dividends and corporate transfer payments. Such payments are, in my mind, best treated as (a special kind of) transfer payments, that is, as payments between appropriation accounts. I do not accept the view-point that they are "the monetary counterpart" of services rendered by physical capital and organization considered as factors of production. We cannot observe or measure these services; what we do observe is "value added" of an industry or an enterprise which is the result of the combined activity of labour, land, capital and organization. It is fallacy to believe that wages, rent, interest and dividends - which depend on ownership rights, legal arrangements etc. - can be identified with the contribution of each of these categories separately.

24. Consumer and public debt interest. Since in no circumstances I consider interest payments as being in respect of services of factors of production consumers and public debt interest causes no difficulty: Like all other interest flows they must be treated as transfers.

25. Pension funds, export duties, classification of transfers, investment in government transfers. On these problems I have no strong opinion except to state that I agree completely with the proposal that all transfers should be treated the way current transfers are treated in the UN SNA at present

V. The Standard Tables

26. I have a feeling that the suggested system of tables represent a blend, with which I am not entirely happy, of some which have been planned primarily for work-shop use and others which are intended for national - or perhaps international-reporting. Some preliminary discussion or clarification of which purpose(s) the tables are to serve might be useful.

27. In general, my preference is for "systems of accounts" for work-shop use whereas for other purposes I like more traditionally laid out tables (as exemplified by the "standard tables" of the UN SNA) better, i.a. because they are normally more suited for representing time series. This would have led to adopting a system of the following kind:

I. Accounts and Work-sheets for Work-shop Use

1. Inventory account of human resources (present table 1).
2. Account of uses and resources of commodities (present table 2, but with individual commodities to be given separately and with enough columns to make the account a true work-sheet).
3. Production and value added accounts by industries, supplemented - if possible - by an input-output table (similar to present table 3).
4. A set of detailed reclassification accounts of general government receipts and expenditures, one account for each branch of general government.
5. If feasible: A set of appropriation accounts distinguishing, as a minimum, general government, the private sector, and the rest of the world.

II. Tables for National Presentation (to give time series when available).

1. Gross domestic product by categories of expenditure (similar to proposed table 9).
2. Gross domestic product by industry of origin (to be based on work-shop account I.3).
3. Private consumption by categories (similar to proposed supplementary table S.4).
4. Gross domestic fixed capital formation by categories (one or more tables similar to proposed supplementary table S.5).
5. Exports by sector of origin (to be based on work-shop account I.2).
6. Imports by category (to be based on work-shop account I.2).
7. Balance of payment presentation.
8. Capital formation and saving.
9. Table(s) showing general government receipts and expenditure by economic and functional classification (based on work-shop acc. I.4).
10. Gross domestic product by income shares (based on work-shop account I.3 or possibly I.5).
11. Wages by industry (based on work-shop account I.3).
12. Entrepreneurial income ("gross operating profit") by industries (based on work-shop account I.3).
13. Human resources by industries (based on work-shop account I.1).
14. As desired: Tables giving commodity details or details of the input-output structure of individual industries (based on work-shop accounts I.2 and I.3).

Note: Tables II.1 - II.2 should also be given at constant prices.

I shall not take more place to spell these ideas out. Instead I shall return to the tables proposed in the ECA secretariat paper to give my reaction to each one of them separately.

28. Table 1: Inventory account of human resources. This table, apart from being virtually indispensable as a work-shop tool, will be found useful for analytical purposes too as a supplement to the other tables. - If possible, a set of standard definitions should be laid down for concepts such as "working age", "unpaid family workers", etc. - The industry classification presumably should be considered "a suggested minimum industry breakdown" for Africa, it being understood that countries, if possible, are recommended to use a more detailed industry classification for national purposes.

29. Table 2: Account of uses and resources by commodity groups. The table appears to be well suited for "national presentation" but for work-shop use I believe it will have to be more detailed. First, the work on completing the table will have to be done at the commodity level and this should be reflected in the account itself. Secondly, since the estimates of imports and local production at producers prices in the "resources" section of the table will have to be transformed into estimates at purchasers' prices in the final expenditure section, would it not be advisable to split the trade margin columns into separate columns for trade margins on consumers' goods, capital formation goods and export goods? (Normally, the mark-up on one and the same commodity varies with the use made of it, for instance, cloth sold for input in a dress-making factory carries less mark-up than the same cloth when sold to final consumers and this will have to be allowed for). - I agree with the treatment of government wages though for reasons which differ from what is implied by footnote 3 to the table: I consider government teachers (to take an example), in their capacity as factors of production, to be resident in the industry "Education services". The output of this industry (= the services of the teachers) is sold to general government. Hence, in my thinking, the government expenditure in question (= the wages) is in respect of "goods and services by other industries" ¹⁾. - The working group may want to consider, for the purpose of completing table 2, to adopt the "gross-gross" domestic capital formation concept. This concept has the practical advantage of making it unnecessary to distinguish materials and parts used for repairs and maintenance (on the "gross" concept to be treated as current input) from materials and parts used for fixed capital formation.

1) Since all governmentally paid personnel is considered, in their capacity of factors of production, to belong to some industry, the corollary is that there will be no product originating in the general government sector. It will all be shown to be originating in some industry or other, including one called "Public administration and defence".

30. Table 3: Production and Value Added Account by Industries. I like the lay-out of this table very much. Though I expect that many countries will have difficulties in completing the table in full, most countries should be able to provide, at least, an estimate of employee income by industries. This would allow, as a step in the right direction, "gross operating profits by industries" to be computed as a residual. - With respect to terminology I suggest for consideration

"gross domestic product at factor cost" to be renamed

"gross factor income (or earnings)"

and

"gross operating profits" to be renamed

"gross entrepreneurial income" (including earnings of selfemployed).

Footnote 2 does not apply to sectors 20: Distribution and 21: Transport. The footnote, therefore, should be rephrased accordingly.

31. Tables 4, 5 and 6: Appropriation Accounts of Corporations, General Government and Households. For reasons which I have partly set out before I consider these tables less essential.

32. Table 8: Rest of the World Account. Some statement of the balance of payment obviously should be part of the national accounting system of any country. I have no strong objections to the presentation suggested, though - in accordance with my ideas as far as interest and dividends are concerned - I would prefer a somewhat different terminology in the current account. For instance:

Receipts

Payments

8.1 Exports

8.4 Imports

(1)

(1)

...

...

(5)

(6) Wages and salaries of residents paid by non-resident producers

(5)

(6) Wages and salaries of non-residents paid by resident producers

8.2 Transfers

8.5 Transfers

(1) Interest, dividends, profits

(1) Interest, dividends, profits

(2) Other transfer receipts

(2) Other transfer payments

8.6 Surplus of the nation on current account

33. Table 9. Expenditure on Gross Domestic Product. The same apply here:

I have no strong objections to the table as it stands, but should prefer a lay-out which corresponds better to equation (5) of paragraph (17). Also I see no need to confuse the users by introducing the concept "domestic product at factor cost". Finally, I do not like the phrase "expenditure on gross domestic product". My solution, therefore, would be:

Gross Domestic Product by Categories of Expenditure

- 9.1 Private consumption
- 9.2 General government (or "public") consumption
- 9.3 Gross domestic capital formation (to be specified)
- 9.4 Net exports (to be specified)
- equals 9.5 Gross domestic product

34. Table 10. National Income by Factor Share. Some table of this kind surely would be desirable as part of any national accounting system. Its precise lay-out, however, will have to depend on the type of data available. Some crude but nevertheless valuable breakdown could be given, based on table 3, even though no appropriation accounts were available. As in other similar cases I would prefer, in order to avoid confusing the reader by introducing too many nearly identical basic concepts, that the table be presented as a breakdown of gross domestic product at market prices rather than as of national income at factor cost. A presentation similar to the one which is in use in Norway would read as follows:

Gross Domestic Product by Factor Shares

Gross Domestic Product

- + subsidies
- indirect taxes
- = Gross Factor Income (earnings)
- 1. Private income from labour and capital
 - a. Wages
 - b. Income from agricultural rural households
 - c. Income from dwelling (actual and imputed net rent)
 - d. Other private income (to be broken down as feasible)
- 2. Public net income from capital (profit of public enterprises etc. minus government debt interest)
- 3. Net interest and dividends paid to foreigners.

35. Supplementary table S.1: Agricultural Rural Households Account.

No comment.

36. Supplementary tables S.2 and S.3: General Government Receipts and

Expenditure. These tables appear to be useful for the purpose of "national presentation" though table 2, because it gives a cross-classification, is unsuitable when data for more than one year are to be presented simultaneously. For workshop use similar tables will have to be set up separately for each branch of general government (state, local, and social insurance). These workshop tables will have to provide room for more categories of expenditure than are distinguished in the present heading of supplementary table 3, for instance, transfers between branches of government will have to be shown separately.

37. Supplementary table S.4: Composition of Private Consumption Expenditure.

A working group of the Conference of European Statisticians is undertaking a revision of the private consumption classification of the UN SNA. The African countries may like to consider the recommendations of the European working group before agreeing finally on the commodity classification of supplementary table S.4. (I assume that the classification of S.4 is to be considered "a recommended minimum classification" but that, for national purposes, more detailed breakdowns will be provided as feasible).

38. Supplementary table S.5: Composition of Gross Domestic Capital Formation.

Section A: More details could be shown. For instance, under item 2(3) road construction and/or construction of hydro-electric power stations could perhaps be singled out and under item 3(1)(d) it might be possible to give aircrafts and ships. Section B: No comment. Section C: In countries with a large public sector it might be useful, under each industry heading, to give separate data on capital formation by government enterprises and corporations as distinct from capital formation by the private sector.