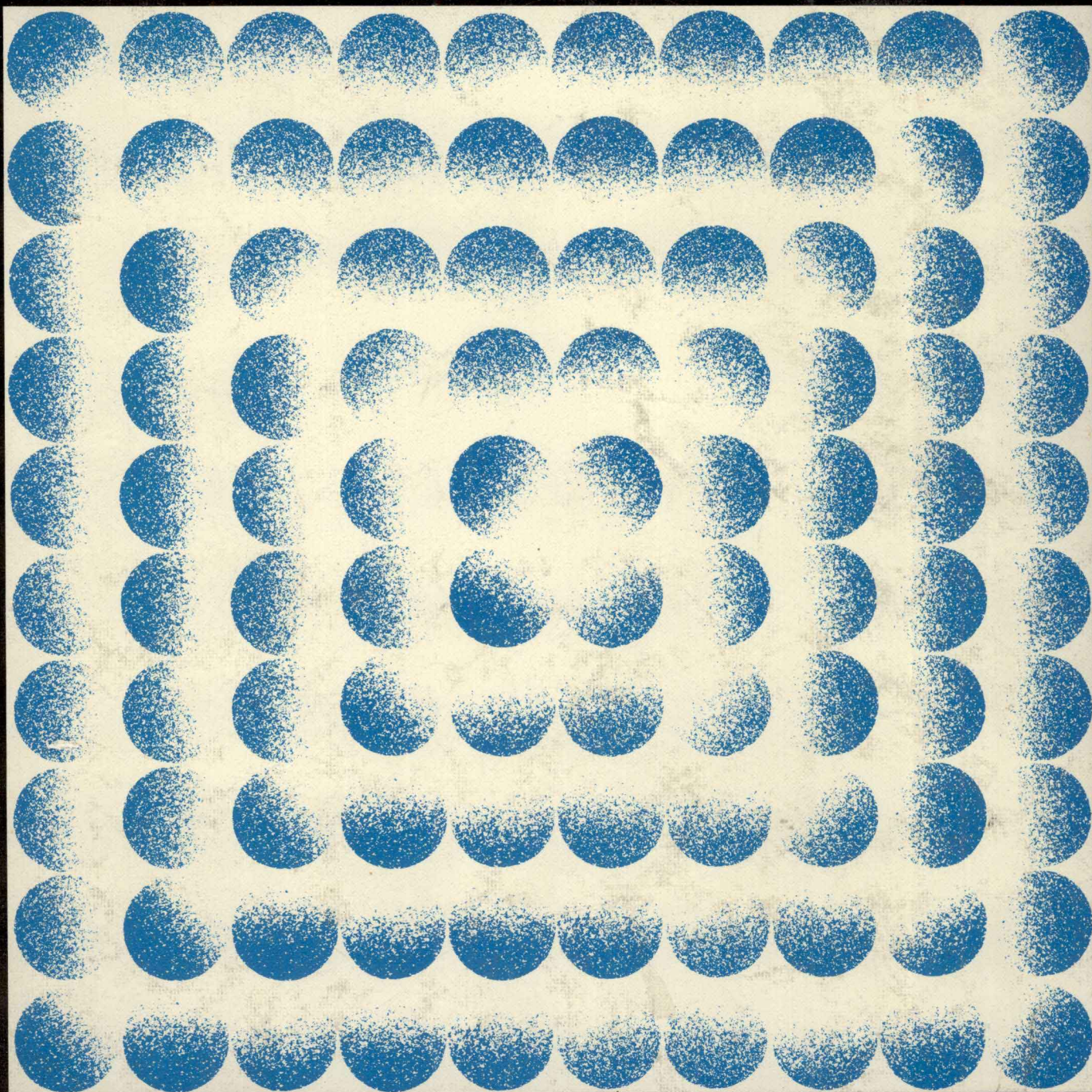




# Yearbook of National Accounts Statistics 1980

United Nations

Volume I Part 1  
Individual country data





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United Nations  
New York, 1982

## NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

The *Yearbook of National Accounts Statistics, 1980* consists of two volumes. The volumes are not sold separately.

The first 14 editions of the *Yearbook* were issued without series symbols.

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## INTRODUCTION

This is the twenty-fourth issue of the *Yearbook of National Accounts Statistics*.<sup>1/</sup> Like the first 23 issues, it has been prepared by the Statistical Office of the United Nations with the generous co-operation of national statistical services. It is issued in accordance with the request of the Statistical Commission<sup>2/</sup> that the latest available data on national accounts for as many countries and areas as possible be published regularly.

The present *Yearbook* is issued in two volumes. Volume I, (Parts I and II) "Individual country data", shows in "III Country tables", detailed national accounts estimates for 155 countries and areas.

Volume II, "International tables", contains the following: table 1 (A, B, C) shows for 157 countries and areas estimates of total and *per capita* gross domestic product, national income, and national disposable income expressed in United States dollars for the years 1960, 1970, 1975, 1977 and 1978 and 1979. Table 2 (A, B) and table 3 show the percentage distribution of gross domestic product and net material product by type of final expenditure and use and the percentage distribution of gross domestic product and net material product by kind of economic activity, respectively, for some or all of the years 1960-1979. Table 4 shows the percentage distribution of gross domestic product by cost-structure for some or all of the years 1960-1979. Table 5 shows the percentage distribution of the cost structure of national income and national disposable income for some or all of the years 1960-1979. Table 6 (A, B) shows in semi-matrix forms average annual rates of growth of real gross domestic product and net material product by type of expenditure and use and by kind of economic activity between any two years within the period 1960 to 1979, where available. Tables 7 and 8 (A, B) show world and regional index numbers of real gross domestic product by type of expenditure and by kind of economic activity, respectively, for the period 1960-1979 (base year: 1975 = 100). Table 9 shows index numbers of total and *per capita* real product for the period 1960-1979 (base year: 1975 = 100). Table 10 (A, B, C) shows implicit price deflator index numbers of gross domestic product by expenditure and by kind of economic activity, and of gross fixed capital formation by kind of economic activity of owner, respectively, for the period 1960-1979 (base year: 1975 = 100). Tables 11 and 12 show the finance of gross capital formation and saving as percentage of disposable income and by percentage distribution by institutional sector, respectively, for some or all of the years 1960-1979. Table 13 shows principal aggregates and their interrelationships for 158 countries and areas; these are time series, for some or all of the years 1960-1979.

### SCOPE OF PUBLICATION

National accounts estimates for countries or areas with market economies are shown, where available for each of the following subjects. Estimates are shown for the years 1960, 1965, 1970-1979.

### Part 1. Summary Information

- 1.1 Expenditures on the gross domestic product (current prices)
- 1.2 Expenditures on the gross domestic product (constant prices)
- 1.3 Cost components of the gross domestic product
- 1.4 General government current receipts and expenditures, summary
- 1.5 Current income and outlay of corporate and quasi-corporate enterprises, summary
- 1.6 Current income and outlay of households and non-profit institutions, summary
- 1.7 External transactions on current account, summary
- 1.8 Capital transactions of the nation, summary
- 1.9 Gross domestic product by institutional sector of origin
- 1.10 Gross domestic product by kind of activity (current prices)
- 1.11 Gross domestic product by kind of activity (constant prices)
- 1.12 Relations among national accounting aggregates

### Part 2. Final Expenditures on Gross Domestic Product: Detailed Breakdowns and Supporting Tables

- 2.1 General government final consumption expenditure by function (current prices)
- 2.2 General government final consumption expenditure by function (constant prices)
- 2.3 Total general government outlays by function and type
- 2.4 Composition of general government outlays for social security and social assistance
- 2.5 Private final consumption expenditure by type (current prices)
- 2.6 Private final consumption expenditure by type (constant prices)
- 2.7 Gross capital formation by type of good and owner (current prices)
- 2.8 Gross capital formation by type of good and owner (constant prices)
- 2.9 Gross capital formation by kind of activity of owner, ISIC major divisions (current prices)
- 2.10 Gross capital formation by kind of activity of owner, ISIC major divisions (constant prices)
- 2.11 Gross fixed capital formation by kind of activity of owner, ISIC divisions (current prices)
- 2.12 Gross fixed capital formation by kind of activity of owner, ISIC divisions (constant prices)
- 2.13 Stocks of reproducible fixed assets, by type of good and owner (current prices)
- 2.14 Stocks of reproducible fixed assets, by type of good and owner (constant prices)
- 2.15 Stocks of reproducible fixed assets by kind of activity (current prices)
- 2.16 Stocks of reproducible fixed assets by kind of activity (constant prices)
- 2.17 Exports and imports of goods and services, detail



*Part 3. Institutional Sector Accounts: Detailed Flow Accounts and Balance Sheets*

1. General government

- 3.11 Production account: Total and subsectors
- 3.12 Income and outlay account: Total and subsectors
- 3.13 Capital accumulation account: Total and subsectors
- 3.14 Capital finance account: Total and subsectors
- 3.15 Balance sheet: Total and subsectors

2. Corporate and quasi-corporate enterprises

- 3.21 Production account: Total and subsectors
- 3.22 Income and outlay account: Total and subsectors
- 3.23 Capital accumulation account: Total and subsectors
- 3.24 Capital finance account: Total and subsectors
- 3.25 Balance sheet: Total and subsectors
- 3.26 Financial transactions of financial institutions: detail

3. Households and private unincorporated enterprises

- 3.31 Production account: Total and subsectors
- 3.32 Income and outlay account: Total and subsectors
- 3.33 Capital accumulation account: Total and subsectors
- 3.34 Capital finance account: Total and subsectors
- 3.35 Balance sheet: Total and subsectors

4. Private non-profit institutions serving households

- 3.41 Production account
- 3.42 Income and outlay account
- 3.43 Capital accumulation account
- 3.44 Capital finance account
- 3.45 Balance sheet

5. External transactions

- 3.51 Current account, detail
- 3.52 Capital accumulation account
- 3.53 Capital finance account

*Part 4. Production by Kind of Activity: Detailed Breakdowns and Supporting Tables*

- 4.1 Derivation of value added by kind of activity, ISIC major divisions (current prices)
- 4.2 Derivation of value added by kind of activity, ISIC major divisions (constant prices)
- 4.3 Derivation of value added by kind of activity, ISIC divisions (current prices)
- 4.4 Derivation of value added by kind of activity, ISIC divisions (constant prices)
- 4.5 Cost components of value added, ISIC major divisions
- 4.6 Cost components of value added, ISIC divisions
- 4.9 Supply of goods and services (current prices)
- 4.10 Supply of goods and services (constant prices)

- 4.11 Disposition of goods and services (current prices)
- 4.12 Disposition of goods and services (constant prices)
- 4.13 Gross output of goods and services (current prices)
- 4.14 Gross output of goods and services (constant prices)
- 4.15 Intermediate consumption by kind of activity of user (current prices)
- 4.16 Intermediate consumption by kind of activity of user (constant prices)
- 4.17 Reconciliation of SNA gross domestic product with MPS net material product

For the countries with centrally planned economies, estimates are shown, where available, in terms of the System of Material Product Balances (MPS), for each of the following subjects, as a rule, for the years 1960, 1965, 1970-1979.

- 1. Net material product by use
- 2. Net material product by kind of activity of the material sphere
- 3. Primary incomes by kinds of activity of the material sphere
- 4. Primary incomes from net material product
- 5. Supply and disposition of goods and material services
- 6. Capital formation by kind of activity of the material and non-material spheres
- 7. Final consumption
- 8. Personal consumption according to source of supply of goods and material services
- 9. Total consumption of the population by object, commodity and service, and mode of acquisition.

The form and concepts of the statistical tables in the present volume generally agree, for the countries or areas with market economies, with the recommendations in *A System of National Accounts*, 31 Studies in Methods, Series F, No. 2, Rev. 3. For the countries with centrally planned economies, the form and concepts generally agree with the recommendations in *Basic Principles of the System of Balances of the National Economy*, Studies in Methods, Series F, No. 17. 41 A summary of the conceptual framework of both systems, their classifications and definitions of transactions items, is provided in chapters I and II.

COLLECTION AND PRESENTATION OF DATA

To collect this sizable body of national accounts material, the Statistical Office of the United Nations each year sends to countries or areas with market economies a national accounts questionnaire; those with centrally planned economies receive a material balances questionnaire. The recipients of the questionnaires are also requested to indicate where the scope and coverage of the country estimates differ for conceptual or statistical reasons from the definitions and classifications recommended in SNA or in the System of Material Product Balances. Data obtained from these replies are supplemented by information obtained from correspondence with the national statistical services and from national source publications.

In this volume of the *Yearbook*, the data for each country or area are presented in separate chapters, as far as possible, under uniform table headings and classifications of the SNA or the material balances questionnaire, as the case may be. Each country chapter contains a brief introductory text (source and general note). The general note describes the extent to which the estimates conform conceptually to the recommendations of the SNA or the material balances questionnaire. Important deviations from the two systems, where known, are described in the general note, while differences in definition and coverage of specific items are indicated in foot-notes to the relevant tables.

Country data in chapter III are presented in alphabetical order.

Unless otherwise stated, the data in the *Yearbook* tables relate to the calendar year against which they are shown.

The data which relate to the Federal Republic of Germany and the German Democratic Republic include the relevant data relating to Berlin for which separate data have not been supplied. This is without prejudice to any question of status which may be involved.

#### COMPARABILITY OF THE NATIONAL ESTIMATES

Every effort has been made to present the estimates of the various countries or areas in a form designed to facilitate international comparability. To this end, important differences in concept, scope, coverage and classification have been described in the notes which precede and accompany the country tables. Such differences should be taken into account if misleading comparisons among countries or areas are to be avoided.

#### REVISIONS

The figures shown are the most recent estimates and

revisions available at the time of compilation. In general, figures for the latest year are to be regarded as provisional.

#### EXPLANATION OF SYMBOLS

The following symbols have been employed:

Data not available ..... ..  
 Category not applicable..... ..  
 Magnitude nil or less than half of the unit employed..... .. —  
 Decimal figures are always preceded by a period.. (.)

When a series is not homogeneous, this is indicated by presenting the figures in separate rows.

Details and percentages in tables do not necessarily add to totals shown because of rounding.

#### GENERAL DISCLAIMER

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Where the designation "country or area" appears in the headings of tables, it covers countries, territories, cities or areas. In prior issues of this publication, where the designation "country" appears in the headings of tables, it should be interpreted to cover countries, territories, cities or areas.

In some tables, the designation "developed" and "developing" economies is intended for statistical convenience and does not, necessarily, express a judgement about the stage reached by a particular country or area in the development process.

// United Nations publications. Previous editions of the *Yearbook* were issued under the following sales numbers: 1957, 58.XVII.3; 1958, 59.XVII.3; 1959, 60.XVII.3; 1960, 61.XVII.4; 1961, 62.XVII.2; 1962, 63.XVII.2; 1963, 64.XVII.4; 1964, 65.XVII.2; 1965, 66.XVII.2; 1966, 67.XVII.14; 1967, 69.XVII.6; 1968, vol. I, 70.XVII.2, vol. II, 70.XVII.3; 1969, vol. I, 71.XVII.2, vol. II, 71.XVII.3; 1970, 72.XVII.3, vol. I, 72.XVII.3, vol. II; 1971, (3 volumes), E.73.XVII.3; 1972, (3 volumes), E.74.XVII.3; 1973, (3 volumes), E.75.XVII.2; 1974, (3 volumes), E.75.XVII.5; 1975, (3 volumes), E.76.XVII.2; 1976 (2 volumes), E.77.XVII.2; 1977, (2 volumes), E.78.XVII.2; 1978, (2 volumes) E.79.XVII.8; 1979, (2 volumes), E.80.XVII.11.

2/ See *Official Records of the Economic and Social Council, First Year, Second Session*, annex III, chap. IV.

3/ United Nations publication, Sales No. E.69.XVII.3. The first edition of the report, published in 1953, was prepared by an expert committee appointed by the Secretary-General of the United Nations.

4/ United Nations publication, Sales. No. E.71.XVII.10.



## I. THE SYSTEM OF NATIONAL ACCOUNTS (SNA)

The new System of National Accounts (SNA) was adopted by the Statistical Commission at its fifteenth session // for the use of national statistical authorities and in the international reporting of comparable national accounting data. The new system is a revision and extension of the former SNA which was first formulated in 1952 2/.

### A. THE STRUCTURE OF THE SNA

The SNA provides a comprehensive and detailed framework for the systematic and integrated recording of transaction flows in an economy. It brings together into an articulated and coherent system data ranging in degree of aggregation from consolidated accounts of the nation to detailed input-output and flow-of-funds tables. It includes production and goods and services and outlay and capital finance accounts for institutional sectors and subsectors.

The country tables are divided into four parts. These are listed in the Introduction. Part 1 contains summary but comprehensive information, in current and where appropriate constant prices. This part includes not only the basic gross domestic product (final expenditures and cost composition), but also summary information on government receipts and disbursements, enterprise and household income and outlay, and external transactions, a summary capital transactions account, information on gross product by institutional sector of origin and kind of activity, and finally a table showing the relations among the aggregate concepts used in the revised SNA and also commonly in national statistical systems. Tables 1.1, 1.3, 1.4, 1.5, 1.6, 1.7 and 1.8 form a simple, closed and balancing set of flow accounts, drawn from the much more complex and elaborate standard accounts of SNA; these tables can therefore be used not only to provide an overview of the operation of the economic system but also as a guide to the more detailed data that follow and as a framework to enforce conceptual and statistical consistency.

Part 2 shows detailed breakdowns of the final expenditure components of gross domestic product (consumption, capital formation, imports and exports), in current and constant prices, together with supporting tables giving additional information on government outlays and capital stock. This part also shows tables relating to stocks of reproducible tangible assets in current and constant prices.

Part 3 shows detailed institutional sector accounts. For each sector and subsector, five accounts are given: a production account, an income and outlay account, a capital formation account, a capital finance account, and a balance sheet. The last four of these are the standard SNA accounts as shown in Annex 8.3 of *A System of National Accounts* (op.cit.) and in Annex 8.2 of *Provisional Guidelines on National and Sector Balance Sheets and Reconciliation Accounts of the System of National Accounts* 3/. The SNA standard accounts do not include institutional sector production accounts, but provision is made for this information in the supporting tables.

The sectors and subsectors distinguished in Part 3 are: general government (central, state or provincial, local, social security funds), corporate and quasi-corporate enterprises (non-financial, financial), households and private unincorporated enterprises (farm entrepreneurial, other farm, non-farm entrepreneurial, non-farm wage earner, other) and non-profit institutions serving households.

Part 4 contains kind of activity breakdowns. Two levels of detail are employed. All of the information is asked for at the ISIC major division (1-digit) level. In some cases data are also asked for at the ISIC division (2-digit) level, with a very small amount of further breakdown to the 3-digit level. Where appropriate, both current and constant prices are specified. The tables show the derivation of value added (gross output less intermediate consumption), the cost components of value added, and employment.

### B. STANDARD CLASSIFICATIONS OF THE SNA

Detailed discussions of definitions and classifications are to be found in *A System of National Accounts*, (op.cit.) and in the other publications on SNA cited above. The SNA distinguishes between transactor and transaction classifications. Below is given a short summary of the main characteristics of each of the classifications used by the system.

#### I. Classifications of Transactors

##### 1. Kind of Activity

The kind-of-activity classification employed is the major division (1-digit) level, or in some tables the division (2-digit) level, of the *International Standard Industrial Classification of All Economic Activities*, 4/

In SNA, this classification is intended to be applied to establishment-type units, defined as the smallest units for which separate production accounts can be compiled. SNA also employs a much broader kind of activity classification, which divides producers into "industries" and three categories of "other producers". Industries are, broadly, establishments whose activities are intended to be self-sustaining, whether through production for the market or for own use, and it is to this category that the ISIC breakdown is generally applied.

All establishments falling into ISIC major divisions 1-8 should be classed as industries. Producers of government services, private non-profit services to households, and domestic services are classed as "other producers"; all of these should fall into ISIC category 9 "Community, social and personal services." ISIC category 9 also may, of course, include some establishments classed as industries. Where countries consider, however, that some establishments classed as other producers should appear in ISIC categories other than 9, the nature of the exceptions should be specified in footnotes to Tables 1.10 and 1.11.

## 2. Institutional Sectors

The basic SNA institutional sectoring is given in *A System of National Accounts*, (op. cit.) table 5.1.

Institutional sectoring, in SNA, is intended to be applied to enterprise-type units, that is, units for which complete accounts can be compiled, as opposed to the establishment-type units employed in the kind-of-activity classification. This distinction is applicable mainly to the corporate and quasi-corporate enterprise sector.

The sectoring and subsectoring employed in the institutional sector accounts in Part 3 is as follows:

- General government
  - Central
  - State or provincial
  - Local
  - Social security funds
- Corporate and quasi-corporate enterprises
  - Non-financial
  - Financial
- Households and private unincorporated enterprises
  - Farm entrepreneurial
  - Other farm
  - Non-farm entrepreneurial
  - Non-farm wage earner
  - Other
- Non-profit institutions serving households
- Rest of the world

(a) *General government.* This sector includes (1) *producers of government services*, all bodies, departments and establishments of any level of government which engage in administration, defence, regulation of the public order and health, cultural, recreational and other social services and social security arrangements which are furnished but not normally sold to the public, and (2) *industries of government*, ancillary departments and establishments mainly engaged in supplying goods and services to other units of government, such as printing plants, central transport pools and arsenals, and agencies mainly selling goods and services to the public but operating on a small scale and financially integrated with general government, such as government restaurant facilities in public buildings. Non-profit institutions which, while not an official part of any organ of government, are wholly or mainly financed and controlled by it should be included in producers of government services. Ancillary agencies may occur in any kind of activity. Producers of government services normally occur only in major division 9 (which of course may also include ancillary agencies).

Provision is made for four subsectors of general government, all of which may include the two components noted above. However, it is not intended that artificial distinctions should be introduced where they do not exist in the institutions of a particular country. It will, for instance, usually be desirable to separate state or provincial government from local government only in countries where state or provincial governments exercise a considerable degree of autonomy. Similarly, social security funds should in general

be distinguished separately only where they are organized separately from the other activities of general government and exercise substantial autonomy in their operations.

(b) *Corporate and quasi-corporate enterprises.* SNA defines this sector to include enterprises which meet any one of the following criteria: (1) they are incorporated; (2) they are owned by a non-resident; (3) they are relatively large partnerships or proprietorships with complete income statements and balance sheets; (4) they are non-profit institutions mainly serving business and financed and controlled by business; or (5) they are engaged in financial activities. Because of the difficulty that may be encountered in compiling separate production account data for incorporated and unincorporated units, a combined production account for these two sectors has also been provided for.

(c) *Households and private unincorporated enterprises.* This sector includes all private unincorporated enterprises not classed as quasi-corporations. SNA also includes in this sector private non-profit institutions serving households that employ less than the equivalent of two full-time persons.

The criterion for classifying the subsectors of the household sector in these tables differs slightly from that tentatively proposed in SNA. There, the subsectoring is based upon the occupational status of the person designated "head of household". Here, the classification is based upon the most important source of household income taking all household members into account. It is considered that this criterion more accurately reflects both changing social views and changing labor force participation practices; and it responds to recent directives relating to the elimination of sex-based stereotypes.

(d) *Private non-profit institutions serving households.* This sector includes institutions not mainly financed and controlled by general governments, and employing the equivalent of two or more persons, that furnish educational, health, cultural, recreational and other social and community services to households free of charge or at prices which do not fully cover their costs of production. As in the case of general government, SNA includes two components in this sector: (1) *producers of private non-profit services to households*, which engage in the activities enumerated above, and (2) *commercial activities* of these institutions such as owning and letting dwellings, operating eating and lodging facilities, and publishing and selling books, for which it is possible to compile separate production accounts but not complete separate financial accounts. (Where separate financial accounts can be compiled, such activities would be classed as ordinary quasi-corporations.) In SNA, these commercial activities are considered to be "industries", and should be classed in the appropriate ISIC categories, whereas the non-profit services proper will all fall into ISIC category 9.

## II. Classifications of Transactions

### 1. Classification of the Functions of Government

Table 5.3 of *A System of National Accounts* (op. cit.) con-



tains a classification of the purposes of government, the 1-digit level of which was used in the previous *Yearbook* for classifying general government outlays. This classification has now been superseded by the *Classification of the Functions of Government* 51.

## 2. Household Consumption Expenditure

Table 6.1 of SNA provides a classification of household goods and services. The classification used in this *Yearbook* is a slightly condensed version of the second level of this classification in which some second-level categories have been combined.

## 3. Purposes of Private Non-Profit Bodies Serving Households

This classification appears in Table 5.4 of SNA. It is used for classifying the final consumption expenditures of private non-profit institutions serving households.

## 4. Gross Capital Formation

Table 6.2 of SNA classifies stocks according to type, and Table 6.3 classifies gross fixed capital formation according to type. These classifications are used in this *Yearbook* in slightly modified form, calling for less detail in some areas and slightly more detail in others (specifically transport equipment).

## 5. Exports and Imports of Goods and Services

This classification is given in Table 6.4 of SNA.

## 6. Transfers

Table 7.1 of SNA contains a classification of unrequired current transfers, including direct taxes. This classification is not employed directly in the present *Yearbook* but it is the source of the definitions of a number of flows, and will be referred to in that connexion.

## 7. Financial Assets and Liabilities

Table 7.2 of SNA, gives a classification of items appearing in the capital finance account.

## 8. Balance Sheet Categories

Classifications of the various types of assets not included in the previous classification are given in *Provisional Guidelines on National and Sector Balance Sheets and Reconciliation Accounts of the System of National Accounts*, (op.cit.) Tables 5.1 and 5.2, dealing respectively with stocks and fixed assets, and non-reproducible tangible assets. These classifications are used in the capital stock tables in Part 2 and the balance sheet tables in Part 3.

## C. DEFINITIONS OF FLOWS

The following section briefly defines the content of the flows appearing in the SNA tables of chapter III of the *Yearbook*.

## 1. Total Supply of Goods and Services

### 1. Gross Output of Goods and Services

Gross output of goods and services covers both the value of goods and services produced for sale and the value of goods and services produced for own use. It includes (a) the domestic production of goods and services which are either for sale or for transfer to others, (b) net additions to work in progress valued at cost, and to stocks of finished goods valued in producers' prices; (c) products made on own account for government or private consumption or for gross fixed capital formation; and (d) rents received on structures, machinery and equipment (but not on land) and imputed rent for owner-occupied dwellings.

Production for own consumption of households includes all own-account production of primary products (agricultural, fishing, forestry, mining and quarrying), own account production of such items as butter, flour, wine, cloth or furniture made from primary products, and other goods and services which are also commonly sold. Gross output of the distributive trades is defined as the difference between sales and purchase values of goods sold. Gross output of banks and similar financial institutions is defined as the sum of actual service charges and imputed service charges; the latter is equal to the excess of property income received over interest paid out on deposits. For casualty insurance companies gross output is defined as the excess of premiums received over claims paid, and for life insurance schemes it is the excess of premiums received over the sum of claims paid and net additions to actuarial reserves, excluding the accrued interest of the policy-holders in these reserves. Gross output of general government includes the market value of sales and goods and services produced for own use. The latter should be valued at cost, i.e., the sum of net purchases of goods and services for intermediate consumption (at purchasers' prices); consumption of fixed capital, compensation of employees, and any indirect taxes paid.

The concept of gross output appears in both Part 3 and Part 4 of the tables. In Part 3 each sector production account aggregates to its gross output. In Part 4, gross output of various kind-of-activity sectors appears in Tables 4.1 -4.4 and 4.9-4.14. In the sector production accounts (Tables 3.11, 3.21, 3.31 and 3.41) and the supply tables (4.9, 4.10, 4.13 and 4.14), gross output is divided into marketed and non-marketed components. The marketed component includes all output offered for sale (whether or not a buyer is actually found) or valued on the basis of a market transaction, even if it reaches the ultimate recipient through a transfer.

### 2. Imports of Goods and Services

Imports of goods and services include broadly the equivalent of general imports of merchandise as defined in external trade statistics, plus imports of services and direct purchases abroad made by resident households and by the government on current account. Transfer of migrants' household and personal effects and gifts between households are also included. Some additions and deductions are required, however, to move from the general trade concept

to the national accounting concept. Additions required include (1) the value of purchases of bankers, stores and ballast for ships, aircraft, etc., (2) fish and salvage purchased from foreign vessels, and (3) purchases from abroad of gold ore and gold for industrial uses. Deductions required include (4) goods imported solely for improvement or repair and subsequently re-exported; and (5) leased or rented machinery, equipment and other goods; the value of the repairs or leasing and rental services is included, however. The valuation of imports is c.i.f. In principle, transactions should be recorded at the moment the transfer of ownership takes place, and not when goods physically enter the domestic territory, but in practice the time of recording used in the national accounts usually must follow that used in the external trade statistics.

Total imports of goods and services appear in Tables 1.1, 1.2, 1.7 and 3.51. A detailed breakdown is given in Table 2.17.

## II. *Disposition of Total Supply: Intermediate and Final uses*

### 1. *Intermediate Consumption*

Intermediate consumption covers non-durable goods and services used up in production, including repair and maintenance, research and development and exploration cost. It also includes indirect outlays on financing capital formation such as floatation costs for loans and transfer costs involved in the purchase and sale of intangible assets and financial claims. Intermediate consumption is, as far as possible, valued in purchasers' prices at the moment of use. For producers of government services and private non-profit services to households, intermediate consumption includes (1) purchases of goods and services on current account *less* sales of similar second-hand goods and scraps and wastes, (2) value of goods in kind received as transfers or gifts from foreign governments, except those received for distribution to households without renovation or alteration, (3) durable goods acquired primarily for military purposes, and (4) goods and services paid for by government but furnished by private suppliers to individuals (e.g. medical services), provided that the individuals have no choice of supplier. However, intermediate consumption of these producers does not include (1) goods and services acquired for use in constructing capital assets, such as roads or buildings (2) goods and services paid for by government but furnished by private suppliers to individuals, when the individuals can choose the supplier, and (3) purchases of strategic materials for government stockpiles.

Intermediate consumption appears in each institutional sector production account in Part 3, and in tables 4.1-4.4 by kind of activity. In addition to the flow numbers assigned in SNA, flow numbers have been introduced for two categories of intermediate consumption not separately numbered in *A System of National Accounts* (op.cit). The first is imputed bank service charges. The imputed bank service charge is defined as the excess of property income accruing to banks and similar financial institutions from the investment of deposits over the interest accruing to their depositors. This imputation is made because of the view that banks perform

services for depositors for which no explicit payment is made, in return for the use of the deposits as earning assets. It is not possible to allocate the imputation to specific recipients of the services, however, so that it cannot be included, as would be desirable, as part of the intermediate consumption of each reception. It is therefore deducted as a lump sum adjustment. The adjustment appears in the tables showing kind-of-activity breakdowns of value added or intermediate consumption, including tables 1.10, 1.11 and 4.1-4.4. The second addition is intermediate consumption of industries of government, required for constructing a production account for general government (table 3.11).

### 2. *Government Final Consumption Expenditure*

Government final consumption expenditure is equal to the service produced by general government for its own use. Since these services are not sold, they are valued in the gross domestic product at their cost to the government. This cost is defined as the sum of (1) intermediate consumption, (2) compensation of employees, (3) consumption of fixed capital, and (4) payments of indirect taxes, less (5) the value of own-account production of fixed assets, and *less* (6) sales of goods and services. This last item, government sales, includes all payments made by individuals for services received (whether nominal or full cost), and it also includes the provision of second-hand goods from government stores as transfers in kind to foreign governments. Sales of such items as timber from forest preserves, seeds from agricultural experiment stations, and government publications would also appear here. Compensation of employees, consumption of fixed capital, and indirect taxes paid (if any) should preferably relate to all general government activity, with intra-governmental purchases and sales of goods and services eliminated in order to avoid double counting. With this treatment there will be no operating surplus for any general government unit. In cases where countries consider that ancillary agencies and/or unincorporated government enterprises selling to the general public are operated on commercial principles and that the prices charged reflect market values, treatment of these entities on a net basis is an acceptable alternative. In this treatment their sales to other government agencies will appear as intermediate consumption of the latter, and their operating surplus will appear as an item of general government income. This treatment has a number of disadvantages; the boundary between ancillary agencies and other government agencies is very difficult to specify precisely, and variations in treatment are likely to lead to incomparability among countries. Also, the net treatment makes it impossible to obtain figures for such flows as total compensation of general government employees. Finally, it has the consequence that the level of gross domestic product will vary when the government's internal transfer prices are altered, a result that is somewhat incongruous.

Total government consumption expenditures appear in Tables 1.1, 1.2, 4.11 and 4.12. A breakdown by government subsectors appears in Table 3.12. Tables 2.1-2.4 show detailed breakdowns by function.



### 3. *Private final consumption expenditure*

Private consumption expenditure measures the final consumption expenditure of all resident non-governmental units. Thus, it is the sum of final consumption expenditure of households and that of private non-profit institutions serving households.

#### (a) *Private non-profit institutions serving households*

Final consumption expenditure of these units, as in the case of government, is equal to services they produce for their own use, and it is valued at cost. Cost includes purchases and the value (in purchasers' prices) of transfers received in kind of goods and services, compensation of employees, consumption of fixed capital, and indirect taxes paid by these institutions, *less* their sales of goods and services. The definitions of purchases and sales on current account are much the same as those for general government. Private non-profit institutions serving households are defined to include units employing the equivalent of two or more full-time persons and providing educational, health, cultural, recreational, and other social and community services to households free of charge or at prices that are not intended to cover their full costs of production. Units mainly financed and controlled by general government, however, are included in general government rather than here. Units primarily serving business, such as trade associations, are included with corporate and quasi-corporate enterprises. In applying these definitions, some judgement is required, and it will often be necessary to examine intent as well as outcome. A normally profit-making unit that sustains a loss does not thereby become a non-profit institution.

Final expenditures of private non-profit institutions serving households appear in Tables 1.1, 1.2 and 3.42, and a breakdown by purpose appears in Tables 2.5 and 2.6. Definitions of the purpose categories are given in SNA classification 5.4

(b) *Resident households.* What is wanted as a component of the final uses of gross domestic product is the final consumption expenditure of resident households. What is most commonly available in the statistics, however, is not expenditure of resident units, but expenditure in the domestic market. To adjust expenditure in the domestic market to expenditure of resident units, purchases abroad and net gifts in kind received from abroad have been added, and subtracted are purchases in the domestic market of non-resident units. Corresponding adjustments are made to exports (to insure that they include purchases of non-residents in the domestic market) and to imports (to insure that they include purchases of residents abroad). These adjustments include expenditures by tourists, ships' crews, border and seasonal workers and diplomatic and military personnel on goods and services including local transportation, but they exclude expenditures reimbursable as travel expenses (which are counted as intermediate consumption). These adjustments are shown in Tables 2.5 and 2.6.

Household final consumption expenditure includes outlays on non-durable and durable goods and services, *less* sales of second hand goods and of scraps and wastes. In ad-

dition to market purchases, household final consumption expenditure includes the imputed gross rent of owner-occupied dwellings, food and other items produced on own accounts and consumed, and items provided as wages and salaries in kind by an employer, such as food, shelter or clothing, and other fringe benefits included in compensation of employees, except those considered to add to household saving. The imputed gross rent of similar facilities on the market, but has been approximated by costs, including operating, maintenance and repair charges, depreciation, mortgage interest, and interest on the owner's equity. Other non-marketed output included in final consumption is valued at producers' prices.

Total resident final consumption expenditure appears in Tables 1.1, 1.2, 1.6 and 1.12. It is broken down by institutional subsectors in Tables 3.32, and in Tables 4.11 and 4.12 it is broken down industrial origin. A detailed breakdown by type of good is shown in Tables 2.5 and 2.6. The type-of-good categories are defined in SNA classification 6.1.

### 4. *Gross Capital Formation*

Gross capital formation is the sum of the increase in stocks and gross fixed capital formation, defined below. It appears in Tables 1.1, 1.2 and 1.8. Breakdowns of gross capital formation appear in Tables 2.7-2.12, 4.11 and 4.12. Gross capital formation of individual institutional sectors appears in Tables 3.13, 3.23, 3.33. and 3.43.

(a) *Increase in stocks.* This flow includes the value of the physical change in (a) stocks of raw materials, work in progress, and finished goods held by private producers, and (b) stocks of strategic materials held by the government. Work put in place on buildings and other structures, roads, and other construction projects is treated as gross fixed capital formation rather than increase in stocks, but it is distinguished separately there to facilitate analysis. Increases in livestock raised for slaughter should be included in the increase in stocks, but breeding and draft animals, dairy cattle, and animals raised for wool clips are treated as fixed capital. The physical change in stocks during a period of account should be valued at average purchasers' prices during the period. In some cases the available data relate to the change in the value of stocks held rather than the value of the physical change.

A classification of the increase in stocks by type is given in Tables 2.7 and 2.8, and defined in SNA classification 6.2. The increase in stocks by kind of activity of owner is shown in Tables 2.9 and 2.10.

(b) *Gross capital formation.* This flow is defined to include purchases and own account production of new producers' durable goods, reduced by net sales to the rest of the world of similar second hand or scrapped goods. Outlays of producers of government services for military purposes (except on land and certain civilian-type items such as schools, hospitals, and family-type housing, and in some cases roads when for civilian use) are, however, considered to be current expenditures. "Military purposes" are here construed in terms of final expenditures: they include the

military airport, but not the bulldozer used in constructing the airport. Gross fixed capital formation includes outlays for reclaiming and improving land and for the development and extension of timber tracts, mines, plantations, orchards, vineyards, etc., and on breeding and dairy cattle, draft animals, and animals raised for wool. Outlays on alteration or extension of fixed assets which significantly extend their life or increase their productivity are included, but outlays on repair and maintenance to keep fixed assets in good working condition are not. All costs are included that are directly connected with the acquisition and installation of the fixed assets, such as customs duties and other indirect taxes, transport, delivery and installation charges, site clearing, planning and designing costs, legal fees and other transfer costs with respect to transactions in land, mineral deposits, timber tracts, etc. However, the costs of financing, such as floatation costs, underwriters' commissions, and the cost of advertising bond issues, are excluded; these items are included in intermediate consumption. The acquisition of fixed assets is to be recorded at the moment the ownership of the goods passes to the buyer. In the case of construction projects this is taken to be the time the work is put in place, but as noted above uncompleted construction projects are shown separately from completed ones.

A classification of fixed assets by type is given in Tables 2.7 and 2.8, and the categories are defined in SNA classification 6.3. A classification by kind of activity of purchaser is given in Tables 2.9, 2.10, 2.11 and 2.12, and a classification by producing industry is given in Tables 4.11 and 4.12. Breakdowns by institutional sector are given in Tables 3.13, 3.23, 3.33 and 3.43.

## 5. *Exports of Goods and Services*

Exports of goods and services are defined to be parallel to the definition of imports given above, and they are shown in the same tables and classifications. Exports are, however, valued f.o.b., whereas imports are valued c.i.f.

# III. *Cost Components and Income Shares*

## 1. *Value Added and Gross Domestic Product*

The value added of industries at producers' prices is equal to the gross output of the industries at producers' prices less the value of their intermediate consumption at purchasers' prices. Value added for the total of all domestic producers (plus import duties and value added tax, which are not included in the value added of any domestic producer, and less imputed bank service charges which are deducted in a single line) is equal to the gross domestic product. This derivation of gross domestic product is shown in Tables 1.9-1.11, and 4.1-4.4. Gross domestic product may alternatively be defined as the sum of final expenditures in the domestic economy (Tables 1.1 and 1.2), or as the sum of incomes received in the domestic economy (Tables 1.3, 1.9 and 4.5-4.6). In principle all three methods should yield the same result but in statistical practice there are likely to be small discrepancies. Such statistical discrepancies are shown where they exist.

## 2. *Compensation of Employees*

Compensation of employees appears in SNA as a domestic concept and as a national concept. Table 1.3 employs the domestic concept, i.e., compensation of employees paid by resident producers. This includes payments to non-resident employees working in the country, but excludes payments to resident employees temporarily working abroad. In order to show the relation of this concept to compensation received by resident households (shown in Tables 1.6 and 3.32) and compensation paid to the rest of the world (shown in Tables 1.7 and 3.51) the two components are shown separately in Table 1.3. Each component includes (a) wages and salaries, (b) employers' contributions to social security schemes, and (c) employers' contributions to private pension, insurance and similar schemes. The national concept of compensation of employees is shown in the household sector income and outlay account (Tables 1.6 and 3.31), where compensation received by resident households from domestic producers and that received from the rest of the world are gathered together. The portion paid by resident producers appears in Table 1.3; that paid by the rest of the world appears in Table 1.7.

Wages and salaries include all payments to employees for their labor, whether in cash or in kind, before deduction of employee contributions to social security schemes, withholding taxes and the like. They include commissions, bonuses and tips, and cost of living, vacation and sick leave allowances paid directly by the employers to the employee, but they exclude reimbursement for travel and other expenses incurred by employees for business purposes, which are included in intermediate consumption. The pay and allowance of members of the armed forces, the fees, salaries and bonuses of members of boards of directors, managing directors, executives and other employees of incorporated enterprises, and the fees of ministers of religion are included. Wages and salaries in kind are valued at their cost to the employer, and include goods and services furnished to employees free of charge or at markedly reduced cost which are clearly and primarily of benefit to the employees as consumers.

Employers' contributions to social security schemes include all social security contributions that employers make on behalf of their employees, but not the employees' own share of such contributions. Social security contributions may be broader than payments to social security funds, since not all social security arrangements are funded.

Employers' contributions to pension, insurance and similar schemes includes paid and imputed contributions by employers on behalf of their employees to private funds, reserves or other schemes for providing pensions, family allowances, lay-off and severance pay, maternity leaves, workmen's compensation, health and other casualty insurance, life insurance, and the like. Where employers make payments to employees for such benefits without the establishment of a formal fund for this purpose, the contributions that would be required to support such a fund are imputed both here and subsequently as an imputed transfer from households to their employers, since of course the employees do



not control the use of the fund.

### 3. *Operating Surplus*

Operating surplus is the balancing item in the SNA production account. For an individual establishment, it is defined as the excess of value added over the sum of compensation of employees, consumption of fixed capital, and net indirect taxes. The operating surplus of all types of establishments — corporate, quasi-corporate, and unincorporated, public and private — is included in the figure shown in Table 1.3. Operating surplus for each of the institutional sectors individually is shown in Tables 3.11, 3.21 and 3.31; its breakdown by kind of activity is shown in Tables 4.5 and 4.6. It is also included in the totals for property and entrepreneurial income shown in Tables 1.4, 1.5, and 1.6.

### 4. *Consumption of Fixed Capital*

Consumption of fixed capital includes allowances for normal wear and tear, foreseen obsolescence and probable (normally expected) accidental damage to fixed capital not made good by repair, all valued at current replacement cost. Unforeseen obsolescence, damages due to calamities, and depletion of natural resources are not included, since these are capital losses and should appear as changes in the balance sheet. Nor is the revaluation of past allowances for consumption of fixed capital due to changes in the current replacement cost of fixed assets included; this also will appear as part of the change in accumulated allowances shown in the balance sheet. Total consumption of fixed capital appears in Tables 1.3, 1.8 and 1.12; consumption of fixed capital of individual institutional sector in Tables 3.11, 3.21, 3.31 and 3.41, and consumption of fixed capital by kind of activity in Tables 4.5 and 4.6. The accumulated consumption of fixed capital for specific types of assets and kind of activity sectors appears as the difference between the gross and net capital stock in Tables 2.13-2.16, and for individual institutional sectors it appears in Tables 3.15, 3.25, 3.35 and 3.45.

### 5. *Indirect Taxes*

Indirect taxes are defined as taxes chargeable to the cost of production or sale of goods and services. They include (a) import and export duties, (b) excise, sales, entertainment and turnover taxes, (c) real estate and land taxes, unless they are merely an administrative device for collecting income tax, (d) levies on value added and the employment of labor (but not social security contributions), (e) motor vehicle, driving test, licence, airport and passport fees, when paid by producers, and (f) the operating surplus of government fiscal monopolies on such items as alcoholic beverages and tobacco (in principle reduced by the normal profit margin of similar business units). In this *Yearbook* indirect taxes paid and subsidies received from supranational organizations (e.g. the European Community) are shown separately. Also, the net treatment of value added taxes recommended by the European Community has been employed.

Unlike all other indirect taxes, SNA does not allocate import duties among producers in tables by kind of activity.

Indirect taxes are only allocated to a particular kind of activity where they are levied directly on the output of that activity (e.g., excise duties) or on the process of producing that output (e.g., employment taxes). Import duties, however, are levied on the output of foreign rather than domestic producers, and are therefore shown separately in tables by kind of activity, including Tables 1.10, 1.11, 4.1, 4.2, 4.5, 4.6, 4.9 and 4.10.

Total indirect taxes appear in Table 1.3. Indirect taxes paid by individual institutional sectors appear in Tables 3.11, 3.21, 3.31, and 3.41. Indirect taxes paid to supranational organizations appear in Tables 1.7 and 1.12. Indirect taxes retained by government are shown in Table 3.12.

### 6. *Subsidies*

Subsidies are grants on current account by the government to (a) private enterprises and public corporations, or (b) unincorporated public enterprises when clearly intended to compensate for losses resulting from the price policies of government. Total subsidies, including those paid by supranational organizations as well as by government, appear in Table 1.3; subsidies paid by supranational organizations in Tables 1.7 and 1.12; and those paid by government in Tables 1.4 and 3.12. Subsidies received by individual institutional sectors appear in Tables 3.21, 3.31 and 3.41.

### 7. *Withdrawals from Quasi-Corporations*

Withdrawals from the entrepreneurial income of quasi-corporations consist of the actual payments made to the proprietors of quasi-corporations from the entrepreneurial income of these units. Entrepreneurial income of quasi-corporations is equal to their income from production (net operating surplus) *plus* their net income (receipts *less* payments) from property. In some cases, the whole of the entrepreneurial income will be treated as if paid out to the proprietors; in other cases, some of it is retained as net saving within the quasi-corporation. Withdrawals from quasi-corporations also include withdrawals from foreign branches of domestic companies or of domestic branches of foreign companies since both of these categories are treated as quasi-corporations. The withdrawals may be negative, as proprietors may provide funds to the enterprises to compensate for losses.

SNA assigns separate flow numbers to withdrawals as they appear in the paying sectors (4.4) and in the receiving sectors (4.5). As disbursements, they appear in Table 3.22 and as part of a larger total in Table 1.5. As receipts, they appear in Tables 3.12, 3.22, 3.32, and 3.42, and as parts of larger total in Tables 1.4, 1.5 and 1.6

### 8. *Property Income*

Property income consists of payments of interest, dividends and land rents and royalties, all of which are assigned separate SNA flow numbers both as payments and as receipts. Interest is defined as income payable and receivable on financial claims, such as bank and other deposits, bills and bonds including public debt, and the equity of house-

holds in life insurance actuarial reserves and pension funds. Dividends consist of income payable and receivable on corporate equity securities and other forms of participation in the equity of private incorporated enterprises, public corporations and co-operatives. Rent payments include, in addition to net land rent, royalty payments for concessions to exploit mineral deposits or for the use of patents, copyrights, trademarks and the like. They exclude rent payments on machinery and equipment or buildings, which are treated as the purchase of a service rather than property income and appear in gross output of the seller and intermediate consumption of the purchaser. Payments of land rent are always treated as a domestic flow since the foreign owners are for national accounting purposes dealt with as residents of the country in which the land is located. When it is not possible to separate rent of buildings and rent of the land on which the buildings stand, the whole flow is attributed to the buildings, i.e., excluded from property income and included in intermediate consumption.

Property income paid and received by individual institutional sectors is shown in Tables 3.12, 3.22, 3.32 and 3.42. As part of a larger total it appears in the summary tables 1.4, 1.5 and 1.6.

#### IV. *Taxes and Unrequited Transfers*

The categories of taxes and unrequited transfers are classified and defined in SNA classification 7.1. SNA does not provide the full articulation of the to-whom from-whom relationships of these flows, but assigns flow numbers to various combinations of them used in specific standard tables and accounts. In order to define the flows used in the present less ambiguously, a somewhat fuller listing of individual flow components is used.

##### 1. *Casualty Insurance Transactions*

Casualty insurance transactions refer to health, accident fire, theft, unemployment and similar insurance schemes. The total of net premiums for the economy as a whole is equal to total premiums payable less an imputed service charge, which in turn is defined to be equal to the difference between premiums and claims. As a consequence, for the economy as a whole net premiums and claims are equal. However, the total service charge is distributed to sectors of receipt and disbursement in proportion to the total (not net) premiums paid, so that net premiums and claims are not necessarily equal for each sector separately. In the former SNA, these insurance transactions were considered to be in part capital items, and this practice continues in the accounts of a number of countries. In the revised SNA, however, all casualty insurance transactions, including compensation for capital losses, are considered to be current flows. They are shown in detail in Tables 3.12, 3.22, 3.331 and 3.42.

##### 2. *Taxes and Other Government Receipts*

Taxes and other government receipts include direct taxes, compulsory fees, fines and penalties, social security

contributions, and other current transfers received by general government.

Direct taxes include two components. Direct taxes on income cover levies by public authorities at regular intervals (except social security contributions) on income from employment, property, capital gains or any other source. Real estate and land taxes are included only if they are merely administrative procedures for the assessment and collection of income tax. Other direct taxes include levies by public authorities at regular intervals on the financial assets and the net of total worth of enterprises, private non-profit institutions and households, and on the possession or use of goods by households. Direct taxes received are shown in Tables 1.4 and 3.2; as payments of other sectors are shown in Tables 3.22, 3.32 and 3.42.

Compulsory fees are payments to public authorities by households for services that are obligatory and unavoidable in the only circumstances in which they are useful. Examples of such fees are payments by households for driving tests and licenses, airport and court fees, and the like. Similar payments by business units are treated as indirect taxes. Fines and penalties, however, include not only those paid by households but also those paid by corporate and quasi-corporate enterprises and private non-profit institutions serving households. They appear in the same tables as direct taxes.

Social security contributions consist of contributions for the account of employees, whether made by employees or on their behalf by employers, to the social security arrangements that are imposed, controlled or financed by the government for the purpose of providing social security benefits for the community or large sections of the community. They appear as receipts in Tables 1.4 and 3.12, and as payments in Tables 1.6 and 3.32.

Current transfers n.e.c. received by general government consist primarily of transfers received from the rest of the world and imputed employee welfare contributions. Transfers from the rest of the world include grants between governments to finance military outlays, outlays for health and educational purposes, and similar transfers in kind of military equipment, food, clothing, etc. Payments and assessments and other periodic contributions to international organizations are also included. In addition to actual transfers, this item also includes imputed transfers arising from the obligation of the government as an employer to pay directly to its employees pensions, family allowances, severance and lay-off pay and other welfare benefits, when there is no special fund, reserve or insurance for these purposes. In these circumstances, SNA provides for the establishment of an imputed fund to which imputed contributions are made, of a magnitude sufficient to support the unfunded benefit payments. The imputed contributions are included in compensation of employees, as an addition to actual payments, and are then shown as an imputed payment by the employees back to the government as an employer. These transfers appear in Table 1.4 as an aggregate, and in Table 3.12 in more detail.

### 3. *Household Transfer Receipts*

Household transfer receipts include social security benefits, social assistance grants, and unfunded employee welfare benefits. These flows, in varying detail, are shown in Tables 1.6, 2.4 and 3.32.

Social security benefits are payments to individuals under the social security arrangements described above. The payments are often made out of a special fund and may be related to the income of individuals from employment or to contributions to social security arrangements made on their account. Examples are unemployment insurance benefits, old-age, disability and survivors' pensions, family allowances and reimbursements for medical and hospital expenses. It may be difficult to distinguish social security benefits from social assistance grants, on the one hand, and insurance benefits, on the other. The main criterion is method of finance; the actual content will vary from country to country. Medical services, for instance, may be supplied as social assistance, as a part of social security, as a casualty insurance benefit, or as a free government service.

Social assistance grants are cash grants to individuals and households, except social security benefits and unfunded employee welfare benefits. They may be made by public authorities, private non-profit institutions, or corporate and quasi-corporate enterprises. Examples are relief payments; widows', guardians' and family allowances and payments of medical and dental expenses which are not part of social insurance schemes; war bonuses, pensions and service grants; and scholarships, fellowships and maintenance allowances for educational, training and similar purposes. They include payments by public authorities for services provided by business enterprises and private non-profit institutions directly and individually to persons, whether these payments are made to the individuals or directly to the providers of the services which the persons are considered to have purchased. They exclude, however, transfers to persons or households as indemnities for property losses during floods, wars and similar calamities; these are considered to be capital items.

Unfunded employee welfare benefits are pensions, family allowances, severance and lay-off pay, maternity leave pay, workmen's and disability compensation and reimbursements for medical expenses and other casualties which employers pay directly to their former or present employees without having special funds, reserves or insurance for these purposes.

### 4. *Transfers Received by Private Non-Profit Institutions*

Transfers received by private non-profit institutions serving households include grants and gifts, in cash and in kind, to non-profit institutions serving households which are intended to cover partially the cost of the provision of services by these institutions. They also include membership dues paid to political organizations, fraternal bodies and the like. They appear as a receipt in Table 3.42, and as payments sometimes as part of a larger total, in Tables 3.12, 3.22 and 3.32.

### 5. *Other Current Transfers n.e.c.*

Other current transfers n.e.c. include transfers to and from resident sectors that are not specifically included in any other flows. They may include migrants' remittances, transfers of immigrants' personal and household goods, and transfers between resident and non-resident households, in cash and in kind. They include allowances for bad debts.

## V. *Finance of Gross Accumulation*

### 1. *Net Saving*

Net saving is the balancing item in the SNA income and outlay account. It is defined as the difference between current receipts and current disbursements. Net saving for the nation as a whole appears in Tables 1.8 and 1.12. Net saving for individual institutional sectors appears in Tables 3.12, 3.13, 3.22, 3.23, 3.32, 3.33, 3.42 and 3.43.

### 2. *Surplus of the Nation on Current Transactions*

The surplus of the nation on current transactions is the balancing item in the external transactions current accounts, Tables 1.7 and 3.51. It also appears in Table 1.8, the capital transactions account, in Table 1.12, the table showing relationships among the national accounting aggregates, and Table 3.52, the external transactions capital accumulation account.

### 3. *Purchases of Land, net*

Purchases of land, net, include purchases *less* sales of land, subsoil deposits, forests and inland waters, including any improvements that are an integral part of these assets except buildings and other structures. The purchases and sales are valued at the transaction (sales) price of the land, forests, etc., not including the transfer costs involved; such transfer costs are included in gross capital formation. Purchases and sales are assumed to take place when the legal title to the land passes. They are considered to take place between residents institutions only. Where the land is purchased by a non-resident, a nominal resident institution is considered to be the owner of the land. The foreign owner is assigned equity in the resident institution equivalent to the purchase price of the land. The value recorded in the flow is the same for both the buyer and the seller. For the country as a whole, therefore, purchases and sales will cancel out. If the sales value of the structures situated on the land cannot be separated from the sales value of the land itself, the entire transaction should be recorded as a purchase and sale of structures (i.e., of second-hand assets) unless the structures are intended for immediate demolition. Purchases of land appear in the capital accumulation accounts of the individual institutional sectors, in Tables 3.13, 3.23, 3.33 and 3.43.

### 4. *Purchases of Intangible Assets, net*

Purchases of intangible assets, net, are defined as purchases, *less* sales, of exclusive rights to mineral, fishing and other concessions and of patents, copyrights, etc. These



transactions involve once-and-for-all relinquishment and acquisition of the exclusive rights, although they may be paid for over a period of years; they do not include concessions, leases, licences to use patents and permission to publish copyrighted materials which involve periodic payment of royalties or rents, with

eventual reversion of the rights to the seller. The purchases and sales are valued at the transaction (sales) value of the mineral concession, lease, patent, etc., not including any transfer costs involved. (The transfer costs are included in gross capital formation.) Purchases of intangible assets appear in the individual institutional sector capital accumulation accounts (Tables 3.13, 3.23, 3.33, and 3.43) as a part of gross accumulation. Purchases from the rest of the world appear in Table 3.52.

#### 5. Capital Transfers

Capital transfers are defined as unrequited transfers, in cash or in kind, which are used for purposes of capital formation or other forms of capital accumulation, are made out of wealth, or are non-recurrent. Examples of capital transfers are grants from one government to another to finance deficits in external trade, investment grants, unilateral transfers of capital goods, legacies, death duties and inheritance taxes, migrants' transfers of financial assets and indemnities in respect of calamities. Mixed transfers, considered by one party to the transaction as capital and the other as current, are treated as capital. Capital transfers appear in Tables 3.13, 3.23, 3.33, 3.43, and 3.52.

#### 6. Net Lending

Net lending is defined as the excess of the sources of finance of accumulation (i.e., net saving, consumption of fixed capital, and capital transfers received) over the uses of these funds for gross capital formation, net purchases of land and intangibles, and capital transfers paid. It appears in the capital accumulation accounts of the individual institutional sectors, Tables 3.13, 3.23, 3.33 and 3.43 and 3.43, and in the external transactions capital accumulation account, Table 3.52. Net lending is also equal to the difference between a sector's net acquisition of financial assets and its net incurrence of financial liabilities. It thus also appears in the institutional sector capital finance accounts, Tables 3.14, 3.24, 3.34, 3.44 and 3.53. Not for all countries net lending derived in these two different ways are statistically identical.

### VI. Financial Assets and Liabilities

Net acquisition of financial assets is defined as the difference between, on the one hand, acquisitions or purchases and, on the other and, relinquishment or sales by given transactors of financial claims on second parties. Net incurrence of liabilities is equal to the issue or sale less redemption or payment of financial claims of second parties. A classification and definitions of financial assets and liabilities is given in SNA classification 7.2, reproduced in Annex B. Changes in financial assets and liabilities for individual institutional sectors appear in the capital finance accounts, Tables 3.14, 3.24, 3.34, 3.44 and 3.53. Their total amount is shown in the sector balance sheets Tables 3.15, 3.25, 3.35 and 3.45.

### VII. Other Assets

#### 1. Reproducible Tangible Assets

Reproducible tangible assets are classified and defined in Table 5.1 of the *Provisional Guidelines on National and Sector Balance Sheets and Reconciliation Accounts of the System of National Accounts (op. cit.)*. They appear, classified by type of asset and broad sectors, in Tables 2.13 and 2.14, and by kind of activity in Tables 2.15 and 2.16, and for individual institutional sectors in the sector balance sheets, Tables 3.15, 3.25, 3.35, and 3.45.

#### 2. Non-Reproducible Tangible Assets

Non-reproducible tangible assets are classified and defined in Table 5.2 of the publication indicated in VII.1 above. Only the total appears in the tables, in the sector balance sheets, Tables 3.15, 3.25, and 3.45.

#### 3. Non-Financial Intangible Assets

Non-financial intangible assets include the mineral, fishing and other concessions, leases, patents, copyrights, etc., whose purchase and sale is recorded in the capital accumulation account. These intangible assets are created at the time of the purchase or sale, that is, when a once-and-for-all lump-sum payment has been made for the lease, concession, patent or copyright. They appear in the sector balance sheets, Tables 3.15, 3.25, 3.35 and 3.45.

11 Official records of the Economic and Social Council, Forty-fourth Session, Supplement No. 10, paras. 8-24.

2/ The present system is published in *A System of National Accounts*, Studies in Methods, Series F, No. 2, Rev. 3 (United Nations publication, Sales No. E.69.XVII.3).

3/ Statistical Papers, Series M, No. 60 (United Nations publication, Sales No. 77.XVII.10).

4/ Statistical Papers, Series M, No. 4, Rev. 2, Add. 1 (United Nations publication, Sales No. E.71.XVII.8).

5/ Statistical Papers, Series M, No. 70 (United Nations publication, Sales No. 80.XVII.17).

## II. THE SYSTEM OF MATERIAL PRODUCT BALANCES (MPS)

The System of Material Product Balances (MPS) furnishes the means for standardizing the national accounting data which the Statistical Office of the United Nations receives from countries with centrally planned economies. Data collection follows the principles found in the *Basic Methodological Rules for the Compilation of the Statistical Balance of the National Economy* 1/. This system is also described in the *Basic Principles of the System of Balances of the National Economy* 2/.

### A. THE MPS STRUCTURE

The MPS is based on a system of balances. It includes material and financial balances, the balance of manpower resources and the balance of fixed capital and indicators of national wealth. The material balance is a presentation of the volume of the supply of goods and material services originating in domestically produced global product and imports and their disposition to consumption, capital formation and exports, classified by different production activity categories. The financial balance is a presentation of income flows generated in production in the material sphere, their redistribution through transactions in the non-material sphere and through other transfers flows and finally their disbursement to consumption and capital formation. The income flows of the financial balance are classified by institutional (social) sectors. The presentation is therefore comparable to that of production, income and outlay and capital finance accounts by institutional sectors in the SNA. The third type of balance, i.e., the manpower balance, presents the allocation of available manpower to production activities and institutional or social sectors. This balance is expressed in the number of persons employed. The last balance is the one of national wealth and capital assets. It is a presentation of the volume of the stocks of tangible fixed and other assets available at the beginning and the end of the year and the increase that has taken place during the year. The tangible assets are classified by type of asset and by forms of ownership and production activities of the national economy.

The tables that are presented in chapter III and are listed in the Introduction, provide further detail on the material balances. Table 1 on net material product by use is similar to the SNA table on GDP by kind of economic activity. Data regarding the production and goods and services transactions are included in tables 2, 3, 4 and 5, which present, respectively, activity breakdowns of net material product and of primary incomes of the population and of enterprises, a breakdown by socio-economic sectors of these two types of primary incomes and a breakdown of supply and disposition of goods and material services by kind of activity of the producers. Tables 6, 7, 8 and 9 present further details on the expenditure categories such as a breakdown of fixed capital formation by kind of economic activity and by socio-economic sector and of increases in material circulating assets and of stocks by kind of activity and a classification of final consumption, personal consumption and total consumption of the population by type of expenditures.

### B. DIFFERENCES BETWEEN THE MPS AND THE SNA.

Apart from the differences in structure of the two systems, there are considerable differences between the coverage of the concepts used in the MPS and in the SNA. As these differences limit the use of the MPS and SNA data in cross-country types of analyses, a summary of those that are relevant to the MPS data published in chapter III of this Yearbook is reproduced below 3/.

#### 1. The treatment of material and non-material services

The MPS makes a distinction contrary to the SNA, between the production of material and non-material services. Only the production of material services, together with that of goods, is covered by the gross output (global product) concept of the MPS. The production of non-material services is excluded. Material goods and services used as inputs in the production of non-material services are considered to be a part of final consumption expenditure, while income flows resulting from this type of production are treated as income transfers. The material services are those that are directly linked to the production of goods and cover the services related to repair, transportation and distribution of goods. All other services are treated as non-material services. This important difference between the MPS and the present SNA results in the following concrete differences between the two systems:

(a) Expenditures by enterprises on cultural, sports and similar facilities for their employees are excluded in the MPS from intermediate consumption. Instead a transfer between enterprises and households is included, while the material goods and services involved in the above expenditures are allocated to final consumption of the population. The SNA treats these expenditures as intermediate consumption.

(b) Depreciation of dwellings and other material goods and services involved in the provision of housing are allocated in the MPS to final consumption expenditure. As these are non-material services, no value-added contribution is included in net material product. In the SNA this contribution is included in GDP.

(c) Travel expenses in connection with business are not included in intermediate consumption in the MPS as they are in the present SNA. Instead they are treated as a part of compensation of employees and the material goods and services involved are allocated to private final consumption expenditure.

(d) The SNA and the MPS draw a different distinction between uniforms to be treated as intermediate consumption and those to be included in compensation of employees and final consumption expenditure of households. The SNA draws the distinction between civilian (intermediate consumption) and military uniforms and the MPS, between dress and working uniforms.

(e) Tips are treated in the SNA as a part of compensation of employees, while in the MPS they are treated as