

# Economic and Finance statistics



## National Accounts

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# Jointly organised by

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EMOS core module on economic and finance statistics

**European System of  
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 **Universität Trier**

# Aim of the course

- Provide an overview of national accounts and
- Insight into some practical aspects of compiling national accounts

# National Accounts – course content

1. Overview of national accounts
2. Economic actors and transactions
3. Production
4. Expenditure and supply & use framework
5. Income and sequence of accounts
6. Financial accounts & Government Financial Accounts
7. Prices and volume measures in national accounts
8. Quarterly national accounts
9. National accounts criticism and challenges

# 1. Overview of National Accounts

Course for EMOS

# Content of this module

1. A brief history of national accounts
2. SNA and ESA
3. Key features of national accounts
4. Revisions
5. Main data sources used

# Introduction: National Accounts today

- National accounts are a **complete** and **consistent** system of accounts and balance sheets, providing an **integrated** framework to describe an economy (*whether a region, a country, or a group of countries such as the European Union*)
- National accounts provide information to analyse the **structure** of economies and their **development over time**.
- Two main characteristics of the modern NA:
  - consistent bookkeeping system
  - and based on macroeconomic theory

# How we got there: a brief history of National Accounts

3 periods

- Early estimates (1660-1930)
- «Revolutionary decades» (1930s-1940s)
- Era of international guidelines (1950 to now)



# Early estimates (1660-1930)

Common feature of early estimates: practical and directed to specific policy issues

- First **national income** estimates in 17<sup>th</sup> century
  - England: Petty and King
  - France: Boisguillebert, Vauban and Quesnay
- 1770: Young invented concept of **value added**
- 1823: Lowe **deflated** national income
- End 18<sup>th</sup> and 19<sup>th</sup> centuries: first national income estimates in Russia, the Netherlands, Germany, USA, Austria, Australia, India and Greece

1886: first **official** national income estimate by a government (Australia).



1925: more countries started to produce official national income estimates

# Revolutionary decades (1930s-1940s)

During this (short) period, national accounts were drastically transformed:

- New uses
- New concepts and compilation methods

Main drivers and actors of this «revolution»:

- 1930s: New Deal, Kuznets, Leontief, Clark
- 1940s: Keynes, Frisch, Tinbergen and Stone

# Era of international guidelines (1950s to now)

1947: UN Report

1<sup>st</sup> generation of international guidelines

- 1<sup>st</sup> official international standards by OEEC in 1951, in support of Marshall Plan for economic reconstruction in Europe
- 1<sup>st</sup> UN standards in 1953

Successive generations of international guidelines

- UN involvement – international cooperation
- Successive frameworks, covering:
  - Services and Financial Accounts
  - Prices and volumes
  - Quarterly data



# Era of international guidelines (continued)



# Extensions of national accounts standards and cross-domain consistency

- Additional guidance to supplement the official guidelines
- Satellite accounts
- Cross-domain consistency (Balance of payments, Government finance statistics, employment and population, etc.)

# ESA 2010 – Europe's standards

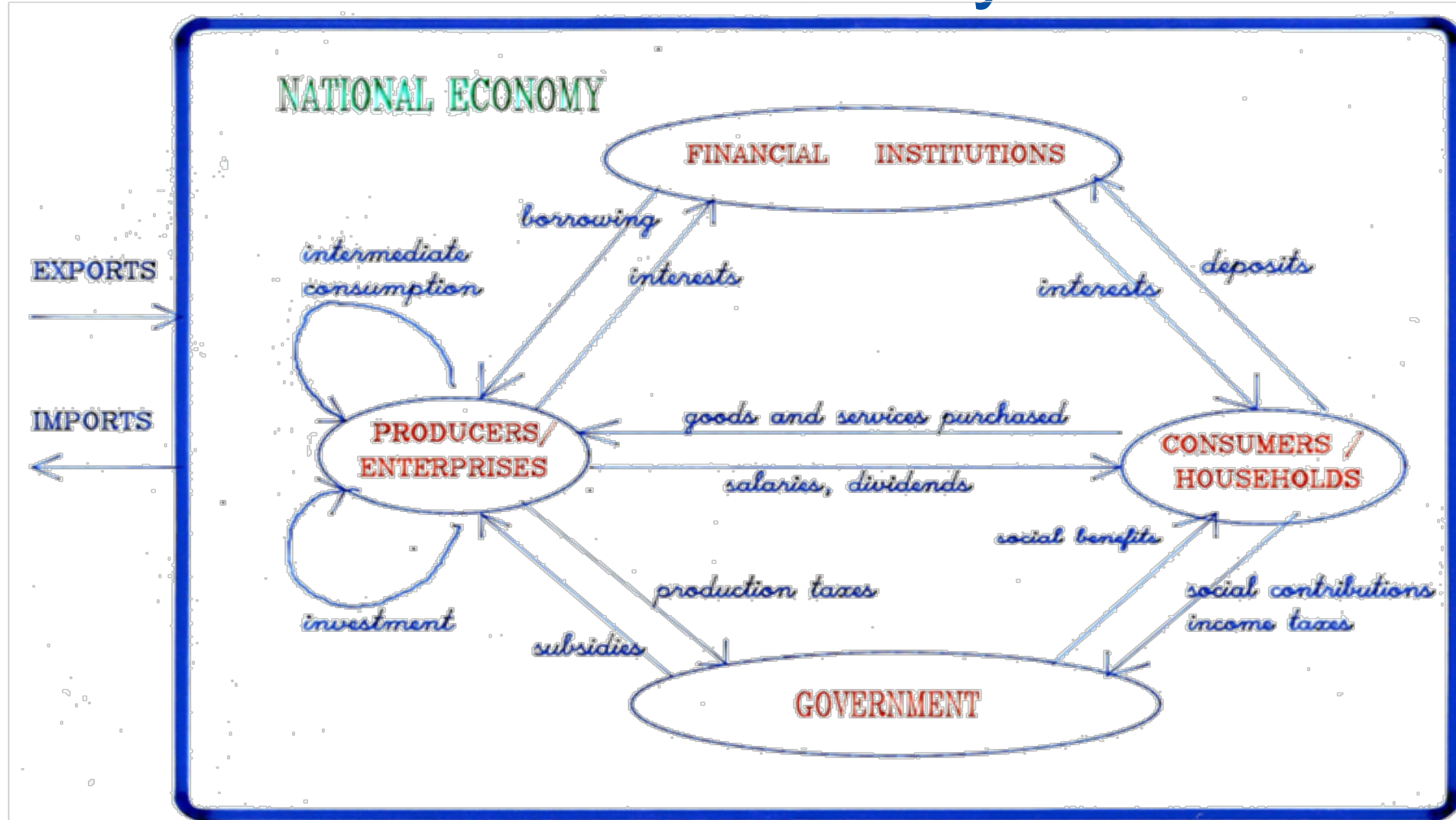
- 'ESA 2010' largely consistent with SNA 2008
  - From Sept 2014 (ESA95 before)
- Legal Regulation
- Administrative uses (amongst others)
  - Excessive Deficit Procedure (EDP)
  - EU Budget (Fourth Resource)
  - Structural Funds



# Overall structure of national accounts

- To faithfully represent the trillions of activities in the economy in a period of time: simple structure needed
- Production is the source of value
- Value is distributed to recipients, and then spent or saved
- Financial instruments act as mediums of exchange and stores of wealth

# Model of the National Economy





# Key features

- Delimitation of the economy
- Economic Actors
- Nature of transactions
- Aggregate measures (GDP, GNI etc)
- Consistency (Symmetry and counterparts)

# International comparability

- Within the EU, extremely good comparability (administrative needs, legal basis)
- Other European countries use ESA
- Differences worldwide, despite SNA
  - United States, Australia, Canada, Japan, China (SNA 2008)
  - Over a third of UN countries = old SNAs

# Typical country compilation timetable ...

## Revisions

- Quarterly accounts
- First annual result – Jan-Mar of year  $t+1$
- Provisional accounts – September  $t+1$
- Balanced Accounts – September  $t+2$
- Definitive accounts – September  $t+3$
- Benchmark revisions (**next in 2024**)

# Main data sources for national accounts (amongst hundreds)

- Enterprise/Business surveys/accounts
  - Business Register
- Balance of Payments and Trade
  - Trade details (Intrastat, Extrastat)
- Household and price surveys
  - Households (labour, budget), prices
- Government records (accounts, taxes)

# Thank you

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