



International Guidelines Are Being Revised: *System of National Accounts*

Brent R. Moulton
Associate Director for National
Economic Accounts

BEA Advisory Committee
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What is the *System of National Accounts*?

- International standard for the compilation of national accounts statistics. Last major revision was in 1993.
- At the direction of the UN Statistical Commission (UNSC), *SNA* is prepared by the Inter-Secretariat Working Group on National Accounts (ISWGNA). Five members are from:
 - European Commission
 - IMF
 - OECD
 - UN
 - World Bank
- Recent BEA improvements have improved consistency with *SNA* -- chain indexes, software, table changes.



Revision Process

- In 2001, BEA and Australia presented papers at a London conference recommending a consolidated review.
- In March 2003, UNSC approved a review for publication of revised guidelines in 2008.
- Criteria for proposed changes:
 - Issues emerging in new economic environment.
 - Old issues only if new developments.
 - No fundamental changes.
 - User needs.
 - Feasibility.



Revision Activities

- Under general supervision of ISWGNA
- Three major working groups:
 - Canberra II Group on Nonfinancial Assets
 - Balance of Payments Committee
 - Task Force on Harmonization of Public Sector Accounting Standards.
- Electronic discussion groups and workshops
- Decisions made by Advisory Expert Group (AEG -- 20 country experts and 5 ISWGNA members).
- BEA staff have been participating in all these groups.
- Any new topics must be proposed very soon.



Proposals Approved by AEG

- The AEG has given tentative approval (subject to country review and UNSC final approval) to three major proposals:
 - Capitalization of military equipment.
 - New treatment of property / casualty insurance.
 - Accrual treatment of employee stock options.
- All three proposals are consistent with BEA goals.



Major Proposals Under Consideration

- Capitalization of research and development.
- Capital services in production account.
- Return to government-owned fixed assets.
- Financial services - holding gains, own funds, etc.
- Pensions - accruals; un-funded and under-funded plans.
- Loan guarantees; contingent assets and liabilities.
- Intangible assets (licenses, leases, etc.)



More Information on the SNA Revision

- Brent R. Moulton, “The System of National Accounts for the New Economy: What Should Change,” forthcoming in *Review of Income and Wealth*,
http://www.bea.gov/bea/about/background/sna_neweconomy_1003.pdf
- SNA Advisory Expert Group Meetings:
<http://unstats.un.org/unsd/nationalaccount/advisory%20group.htm>
- Electronic discussion group on pensions:
<http://www.imf.org/external/np/sta/ueps/>



Questions for the Advisory Committee

- Do you think that R&D should be capitalized?
- Should the output of general government include a rate a return to government-owned fixed assets?
- What other issues would you like to see considered during the updating process?