PREFACE

The volume is divided into two parts. Part One is devoted to studies of the reliability and usefulness of quarterly national accounts. Part Two examines the statistics and the economic factors underlying the growth rates reported for some of the developing countries in the recent past.

In the late 30s work on quarterly national income and expenditure was pioneered in the United States, especially by the National Bureau of Economic Research, where it represented an element of its comprehensive programme of investigation of business cycles. The results of this early work on quarterly income and expenditure were incorporated in a major study by Harold Barger on *Outlay and Income in the U.S. 1921–1938*, which was published in 1942 as Volume IV of Studies on Income and Wealth, Conference on Research in Income and Wealth.

With the growing emphasis on the national accounting framework as a useful device for economic analysis and policy formulation in the years following World War II, an increasing number of countries began publishing regularly a whole range of quarterly income and expenditure accounts or major portions thereof. However, this trend toward publication of quarterly accounts did not take place without some misgivings on the part of some authorities who feared that the underlying data were not reliable enough for this purpose. R. C. Geary was among this group and in the final hours of the Tutzing meetings of the International Association he offered some characteristically challenging comments on the available published quarterly estimates. The lively discussion that followed revealed that there was a widespread interest in the subject as well as some differences of view. Accordingly, the Council decided to include this subject in the programme for the Corfu meetings.

Altogether eight papers were prepared for the session on quarterly accounts, of which four are reproduced here. These papers are self-contained and do not require elaborate comment here. Since all the authors represent 'publishers' of quarterly accounts, a degree of similarity in point of view is naturally to be expected, but what is more interesting perhaps is that the papers reflect some striking differences; for example: in the appraisal of the role of estimates which have not been adjusted for seasonal variation; in the appraisal of feasibility and usefulness of monthly accounts; in the importance attached to improvements of economic theory as against the strengthening of the basic underlying information as a prerequisite for more effective applications of quarterly national accounts in the future; and in revision practice, strongly affecting the relative size of the calculated 'error' and precluding (for this and other reasons) meaningful intercountry comparisons of calculated error.

The papers in Part Two are also concerned with assessing the reliability of national-accounts estimates, but they are focused on their long-term rather than on their short-term implications, on the developing rather than the developed countries. Since World War II there has been an extensive development of national-income statistics in the developing countries and the United Nations Yearbook now publishes regularly estimated decadal growth rates for a large number of developing nations. The striking thing about these reported rates of growth is that so many of them are high – some of them extraordinarily high – by comparison with the past experience of today's industrialized countries. Two questions arise, therefore; first, are the statistics underlying these rate-of-growth estimates firm enough to justify results, and second, if so, are high rates of growth due to the special conditions of the postwar decade and a half, or can they be expected to continue into the future?

The papers which were submitted at these sessions of the Corfu conference represented a series of attempts to evaluate the national-income statistics of developing countries, to identify sources of bias, to adjust the estimates where possible, and to find economic explanations for the rates of growth which seemed to emerge after this kind of systematic examination. It is not possible to publish here more than a selection of the very interesting papers presented at these sessions, but the four papers selected seem to illustrate most effectively the kind of statistical distortions which are liable to arise in the national-accounts statistics of developing countries and the kind of reasons which might explain an unusually high rate of growth.

Of course, the answer to the questions posed varied considerably as between one country and the next. To those who are used to dealing with the national-accounts statistics of developed countries it may seem surprising that so many of the authors concluded that the high rates of growth recorded for their countries stood up well to the tests they applied – though in some cases it must be admitted that the bases of the original estimates were so sketchy that it was difficult to apply a satisfactory series of statistical tests, and the strength of these cases must depend on the acceptability of the reasons that can be advanced to explain a high rate of growth. The degree of confidence felt varied also as between countries and as between authors. Dr. Branko Horvat, for example, whose paper has already been published elsewhere (in English) as Paper 4 of the Jugoslav Institute of Economic Research (Belgrade), was reasonably confident that the statistics for his country reflected the true rate of progress, and he attributed the very high rate of growth they show quite simply to successful economic planning. At the other end of the confidence spectrum Professor Mo-huan Hsing (whose paper does not appear, because he felt that his critique of the official statistics of Taiwan was too incomplete to justify publication) came to the tentative conclusion that the official estimates had a definite upward bias. Yet even in this case, where the author was severely critical of the official figures, it is remarkable that the downward revisions were so modest; even after adjustment the Taiwan figures still seemed to suggest a rate of growth in G.N.P. of 6·5 per cent per annum and in G.N.P. per head of 2·9 per cent per annum over the period 1951–61 – which is not a low rate of growth by any standards.

The reasons for the high rates of growth which appear to have been achieved recently by some of today's developing countries are, of course, various. The papers in this collection speak for themselves in the matter. When we look at the sessions as a whole, however, three things do seem to emerge rather strongly from the papers and the discussion. The first is that the post-World War II period has been exceptional and that for a number of countries the dislocation of economic life and international trade caused by the war meant that they started from an abnormally low level of economic activity in the late 1940s and early 1950s. The second is that the role of governments in deliberately promoting economic growth has apparently had some effect on accelerating the rate of growth of the developing countries. This, of course, is nothing new – the ineptitude of governments (or their wisdom) has always been a significant determinant of rates of economic growth; but it may be presumed that the governments of today's developing countries have been more successful in this respect than the governments of developing countries have ever been before, though probably not more successful than they are likely to be in the future. Thirdly, it is evident that the high rates of growth of these developing countries have depended very heavily indeed (except in the case of Japan) either on access to foreign capital or on favourable demand conditions in world markets, or on both. In effect, maintenance of a high rate of economic growth is likely to depend for most developing countries on the competence of their governments and on their access to foreign capital and foreign markets.

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