

NOTES AND MEMORANDA

REGIONAL ACCOUNTS IN THE NETHERLANDS

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The Netherlands Central Bureau of Statistics has just finished the compilation of regional accounts for the year 1960. A report is being prepared, an English version of which is also planned.

The initiative for this study was taken by a group of regional economic-technological agencies, together with the Statistical Offices of Amsterdam and the Hague and a few other agencies that are interested in problems of regional development. The idea was as a first step to obtain information on the structure of the economy of each region, for use both in development plans of the regional authorities and for influencing the regionally recognizable consequences of the economic policy of the central government.

The regions were chosen by the agencies that took the initiative: they cover the eleven provinces of the Netherlands, two of which were further subdivided. In one case, this subdivision separates one large city (The Hague), a second city—Rotterdam—plus a number of smaller ones that together lie along the exit of the rivers Rhine and Meuse to the sea, and the rest of the province. In the other case the city of Amsterdam is given separately and the rest of the province is divided into three parts. In all therefore sixteen regions were distinguished.

The terms of reference mentioned above obviously point in the direction of an input-output table. From previous studies by regional offices it was known that two methods could be used to disaggregate the national table¹ over the regions:

- a. Separating both the rows and the columns of the table, so that all transactions refer to those between agencies or persons in the region—except of course the rows “purchases from abroad” and “purchases from the rest of the country”. This method was previously used for the province of Groningen.²
- b. Separating only the columns. This method had been used previously for the city of Amsterdam.³

After consultation with the initiators of the project the second method was chosen.

1. Central Bureau of Statistics: “De produktiestructuur van de Nederlandse Volkshuishouding, deel III.”

2. Dr. H. Rijken van Olst: “De provincie Groningen en overig Nederland.”

3. P. E. Venekamp: “De methodiek van rekeningen voor stad en bedrijf.”

The columns of the national input-output table therefore had to be broken down by regions. This was done according to the following scheme:

The figure(s) in the column(s) referring to:	was (were) allocated to:
intermediate consumption and value added	the producers in each region
exports to other countries	the producers in each region
household consumption expenditure	resident households of each region
consumption expenditure of local governments and schools	the region where they are established
fixed capital formation, increase in inventories	the region where the investment is located
total production	the producers in each region

Three columns had to be added in the regional tables: one for the sales of goods and services of the producers in the region to the central government and social security agencies, one for sales to extra-territorial producers (see next paragraph) and one "residual" column. This last column gives for each row the difference between the production of that particular branch of industry and the consumption (intermediate or final) plus investment of similar products in the region. This column in other words gives net exports to or net imports from the rest of the country.

In allocating both production and consumption, problems were met that went beyond technical difficulties.

These refer to:

a. extra-territorial production.

Part of the domestic product does not originate in the territory of the country, viz. production on board ships and aircraft, in embassies abroad and by military personnel abroad. This part has not been divided over the regions but treated as if it took place in a 17th region (extra-territorial sector). This implies that the activities of the administrative and other services of shipping companies and of airlines are allocated to the region where they take place and that their value is treated as a sale to extra-territorial producers.

b. extra-territorial consumption.

Allocation of consumption expenditure of local governments poses no problems, but the consumption expenditure of the central government requires a special treatment. In the regional input-output tables the producers in each region are supposed to sell goods and services to the central government. In the consolidated accounts for each region the total of these sales will be imputed to the regions on the basis of the number of residents as an imputed share in central government consumption. The consumption expenditure of social security agencies is treated in the same way.

It is perhaps superfluous to mention that the value added of central

government and social security agencies seen as production has been divided over the regions.

c. investment of extra-territorial producers.

Insofar as these investments refer to ships and aircraft they have been treated as investments in the 17th region (extra-territorial sector).

A description of methods in this brief note can only give a general outline. Basically two methods were used for obtaining a regional breakdown of the national figures:

- a. If the basic statistics permitted, they were broken down by regions and the compilation of the national figures was repeated for each region.
- b. Where this was impossible a key figure was broken down regionally and the regional estimates made by assuming that the relationships between the other figures are the same for each region as for the national total.

Sometimes more than one entry in the column or a few subtotals could be divided over the regions; in those cases the relationship between the parts of each subtotal were maintained as in the national total.

For the columns referring to inputs and value added of industries, the first method was possible for agriculture, etc., for about 90% of manufacturing, mining, electricity, gas, and water, 70% construction, 90% of transport and communication, and 40% of other services (excluding commerce). For commerce it was necessary to use the second method exclusively.

For the columns referring to exports to other countries, the basic statistics referring to the production process cover the exports of goods completely, although in some cases there are small differences in valuation. A regional breakdown of these statistics provided the necessary data. The most important items of services, sea and air transport, offered no problems since they are considered as production of the extra-territorial sector. The value of the other exported services—minor items—was distributed on the basis of the regional distribution of the production of these services.

For household consumption expenditure via retail trade, regional estimates were based upon a newly completed series of statistics on the sales of retail trade by groups of products which happened to be available for years around 1960. Adjustments were made for sales to tourists by dividing the national adjustment over the regions and for sales to residents of other areas with the help of figures obtained in collaboration with the regional agencies that originated the study. Household consumption of goods and services sold directly by the producer to the consumer was allocated to regions via the production figures already available.

For rents the method used for the national estimates (number of dwellings of various types and corresponding rents) was applied to the dwellings in each region.

For gross domestic fixed capital formation, the regional estimates started from a double-entry table giving a breakdown of fixed capital formation by type and by users, in percentages:

GROSS DOMESTIC FIXED CAPITAL FORMATION, 1960
(TOTAL NATIONAL CAPITAL FORMATION = 100)

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Type	Users	Agriculture, Forestry, Fishing	Manufacturing, Mining, Construction, Electricity, Gas, Water	Commerce	Dwellings	Transport, Storage and Communication	Other Services	Public Administration	Total
Dwellings		—	—	—	18	—	—	—	18
Non-residential buildings		1	7	2	—	1	4	4	19
Other construction and works		—	1	—	—	—	—	11	12
External transport equipment		1	2	3	—	13	1	—	20
Machinery and other equipment		2	20	1	—	5	1	2	31
Total gross domestic fixed capital formation		4	30	6	18	19	6	17	100

For the rows referring to construction, regional estimates could be obtained from the basic statistics used in compiling the estimates. For the columns referring to manufacturing and transport, direct measurement of investment takes place; these statistics were subdivided by regions.

The other items (about 10% of the total) were divided on the basis of various key regional figures.

For inventories, the basic information covers four groups of goods:

- work-in-progress
- inventories in the hands of the producer
- inventories in the hands of the user
- inventories in the hands of commerce.

For the first three categories the basic statistics provide a full regional breakdown; for the last category—often arrived at as a residual—the regional breakdown (for lack of a better method) was assumed to be the same as the corresponding breakdown of production. In 1960 this latter amounted to 20% of the total change in inventories.

For local government consumption expenditure, a regional breakdown of the national totals is possible.

With respect to sales to the central government and social security agencies, unpublished figures for the purchase of military goods were available in the basic information. For other important items the government agencies concerned in general could provide the names of the producers. For the large number of small items that constitute the rest of central government consumption, sales were divided over the regions in relation to the regional breakdown of production.

With respect to compensation of general government employees, the basic statistics for local government expenditure could be broken down by region. For the central government (and social security) the agencies concerned provided the necessary data.

Income transactions other than income originating have not been broken down by regions so far.

NEWS OF STATISTICAL ACTIVITIES

This section of the Review will report each quarter on noteworthy developments in the field of national economic accounting. Newly available data, new methodological developments, and new applications of methodology of significance to members of the profession engaged either in the production of national economic accounting data or in the use of such data for analytical purposes will be briefly noted. In the preparation of material for this section, the secretary gratefully acknowledges the contributions of the Association's correspondents throughout the world, without whose continuing efforts such a news section could not be compiled.

Ireland

The Central Statistics Office has been conducting a Household Budget Inquiry since September, 1965, and the field work will terminate in Autumn of 1966. The inquiry covers towns and villages and returns are being requested twice in the year from 2,400 households. The results of the inquiry will be available towards the end of 1967. The main purpose of the inquiry is to provide a basis for revising the weights in the official consumer price index, but it will also be used as a check on estimates of personal consumption, for purposes of economic planning and in connection with econometric studies of consumption as well as of the income redistribution involved in taxation, transfers and the provision of government services.

The office carried out a survey of Road Freight Transport in respect of the year 1964. The sample consisted of some 10,000 goods vehicles out of a population of 46,000. The owner of each sample vehicle was sent a questionnaire requesting particulars of the vehicle and a record of its activity during a specified week. The object of the Survey was to provide national estimates of such economic indicators as the tonnage of goods carried by the goods vehicle fleet, the vehicle miles travelled and the ton-miles performed, etc., as well as providing information on the structure and capital value of the fleet. In addition the regional pattern of road freight transport is being examined and the future needs for transport are to be studied in a project which is just beginning under the aegis of the Economic Research Institute.

Japan

The Economic Planning Agency published thoroughly revised national income statistics in April of 1966 (*Annual Report on National Income Statistics, 1966*). New estimates were made for the 14 years from 1951 through 1964, based upon the recommendations of the National Economic Accounting Council (under the chairmanship of Dr. Hiromi Arisawa). The basic principles underlying the revision were:

(1) Improvement of the accuracy of the statistics (qualitative improvement);

- (2) Improvement in international comparability;
- (3) Great increase of the information to be provided by the national income statistics (quantitative enhancement); and
- (4) A step toward completing the national economic accounting system through the integration of national income statistics and the inter-industry table.

Beginning last year, the Economic Research Institute of the Economic Planning Agency undertook a Consolidation Project for Long Range Statistics. The first step involved the estimates of gross capital stock, which had been regarded as among the weakest of the postwar statistical series. This series provides estimates of the gross fixed capital stock of private enterprises for 1952–64 for 20 industries, for both corporations and unincorporated enterprises. These estimates were published in *Economic Analysis*, No. 17, March 1966.

Since December 1965, the Economic Planning Agency has been working on the National Wealth Survey; it is expected to be published in March 1967. This survey will cover fixed assets of a sample of about 4,000 enterprises, including central and local government enterprises and private corporate and unincorporated enterprises.

Turkey

Two different national income series are now available for Turkey, one set prepared by the State Planning Organization and the other by the State Statistical Institute. For 1961–64, the Planning Office estimates are available in *1966 Yili Programi* (1966 Program for the First Five Year Plan), Ankara 1966. The Statistical Institute estimates are available in the yearly publication *National Income of Turkey*. The two series differ not so much in the overall estimate of gross national product as in its sectoral distribution; e.g., the Statistical Institute estimate for 1962 (in 1961 prices) is 52,207.1 million Turkish lira, and the Planning Office estimate 52,092.7 million Turkish lira. The widest difference is in the estimates of agricultural income, the Statistical Institute estimate being 20,162.1 million TL, and the Planning Office estimate 18,275.8 million TL.