

SOCIAL EXPENDITURE: SOCIALIZATION OF EXPENDITURE? THE FRENCH EXPERIMENT WITH SATELLITE ACCOUNTS

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This paper discusses the history of the French development of satellite accounts during the late 1960s and 1970s, noting the circumstances that led to the initiation of work in this area and describing the types of problem encountered. It then goes on to draw, on the basis of the French experiment, more general conclusions and to present a proposed accounting framework. The final section considers the concept of social expenditure, but concludes that, at least for the present, it is not possible to construct a useful global concept.

The United Nations Statistical Commission proposed to develop "social accounting" as one of the devices towards the realization of its "Framework for the Integration of Social and Demographic Statistics" (FSDS). This social accounting is described as a combination of social accounts by field or function aiming at bringing together resources put into "social services," their output and their beneficiaries. Various works have been undertaken in France in this direction under the name of "satellite accounts;" their development leads to suggesting some conceptual precision regarding the use of the qualifier "social" in connection with services or expenditures.

In this paper, we will introduce the French experience in the field of "satellite accounts" and then go on to the notions of social expenditures.

I. THE FRENCH EXPERIMENT IN THE FIELD OF SATELLITE ACCOUNTS

A. *The Precursors*

After the Second World War, the shaping of a developed system of national accounts, including integrated input-output tables and financial accounts, fomented a qualitative jump forward in the whole area of statistics expressible in monetary terms. The necessity of confronting in a regular way all the sources of available information to extract from them a relevant synthesis raised criticisms of these same sources and led to a widespread effort towards reaching conceptual coherence, and elaboration and standardization of nomenclatures. The statistician has had to become an expert in "enterprise accounting" and has enforced his interest in the evolution of accounting standards; he has become an expert in "public financing" and has taken part in the modernization of budget presentations and therefore in public accounting.

This progress of one part of statistics, guided and inspired by the development of national accounts, had been particularly strong in France, because several instruments based on national accounts had been developed in a parallel way: a medium term projection model for the planning process, and an economic budget, the latter projecting for the year to come the whole of national accounts to assist decision makers in their economic policy choices. This last factor is

important as it forces the statistician to go back in the span of time, while continuously bringing his information up to date.

Under these conditions, the users of statistics quickly begin to demand of statisticians that they extend these qualities of coherence and actuality existing in national accounts to a more detailed framework, dealing with a wider field of information.

This is how, from the beginning of the 1960s, parallel to the “Commission of Economic Accounts and Budgets of the Nation,” three specialized commissions were created in France for agriculture, trade and transport accounts.

These commissions, which bring together representatives of the social partners and specialists in each field, have given an impulse to an important development of national accounts in each field. They also helped towards giving a certain autonomy to the analysis of each field in relation to the central framework of national accounts.

Thus, agriculture accounts presented regularly to the Commission of Agricultural Accounts created in 1964 contain both an agricultural activity account and one of social transfers in favour of agriculturalists aiming at the determination of agricultural income, a very relevant parameter of economic and social policy in France. With this outlook one gives priority to deriving an income of exploitation measured according to the sale of products and not to production as in the central framework of national accounts. However, evaluation remains consistent with that of national accounts.

In the case of trade accounts, it is less the need to put to work different concepts which has led to the development of a set of accounts outside of the central framework than considerations of a more practical order. As a matter of fact, work on the central framework is conducted within a mechanism that is constrained by its own periodicity: the same account is established four times before becoming definitive. It is therefore preferable not to integrate in this mechanism more than a general treatment of trade. The highly detailed accounts required by the Commission, separating the different forms of trade and analysing the lines of distribution by product, will be elaborated this way according to a more flexible periodicity and calendar.

Transport accounts, besides, had been developed to meet the problem of competition between different means which contribute unequally to the support of infrastructure charges—with that purpose, an improvement of the accounting framework was necessary to impute costs covered by the collectivity to each means of transport.

B. The Problem of Autonomy and Integration

Towards the end of the 1960s, after the revision of SNA¹ and the elaboration of ESA,² the pressure of users was felt more strongly and even became critical in all countries. For some the relative underdevelopment of social statistics is an indirect consequence of the priority granted to national accounting.

The solutions suggested to meet those criticisms can be classified, *a posteriori*, along three lines.

¹System of National Accounts of the United Nations, 1968.

²European System of Integrated Economic Accounts, EEC, 1970 (revised 1979).

The first one may be qualified as a reductionist and integrationalist one and aims at opening up the field of a new system of national accounts to the whole field of social relations, reducing the latter to monetary evaluation (i.e. TISA, The Total Income System of Accounts, proposed by Robert Eisner of Northwestern University).

The second one, suggested by R. Stone, stems from the statement that there is a second body of data just as coherent, structured and actualized as the national accounts. They are the demographic data, leading to the idea of widening the field of demography which would become "social demography," dealing more particularly with the insertion of individuals in systems of formation and production (the active sequence of SSDS). Those quite reasonable proposals become more hazardous when one pretends to deal in an equal manner with fields such as health and public order.

Finally, a third solution was proposed by those who wished to build a system of social indicators leading to the elaboration of an overall explicative model of economic and social behavior.

French statisticians and national accountants examined with great interest these different research and work tendencies. The controversy on "social statistics" had however comforted them, above all, in the strategic choice that they had made a few years before, deciding to develop around a central framework of national accounting a set of satellite accounts. Moreover an orientation was given granting priority to satellite accounts focusing on population needs, and also achieving the initial scheme with works establishing social demographic accounts.

As early as 1967, as a matter of fact, the idea of satellite accounts by field was put forward [1], based on the experience of specialized accounts of the 1960s (agriculture, transport, . . .) but above all, on the analysis of the instrumental needs of planners.

French national accountants were convinced of the necessity of giving a certain autonomy to works aiming at developing and detailing national accounts in certain fields. But they were also convinced of the interest of maintaining an articulation of those works with national accounts in order, on the one hand, to integrate into the economic analysis of those fields coherent data on the global economy, and on the other hand to improve the quality of global evaluation of those fields in the central framework of national accounts.

In 1968, the first experimental work explicitly dealing with a satellite account, relative to housing, was started. In June 1969 the choice of developing, around a central framework of national accounts, various sets of specific instruments showing amongst them and with the central framework variable degrees of integration, was proposed to the "Commission of Economic Accounts of the Nation" which agreed to it. A communication at the 12th conference of IARIW in 1971 presented this doctrine and the dialectic underlying the autonomy and integration of information systems [2]. Several sets of instruments were drawn up: the intermediate systems, presentation of information extracted from accounts of units labelled with the same accounting standard according to a scheme adapted to an intermediate analysis, and satellite accounts centered on specific fields of public policy concerns.

The report on SECN methods (the extended French system of national accounts) issued in 1976 [3] adds to those categories complementary systems such as those dealing with public finance and household income. These instruments are more closely integrated with the central framework of national accounts inasmuch as they are built on the same elementary data.

This same report in its chapter on satellite accounts does not give a strict definition but presents them as a process. "The elaboration of satellite accounts is conceived as a means to gradually structure the whole body of quantitative information relative to a particular field so as to form a coherent system of knowledge and of economic and social analysis."

"A satellite account is an information gathering framework open to change in a sector of social concern. It presents two basic characteristics: it brings together monetary and nonmonetary data in the same presentation structure; and it unites a detailed analysis of the economy of the sector to overall analysis." This indirect presentation shows great caution on the part of national accounting authorities, which realize that satellite accounts will possibly assume widely different modalities in different fields. There are, as a matter of fact, several possible families of satellite accounts: some based on economic activities (agriculture, research, transport, trade), others aiming at population needs (health, education, social protection, culture, . . .). One could think of others, for instance in relation to alcoholism or environment; they would necessarily be rather different from those of the first two families.

This stress on the notion of an evolutionary process also reflects experience in the dynamics of the development of the statistical system and accounts. A satellite account is never a finished product and it can develop if it is included in studies and in the government's decision making process.

But at the same time a satellite account is a synthesis of the statistical information existing in a sector. It is therefore limited by the degree of development of the statistical infrastructure whose progress it accelerates and orients. Consequently, it brings about its own obsolescence. From this angle, a satellite account is not a study of a sector but a central element to organize the development of the statistical system. That is why, in the French administrative context, it is advisable that the elaboration of satellite accounts remain the responsibility of statistical services and not be entrusted to the hands of a research or study center.

The axis of a satellite account is the analysis which it presents of the economy of the field under consideration. This analysis must be accurate and adapted to the characteristics of this sector, bringing out the production mechanisms involved, the corresponding cost structure, and the methods of financing used. This detailed analysis should also offer the possibilities of synthesis into some characteristic aggregates summarizing the information. At this level, the variables involved should be definable in relation to the concepts of the central framework of national accounts and measurable according to the same rules of evaluation. This constraint is necessary to place the analysis of the sector within an overall economic analysis.

The frameworks and nomenclatures used for monetary analysis of the sector's economy should be usable to present nonmonetary information simul-

taneously—the latter, expressed in physical units, relate to production factors, to production itself, and to its beneficiaries. The satellite account thus establishes some ratios or indicators.

However, the satellite accounts do not, on their own, constitute the whole set of information for a field and they particularly do not include the evaluation of advantages or final results of production (for example: state of health, the cultural level of a population).

C. The Experiment of the 1970s

French work related to satellite accounts took place at a time when many efforts were being made to put into operation the central framework of national accounts, revised according to the new SNA and ESA, and progressively extended in two directions: balance sheets, the first calculation of which ended in 1979, and functional analysis of government expenditures.

Also at the same time, the schemes or statistical systems of public spending analysis were renewed. Apart from statistics, new aid decisions and planning procedures were experimented with in research on the “rationalisation of budgetary choices.” This context had a strong influence on the evolution of satellite accounts.

Thus, nothing for instance could have forecast the birth of a “Research and Development Satellite Account.” The authors of ESA had effectively defined a branch of research activity and they advised dealing with this branch as with all others in the accounting scheme, particularly in the input–output table. The real content of the research branch in the central framework of national accounts remained to be clarified; that is to say how the own-account research of enterprises would be treated. The usual convention of national accounts is not to isolate own-account service activities of enterprises (administration, personnel management, storage, marketing . . .). Was it convenient, as wished by some, to depart from this rule in the case of research so as to create an activity including all research? This solution proved to be impractical, in France at any rate, because of the nature of the sources of available information. Besides, research specialists objected to measuring research production according to the valuation principles of national accounts because of the lack of precision in the estimates of the useful lives of the equipment used in research. They prefer to reason in terms of outlay on research. That is how a research satellite account based mostly on specific surveys already proposed in the “Frascati Manual” came to be considered at the same time as a treatment for research in the central framework of national accounts was elected.

This example of research well shows how a satellite account is not a totally autonomous system: it partly depends on schemes adopted by other sub-systems, in the same way as its own development may lead to modification of nomenclatures, classifications or treatments adopted for example in the central framework of national accounts.

In fact the research account [4] is the only satellite account based on an economic activity that has been developed in France since 1970, most of the effort being dedicated to accounts centered on population needs, which

correspond to the social accounts of the Framework for the Integration of Social and Demographic Statistics (health, education, social protection, culture, housing). At the same time, exploratory work was undertaken on an environment and pollution account and on a tourism one [8].

Once decided, in response to a more or less explicit demand of politically responsible authorities of a sector, the elaboration of a satellite account includes four phases of work.

In the first phase, it is important to establish a mixed team including statisticians of the field and national accountants. It is sometimes delicate, above all when, as in France, national accountants are in a national statistical institute, whereas the statisticians specialized in the field are all to be found in the corresponding ministry (health, education . . .). This team will collectively undertake an analysis of the economy of a field, the national accountants bringing their experience on how to organize and structure information systems, while the Ministry's statisticians contribute their experimental knowledge of the field. At this phase, close contacts must be established with administrative managers and particularly with budget decision makers who, often involved in an effort of rationalization of budgetary choices, have to solve similar problems. At the end of this analytical stage, which will have enabled the members of the team to find common ground, a blueprint of the satellite account's framework has been set, i.e. the coverage of the field has been defined and the analytical units and classifications chosen. Then comes the stage of experimental compilation in which all sources of available information are systematically reviewed; in case of any lack of a direct source of information, indirect evaluations are attempted.

The third stage is the most delicate one. According to previous experience it consists in modifying the initially established scheme of analysis but also in an effort to improve the sources of information either by organizing the mobilisation of sources of information of an administrative type, or by launching new surveys, or most often, by adapting existing sources by modifying nomenclatures, for instance.

The fourth phase, which should lead to the first official publication of accounts, is that of the elaboration of a base year and if possible a first series of accounts. It also is that of the elaboration of the procedure which will enable the annual compilation of information in due course to assure a regular publication of accounts.

The success of the experience of the launching of a satellite account will only be complete and of a lasting effect if statisticians have succeeded in sustaining the external demand for this instrument. To do so, they must quickly encourage the development of forecasting models using satellite accounts as a base.

In France satellite accounts on research, health, education and social protection are reaching the stage of official publication. It will take a few years before we know whether the "graft operation" was definitely successful or not. But the experience already implies some failure; for instance, the very first work on satellite accounts had been dedicated to housing. After the first promising analytical phase, it became impossible to pass on to the second stage as the share of responsibilities had not been sufficiently determined at the beginning.

From this series of failures or successes with satellite accounts, some conclusions can already be drawn. From an institutional and administrative point of view, the elaboration of a satellite account can certainly be positive as regards statistical services; this way, they develop an analytical tool which enables them to contribute more directly to the elaboration of administrative decisions. The counterpart is that when study services are independent of the statistics department, sometimes strong struggles appear for control of the satellite account.

One must also admit that the ambition we originally had of bringing together the elaboration of satellite accounts with program budgeting often remained theoretical and encountered great difficulties in practice. Moreover, actual satellite accounts are unbalanced: they analyse accurately in terms of money the economy of their field but actually integrate few nonmonetary data.

At least some work on satellite accounts is slowed down by deficiencies in the statistical system, which in France very badly covers associations and other nonprofit organizations which are very important for cultural, sporting and social life.

II. DESCRIPTION OF A SATELLITE ACCOUNT

Various satellite accounts based on production needs use the same analytical scheme for the sector's economy, and common concepts. We will briefly present them illustrating our point with examples drawn from the health satellite account.

A satellite account has three purposes:

- to analyse the organization, operation and financing of output of characteristic activities within the field;
- to describe and analyse the structure and financing of different goods and services or transfers allocated to various categories of beneficiaries;
- finally, to measure the global effort made by the community to finance this requirement (health). With this purpose, a concept of national expenditure (on health) is defined.

A. *The Concepts of Expenditure*

We call (health) national expenditure the amount of global expenditure on characteristic activities (in the case of health, for instance, hospital services) and on internal final consumption of goods and services connected to the sector (medicines).

The concepts of national expenditure in a field, summarizing effective spending of all sectors of the economy, revolves around the functional approach to household consumption and government expenditure of the central framework of national accounting but goes far beyond them, including an analysis of expenditures by other agents which, in a central framework, are taken as production costs or distribution operations not functionally classified.

What are the characteristic activities of a sector? The choice is made in reference to a functional nomenclature of government expenditures. It is therefore a functional definition; thus the characteristic activities for health will

include:

- medical activities which directly contribute to preventing, diagnosing, or treating ailments of individuals. These cover activities of medical and paramedical care, pharmaceutical trade, and other medical goods (optical, orthopedic, prosthesis), the transport of the sick, blood transfusion centers, banks of human organs and products;
- activity of collective sanitary prevention, which mainly covers services of human prophylaxy, sanitary control at frontiers and protection against radiation;
- activity of medical education towards the training of medical and paramedical staff;
- activity of medical research covering medical biological research, clinical research, pharmaceutical research etc.;
- activity of general supervision of health by government authorities.

Those characteristic activities are mostly included in a central framework of national accounting as trade or non-trade activities. However, a satellite account uses, for analysis, statistical units smaller than those used in the central framework, which, as a result, includes among characteristic activities some “associated” activities which will be dealt with according to the same standards of evaluation as nonmarketing branches. They can be for instance activities of the army medical service or industrial medicine.

As a result, functional classifications are not exclusive in the whole of the satellite accounts. Thus, an expenditure classified in education on the account of education may be classified in health on the account of health; expenditure aggregates of several accounts cannot be added up, but they can be compared and of course, aggregated by consolidation.

National expenditure also covers, as seen before, the financing of the final internal uses of goods and services connected with the sector; the delimitation of those goods and services is done with reference to the functional classification of household consumption. This is why, for health, we will find in goods and associated services, medical goods: pharmaceutical, medical, optical, orthopedic goods.

Notes

a. National expenditure for health excludes transfers in cash to beneficiaries such as daily payments for periods out of work due to sickness or pensions for accidents at work. This is the result of a choice. The satellite account is centered on problems of the health system. It is not an account for sickness or accidents at work. Such accounts can be thought of but they would be very different.

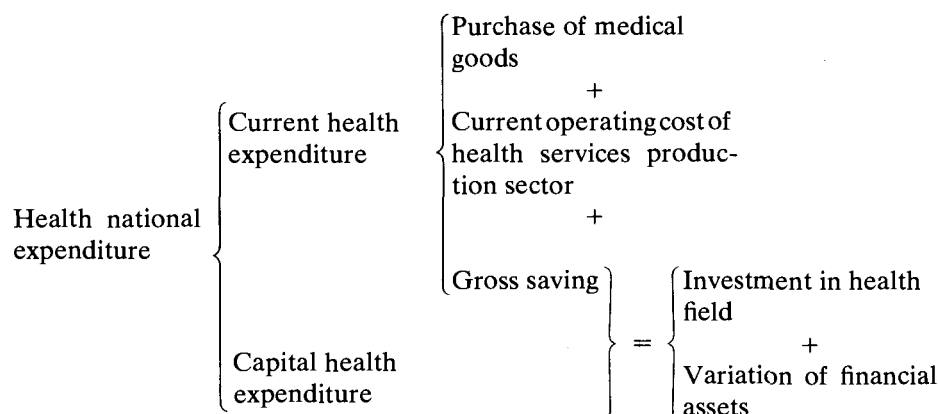
b. National expenditures will often be subdivided, making a distinction of various subfields within the field. Thus, medical expenditure is isolated within national health expenditure. The field of medical spending corresponds to activities of medical care and to acquisition for the direct benefit of beneficiaries (the sick) of medical goods. The sector of other expenditures corresponds to sanitary prevention, medical teaching and research and finally to health supervision.

c. National expenditure in one field (health) is divided into current and capital expenditures. This distribution is made at the level of the financing operation and not at that of the use of the funds by the producing sector.

Current expenditure includes all kinds of financing which does not have, as an objective, influencing directly the wealth of producers: sales, subsidies, current transfers without counterpart.

Capital expenditure includes transfers of capital to sectors of production (investment aid) as well as the financing through financial operations measured by the variation of engagement of producing entities.

Investment in the producing sector (of health) is built up from the gross capital formation and net acquisitions of land and intangible assets by branches of characteristic activities. Expenditure on capital is one of the ways of financing this investment, but current national expenditure constitutes, for the share that goes to producing entities, receipts which may exceed the expenses of functioning and yield a gross saving which enables, at least partly, the auto-financing of investment.



B. Scheme of Analysis

To describe the economy of a sector, one has to show how the expenditure is financed, what it is used for, and who benefits from it. Once this is in mind, three sectors have to be isolated:

- a financing sector
- a production sector
- a beneficiaries sector

The sector of production gathers all establishments or fractions of establishments having the characteristic activity of the field. These are medical care establishments or services, sanitary prevention, medical teaching and research, general administration of health; this sector is subdivided according to a nomenclature directly used for supervisory services which takes into account administrative realities, private or public status of organisms, existing agreements, etc.

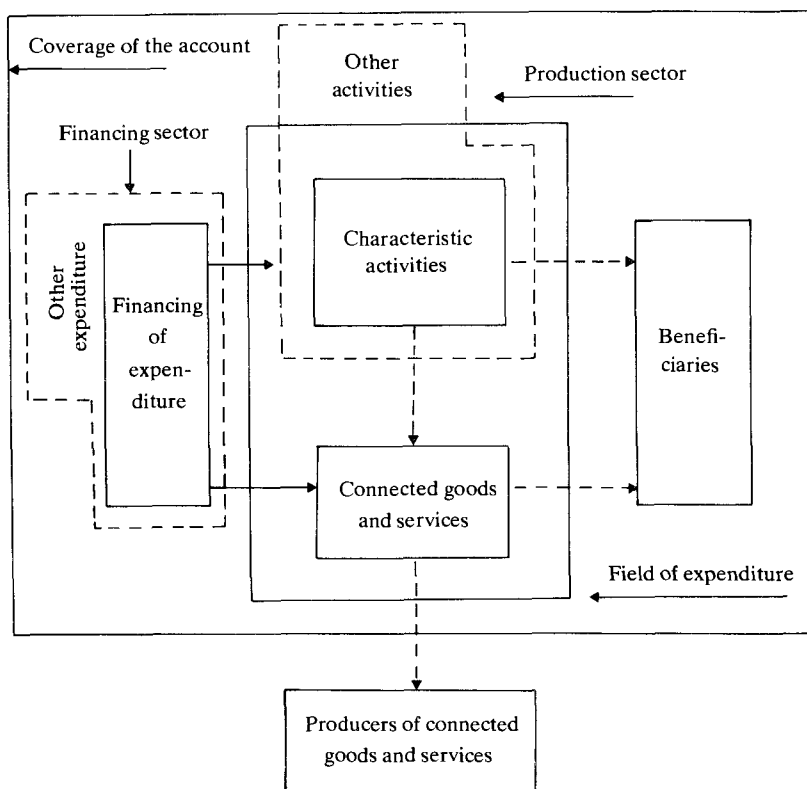
The financing sector is made up of organisms such as the ministry of health, some mutual benefit societies and social security funds whose major spending helps towards the financing of the sector (of health). It also covers the functional

disaggregation of institutional units only one minor spending fraction of which is dedicated to health. This is the case in particular of households.

The account of financial organisms is established from the financing point of view. Therefore, if those organisms also have characteristic activities of the sector, and corresponding receipts and expenditures, these will be shown by their balance which constitutes one of the methods of financing the sector. Thus defined, the financing sector covers all national expenditure. The latter appears in counterpart as a resource for producer organisms and as the amount of acquired connected goods and services. Financing organisms are brought together for analysis according to a simple nomenclature derived from that of institutional sectors of the central framework.

The "beneficiaries" sector is made up of all individuals requiring medical services or goods; the sick or potentially sick. This beneficiaries sector should not be confused with that of households of the national accounts. For instance if "households" pay for the training of medical auxiliaries in private schools, it is not as beneficiaries of the health system.

Analysis Scheme of a Satellite Account



C. The Accounting Framework

Satellite accounts have an accounting framework and a nomenclature of economic operations simplified in relation to the central framework of national accounting.

Accounts of producer organisms are divided into two sub-accounts:

- an account of current operation and
- a financing table.

Uses	Resources
Current Operations Account	
Operating outlay:	Current transfers received:
—pay of wage earners	—from financing sectors
—intermediate consumption	—from producing organizations (net figures)
Current transfers to beneficiaries	
Other current expenditure (net of similar receipts)	Sale of commercial goods and services
Balance (gross saving)	
Financing Table	
Investment	Gross saving
	Capital transfers:
	—from financing sectors
	—from producing organizations (net figures)
Changes in financial assets	Changes in liabilities

It will be noticed that the concept of production has not been used. As a matter of fact, satellite accounts are often worked out in fields that may be either marketed or nonmarketed. This distinction, useful for macro-economic analysis, proved too simple for the supervisors and decision-makers of the fields concerned.

That is why, in detailed analysis, satellite accounts have left this distinction aside, and the concept of production, for which the valuation rules differ for marketed and nonmarketed output, has not been introduced. It is only at a more global level, in tables of linkage with data of the central framework of national accounts, that the concept of production is reintroduced. In the future, this decision will perhaps be reconsidered if work on satellite accounts at constant prices is successful.

D. Junction of Monetary and Nonmonetary Data

The detailed analysis of sector activities often rests on a notion of product different from that which is at the basis of classical nomenclatures of activities and products. Thus, the activity of medical care is analysed according to a nomenclature of elementary acts, specific to the health account, inspired by the

codification of acts by social security. An activity of care is a combination of elementary acts, but each act may be practised within various different activities. For instance, the "consultation" act may be engaged in at a dispensary or a doctor's office.

It is at the level of these finely distinguished categories that the satellite account brings together nonmonetary and monetary data. It also presents non-monetary data on production factors composed of staff and equipment.

III. CONCEPT OF SOCIAL EXPENDITURE AND SATELLITE ACCOUNTS

Developing a series of satellite accounts focused on population needs inevitably leads to the problem of defining a concept of social expenditure. In fact, the term "social" is accepted with very different meanings according to the context. Thus "social equipment" is that which is used or attended mainly by households. On the other hand, "social services" refer to the notion of activities in favour of categories of population with problems. "Social budgets" refer to transfers to households.

The first definition of social expenditures was elaborated by a working team building on the first "social accounts of the European Community countries;" it extended social expenditure to the whole coverage by third parties of "charges resulting for individuals from the appearance or existence of eventualities or needs."

This definition was very ambiguous. Regarding "eventualities" (we will later define them as "risks"), we made allusion to the idea that "social" is the collective coverage of some socio-economic handicaps which selectively affect certain categories of population. On the other hand, referring directly to "needs," social expenditure could be the collective coverage of the "enlarged (or total) consumption" of the population, of the whole population without considering the slightest criteria of selectivity concerning the personal situation of beneficiaries of this expenditure.

The meaning of social expenditure therefore depended, using this definition, on the list which would come to define more precisely "eventualities or needs" of the population. The first list adopted by the EEC included only "eventualities" or "risks" and would have then made clearly accurate the meaning of the concept, if a category "other" had not made possible the reintroduction of needs such as "housing" and therefore led to confusion.

This initial ambiguity tremendously delayed the progress of "European social accounts" and several years were required to differentiate the two points of view.

In the end we defined an expenditure aggregate applied to the coverage by third parties of charges resulting on households from the realization of certain risks or eventualities. This aggregate is the "social protection expenditure" of the satellite account of social protection [6].

In addition, French satellite accounts define "social expenditure," for a given field, as the "part of national expenditure which is not financed by beneficiaries," i.e. using again the example of the health satellite account, "health

social expenditure” is that part of health expenditure not directly financed by patients. This definition refers exclusively to a notion of socialization of spending: the coverage is social, not the aim of the expenditure or the motive of the coverage.

Putting such a concept into practice does not, *a priori*, raise any problem for the financing of national expenditure by nonfinancial operations. Determining frontiers for social expenditure is more complex when one part of the financing of the field is insured through financial operations. As a general rule, this type of financing is not included in the “social expenditure” calculation as it is understood that we are dealing with a provisional financing whose delayed payment falls back onto beneficiaries or other financing types. However, the variations of indebtedness of producer organisms are included in social expenditure when (a) they are incurred by a unit of a sector of public administrations, or (b) they are incurred by an enterprise within rules forcing it to grant loans in favour of its wage earners.

This definition of social expenditure is in agreement with the concept of government total expenditure (non-repayable expenditure, or net lending) developed for public finance analysis (IMF-OECD-EEC).

One could eventually define social expenditure in relation to beneficiary categories which would not be households. However, satellite accounts have, in practice, introduced the notion of social expenditure only in relation to households.

The concrete experience of satellite accounts helps toward a better understanding of the difficulties which must be solved in defining a general concept of “social expenditure in favour of households” which would be “the whole coverage of individuals’ needs by third parties,” recalling the second alternative of the initial definition of the SOEC. The operative definition of such a concept would then imply that a consolidating criterion be determined in order to aggregate “social expenditures per field” as defined in satellite accounts. Difficulties, at this level, are numerous if not unsolvable.

The first difficulty lies in the necessary improvement of the ordinary meaning of the word expenditure. The coverage of individual needs or more generally, the socialization of expenditure, can have various aspects such as fiscal or tax advantages. With caution, satellite accounts tackle this type of analysis in concrete cases. A close study of the problems created by the aggregation of those transfers remains to be done.

A second type of difficulty is linked to the ambiguity of the notion of “beneficiary.” It is an old problem which already had to be faced in the (unsolvable?) polemic on the frontiers of the “total consumption” of the population. Is industrial medicine of any benefit to households? Should it be included in the total consumption of the population? We find it again more acutely this time, in relation to the definition of social global expenditure: can the notion of “beneficiary” be aggregated or consolidated? Thus, in one example, we had said that school fees paid by households for a nursery school are social expenditure on health (expenditure on health not covered by patients). On the other hand, they are not social expenditure when viewed as education. What if we aggregate health and education?

Mentioning these problems is enough, we believe, to justify the dismissal of a global concept of "social expenditure" which might introduce nothing but confusion in the social debate.

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