

ANNOUNCEMENTS

INTERNATIONAL ASSOCIATION FOR RESEARCH IN INCOME AND WEALTH

Twentieth General Conference, 1987
Rocca di Papa (Rome), Italy, August 23-39, 1987

Tentative Program, as of September 1, 1986

Session 1. Historical estimates of income and wealth

Organizer: Angus Maddison, 60150 Chevincourt, France

PAPERS:

1. Bart van Ark, Gröningen University
Indian GDP 1900-75, a crosscheck of growth estimates against benchmark estimates of output levels
2. Angelo de Souza, Maria Gusmaõ Veloso and Ralph Zerkowski, Vargas Foundation, Rio de Janeiro
Historical estimates of Brazilian GDP and components: (a) revised official figures 1947-85; (b) earlier estimates
3. M. C. Urquhart and Associates, Queen's University, Kingston, Canada
New estimates of gross national product in Canada, 1870 to 1985: some implications for Canadian development
4. Riita Hjerpe, Bank of Finland
New estimates of Finland's GDP by industry of origin, 1860-1985
5. Rainer Fremdling, Freie Universität Berlin
Growth of German NDP and productivity since 1820
6. C. A. van Bochove, T. A. Huitker, G. P. den Bakker, Netherlands Central Bureau of Statistics
The consolidated accounts of the nation and their deflator, The Netherlands, 1921-1939
7. Olle Krantz, Lund University
Revised estimates of Swedish GDP since mid-nineteenth century
8. N. F. R. Crafts, University College, Oxford
Revised estimates of British GDP growth by sector, 1700-1870, and their implications for analytical economic history

Session 2. Accounting for crisis and disaster

Organizer: Yoshimasa Kurabayashi, Institute of Economic Research, Hitotsubashi University, Tokyo

PAPERS:

- I. Accounting for Crisis and Disaster and its Applications
 1. Markos Mamalakis, University of Wisconsin, Milwaukee
The treatment of windfalls and windlosses in the national accounts
 2. T. A. Huitker, G. P. den Bakker and C. A. van Bochove, Netherlands Central Bureau of Statistics
Crisis and disaster in national accounts and balances with an application to World War II and the 1953 flood in the Netherlands

3. Jean Mathis, Université de Paris, et Jean Le Nay, Université de Rennes
Les effets de la sécheresse dans la comptabilité nationale des pays du Sahel
4. Mitsutaka Togashi, Meiji University
The measurement of damage on capital stock caused by national disaster and its economic impacts: a case of great Kanto earthquake of 1923 in Japan
5. Hideki Takeno and Noritoshi Ariyoshi, Kyushu University
The regional accounting framework for local public goods and migration caused by disaster

II. Accounting Issues for Dealing with Hyperinflation

6. Michel Seruzier, INSEE
Etablissements de comptes nationaux en pays de forte inflation
7. Nobuko Nosse, Kobe University
A reconciliation account for analysing hyperinflation in land price
8. Itasu Sakura, Gakushuin University
Prices in national accounts and measuring the level of living in a rapid inflation

DISCUSSANTS:

- Derek Blades, OECD (Papers 1 and 2)
- To be announced (Papers 3, 4, and 5)
- Anne Harrison, World Bank (Papers 6, 7, and 8)

Session 3. Macro/micro linkages—households

Organizer: James D. Smith, Institute for Social Research, University of Michigan, Ann Arbor, MI 48106, U.S.A.

PAPERS:

1. Hans Adler, Statistics Canada
Micro-macro links in the Canadian accounts
2. Michael Wolfson, Statistics Canada
Micro to macro links in a simulation data base
3. Richard Curtin and James D. Smith, Institute for Social Research, University of Michigan
Micro to macro links in the Survey of Consumer Finances

Session 4. Macro/micro linkages—business

Organizer: Andre Vanoli, INSEE, 18 Bd. Adolphe-Pinard, 75675 Paris Cedex 14, France

PAPERS:

1. Peter Al, Netherlands Central Bureau of Statistics
Links between production from survey and production of input-output table
2. Alain Benedetti et Pierre Muller, INSEE
Le système intermédiaire entreprise, philosophie et pratique du passage micro/macro
3. K. R. Blackburn, Australian Bureau of Statistics
Collection design, synthetic adjustment and end use objective in macro/micro data linkage
4. Antonia Huttli, Institute for Economic Planning, Budapest
The use of enterprise accounts for national economic planning
5. Harry M. Postner, Economic Council of Canada
Linkages between macro and micro business accounts: implications for economic measurement

6. Richard and Nancy Ruggles, Yale University
Macro/micro linkages—enterprise capital finance accounts
7. Carsten Stahmer, Statistisches Bundesamt, Wiesbaden
Business accounting of enterprises and national accounts
8. A. M. Bloem, Netherlands Central Bureau of Statistics
Micro-macro linkage for government

Session 5. Revision of SNA

Organizer: Alain Chantraine, EUROSTAT, B.P. 1907, Luxembourg

PAPERS:

A. Work Already Done

1. J. van Tongeren, United Nations Statistical Office
The structure of the revised SNA
2. Derek Blades, OECD
Constant prices and ICP
3. To be announced
Reconciliation with balance of payments and government statistics

B. Work In Progress

4. Anne Harrison, World Bank
Household accounts
5. B. Newson and M. Pecci, EUROSTAT
Production accounts and input-output tables
6. P. Teillet, INSEE
A concept of satellite accounts in the revised SNA

Session 6. The measurement of economic welfare and inequality

Organizer: Marilyn Moon, American Association of Retired Persons, 1909
K St. N.W., Washington, DC 20049

PAPERS:

1. Michael O'Higgins and Stephen Jenkins, University of Bath, England
Equity in the measurement of economic inequality
2. Michael Wolfson, Statistics Canada
Inequality and pension reform
3. Hans Messinger, Health and Welfare Canada
The impact of changing socio-demographic trends on the distribution of income and wealth
4. Aldo Hagens, Richard Hauser, Peter Hedstrom, Peter Saunders, Timothy Smeeding, Barbara Torrey, and Michael Wolfson, Luxembourg Income Study
Improving the LIS income measure: microdata estimates of the size distribution of cash and noncash income in seven countries
5. Stein Ringen, Norway
The distributional effects of government tax and transfer programs
6. Paul Cullinan, Congressional Budget Office, Patricia Ruggles, Urban Institute, and Marilyn Moon, American Association of Retired Persons, Washington
Variations in the duration of poverty across demographic groups: international implications
7. Arthur Kennickell, Federal Reserve Board, Washington
Interpersonal transfers and the distribution of wealth

Session 7. The development of services statistics

Organizer: Carol Carson, Bureau of Economic Analysis, 1401 K St. N.W., Washington, DC 20230, U.S.A.

PAPERS:

1. Peter Hill, OECD
The concept of services revisited
2. Markos Mamalakis, University of Wisconsin, Milwaukee
Services in the national accounts: major theoretical and measurement issues
3. Paula C. Young and Gabriel Rudney, Bureau of Economic Analysis, Washington, and Yale University
Measuring the private nonprofit service sector
4. Malcolm Levitt, National Institute for Economic and Social Research, London
Measuring government output
5. P. Trogan and V. Moyne, INSEE, Paris
Development of statistics on market services during the last twenty years: the French experience
6. R. Gajeccki and S. Kasiewicz, Central School of Planning and Statistics, Warsaw
Criteria for the classification of services in the MPS and SNA

DISCUSSANTS:

Hans Adler, Statistics Canada
John W. Kendrick, George Washington University
Jean-Pierre Poullier, OECD

CONTRIBUTED PAPER:

Kimio Uno, University of Tsukuba, Japan
Measurement of service orientation in production and employment

Session 8. The production boundary and the informal sector

Organizer: Derek Blades, OECD, 2 rue André Pascal, 75775 Paris Cedex 16, France

PAPERS:

1. Cesare Costantino, ISTAT, Rome
Informal sector in Italy
2. Aimé Chalak, France
Souks in West Asia and North Africa
3. Graham Pyatt
Data needed on subsistence activities for economic policy in developing countries
4. Luiselle Goldschmidt-Clermont, ILO and University of Brussels
Non-market household production in developing countries
5. Jan van Tongeren, UNSO
Drug production in Latin America

Session 9. Contributed papers

GENERAL PAPERS:

1. John A. James, University of Virginia
The distribution of wealth in late eighteenth century Britain

2. Hans-Georg Petersen, Justus-Liebig-Universität Giessen, FRG
Laffer curve and illicit cash in simple macroeconomic models
3. F. Thomas Juster, University of Michigan
Time use data and household production activity
4. Mark Warshawsky, Federal Reserve Board, Washington
Implicit wealth represented by corporate pension liabilities
5. Robert van Eck and Brugt Kazemier, Netherlands Central Bureau of Statistics
Surveys on the informal sector in the Netherlands
6. D. P. Bhatia, National Council of Applied Economic Research, New Delhi
Estimates of Fixed Capital Stocks in India
7. Y. Torii, Keio University
The urban informal sector in Asia
8. Lawrence H. Nitz, University of Hawaii
An empirical study of human capital inputs in informal sector domestic capital formation

SPECIAL PAPERS ON ITALY:

1. Banca d'Italia
The income distribution in Italy according to the Bank of Italy survey
2. Banca d'Italia
Demographic features and consumption structure: some welfare measures
3. Banca d'Italia and ISTAT
The construction of quarterly national accounts in Italy
4. ISTAT
The deflators of quarterly value added
5. ISTAT
Methodology for an early estimate of quarterly national accounts
6. Banca d'Italia
The balance sheet of the household sector
7. R. Filosa and T. di Fonzo, Banca d'Italia
The making of quarterly economic series

ON THE OCCASION OF A NOBEL PRIZE

BY ODD AUKRUST

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In December 1984 Sir Richard Stone was awarded "The Central Bank of Sweden Prize in Economic Science in Memory of Alfred Nobel" for (in the words of the prize citation) "... his fundamental contributions to the development of systems of national accounts". This note evaluates Stone's contributions during the decade of the 1940s when the ideas of national accounting took shape.

1. National accounts, as we know them today, are the outcome of a long evolutionary process. They incorporate ideas which, as I see it, can be traced back to three major sources: (a) work in the English speaking world during the Second World War aiming at the construction of systems of "social accounts" intended as an instrument for a systematic mapping of payment flows within the national economy; (b) Scandinavian efforts during the 1930s (by Ragnar Frisch, Erik Lindahl and others) to design a standardized *conceptual system* intended for use in macro-economic analysis,¹ and (c) Wassily Leontief's work on *input-output* analysis.

2. During the late 1940s and the early 1950s the development of national accounting at the international level followed closely the Anglo-American tradition. Thus, efforts by OEEC and the United Nations in the years 1948-1953 to establish internationally agreed definitions and methods drew heavily on ideas developed earlier in the U.K. and U.S. and referred to under (a) above. Each of these countries had established by the end of the war systems of national income statistics, which economists and statisticians in other countries could take over and gradually improve. Thus, the credit for having introduced national accounting as a tool in economic analysis, and for having given direction to national accounting work during the early post-war years, is chiefly due to English and American economists. Influences from Scandinavia and from Leontief made themselves felt only in the later 1950s. They are, however, reflected on important points in the UN's revised system of 1968.

3. Outside Scandinavia the main direction of work was decisively influenced by the Anglo-American tradition during the whole period from 1945 to 1960. The crucial impetus to the development was the events that took place in England

¹Being a Norwegian I may be excused for reminding the reader in particular about the contributions of Ragnar Frisch to the field. Ragnar Frisch and his associates worked through much of the 1930s on a research project aiming at establishing a system of national accounts for Norway. In these respects Frisch was ahead of his English and American colleagues. It may also be claimed that his ideas were in some areas more advanced. But Frisch never published a complete presentation of his work in English, and his ideas reached beyond the borders of Scandinavia only by a circuitous route and then only from around 1950.

during the Second World War, and in which Richard Stone played a key role. The push to set up a system of national accounts for the United Kingdom seems to have originated with John Maynard Keynes and/or James Meade. The task of converting their vision into an implementable system was entrusted to Stone. It fell on him to solve the theoretical and methodological problems involved. A joint paper by Meade and Stone (see below) shows that important results had already been achieved by 1941.²

4. By 1945 Richard Stone had established himself as the leading authority on national accounting within the English-speaking world. In this year Stone was made chairman of the “Sub-committee on National Income of the League of Nations”. For the first meeting of this committee, held in Princeton in December 1945, Stone had drafted a memorandum which was to be published two years later by the League of Nations under the title: “Measurement of National Income and the Construction of Social Accounts”. This publication has rightly been referred to as “a landmark in the development of the economic accounting approach”.³

5. What was original in the work of Richard Stone? A look at the writings on national income from the 1930s leaves two impressions relevant to this question. *First*: The literature of the 1930s anticipated a great many (perhaps most) of the problems which turn up again later as central themes in postwar writings. In searching for the “correct” definition of the national income and its components authors of the 1930s engage in discussions of problems such as treatment of the public sector, banks and insurance companies, changes in stocks, interest on public debt, equality between saving and investment, the distinction between “income derived” and “income received”, etc. These are issues which we find discussed at length also in the postwar literature. However, most of what was written before 1945 appears somewhat muddled when read with the insight which we have today. *Second*: The literature offers many examples of tables showing how the national income can be broken down by components in different ways (e.g. by distributive shares, by industry, by area, by income class, by objects of expenditure). Yet I cannot find anything in the literature of the 1930s which points clearly in the direction of what today is meant by “a system of social accounts”, though it is obvious that the idea must have been close at hand.

6. Against this background the joint paper by Meade and Stone of 1941 was a noteworthy step forward. Meade and Stone started by pointing out that national income may be defined in a number of different ways, and that this might lead to confusion in economic discussion. They continued: “It is the purpose of this paper to show that the construction of balance-sheets of national income and expenditure” (note the expression) “clears up some of these problems of

²J. Meade and R. Stone: “The Construction of Tables of National Income, Expenditures, Savings and Investment” (Ec. Journal, June–Sept. 1941).

³“In 1944 consultations between national income experts in the United States, Great Britain and Canada were formalized, the object of which was to compare conceptual and statistical treatments. At the end of 1945 the League of Nations convened a group to consider national income statistics; the memorandum prepared by Richard Stone which served as a basis for the group’s discussion stands as a landmark in the development of the economic accounting approach.” (Carol S. Carson: “The History of the United States National Income and Product accounts: The Development of an Analytical Tool”, Review of Income and Wealth, June 1975.)

definition and provides a powerful statistical instrument for the crosschecking of various methods of estimating the national income." The authors then proceed to suggest a set of tables, which they call a "balance sheet", intended to bring out the definitional interrelationships between national totals such as national income, income after taxes, saving, investment etc. Furthermore, some of the tables show alternative ways in which the aggregates may be broken down for the purpose of meeting different analytical needs. The tables are based on an (*implicit*) subdivision of the economy into a "government", a "business", and a "personal" sector. The authors use the tables to point out problems of definition which must be solved if the system is to be internally consistent.

7. The Meade-Stone paper may be considered an important milestone on the road from the estimates of the late 1930s of "national income and its components" to the age of the national accounts which started some years later. In one respect the paper continued the traditions of the 1930s, albeit in a more systematic and clarified form. At the same time it pointed ahead in that it discussed problems of definitions and measurement within the framework of a set of "balance sheets". Nevertheless it must be said that the decisive step in the direction of the modern national accounts had not yet been taken. That step came with Stone's League of Nations Memorandum of 1945, the key idea of which was to present a "system of social accounts" based on an *explicit* sub-division of the economy into sectors, and a mapping of flows between sectors.

8. In the introduction to his memorandum to the first meeting of the League of Nations' "Sub-committee on National Income" in December 1945, Richard Stone started his presentation by describing the purpose of the memorandum thus:

"Its principal object is to set out the content and explain the nature of those investigations which are usually comprehended under the title of national income studies. These investigations are concerned with all such aggregates as national income, product, expenditure, capital formation, saving, balance of payments, etc. . . . [M]odern enquiries which had their origin in an attempt to measure certain broad totals have changed their emphasis and now concentrate more on the structure of the constituent transactions and on the mutual interdependence of these transactions. . . ."

This is not a startling observation. But Stone continued:

"...the ideas can be expounded and presented more lucidly if the elementary transactions rather than the final aggregates are made the starting point of the enquiry. . . . Accordingly this report approaches the study of national income from the point of view of social accounting. This means that we shall begin by classifying accounting entities into certain broad sectors (such as production, finance, consumption) distinguished by function, and at the same time consider the different sorts of accounts and the different types of transactions that require to be kept distinct. . . ."

Thus what happened between 1939 and 1945 was the development of a new approach to the analysis of well-known problems. Richard Stone was the central individual behind this creative process.

9. Since 1946 I have been in a position to follow Stone's work closely, and I have at times been fortunate enough to work closely with him. In my opinion there is no doubt that Richard Stone was without competition in the claim to the title "the leading international authority in the field of national accounts" during the 1950s and 1960s. It may perhaps be said that he did not put forward any new and revolutionary ideas on the subject during these years. But neither did anybody else: the theoretical basis for the modern system of national accounts was laid prior to 1950 by Stone himself.⁴ What has happened since 1945 has had mainly the character of synthesis and evolution. In this work Stone had been a leading contributor through his academic work, through his active participation in the International Association for Research in Income and Wealth, as director from 1949 to 1952 of the OEEC National Accounts Research Unit, and as chairman of the groups of experts which prepared, first, the UN System of National Accounts published in 1953 and, later, the revision of this system published in 1969.

10. The modern system of national accounts is not the work of a single man. It would probably have existed today in essentially its current form even without Richard Stone's contributions. None the less, it is evident that Stone has played a central role in the development. His work during the 1940s (particularly his League of Nations document) was an original and important contribution which pointed the direction for most of what happened in the field in the following 10-15 years. Richard Stone developed the first detailed proposal for a national bookkeeping system, and demonstrated how this system could contribute to the clarification of problems related to the definition of basic concepts.

⁴I am tempted to support this claim by a quote from my doctoral dissertation of 1952, where I acknowledge my personal debt to Stone:

"It may appear like an injustice towards many others who have given impulses to our work, to associate the description of the development of the national accounts abroad exclusively with Stone's name. But we have valid reasons for doing so. Through his many influential works, covering almost all fields of the theory of national accounts, Stone has achieved an undisputed role as the leader in the field in the years after the war...".