

# National accounts background

Statistics Explained

**National accounts**, often called macroeconomic accounts, are statistics focusing on the structure and evolution of economies. They provide a framework for numerically describing and analysing, in an accessible and reliable way, the almost unimaginably large number of economic interactions within an economy.

## Introduction

It is hard to imagine how economic policymaking could take place without reliable macroeconomic data. But this was the case, even in the recent past, with policymakers dependent on a limited number of often-incoherent **primary data** sources. Despite early heroic attempts stretching back as far as the 17th century, modern national accounts emerged only from the 1930s onwards, as the language and field of macroeconomics developed, for example through the work of Keynes and others. Increasing government intervention in economies demanded better data for planning and evaluating. Economics rapidly became a numerical science, with economists simultaneously producing data and testing their theories.

The modern structure of national accounts was developed in the 1950s through the work of Richard Stone and collaborators, and quickly spread across countries within Europe and outside. Some fundamental questions emerged, such as the productive role of government and the integration of financial transactions. The results of these debates have led to a general structure which has remained remarkably stable over the last half-century.

It was perhaps inevitable that the production of national accounts was integrated into public national statistical systems, given the reliance of the accounts on statistical source data and the need for a single 'officially endorsed' set of increasingly detailed accounts. Intergovernmental organisations such as the **United Nations** and the **Organisation for Economic Co-operation and Development**, later to be joined by the **European Commission** and others, took up a coordinating role for international standards (the system of national accounts, or SNA), which continues to this day.

In Europe, on the basis of a legal act agreed by the European Parliament and the EU Council, national accounts will follow the new **European System of National and Regional Accounts (ESA 2010)**, which is fully consistent with the 2008 SNA.

## Economic logic

Given that economists gave birth to national accounts, and remain the principal users, it is not surprising that the structure of the accounts follows an economic logic. What is perhaps surprising is that national accounts continue to be broad enough to be the main source for economic analysis, whatever 'school' an economist may belong to. It is also helpful for users that, even though these are economic accounts, they share many features (in substance and presentation) with business accounts, such as an integrated stock (balance sheet)/flow (operating account) approach.

The national accounts track economic value, created through the production process, distributed as income to

recipients, and then consumed, invested or saved. These are known as non-financial transactions. They are measured in monetary terms, even when no such data exist (for example where services are given for free, and values must be imputed). National accounts also show how a national economy interacts with other nations' economies, for example through the [import](#) and [export](#) of goods and services.

But the national accounts also include [financial accounts](#), which analyse who owns financial [assets](#) (currency, bonds, shares, etc.), who owes whom, and how net financial wealth changes over time. This change may be due to a [deficit](#) or [surplus](#) arising from the non-financial transactions described above, or due to changes in the value of financial assets.

There is a strong interest from users for these accounts to be broken down in some detail by the 'actors' participating in the economy. Some users are interested in the activities of [broad economic sectors](#) — how much did [households](#) save last quarter, how much did corporations invest, what was the government deficit? Other users wish to analyse the production process in detail — which industry is a customer for another industry's products? The national accounts contain enough detail to satisfy these needs.

## Key aggregates

There is always a demand for simplified key aggregates from the national accounts, as if a politician would ask 'please summarize for me what's happening in one number'. The most widely used and quoted aggregate is [gross domestic product](#), which captures the total of economic value produced, received and spent. It is used in many fields of statistics as a scalar — commonly to express values as a percentage of GDP. But there are other aggregates which are used for administrative purposes, such as [gross national income](#) used in the EU budget, and government net lending/borrowing used in the EU's [Excessive deficit procedure](#).

There is naturally a strong interest in how economies grow over time. The national accounts include data which have been adjusted to remove the effect of prices, leaving 'constant price' series. Whilst this is often accomplished at a very detailed level, product by product, the headline indicator remains the real growth rate of GDP. There is also an interest in comparing economies — is the economy of country x greater than that of country y — for which [purchasing power parities](#) have been developed to apply to national accounts data.

Even if the national accounts system is very wide-ranging, some users would like to see it extended in specific areas. There has been a growing desire to apply national accounts principles to other areas of statistics, in so-called [satellite accounts](#). Good examples of this are environmental accounts, education and [health accounts](#).

## Future challenges

The theoretical design and detail of national accounts is impressive. But one must not discount the challenges involved in practical compilation of the accounts quarter-to-quarter and year-to-year, and the resources needed to do so. The accounts are based on a wide variety of often-conflicting and incomplete data sources, which must be reconciled in multiple dimensions to achieve a fully balanced set of detailed accounts. To deal with this, national accountants need a broad knowledge, good judgement and strong commitment to working closely with data suppliers.

There are a number of ongoing challenges in national accounts. They must continue to be relevant for a rapidly changing economy, defining how new ways of generating and distributing economic value can be incorporated in the statistics. They must be responsive to user needs, particularly where users demand ever faster and ever more detailed data. They must reflect the evolution of data sources, where existing data sources may be compromised and new ones emerge. National accountants must therefore deal with the high workload of preparing the national accounts, whilst always having an eye to the future.

## Other articles

- [European sector accounts - background](#) (Background article)
- [Economy at regional level](#)
- [National accounts and GDP](#)
- [Update of the SNA 1993 and revision of ESA95](#) (Background article)

## Dedicated section

- [National accounts \(including GDP\)](#)

## Publications

- [European system of accounts ESA 2010](#)
- [Handbook on quarterly national accounts](#)