

# **SNA A Child of the Modern Age?**

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## Paper Abstract:

This paper discusses the relation between the accounting framework, as it is laid down in the SNA, and the empirical reality which is summarised in the accounts. In the paper it is argued that more attention should be given to measurability as the main guiding principle in the shaping of the SNA. By clearly separating the parts of the current core accounts which have a good correspondence with the empirical reality improvements in terms of reliability and comparability can be achieved. The National Accounts should include the social cost of using natural resources and give more attention to the measure of net domestic product, which also takes the social costs of using fixed capital into account. Such a shift would give a more accurate picture of the outcome of economic activities for the benefit of comparability between countries.

The paper also discusses some recent changes of SNA in relation to accounting principles. Notably the current interpretation of income and net lending are questioned. It is concluded that there is a need for more accurate definitions of the economic reality the balancing items of SNA are intended to show. Furthermore, issues currently under discussion in the NA-community like globalisation and classification of institutional units are reflected upon with the aim of resolving some outstanding issues, particularly the distinction between goods and services and the division of holding companies between the financial and non-financial corporate sectors. Examples are also given where the recording of economic events can be closer aligned to business accounting practice for the benefit of a transparent representation of the relations between units in the economy.