

Title: *International comparisons of non-market services – how to improve*

Authors: Paul Konijn, Peeter Leetmaa and Silke Stapel

Institution/Country: Eurostat

Non-market services could be regarded as being among the “comparison resistant” components within the European Comparison Programme (ECP), which estimates on an annual basis spatial price differentials. Their share of GDP is significant, but the sources and methods applied do not bring satisfactory results. As for intertemporal comparisons, the problem in cross-country comparisons is related to capturing productivity differences. The current input price method (based on salaries of civil servants) applied in the ECP assumes as practical compromise – however unrealistically - equal productivity levels of civil servants across countries. This paper reviews the current method and gives an overview of other methods used in the past. It goes on to analyse the progress made in national accounts concerning intertemporal measures of non-market services. For GDP growth figures, many countries have moved or are moving towards using output measures, in particular for health and education services. The paper discusses some pros and cons of using similar output measures for interspatial comparisons, including some empirical tests.