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A NEW PRESENTATION OF THE NATIONAL ACCOUNTS

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A NEW PRESENTATION OF THE NATIONAL ACCOUNTS

1 - INTRODUCTION

The paper proposes to rethink about the consequences of alternative treatments of Government in the NA. Some old personal thoughts were stimulated by the chapter 6 " Difficulties around Government activities" of Andre Vanoli's book: Une histoire de la comptabilité nationale, Editions La Découverte, June 2002 (an English translation is in progress). This chapter is the first of Part IV "Concepts and Economic theory". It deals with the consistency between theoretical constructions and accounting conventions, which is at the heart of NA.

Apart from non-financial market sectors for which direct information on sales and prices are available, the measure of the production of the other sectors needs theoretical and practical conventions that are of consequences in the results. This is true for the financial sector but moreover for the Government sector. Its two joint activities: production of non market services, redistribution of income, are so much closely related that it has been proposed at the beginning of the NA to measure Government production with the amount of taxes. Andre Vanoli recalls us the many debates between the Founder Fathers (Pigou, Stone, Hicks, Kuznets, to mention only a few of them) about the treatment of taxes, especially the indirect taxes. Should they, and which of them, are to be included in the definition of the National Income?

Actually, the fundamental point is: what is the right valuation of the reference aggregate, a GDP "at factor costs" or a GDP "at market prices" ? Or, what consistency between Production / Income / Expenses ? Or also, what choice in the debate GDP versus GNP ? In my opinion, all those related questions are still open.

This paper proposes two changes about the treatment of taxes and Government: a GDP at basic price and an allocation of collective consumption of Government, they will be presented in turn.

2 - GDP AT BASIC PRICE

2.1 - A QUESTION OF « DOUBLE COUNTING » ?

In France, the new 1970 benchmark introduced for the first time in the French NA, a non market production for Government (and also a production for the financial sector, but this is not the point here). At that time at INSEE, the debates were strong about the question of "double counting": in the definition of GDP, is it correct to add a non market value added from Government and the market value added which "finance" through the taxes that non market value added? Unfortunately no paper about these debates is still available. The only surviving evidence of them was (up to the 1995 ESA) the French practice of a breakdown of GDP in market GDP and non market GDP.

More recently, when the national accountants using the Material Product System (MPS) turned to the SNA, some of them raise again the question. This is also sometimes the case with informed users … or perspicacious students.

Two answers can be given to that question of double counting. The fist one is that of the former MPS: there is neither non-market production nor value added. It can be easily shown as irrelevant. The second possible answer

is: the double counting can be avoided with a proper definition of GDP and a clear distinction between Government production and income.

2.2 - NON MARKET PRODUCTION

In my opinion, the MPS answer is irrelevant. In any kind of economy, with labour and capital (teachers and schools, nurses and hospitals), there are production and value added, whatever the "finance" comes from. It seems to me difficult to argue that only teachers in private schools and nurses in private hospitals do produce. It is a different question to ask if the public teachers and nurses do add to the national income, and it is a mistake to mix up the two questions[1].

After having agreed that a non-market production of Government exists, it has to be measured. In the beginning of the NA, this measure was based, not on costs as today, but on income, that is to say for Government, on taxes. More precisely, taxes paid by enterprises were deemed to represent their intermediate consumption of public non-market services and taxes paid by households their final consumption of these services. A further distinction was made: only indirect taxes were taken into account for that measure.

The final clarification was given in the 1968 SNA with a calculation from costs, but it also introduced a conceptually important breakdown of indirect taxes between taxes on products and other taxes on production (and the same for subsidies). Actually, only VAT was treated as taxes on products in the 1968 SNA and the 1970 ESA, but the 1993 SNA enlarged it to all net taxes on products.

2.3 - GDP AT BASIC PRICE

With a calculation of Government production from costs, whatever the way they are financed, the objection of « double counting » becomes irrelevant. But there is still a problem with the valuation of GDP. This aggregate is deemed to be a measure of the creation of wealth in the period under review. In the SNA, it is measured as the sum of the different value added and nets taxes on products. This measure is said to be "at market price", but this terminology refers much more to a valuation of demand, which is also said to be "at acquisition price". In my opinion, the relevant "market price" on the production side is the "basic price": it is the gross receipt of the producer, without nets taxes on products (and its right name should be "producer price", which is misused in the present terminology).

There is a main conceptual difference between taxes on products and all other taxes: the former do not enter really in the producer's gross receipt, he is simply a collector of taxes on behalf of Government, the amount of taxes is calculated in proportion of sales, but totally independently from his proper income or wealth. And symmetrically subsidies on products are paid in proportion of production, not of income. (On the other hand, all other taxes and subsidies are deemed to take into account, more or less, the actual economic situation of the taxpayer or receiver of subsidies). For instance, the fiscal legislation about VAT in France requires that the amount of VAT should appear separately on the invoices, and consequently in business accounts the turnover is measured net of VAT.

[1] Household's unpaid domestic production is also a different question. In that case the exclusion from production rely mainly on practical reasons: no consensus about the valuation (something between one and two third of GDP!), and moreover not useful for business and government users in their economic analysis.

Actually, this valuation of production at basic price is used in the balance of resources and uses by product in the I/O table where nets taxes are shown distinctly from production. Along with the trade and transport margins, they appear as a valuation reconciliation between production at basic price and uses at acquisition prices, these prices on each side being the economically meaningful one. The aim of this proposal is not to choose in the debate "market price" versus "factor costs", which use the same price for both resources and uses, it is to have different prices for each of them.

It seems logical to have the same treatment for the GDP than for the products and that the basic balance equation reads[2]:

GDP (basic price) + Import + (Taxes minus subsidies on products) = Uses (acquisition price)

According to this new « GDP at basic price » (GDP_bp), Government gets a part of its resources in increasing the acquisition prices for users, but this is without consequences on the measure of the wealth created by production. For instance, an increase of VAT has no influence on GDP_bp as it should economically be[3].

In relation with taxes, there is another argument in favor of GDP_bp. Imagine two countries with the same total VA, but one has only a VA tax and the other only an Income tax. With GDP_mp, the first one shows a larger GDP than the second one, which seems strange[4].

The so called "three measures of GDP" are still valid, but have a different presentation with GDP_bp. On the production side, this GDP_bp is simply the sum of all value added, the latter being the differences between productions at basic prices and intermediate consumptions at acquisition prices. On the demand side, it is the sum of final uses minus imports and minus nets taxes on products. And on the income side, it is the sum of compensation of employees plus an adjusted gross operating surplus.

The three measures of GDP_mp, according to the 1993 SNA

Supply	Demand	Income
Σ VA : sum of VA : 1721	Final consumption : 1399	Compensation of employees : 762
Net taxes on products : 133	Gross capital formation : 414	Gross operating surplus + Mix income: 901
	Export - Import : 540 - 499	Net taxes on production: 133 + 58 =191
GDP_mp : 1854	GDP_mp : 1854	GDP_mp : 1854

The three measures of GDP_bp, according to the proposition

Supply	Demand	Income
Σ VA : sum of VA : 1721	Final consumption : 1399	Compensation of employees : 762
	Gross capital formation : 414	Gross operating surplus + Mix income: 959
	Export - Import : 540 - 499	
	Net taxes on products : - 133	
GDP_bp : 1721	GDP_bp : 1721	GDP_bp : 1721

[2] Of course, these calculations can be performed at current prices as well as at previous year prices.

[3] The point of view here is only an accounting one : if VAT is increasing, then GDP at market price (GDP_mp) rises accordingly, and not an economic one (if VAT is increasing, then the prices …, so demand … and then GDP_mp …).

[4] About VAT, a Danish reader has made the following remark. When there is a boom in the expenses of Danish households in cars, the collected VAT rises, and then the GDP_mp, although Denmark does not produce any car!

3- THE SEQUENCE OF ACCOUNTS

3.1 - A REORGANISED SEQUENCE OF ACCOUNTS

With this valuation of GDP_bp, the sequence of accounts has to be reviewed. If net taxes on products (D21N=D21-D31) disappear from the Production Account, they have to be recorded somewhere else. One can take the opportunity to gather them with the other net taxes on production and imports (D29N=D29-D39) together in the Secondary Distribution of Income Account, which records in that case quite all the redistribution in the economy.

The third measure of GDP_bp, from the income side, is then the sum of the Compensation of employees (D1) and of an adjusted Operating surplus (B2). This adjustment is simply the deleted D29N: at that stage of the sequence of accounts, no net taxes are payable nor receivable. Operating surpluses are gross of all Other net taxes on production and import, like Compensations of employees are gross of social contributions.

To be consistent with this treatment, the measure of the production of the non-market sector (the sum of costs) has to be slightly modified by excluding from the costs the other net taxes on production (D29N). And without the indirect taxes D2N appearing as resources for Government in the Allocation of primary income account, its primary income will be close to zero, if not negative, for most countries: that is to say, Government does not add very much to the National Income. This is the same economic idea behind this treatment than the one in the MPS, but about income instead of production[5].

Moreover the idea of grouping all redistribution in the relevant Secondary distribution of income account, as proposed above, can be followed completely with questioning the notion of Capital transfers. In the present SNA, they are distinguished from Current transfers, the explanation being that the latter change income while the former change wealth (But this distinction is not very clear, as it appears with the discussions about the exact classification of holding gains taxes). In my view, they are first both transfers and it can be argued that, from a macroeconomic point of view, the major part of capital taxes (notably inheritance taxes) D91 or investment grants D92 are current, and should, in line with the proposition, be recorded within the redistribution account (Capital taxes with taxes, investment grants with subsidies and other capital transfers with other current transfers). Consequently the notion and value of saving are enlarged to include all transfers. The present definition of saving, excluding capital transfers, seems too restrictive because when the economic units adjust their saving, they take in account all the transfers received, current and capital.

Also, but for another reason, the item D8 (Adjustment for pension funds) should also be recorded in this redistribution account, because its position in the use of income account creates an asymmetry in the calculation of the saving ratio: D8 is included in the denominator (income) but excluded from the numerator (saving).

The secondary distribution of income account could then be further reorganized with the following items and their breakdowns:

[5] In an earlier version of this paper, I had proposed to define the production of non market units as resulting in a zero Net Primary Income, instead of the present zero Net Operating Surplus: that is to say to add Net Property Income payable to the costs. The conceptual interest was to show explicitly that non market units do not add to National Income. But I received a remark from a reader that this would have a bad consequence: that the more a country is indebted (and has to pay interests), the more it produces! So I have deleted this proposition.

- Taxes on products: new D21 = present (Taxes on products D21)
- Other Taxes : new D29 = present (Other taxes on production D29 + Current taxes on income, wealth etc D5 + Capital taxes D91)
- Subsidies on products: new D31 = present (Subsidies on products D31)
- Other Subsidies : new D39 = present (Other subsidies on production D39 + Investments grants D92)
- Property income : new D4 = present D4
- Social contributions : new D5 = present D61
- Social benefits: new D6 = present D62
- Other transfers : new D7 = present (Other current transfers D7 + Other capital transfers D99)
- Adjustment for pension funds : new D8 = present D8
- Social transfers in kind : new D9 = present D63

This modified presentation is used in the following table:

Uses			Resources	
Total Economy	Goods& Services		Goods& Services	Total Economy
		Production		
	P1	Production		P1
P2		Intermediate Consumption	P2	
B1		Value Added / GDP		
		Generation of Income		
		Value Added / GDP		B1
D1		Compensation of employees		
B2 + B3		Operating surplus + Mixed income		
		Allocation of primary income		
		Compensation of employees		D1
		Operating surplus + Mixed income		B2 + B3
D4		Property income		D4
B5		Primary income		
		Secondary distribution of income		
		Primary income		B5
	D21	Taxes on products		D21
New D29		Other taxes		New D29
D31		Subsidies on products	D31	
New D39		Other subsidies		New D39
New D5		Social contributions		New D5
New D6		Social benefits		New D6
New D7		Transfers		New D7
D8		Adjustment for pension funds		D8
B6		Disposable income		
		Redistribution of income in kind		
		Disposable income		B6
New D9		Social Transfers in kind		New D9
B7		Adjusted Disposable income		
		Use of income		
		Disposable income		B6
P3		Final consumption expenditure	P3	
B8		Saving		
		Use of adjusted income		
		Adjusted Disposable income		B7
P4		Actual Final consumption	P4	
B8		Saving		
		Capital Account		
		Saving		B8
P5		Gross capital formation	P5	
K2		Net acquisition of NP NF assets		
B9		Net Lending / Net Borrowing		

3.2 - COMMENTS

This presentation of the NA, GDP at basic price and the other proposed changes, has some merits, conceptual and practical. In the author's mind, all these propositions are linked (and the paper was written with one idea introducing another one), but they can be discussed separately.

* First three conceptual remarks:

- This presentation is **conceptually clearer**. GDP_bp is now exactly the sum of all the value added, and it is split exactly in Compensation of employees and Operating surplus, which fits with economic theory. The three measures related to GDP (definition from supply, demand, income) are still valid with few modifications. In my opinion, it is more natural that net taxes appear in the demand side calculation than in the two others.

This new sequence of accounts shows Government as a producer of non market services up to the Allocation of primary income account, and then as redistributing the national income: the two functions are clearly distinguished. All redistribution appears in the relevant Secondary distribution of income account which shows in one account the main differences between countries in the social sharing of national income.

With the grouping of capital transfers in the Secondary distribution of income account, as proposed in the previous paragraph, taxes and social contributions are shown with an accrual valuation as payable, and the unpaid part as transfer, so that the disposable income is shown as net revenue of Government. This may be a solution to the debate between accrual recording versus net revenue recording.

- There is no more a problem with the so called "**question of consumption subsidies**": with a GDP at basic price, it is possible to include subsidies on the demand side without decreasing GDP. This is not the case with the present SNA definition of GDP_mp and the discussions in the expert group preparing the 1993 SNA, for instance about the former high subsidies on rents on dwellings in some Eastern Europe countries, could not succeed in that framework. It then results in an underestimation of GDP.

- The new separate item "**net taxes on products**" appearing in the basic balance equation has to be shown explicitly and not embedded in GDP because the proportion D21N / GDP, calculated according to the present SNA, is very different between countries (source OECD for 1997), and with the figures of the economy described in the 1993 SNA, D21N / GDP is 133 / 1854 = 7,2%. It is clear that these differences may blur the proper comparison of production and GDP between countries. Probably all this has to be checked in order to reach a real comparability.

D21N / GDP	JAPAN	-0,1		GERMANY	9,6		UNITED KINGDOM	11,1
%	TURKEY	3,4		SLOVAK REPUBLIC	9,7		GREECE	11,5
	KOREA	3,4		IRELAND	10,3		POLAND	12,6
	SWITZERLAND	4,9		ITALY	10,4		SWEDEN	12,7
	UNITED STATES	7,4		NETHERLANDS	10,6		PORTUGAL	13,4
	CANADA	7,5		CZECH REPUBLIC	10,6		FINLAND	13,8
	NEW ZEALAND	7,8		AUSTRIA	10,7		NORWAY	13,9
	AUSTRALIA	8,3		BELGIUM	10,7		HUNGARY	14,4
	SPAIN	8,5		LUXEMBOURG	10,8		DENMARK	14,5
	MEXICO	9,5		FRANCE	11,0		ICELAND	15,8

The quasi zero in the Japan figure deserves a special comment. It seems appealing because it would be a great practical simplification if it were possible to have this zero resulting from the very definitions. But I can't see any rationale to justify such a zero from theoretical considerations.

* This new sequence of accounts results also in some practical simplifications.

- The first one is that **subsidies are shown directly as positive uses and resources**, and not as negative taxes as in the present SNA. This latter presentation puzzles often users, but moreover treating subsidies as negative taxes can be questioned conceptually. As mentioned earlier, subsidies are paid out of the total of resources of Government, without any link with a particular one. All **transfers** are also shown as positives.

- A second practical simplification is that it is no more necessary to introduce, in the Integrated Economic Accounts Table, a **nominal sector** to deal with net taxes on products (except for those countries which do not allocate FISIM).

- And finally, a teacher's remark. In the traditional presentation of the three measures of GDP, two different kind of taxes are included: net taxes on products D21N in the demand point of view, D2N = D21N + D29N in the income side, which is often confusing for students …. and other users.

4 - ANOTHER ALLOCATION OF GOVERNMENT PRODUCTION

The second part of this paper is devoted to another proposed change. In the present SNA, almost all the Government production is recorded as final demand (and is totally included in GDP) despite the fact that a part of it is intermediate consumption of all the institutional sectors. A simple conventional breakdown of this production between intermediate and final consumption is proposed in proportion of total consumption. The text that follows is an adaptation, in the context of GDP at basic price, of my paper at IARIW 2002 "Another allocation of Government production".

This second part is closely related to the first one. Both deal with the same question, Government in the NA, the treatment of taxes and subsidies, the breakdown between market and non market GDP. And it is conceptually consistent to decide that if Government has a close to zero or a negative Net Primary Income, it should have a **zero Actual Final Consumption**.

4.1 - WHY AN ALTERNATIVE TREATMENT?

In the 1968 SNA and the 1970 ESA, the production of non-market services by Government is, by convention, shown as being mainly (or even totally) a final consumption of Government itself. A small part is shown as household expenditure. Some countries (not France) also record in their accounts a small amount of intermediate consumption in respect of non-market services.

This treatment is not very satisfactory from a conceptual point of view. As with financial intermediation services indirectly measured (FISIM), an output is calculated without having a proper definition of who uses it and so it is

assigned to a conventional balancing item. About Government, the treatment is justified on two grounds. First a conceptual one: this is not Government as such, as producer of these services, who consumes them, but Government as representative of the collectivity (or the citizens, or the Nation). Second a practical one: there is no way to assign it to the actual consumers. But both of those treatments have undesirable consequences on the GDP's levels: to allocate all FISIM to intermediate consumption results in an underestimation of GDP, to allocate (almost) all non-market services to final consumption results in an overestimation of GDP. Those two poor treatments have to be removed: this is now being done for FISIM in many countries, but nothing is discussed about the allocation of non-market services.

As regards Government and Non-profit institutions serving households (NPISH), the 1993 SNA and the 1995 ESA have made progress by introducing the idea of individual consumption for services (mainly education and health services) that are provided to identifiable individuals. These are included in actual final consumption expenditure of households (And by convention, the output of non-profit institutions serving households is all treated as individual consumption of households). In the future, an allocation of other parts of Government services (for instance the maintenance of roads) can be proposed. However there will remain an important amount treated only, by convention, as collective final consumption of Government.

The proposal that follows deals with this production / consumption of (non-market) collective services of Government (except those already allocated directly to households; another conceptual exclusion should be R&D which is to be capitalized in the revised version of the SNA). These collective services (general administration, justice, security, etc) are produced to a lesser or greater extent in all societies because societies cannot exist without them, and they are "used" by all sectors of the economy. It therefore seems desirable to have a different convention of treating these services than the present one: only as final consumption. What is needed is a procedure that will explicitly show the "use" , intermediate or final, of these services by the various institutional units and sectors in the economy. From a conceptual point of view, even a rough breakdown, such as fifty/fifty, between intermediate and final consumption would by better than the present allocation in total as final consumption, which hides this (unknown) breakdown.

The proposal to allocate the production of collective Government services does not call into question their collective nature (indivisible public goods), nor does it imply that they are not " non-market". It is simply a question of identifying those who actually benefit from them so as to allocate to them, in a more or less conventional way, the consumption of this collective output. And as a consequence of this complete allocation, households remain the only final consumer, a conclusion often considered in theoretical economics.

This alternative treatment does not propose a new calculation of the non-market production of Government, but another allocation of it. It could be used with any measure of the non market production, that of the present SNA or any other one that could be proposed in the future.

4.2 - MARKET GDP AND NON MARKET GDP

Before starting with the calculation of the proposed allocation, a preliminary step is necessary. The specificities of non-market sectors, and especially the Government sector, need a breakdown of GDP between market GDP and

non market GDP, which will be used in the following (but which can be useful in itself). As mentioned above, this breakdown was systematically presented in the French NA up to 1999 (implementation of the 1995 ESA).

The following table can be straightforwardly constructed from the figures in Table 15.1 of the 1993 SNA. In this simplified presentation, as for products market M is the sum of market and own final use, and as for sectors non market N is the sum of Government S13 and NPISH S15 (and is simply coded S13). The market production of non market sector (4 in the original table) has been added to the market sector[6]: the production matrix is then bloc-diagonal in market / non market and consequently total market products equals total market sectors (and the same for non market).

	P1	D21	D31	P7	TOT RES	P2 M	P2 N	P2	P41 S14	P42 S13	P4	Other USES	TOT USES
P1 M	3228	141	-8	499	3860	1644	239	1883	1023		1023	954	3860
P1 N	374				374				220	154	374	0	374
P1	3602	141	-8	499	4234	1644	239	1883	1243	154	1399	954	4234
B1 M	1584	141	-8	499	2216	0	239	239	1023		1023	954	2216
B1 N	135				135	0	-239	-239	220	154	376	0	135
GDP_bp	1719	141	-8	499	2351	0	0	0	1243	154	1399	954	2351
GDP_mp	1854			499	2353	0	0	0	1243	156	1399	954	2353

In the table, the heads of columns' codes are those of the 1993 SNA: P1 production; D21 taxes on products; D31 subsidies on products; P7 imports; P2 intermediate consumption; P41 actual final consumption of households; P42 actual final consumption of government; P4 actual final consumption. The letters M and N refer respectively to Market and Non market.

The first three rows are the aggregation of Table 15.1 with the desired detail. The next three rows are obtained from the former three by deducting intermediate consumption from the relevant production: for instance, Value added of the market sector is 1584 = 3228 – 1644, that of the non market sector is 137 = 376 – 239 (and hence the apparition of a formal negative –239 in the intermediate consumption of the non market sector). Market GDP is coded B1_M, non market GDP is coded B1_N, their sum total GDP_bp is shown on the third row, and as a memorandum item, GDP_mp according to the present SNA in last row.

4.3 – AN ALLOCATION PROPORTIONAL TO DOMESTIC CONSUMPTION

If the aim is to allocate the (remaining) production of collective services by Government to the "beneficiaries", what weights should be assigned among the users to each unit or sector? This is also an old question without a definitive answer. It has been proposed, but not accepted in the international standards, allocations according, for instance, to taxes paid. The following proposition seems to be new: to allocate according to total domestic consumption. More precisely, an easy and consistent solution is to allocate Government non-market output proportionally to total consumption (intermediate and final) of each institutional unit or sector. This is clearly a conventional allocation, but the present treatment is also a conventional one.

[6] As said above, to be consistent with this new sequence of accounts, the measure of the production of the non-market sector (the sum of costs) has to be slightly modified by excluding from the costs the other net taxes on production (2 in the original table), and consequently the actual final consumption of Government has to be reduced by the same amount: 156 – 2 =154.

With the figures of the 1993 SNA aggregated as shown in the above table, the breakdown of non-market production of Government (154, see footnote 6) between intermediate and final consumption will be done according to the same breakdown in total consumption (1883; 1243): that is respectively 93 + 61= 154.

	P1	D21	D31	P7	TOT RES	P2 M	P2 N	P2	P41 S14	P42 S13	P4	Other USES	TOT USES
						1644	239	1883	1243				
Alloc N								93	61	-154			

The increase (61) in Actual final consumption of households (P41) is an increase in the Individual consumption expenditure of government (P31), and it can be balanced by an increase in transfers of individual non-market goods and services (D632): the same treatment used in the present SNA for education and health expenditures of government. The Individual consumption expenditure of households remains the same, but they benefited freely of these 61.

Likewise the increase in Intermediate consumption is not actually paid. This means that the intermediate consumption of non market products is totally subsidised, i.e. at zero purchasers' price[7]. This treatment avoids the problem of an actual increase in the intermediate consumption of non market sectors which would have increase the production of those sectors, and consequently the final consumption of their services, and so on with a multiplicative effect (see my former paper for the detailed calculations). With the treatment as subsidies on non market products D31, the values added are not modified, either for market sectors or for non market sectors, because the productions and the intermediate consumptions remain the same. It is worth notice that this treatment is only allowed with the measure of GDP_bp which remains the same, otherwise it would have decreased abnormally the GDP_mp. The two steps of this allocation are summarised in the next table:

	P1	D21	D31	P7	TOT RES	P2 M	P2 N	P2	P41 S14	P42 S13	P4	Other USES	TOT USES
0										154			
1								93	61	0			
2			-93						61	0			

Finally the table GDP_bp becomes:

	P1	D21	D31	P7	TOT RES	P2 M	P2 N	P2	P41 S14	P42 S13	P4	Other USES	TOT USES
P1 M	3228	141	-8	499	3860	1644	239	1883	1023		1023	954	3860
P1 N	374		-97		277				277	0	277	0	277
P1	3602	141	-105	499	4137	1644	239	1883	1300	0	1300	954	4137
B1 M	1584	141	-8	499	2216	0	239	239	1023		1023	954	2216
B1 N	135		-97		38	0	-239	-239	277	0	277	0	38
GDP_bp	1719	141	-105	499	2254	0	0	0	1300	0	1300	954	2254

With this treatment, all the proposed changes are concentrated on the non market products, for which there are two conventions: measure of production, allocation of this production, and this is another good reason to show

[7] Thanks to A. Vanoli, I have discovered that this treatment is not completely new: in his book (on page 313), he recalls us that Hicks had proposed to treat **all** non market production as totally subsidised (in "The Valuation of Social Income", Economica, May 1940).

separately the two parts of GDP. For all sectors, production, intermediate consumption and value added are not changed. Of course GDP_bp is not changed.

5 - CONCLUSION

Starting from the question of a possible “double counting” in the GDP, this paper proposes a new measure of this aggregate and develops some consequences of this change in the sequence of accounts. It insists on the usefulness of a breakdown between market GDP and non market GDP, and on another allocation of non market Government services.

This new presentation of the NA, which does not require new information, nor difficult calculations, is proposed with the aim of being conceptually clearer and practically simpler, that is:

- GDP_bp is now exactly the sum of all the value added, and it is split exactly in Compensation of employees and Operating surplus,
- The two functions of Government are clearly distinguished: as a producer of non market services up to the Allocation of primary income account, and then as redistributing the National Income,
- There is no more a problem with the so called question of consumption subsidies,
- Households remain the only final consumer,
- GDP is broken down between market GDP and non market GDP. But all the proposed changes are concentrated on the non market products.

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