



Government Finance Statistics IMF Statistics Department

GFSM 2001 and Other Statistical Systems

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GFS and Other Statistical Systems

- **Government operations are reflected in all the other statistical systems**
 - **1993 System of National Accounts**
 - **Monetary and Financial Statistics**
 - **Balance of Payments and International Investment Position**

Harmonization

(1/3)

- **Four main statistical systems**
 - **Each statistical system focuses primarily on different aspects of economic activities**
 - **1993 System of National Accounts (SNA)**
 - all economic activity in economy, including production, consumption, capital formation, income distribution, etc.
 - **Monetary & Financial Statistics (MFS)**
 - financial system (financial assets and liabilities)

Harmonization

(2/3)

- **Four main statistical systems (continued)**
 - **Balance of Payments and International Investment Position (BOP/IIP)**
 - interactions with rest of the world
 - **Government Finance Statistics (GFS)**
 - economic activity and impact of government on economy
 - sustainability of governments' fiscal policies

Harmonization

(3/3)

- **1993 SNA is the “central” statistical system**
 - **Except for small differences, GFS and other statistical systems (1993 SNA, MFS, BOP) are thus similar in respect of**
 - **Residency**
 - **Valuation**
 - **Time of recording**
 - **Definitions of assets and liabilities**
 - **Accounting rules**

Part I

GFSM 2001 and 1993 System of National Accounts

Relationships between GFSM 2001 and '93 SNA

GFSM2001

Transactions

Revenue account

Expense account

Non-financial assets

Financial assets & liabilities

Operating balance

Other economic flows

Closing balance sheet

SNA '93

Transactions

Production account

Income account

Capital transfers & non-financial assets

Financial assets & liabilities

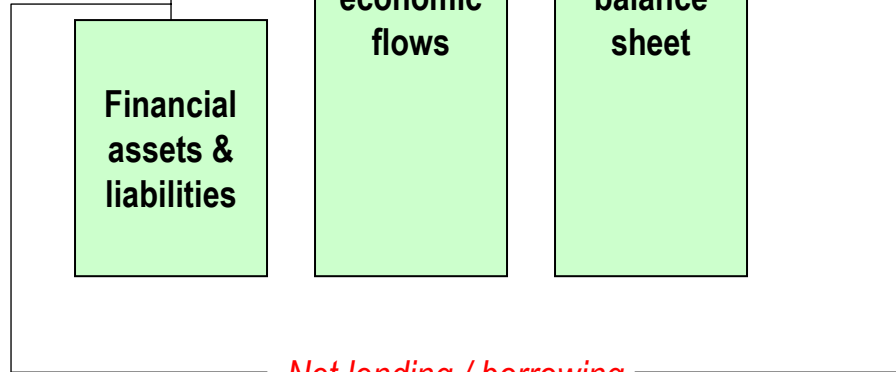
GDP (value added)

Saving

Other economic flows

Closing balance sheet

Net lending / borrowing



Main Differences between GFSM 2001 and 1993 SNA (1/5)

- **Revenue side:**

- **Social contributions (12)**

- In SNA, all social contributions are recorded in this category without any exception
 - In GFS, social contributions—actual & imputed—are recorded in this category
 - **Exception** is contributions to retirement schemes for government employees, which are recorded as incurrences of liabilities [3316]
 - Other contributions to government employees' schemes not related to pensions are recorded under [122] in GFS

Main Differences between GFSM 2001 and 1993 SNA (2/5)

- **Revenue side (continued):**
 - Sales of goods and services (142)
 - Not shown separately in SNA
 - Used to derive market output and government final consumption expenditure

- **Expense side:**
 - Compensation of Employees [21] and Use of Goods and Services [22]
 - Exclude expenses related to construction of nonfinancial assets on own account in GFS
 - Record them as net acquisition of NFAs [31]

Main Differences between GFSM 2001 and 1993 SNA (3/5)

- **Expense side (continued):**
 - **Subsidies [25]**
 - In SNA, subsidies are classified as subsidies on products and subsidies on production
 - In GFS, subsidies are classified according to the type of institutional unit receiving them
 - **Social benefits [27]**
 - In GFS, payments of pensions and other retirement benefits are recorded as a reduction in liabilities, not as social benefit expenses

Main Differences between GFSM 2001 and 1993 SNA (4/5)

- **Expense side (continued):**
 - Interest
 - In SNA, interest is split into a service component and an income flow

- **Net acquisition of nonfinancial assets (31)**
 - Same as in SNA
 - GFS does not have a category “produced assets”, but easy to derive

Main Differences between GFSM 2001 and 1993 SNA (5/5)

- **Transactions in financial assets (32) and liabilities (33)**
 - **Same as SNA, with exception of**
 - **Insurance technical reserves, because of different treatment of employer social insurance schemes that provide pensions and other retirement benefits**
 - **Shares and other equity, because SNA includes reinvested earnings on direct foreign investment as imputed purchase of equity**
 - Holding gain in GFS

Measures of GDP

- **GDP can be measured in three ways:**
 - Production approach (value added)
 - Income approach
 - Expenditure approach ($C + I + X - M$)
- **Output of government used to measure value-added:**
 - market
 - nonmarket
- **Government expenditure**
 - Final consumption expenditure
 - Capital formation

Part II

GFSM 2001 and Monetary and Financial Statistics System, 2000

What are MFS?

(1/2)

- **Financial Statistics**

- Encompass data on financial positions and flows of the financial and nonfinancial corporations

- **Monetary Statistics**

- Focuses in currency, deposits, and other monetary liabilities of depository corporations, and other issuers of monetary liabilities

What are MFS?

(2/2)

- **Main reason for compiling MFS data:**
 - provide quantitative information for the formulation, implementation, and monitoring of monetary and financial policies

Financial Corporations Sector

- **Includes enterprises engaged in**
 - **Financial intermediation**
 - **Productive activity in which an institutional unit incurs liabilities on its own behalf for the purpose of lending or acquiring other types of financial assets**
 - **Auxiliary financial services**
 - **Activities closely related to financial intermediation. However, financial auxiliaries cannot raise funds or extend credit on their own account**
 - **Examples: security brokers, foreign exchange traders, corporations which arrange hedging instruments (swaps, options, etc.)**

Subsectors of Financial Corporations Sector

- **Central bank**
- **Other depository corporations**
- **Other financial corporations**
 - **Insurance corporations and pension funds**
 - **Other financial intermediaries**
 - **Financial auxiliaries**

Relationships between GFS and MFS Systems

- **Important to know**
 - **From analytical point of view**
 - **Evaluate impact of government on financial corporations sector**
 - **From practical point of view**
 - **Evaluate consistency between financing requirements of government and MFS data**
 - Identity differences
 - Eliminate or explain differences

Part III

GFSM 2001 and Balance of Payments System

What is a BOP Statement?

(1/2)

- **Although termed “BOP Statement”, it is not used to derive a single balance, nor is it about payments only**
- **It is a statement**
 - **That records all transactions between residents and nonresidents; and**
 - **From which a variety of balances can be derived**
 - **Balance of goods and services**
 - **Current external balance**
 - **“Overall balance”**

What is a BOP Statement?

(2/2)

- **An associated International Investment Position (IIP)**
 - **Provides the balance sheet for foreign financial assets and liabilities**
 - **Records changes in assets and liabilities due to**
 - **Transactions**
 - **Price changes**
 - **Exchange rate changes**
 - **Other adjustments**

Linkages to GFSM 2001 System

- **Linkages between BOP/IIP are direct, and can present BOP to allow direct comparison with GFS**
 - To understand impact of government operations on external position of economy

- **BOP explicitly identifies government in**
 - Government services, n.i.e.
 - Current transfers
 - Capital transfers
 - Financial account (portfolio and other investment)
 - See handout: “BOP Standard Components”

Macroeconomic Relationships

$$\text{GDP} = C + I + X - M$$

