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**STATISTICAL COMMISSION and ECONOMIC COMMISSION FOR EUROPE  
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(Paris, 13-15 June 2000)

Theme 1

**RUSSIA'S EXPERIENCE IN DEVELOPING GDP INDICATORS  
ON A MONTHLY BASIS**

**OBTAINING MONTHLY GDP ESTIMATES**

Supporting paper submitted by the State Committee of the Russian Federation on Statistics  
(Goskomstat of the Russian Federation)

1. During the last decade, Russia has experienced deep reforms in economic, political, and social spheres. In this situation, Russian statistics have been found to be under a double burden.
2. First, the statistical system itself is under reconstruction; it is adopting new methods and ways of work. Being one of the systems of public management, statistics participates in the general transition from the centralized economy to market relations.
3. Second, in accordance with its public role, which is a quantitative description of social and economic phenomena, Russian statistics have had to change the content of its work. It has changed in accordance with the changes occurring to objects being observed. Statistics are being called on necessarily to determine and to reflect a lot of new processes and phenomena, which have sprung out as a result of reforms.
4. In such a doubly complicated situation, those compiling Russian statistics have been repeatedly faced with the constant problem of data developers: the choice between rapidity and

reliability. Experience demonstrates that the peculiarities of the transition period may dictate some rather unexpected decisions.

5. One example of a forced non-standard decision was in developing gross domestic product estimates with high frequency. From 1993 to 1998, GDP estimates in Russia were officially published monthly.

6. This debatable, at first glance, decision could be justified by the rapid changes in the social and economic life in the country. During this period in Russia changes were taking place in a matter of months which would occur over several years in a "normally" developing economy. Sharp changes in the growth rates were accompanied by radical structural changes in the real sector, in the financial sphere, in prices, consumption, accumulation, external relations, institutional sphere, etc. For example, prior to the start of reforms (before 1992) household final consumption expenditures amounted to 41% of GDP. In the first year of reforms it went down to 33%, and in 1993 again reached 41%. Then, during two years this indicator increased by 4-5 percentage points and only in 1996-1997 did it stabilize around 50%. Such sharp structural changes are impossible in a stable economy, they manifest the volatility of all social and economic processes during a transition period.

7. An even more acute problem was to estimate the changes in production, consumption and accumulation in real terms. In 1992, the first year of reforms, the GDP of Russia decreased by 14.5%, in 1993 - by 8.7%, in 1994 - by 12.7%. Only in 1995 did this decline slow down; in that year the decrease in GDP was "only" 4.1%. It is obvious, that monthly changes during this period were rather significant.

8. Under these conditions it was necessary to obtain a rapid "broad-brush" estimate of the situation for the purpose of economic management. In the real time mode it was necessary to provide an answer for a tri-partite question: "Where are we at this moment? What was the previous step? What should be the next step?" At that time the answer could only be given with the help of monthly GDP estimates, which provided economic policy-makers a timely general picture of the current situation. Russian statisticians were obliged to meet these requirements by shifting the priority from high reliability to timeliness.

9. To be able to ensure the maximum possible reliability of the presented data, the number of monthly GDP estimates were set to a minimum. The main indicator was a growth rate in real terms. The answer to the question about the speed of our movement, which unfortunately was downward at that moment, was very important for analysis and making macroeconomic policy decisions. Besides, monthly GDP estimates in nominal prices were obtained together with main structural characteristics - the structure of goods and services. Monthly GDP estimates were published within two weeks after the end of the reporting period.

10. Calculations of monthly GDP estimates were done on the basis of a narrow set of indicators available on a monthly basis. One historic advantage of Soviet statistics was used here: in the time of the centralized economy, production accounting was very detailed, many data items, above all production volumes, were collected on a monthly basis. This made it possible to develop a technique for the indirect estimation of GDP volume and rate of change on the basis of

production data of the main sectors of the economy. Implementation of this technique proved its efficiency.

11. One of the components of this technique was a retrospective adjustment of the monthly estimates after obtaining quarterly estimates. It was not bound to the original task of operational management, however it was important for compiling a correct time series.

12. Calculations of GDP from the expenditure and income sides were not done on a monthly basis. These estimates were obtained only on a quarterly and annual basis.

13. One of the important tasks for Russian statisticians in developing monthly estimates of GDP was shaping the attitudes of users. Great efforts were spent explaining to users the interim nature of monthly estimates, that is to form a proper understanding of the basic tradeoff in statistics between rapidity and reliability. Russian State Statistical Committee (Goskomstat) often made comments, where it was emphasized that monthly GDP estimates were to be used first of all for speedy determination of the direction of changes of the general situation. In this case the accuracy of data may be sacrificed.

14. An important step in forming users' attitudes was development of adjustment schedules for GDP estimates. In 1996, the Goskomstat of Russia on agreement with the Ministry of Economy and other economic institutions approved an adjustment schedule for the GDP estimates - monthly, quarterly, and annual. The dates of adjustments for each estimate were substantiated and stipulated, including those for monthly estimates after obtaining quarterly and annual numbers. It was an unprecedented step for Russian statistics, because before that, in accordance with the traditions of the centralized economy, not a single statistical number could be adjusted after it had been published. Russian national accountants were the first to gain the right to employ a revision policy. This helped to clarify the "rapidity-reliability" problem in calculating monthly GDP estimates.

15. In 1998, the rate of general economic changes in Russia allowed to decline monthly GDP calculations. However, after the August crisis, the problem of obtaining timely estimates sprang out again. With the aim of further shaping the expectations of users of users, Goskomstat did not restore monthly GDP estimates, but instead introduced a new indicator - a production index for the main industries - for estimating general economic changes. This indicator, which is founded on the regression model method of the general growth rates of the leading sectors of the economy, it is a close surrogate for GDP growth rates in real prices.

16. The need to calculate monthly GDP estimates was caused by the specific circumstances of Russian economic development. The main direction of implementing the SNA methodology in Russia is developing of quarterly and annual accounts in accordance with the international standards.

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