

**Distr.
GENERAL**

**CES/AC.68/2002/4
28 January 2002**

Original: ENGLISH

**STATISTICAL COMMISSION and
ECONOMIC COMMISSION FOR EUROPE**

**ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT
(OECD)**

**CONFERENCE OF EUROPEAN
STATISTICIANS**

**COMMISSION OF THE EUROPEAN
COMMUNITIES (EUROSTAT)**

**Joint ECE/Eurostat/OECD
Meeting on National Accounts**
(Geneva, 24-26 April 2002)

**USE OF NATIONAL ACCOUNTS AND THE DIALOGUE BETWEEN NATIONAL
ACCOUNTANTS AND POLICY MAKERS**

Invited Paper submitted by Central Bureau of Statistics of Israël*

National accounts are among the important final products of a statistical office and as such have always been used by decision makers in the public and private sector. Over the years the importance of national accounts as a basis for economic policy has become more and more widely recognized, especially following the economic crises in the Far East, Mexico etc. The feeling that delay in publication or lack of data on important variables in the economic statistics contributed to such crises has led to intensive dialogues between policy makers and national accountants worldwide, and at present it seems even more important than in the past to understand the role of national accountants.

Some of the questions facing the national accountant vis-à-vis policy makers are:

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- To what extent is policy influenced by the availability of data?
- Should national accountants be more aware of policy environments to envision needs for data to avoid crises?
- Could national accountants stimulate relevant research by publishing certain series? And should national accountants be more aware of economic research agendas to be able to meet needs for data?
- On the other hand, could a dialogue with policy makers cast doubt on the objectivity of national accountants?
- To what extent should the national accountants respond to needs for information expressed by policy makers? Should they mainly strive to point out important information, and not react to demands for information?
- Is important information lacking due to the concentration of resources on information in demand by policy makers? Or in other words is the presentation of the accounts indirectly influenced by policy makers, since it may be easier to obtain finance to develop certain parts of the accounts as opposed to others?

In this paper the use of national accounts by policy makers and the dialogue between policy makers and national accountants are examined using examples from the national accounts of Israel. Some of the examples were published in a former paper on the subject: "Use of national accounts by policy makers" written together with Ezra Hadar and presented at an IARIW conference in 1996.

1. The policy makers and the main national accounts aggregates

1. The main national accounts aggregates are usually well known by policy makers and used frequently for decision making and as a basis for negotiations on many economic subjects. The use of the accounts seems to have grown as publication is made swift and easy to obtain through new media such as the Internet.

1.1 Use of new series

2. Over the years the core national accounts have developed and there has been an on-going process of learning, initiated by national accountants. The national accountants have tried to make the policy makers aware of new series and draw their attention to new useful information to be obtained from the accounts. It is not always an easy job but usually after some years the important concepts become known to most policy makers. For example in the early 1980's the usefulness of

the concept of GDP instead of GNP in the national accounts of Israel was emphasized, and nowadays only a few (mostly elderly) policy makers still talk of GNP. Some concepts seem to take longer before they catch the attention of the policy makers, such as the idea of collective and individual consumption, which still is not used widely by policy makers, even though it was introduced in national accounts in Israel 1998. But generally it may be said, that the introduction of new series have increased the awareness of policy makers of certain important developments - such as the rapid growth in software investments or the large influence of trading gains on real domestic income in some years.

1.2 Dates of publication

3. Policy makers are especially interested in the most recent development, and the preliminary estimates are the estimates used most often by policy makers. The dates of publication of early and revised national accounts estimates in Israel are partly a result of agreements reached in discussions with policy makers - on the one hand policy makers have expressed a need for early estimates at the time of preparing budgets or reports on the state of the economy; on the other hand the national accountants have required a minimum reliability of the estimates.

4. For instance a compromise was reached in response to the demand for updated statistics for preparing the budget, to publish the first estimates of the national accounts for the current year in mid-October. Mid-October was deemed to be the earliest date it was possible to prepare a reliable early estimate by the national accountants, and on this date the representatives from the Finance Ministry and Bank of Israel would still be able to use the data as a basis for forecasts and budget planning for the future 3 years. Before the national accountants started to prepare such early estimates in the beginning of the 1980's, early GDP estimates were prepared by the Finance Ministry and the Bank of Israel, usually with quite large differences from the final results.

5. The preliminary annual national accounts estimates receive much attention: for instance, recently the publication in October of the low estimates of GDP growth in 2001 was among the factors leading to public discussions of what was called the "situation of economic emergency" and to actions by policy makers to change budget priorities.

1.3 Frequency of publication

6. Another effect of the interest in current data is the demand by policy makers for monthly national accounts data. Due to lack of basic statistics, so far only quarterly accounts have been published in Israel, but the national accounts division plans to develop monthly estimates in the future.

7. The request for monthly data has caused decision makers in the public and private sectors to use partial indicators as a proxy to GDP. The Bank of Israel has developed a monthly composite

index based on 4 indicators – manufacturing production, imports, number of employees and retail sales – for many decision makers the preference of monthly data is so strong that they rely almost only on this index, and only pay little attention to GDP estimates, when they are published.

1.4. Presentation of trends, seasonally adjusted data, annual rates of change

8. The demand for frequent data by policy makers is combined with a need to be able to identify changes in development or turning points as early as possible. Since monthly or quarterly data usually are subject to large fluctuations, policy makers have difficulties using unadjusted series as a basis for analysis. This means, that it is important, that national accountants spend resources to solve problems in connection with seasonal adjustment, adjustment for trading days and trend analysis. However, the theoretical background for seasonal adjustment and computation of trends is often not well understood by many policy makers, and it may take a while before they are comfortable using adjusted series. For example in Israel an improved method for the computation of trends was introduced in the late 1990's. When first introduced the new series were either ignored or criticized (users said they felt confused by the addition of series). A few short seminars were held for journalists and government officials to explain the advantage of using seasonally adjusted data or trend data.

9. On the other hand, the latest improvements made to the methods of computation of seasonal adjustment and trends were undertaken in response to problems pointed out by users. For instance, the dates of Jewish holidays change from year to year since the calendar is lunar, so that the regular seasonal adjustment did not adjust adequately for the effect of holidays and left series with large fluctuations. After complaints from many policy makers, a special model for adjustment was developed and smoother series were obtained.

10. The presentations of monthly or quarterly changes at annual rates were introduced some years ago in Israel to facilitate the comparison between changes for periods of differing length – it seemed that users were often speaking of changes of different dimensions, as if they were comparable. Again the process of learning took a number of years, but today the impression from newspapers and public debates is that the annual rates are understood by most users and have improved comparisons.

1.5 Comparisons and ratios

11. Policy makers in many cases use national accounts data together with employment data or population data, and usually they find ratios and comparisons especially useful. An explanation for this tendency may be, that the volume of data such as income per capita or product per employed person is easier to understand, and may be more effective to convey a message to the public. Among such popular series in Israel are: GDP per capita in US\$ and PPP dollars, private consumption expenditure per capita, manufacturing production per employed person, capital stock per employed

person, household disposable income per capita, ratio of government expenditure to national income.

1.6. Reliability of National Accounts

12. The perceived reliability of the national accounts naturally influences policy makers' use of the accounts – the less reliable the accounts are in the eyes of policy makers the less they will be used. In the case of national accounts the perception of reliability by policy makers usually is based on past experience of updates and revisions. In Israel, the national accounts have been examined a number of times to determine the size of revisions and updates. It has been considered to publish the ranges of average revisions to give users a sort of "confidence interval". For many years rounded figures were shown in tables to signal to users that estimates were not reliable enough to distinguish between growth of 1.3% and 1.4% for example. However, some users expressed a feeling that the rounding of numbers was a kind of manipulation of data and pressed for the publication of the unrounded figure. So in recent years unrounded numbers are published, while it is explained clearly that some estimates may be of a relatively low reliability and may be subject to changes.

13. Since the reputation of the accounts is built over a long period, it is important to maintain a good reputation once it is achieved. In most of the cases when policy makers demand earlier or more detailed publications, the national accountants have to find a balance between the need to produce data of sufficient quality and the need to produce relevant data for the users. The early national accounts estimates mentioned above were only being released to the public after simulations and exercises had been made over a couple of years to check the methods and the quality of the estimates obtained. It seems that the "image" of the national accounts in the eyes of policy makers has not been damaged as a result of the publication of early estimates.

14. The experience in Israel has shown that in cases where reliability is especially low, it may be important to show problem areas explicitly. For instance, data on the diamond industry in Israel are problematic and consequently exports, imports are shown both including and excluding diamonds, to enable the users to analyze the data without the problematic series.

1.7 Objectivity

15. The experience shows that policy makers attach importance to the fact that national accounts data are prepared by an objective body, since they want to use them in all kind of negotiations. The users judge the objectivity of the national accountants on the basis of information about the national accounts office. The criteria are probably the criteria outlined in recent years in the framework of the Special Data Dissemination Standard (SDDS) by the IMF: the existence of a law governing the work of the national accountants to ensure independence; the fact that all series are available to all users simultaneously; publication dates are known to the public well in advance; methods of estimation are transparent, etc.

16. One aspect, which perhaps is also important, is the way data are presented. In our experience, national accountants have to keep a delicate balance between presenting the data in an interesting way (mostly including "light analysis" of the data in the publication) and presenting data in a way that might be seen as manipulation of data, if emphasis is put on certain developments instead of others. At times, the analysis given in the publication could be too boring and as a result the accounts do not receive enough attention and are not disseminated in the newspapers. At other times, the text accompanying the series may be interpreted in unexpected ways as was the case mentioned above when numbers were rounded. The rounding of numbers was interpreted as if the national accountants wanted to show a rosier picture of the economy (of course it could be interpreted the other way around if numbers were different).

2. Use of national accounts data in reports serving policy makers

17. The main national accounts aggregates are also a major component in many current reports on the development of the economy, so that there are many indirect uses of the accounts by policy makers. Dialogues with the researchers and analysts preparing such reports are carried on throughout the year and it is felt that such dialogues contribute to the improvement of the national accounts and the development of series relevant for the analysis of the economy. The national accountants also examine the published reports to find out if statistical coverage on a certain subject was sufficient, if the definitions and classifications were sufficient and if there were any economic developments, which necessitated changes in priorities and development of statistics on new subjects. The reports may also open the eyes to new statistical sources not used so far by the national accountants, or give ideas for better presentation of the data in national accounts publications.

2.1 "The national budget"

18. The national accounts data serve as a basis for preparing "the national budget". "The national budget" describes the economic policy of the government planned for the coming 3 years and is prepared by a team of representatives from the Bank of Israel, the Finance Ministry, and the unit for planning in the Prime Minister's Office. The national accounts variables presented in the "national budget" are: GDP, GDP of the business sector, private consumption expenditure per capita, general government consumption expenditure, capital formation, exports and imports at constant prices; transfers, taxes and subsidies, balance of payment in dollars, deficit in the government account. In addition, the following data are included: total population, number of immigrants, labor force data (rate of unemployment, number of employed persons) and data on consumer prices. Forecasts of the resources of the economy and the use of resources in the economy in the coming three years are prepared using the national accounts data up to the current year. These forecasts are shown together with information on the priorities for development set by the government and the planned allocation of government resources in the coming three years.

2.2 Annual report of the Bank of Israel

19. The central bank - Bank of Israel publishes comprehensive analyses of the economy in annual reports. These reports are used as a major source of information by decision makers in the public and private sector and rely mostly on national accounts core data. The development of GDP, GDP by industry, private consumption expenditure, the current accounts of the government, capital formation, balance of payments are analyzed. Certain subjects receive special attention - for instance, in the years of large immigration and expansion of construction a special chapter on the building industry was published, and in recent years when the information and communication technology has grown rapidly special chapters on the communication industry and on high technology industries have been published.

20. During the period of preparation of the annual national accounts, there is an on-going dialogue between the authors of Bank of Israel's report and the national accountants: discussions of details, additional data requirements and of special subjects needing attention. The demand for data for special subjects in many cases stimulates development of detailed accounts for a certain industry or a certain part of the expenditure on GDP.

2.3 Monthly reports on the state of the economy

21. Various ministries and bodies in the private sector publish monthly reports on the state of the economy, which are mainly based on national accounts core data. The Ministry of Finance prepares reports on the state of the economy, which include analysis of the development of the major components of the national accounts. Other ministries, which publish monthly reports on the state of the economy but stress the aspects of interest for their Ministry are: Ministry of Construction and Ministry of Labor and Welfare.

22. Private banks, investment companies and major organizations such as the organization of manufacturers, the organizations of merchants, and the general association of workers each publish monthly reports on the state of the economy. All these reports are based on national accounts core data, early indicators on the development of GDP, and labor data. Such reports reach groups of decision makers, who may not be aware of the publications of national accounts by the Central Bureau of Statistics.

2.4 Reports presented at seminars

23. The main aggregates of the national accounts are also used as background data for symposiums or short seminars on economic policy arranged by private or public organizations. These kinds of meetings are often arranged at the end of the year, some days after the publication of the preliminary annual national account estimates, and usually are covered by the newspapers. In Israel the national accountants often participate in such symposiums to understand how the national

accounts series are used and to learn about the demand for data. At such meetings national accountants also often get a chance to hear comments on national accounts from users that are not usually in contact with the Central Bureau of Statistics.

2.5 Reports on development of income and output as basis for wage negotiations and income policy

24. During the years 1964-1995 annual reports on development of production and income based on national accounts data were prepared by the Institute for Research in Income and Output in Israel. The Institute for Research in Income and Output was established jointly by the government, the General Federation of Labour and the Association of Manufacturers and was composed of a council and a board of professional directors.

25. The institute published reports on production, employment, wages, operating surplus and other national accounts statistics, which it considered relevant for income policy. The report dealt with the subjects of price stability, distribution of national income and returns to capital and special tables were prepared by national accountants to provide the necessary data on these aspects. The report was meant to serve as a basis accepted by all parties for wage negotiations or other negotiations on income policy among labour unions, government, and private employers.

26. In recent years wage negotiations usually have not been made at the national level – agreements now mostly are reached at the industry or enterprise level and contracted employment has become much more common - so that in 1996 the activities of the Institute were discontinued. Since then the series on development of production and income have been published in the framework of the national accounts and continue to serve policy makers on various levels as a basis for wage negotiations.

2.6 Programs prepared in connection with special developments

27. National accounts data are often used to prepare programs for coping with special developments. One such example is the use of the national accounts in 1990-1991 by the Bank of Israel and the Finance Ministry to develop a special plan for the absorption of one million immigrants, expected to arrive in the years 1990-1995. In fact, about seven hundred thousand immigrants arrived during this period.

28. The national accounts for a former period with large immigration (1968 to 1972) were studied to determine the effects of the large influx of immigrants on GDP, private consumption expenditure, general government consumption expenditure, capital formation, net imports, labour cost, unemployment, prices and saving. Various scenarios were considered. The main aspects taken into consideration were: construction or import of prefabricated houses to provide housing for the immigrants, new capital stock to ensure employment for the immigrants, infrastructure needed as a

result of the growth in the population, expected government expenditure and deficit, influence on the living standard of the veteran population, and alternative financing methods.

29. National accounts data were used to estimate capital stock needed per employed person, per capita housing cost, infrastructure requirements, government finance needs and foreign financing requirements. Alternative methods of financing, including foreign financing possibilities were considered taking into account the national debt compared to GDP, the size of the government deficit and tax income.

3. The use of satellite accounts by policy-makers

30. The core national accounts sometimes do not provide answers to all questions posed by policy-makers. In Israel, a number of special problems have led to requests for extensions of the core national accounts and to development of satellite accounts.

31. Policy makers have been especially interested in the development of public and community services. For this reason there has been a tradition of development of satellite accounts showing the expenditure on different kinds of public and community services provided and financed by various sectors in the economy. The first satellite accounts were developed in the early 1960's: national expenditure on education and national expenditure on health. These accounts have been primarily used for planning the budget but are also to examine special policy questions. Other satellite accounts developed more recently include: national expenditure on research and development, national expenditure on culture, public expenditure on environment protection, accounts of all non-profit institutions and national expenditure on defence. Two examples of the use of satellite accounts are described below.

3.1 National expenditure on health and the health law in Israel

32. In the 1990's the government of Israel decided to set up a commission to study the performance and the effectiveness of Israel's health system. The commission was requested to investigate the development of the health system in the past and to present to the government its recommendations regarding future policy and changes needed in the structure, functioning and efficiency of the system.

33. The commission made extensive use of the satellite accounts on health developed in the framework of the national accounts. These accounts include series prepared since 1962 on the national expenditure on health and its components. They include a relatively wide range of detailed data compared to the main national accounts. These details, plus the link between the satellite accounts on health expenditure and the main system of national accounts enabled the committee to make a very detailed analysis of the health system and to make recommendations related to

aggregates in the National accounts such as the share of total resources to be allocated to health and the sectors in the economy that should provide health care.

34. International comparisons of GDP per capita in terms of purchasing power parities (PPP), of expenditure on health in terms of PPP for health, and of expenditure on health as a percent of GDP are published together with the satellite account on health. The commission used these comparisons to analyse the development of expenditure on health in Israel in comparison with developments in other countries.

35. The analysis of national expenditure on health in the 1980's showed that health expenditure as a percentage of GDP was stable. Expenditure on health per capita increased. Expenditure on health rose relatively rapidly compared to general government consumption expenditure, but the increase was relatively low as compared to private consumption expenditure.

36. The commission also examined the changes in employment, wages and the wage price indexes and found that wage increases in the health services were lower than in other public and community services and in other industries of the economy. This development contributed to the worsening of the industrial relations in the health system.

37. The growth in the share of health services provided by the business sector reflected, in the commission's opinion, the public's poor expectations of the health services they can receive. The relatively high increase in the price of private health services indicates the increase in demand for private care and the decrease in demand for public sector health services.

38. According to the commission, the problems in the health services was caused by stagnant national expenditure on health (after a period of rapid growth in the 1970), combined with a rise in demand due to the aging of the population, technological advances and an increase in the income levels. The commission did not recommend increasing the resources allocated to health, but rather a change in priorities by allocating more resources to specific needs (such as services for the elderly, psychiatric therapy, and preventive health services for children) as well as concentration on more efficient use of resources, through improved organization and the establishment of performance incentives.

39. The analysis of the finance data in the satellite accounts on health enabled the commission to recommend future financing arrangements -- which payments should be made by households, employers, government, and the National Insurance Institute.

40. The commission's recommendations to the government laid the foundations for the adoption of a state health law and a reorganization of the health services. The report of the commission included a proposal for establishing an information department to determine uniform methods in all parts of the health system for the collection and analysis of medical and administrative information.

41. When the health law was implemented, there was a call for a formula for measuring the cost of the "public health basket" - the health services that citizens would receive. The analysis of the structure of public health expenditure enabled the commission to suggest some relevant components that were easily measured, such as employee wages, medicine prices, etc. The weight given to each of these components was determined using detailed data included in the satellite accounts.

3.2 Satellite accounts on the cost of defence

42. In the national accounts of Israël, government expenditure on defence has always been presented separately. However, the regularly prepared national accounts data do not provide answers to some important questions asked by policy makers, such as the total cost of defence. In the beginning of the 1990's a committee including national accountants, representatives of the central bank, the finance ministry, and the defence ministry listed all the items, which should be included in satellite accounts in order to assist policy-makers in their decisions. On the basis of these recommendations, a satellite account on defence costs was prepared.

43. This satellite account includes direct expenditure on defence of all general government units. In the core national accounts, the outlay of the defence ministry on defence can be identified relatively easily. However, outlay on defence by other general government units had to be separated out to show all general government consumption expenditure on defence. For example, since schools and other public buildings employ security guards, this expenditure should be identified in civilian ministries and local authorities financial reports. Likewise, the cost of holding emergency stocks (such as fuel) must be added to defence costs, though there was some uncertainty as to which are emergency stocks and which regular stocks. A relatively arbitrary decision was reached, therefore, to include a certain proportion of the costs involved.

44. Direct expenditure on defence made by private organizations is also included in the satellite account. All new houses built in Israel are required by law to include a special security room. In the preliminary satellite account, the difference between the costs of construction of security rooms and the cost of construction of regular rooms is included, since these rooms can also be used for other purposes.

45. Soldiers in compulsory service in Israel do not receive wages (only small allowances) while in the army, so that compensation of employees in the core accounts does not reflect the value of their services. The committee stressed that to determine the most efficient allocation of resources, policy makers should take into account the full cost to the economy of army service.

46. The cost of army service is in fact a loss of human capital of about three years for men and two years for women. While serving, the soldiers may increase their human capital resources -- through vocational training or through experience useful in subsequent civilian careers. To impute the value of soldiers' work, the present value of the net loss of human capital is computed taking into account future participation in the labour force, life expectancy as well as expected labour

productivity in the economy and deducting the value of education and experience gained in the army. Since soldiers and their families receive adequate compensation in case of death or injuries, the imputed value of insurance of the soldiers was also added to the compensation of employees, taking into account the average risk in the period.

47. Another cost included in defence costs is the value of the army reserve service. The core accounts already show the value of the compensation paid to soldiers on reserve duty by the National Insurance Institute. This compensation is intended to equal the wage of the reservist soldier in his civilian job, but if the wage exceeds a certain limit, compensation is only partial. The compensation does not include social benefits such as payments towards pensions.

48. Since the satellite account on defence costs includes a number of imputations not included in the core accounts, it is important to show these imputations separately and whenever comparisons with GDP or national disposable income are made to add the relevant imputations to these variables as well. For the computation of savings, it is also important to impute the income covering these costs - for instance an imputed tax (paid by soldiers), which covers the additional, imputed cost of conscripted soldiers' service.

49. The publication of the satellite account stimulated discussions by policy makers on the efficient allocation of resources. The comparison of value of work of conscripted soldiers and employees in the defence ministry led to closer examination of allocations. Since the satellite account shows more details on expenditure, one of the effects of the report was that policy-makers started to reconsider the size of various benefits granted to career soldiers.

4. Development of the national accounts and policy-makers

50. National accounts of Israel are prepared by the Central Bureau of Statistics, which is a part of the Prime Minister's office. The Government Statistician, who is the Head of the Bureau, "shall, in carrying out his functions, act on the basis of scientific considerations" and so is independent. There is also a National Council for Statistics, including representatives of research institutions as well as policy makers and statisticians, which proposes and determines development of various areas of statistics. Despite this, planning the statistical development is to some extent dependent on the ability to convince policy-makers of the need for financing the development.

51. The most pronounced effect of policy makers on the national accounts of Israel is perhaps the disproportionate amount of resources that have been devoted to the development of the satellite accounts mentioned above. Israel is probably among the countries with the most advanced satellite accounts, while its core accounts are less developed. The policy makers have been interested in education, health, defense, non-profit institutions, so that finances for development of satellite

accounts on these subjects were granted. On the other hand, due to the lack of basic statistics, it has not been possible to develop the core accounts quickly.

52. The lack of basic statistics needed for development of core accounts probably has to do with the priorities given to price statistics during the many years of high inflation in Israel. Due to the high inflation various changes were introduced in the national accounts: a much larger emphasis on quarterly and monthly estimates, on ratios, and on estimates at constant prices. Estimates at current prices were often not published. Very detailed monthly price estimates were developed. Price statistics received by far the most attention by policy makers. A special method for measuring annual price changes has been developed to overcome the problems caused by high inflation.

53. Since 1985, inflation has decreased significantly, but due to a certain inertia in the allocation of resources for statistics, relatively large amounts are still spent on compilation of price data. Many policy makers also continue to view price statistics as the most important data. Some of them may know the exact changes in the consumer price index from month to month, without having much knowledge of other economic indicators.

54. Data series on exports and imports have also been given very high priority by policy-makers in Israel, since Israel's foreign trade is relatively large, and since the country has been dependent on transfers and loans from abroad to finance its trade deficit and has accumulated a relatively large external debt. Consequently, statistics on foreign trade have been developed specially to supply the demand: monthly series on exports by country, by use, and by industry are published; special surveys of imports by destination are conducted and detailed price statistics on imports and exports are compiled.

55. As a result of the concentration of resources on special subjects, other subjects tend to suffer from lack of finance. For instance, reliable data on the service industries are only being developed currently. Policy makers may not be aware of problems in the service industries, since no reliable detailed national accounts data on this subject exist.

56. However, it seems that globalization, the publication of 1993 SNA and the development of common EU standards have helped the national accountants in Israel to change the priorities in their work. Policy makers now are aware that national accounts of Israel are important and have been willing to devote finances for the accounts to be brought in line with the 1993 SNA.

57. National accountants have also initiated meetings with policy makers and economists from the academia to discuss special problems. At such meetings, the national accountants have presented proposals for treatment of certain items in the national accounts. The discussion has usually been fruitful and contributed to the improvement of the accounts. Examples of such meetings include discussions on the treatment of start-ups and the treatment of the revenues of the Bank of Israel.

5. Conclusion

58. The use of national accounts by policy makers in Israel is extensive and growing as more and more information is available through new media. As users become more aware of the national accounts there is a growing demand for details and coverage.

59. The experience with the national accounts of Israel shows that if national accountants facilitate the use of data series, policy makers increase their use of national accounts. The publication of ratios and comparisons draws more attention to the information to be obtained from the accounts. It is also important to use concepts, which are easy to understand and to explain new concepts introduced thoroughly. Sometimes it may be useful to hold seminars or press conferences to further understanding of the accounts.

60. Satellite accounts presenting expenditure or finance of special subjects such as health, education, defence are of special interest for policy users, and may often attract more funding than core accounts. Such accounts are especially useful, if they are not only prepared ad hoc but carried out on a continuous and consistent way similar to the core accounts.

61. The fact that national accountants are objective should be evident and helps to promote the use of national accounts by policy makers.

62. The fact that policy makers are more interested in current development means that timeliness and preparation of preliminary estimates are important. Since policy makers cannot use series with large periodical fluctuations as a basis for analysis, it is important for national accountants to devote resources to solve problems in connection with seasonal adjustment, adjustment for trading days and trend analysis.

63. The quality of national accounts estimates also determines the use by policy makers – reliable accounts will be used much more than accounts that have to be revised a lot. The national accountants have to find a balance between timeliness and quality, so that policy makers receive the latest relevant data as early as possible without impairing the reliability of the accounts.

64. The national accountants in Israel carry on a dialogue with the principal users of national accounts statistics in order to expand their use as an efficient tool for planning and monitoring of economic activity. Within the framework of such dialogues discussions on coverage, suitability of definitions and classifications and their conformance to changes in the economy's structure are carried out, and usually contribute to the improvement of the accounts.

65. However, the rapid changes in the economy due to growing globalization, changes in economic structure and rapid development of new financial tools, among other things, mean that the national accountants should be aware not only of domestic development and needs for data, but also

of the global policy environment. As mentioned above, there has even been a feeling that lack of data on important variables in the economic statistics may have contributed to recent economic crises throughout the world. The responsibilities of the national accountants seem to have become heavier and demand higher professional capabilities. The growth in responsibilities means that national accountants often have to enlist more resources from bodies outside of the office such as economists from the academia or experts from abroad.

66. On the other hand the strengthening of cooperation between statistical offices in international organizations have supported the national accountants in their efforts to foresee the needs for data and to change priorities in the development of the accounts.

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