

Current Statistics on Market Services
and the Means to Develop Them at an International Level

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1 - It's a fact that the development of statistics on services has long remained behind that of agricultural or industrial statistics. So it is fortunate that the U.N. is attempting to make up for this delay and is studying the means to speed the establishment of statistics on services by the different countries, making sure that they are internationally comparable. This note is the contribution asked of France by the informal working group that met in Voorburg last January to prepare the meeting planned for November in Stockholm. It attempts to define a path for the development of statistics on services, both national, and internationally comparable.

2 - Without wishing to prejudice international classifications that are still being examined, we will name as "Services" the following activities, which correspond in fact to "Market Services"* ("Activités Tertiaires Marchandes"):

- Commerce and commercial agents
- Transportation and telecommunications
- Lodging, restaurants, and catering
- Market services rendered mainly to firms
- Market services rendered mainly to individuals
- Real estate rental
- Insurance
- Banks and financial services

3 - In this same domain, we must then agree on what should be understood by "Current statistics" ("Statistiques courantes"). We shall use the following list as a basis:

* We should prefer to call them "Tertiary Market Activities," because in France Commerce and Transportation are not commonly classified under the name "Services".

- Number of firms and of local units (total number at a given moment, creations, disappearances of firms). Legal and fiscal characteristics of firms.
- Factors of production: Total employment, salaried employees and unsalaried employees (of which family members). Investments.
- Business activity: Measures of business activity by the variables "Turnover", "production", "value added". Analysis of activity according to the main categories of operations.
Conditions of the activity: comparison of receipts and costs, notably payroll costs.
- Exports and imports of services.
- Data on changes in the prices of "service" products.
- Possibilities for data analysis according to the size and the form of firms and according to the category "firms" or the category "local unit".

Such is what we can hope to have in the way of "current statistics" on "Services". Some of the data are of a "structural" nature, and an annual frequency is entirely sufficient; even bi- or triennial intervals would be acceptable. Others, like the total business activity, investment, and, to a lesser extent employment, are of interest for the current economic situation, and a quarterly or even monthly frequency for these would be desirable.

4 - The architecture of a statistical system on services.

Our goal is now to describe what an efficient system of economic and statistical information on services can be. We are leaving aside, for the moment, the steps in the necessarily progressive setting up of such a system, as well as the very diverse possibilities for each country to carry it out. This point concerning the "steps" will be examined below (cf. paragraph 5). It can be said however that such a system is functioning satisfactorily today in France on commerce, transportation, and the other market services except for banking and insurance.

Two preliminary choices were made in the case of the French. The first is the maximum use of existing governmental sources, notably of fiscal origin, so as to minimize the cost of specific surveys, both for the statisticians and for the surveyed firms. The second is the choice of inquiries by polling at short intervals (most often yearly) as opposed to exhaustive censuses at longer frequencies (from five to ten years) for collecting information of a structural nature.

The architecture of the system consists of three levels:

a) The first level is comprised of an exhaustive file of production units (firms and local units), a file which is common to several governmental bureaus but coordinated by the National Institute for Statistics. Each bureau transmits the changes (creations, closures, mergers, etc.) of which it is aware. This file is a nominative list of units classed according to their main activity with a size-related characteristic (number of employees) and some information of a legal nature.

b) The second level is that of the production of raw statistics: that is, such as they arrive from the firms. They are obtained either through the use of fiscal documents (annual statements for the taxation of profits, monthly declarations of turnover for the payment of V.A.T., etc.), or through specific statistical surveys. The largest and most significant are the annual surveys of firms carried out on representative samples of firms and sometimes of local units. We now have statistics on the entire French manufacturing production system and on market services in the widest sense (except for banking and insurance). Furthermore, "panels" of production units are queried monthly or every two months; these surveys are either quantitative or qualitative (opinion polls).

It is also at this level that should be found the observations on prices for all services and the exploitation of the statistics on payments that are sent abroad or received from other countries and which correspond to international exchanges of services. Except for prices of services rendered to individuals, these two operations are not yet carried out in France in a satisfactory way.

c) The third level is that of the detailed description of Services and the use of their "products" in the central system of National Accounting or in systems adapted to the specific nature of the different sectors but linked to the central account. The National Accounting is an extremely powerful instrument to improve our knowledge of Services, as sectors of economic activity and as products used by the other economic agents, notably by firms. To establish input-output tables, the National Accounting requires that the intermediary consumption of the different services by all the other branches of the economy be measured. To construct the sector accounts, it also requires that the value added of each of the

sectors that make up services be determined and that its principal elements be analysed: salaries and social contributions, and income. To determine changes in volume, or at constant prices, it has to find the means to eliminate the effects of price variations. In short, the National Accounting represents an urgent call for progress in statistical information. It is also a flexible framework, able to adapt to the greater or lesser paucity or wealth of statistical information. We will come back to this.

Such a system on three levels seems to us able to fulfill the requirements of the need for information concerning current statistics. But its implementation must be viewed in a pragmatic and progressive manner. The logical order of the instruments described is not necessarily the chronological order.

5 - The steps in the construction of the statistical system.

Based on our French experiences --relative to transportation, commerce, or finally to the other market services-- which have just been discussed in the enclosed paper by Mr. Philippe Trogan and Ms. Veronique Moyne which was given at the latest congress of the I.A.R.I.W. in Rome in August, we would like to outline a program and to define the steps in the constitution of a coordinated network of national statistical and economic information systems on services that will permit international comparisons. In some countries, such systems exist, at least partially, but are not comparable internationally: the means to compare them, then, remain to be introduced. In other countries, statistical development is all but embryonic: comparability must be an objective from the very start of national operations.

The steps seem to us to be the following:

a) Adoption, by the U.N. and by the International Communities of the large geographical zones (Europe, South East Asia, Africa, etc.), of common nomenclatures for the service activities and for the corresponding products.

b) Adoption, by these same international organizations, of international frameworks and of rules concerning the treatment of services in National Accounts.

These two steps are indispensable prerequisites for any appearance of comparable statistics among the different countries.

c) In each country, the gathering of existing data, even partial and fragmentary, and the attempt to make them coherent with a view to elaborating sector accounts and branch accounts (with an analysis of service jobs by branch). For each of the large sectors (commerce, transportation, other market services), this task will require small teams of three or four statisticians, for at least three years. But from the start, it will allow us to have international comparisons, for a growing number of data.

d) Drawing up, at the international level, of recommendations concerning the establishment of exhaustive files and a program of specific statistical enquiries, preferably surveys by polling, (or censuses, if no files exist). Thinking about methods, questionnaires, sample sizes, complementarity with government sources, etc., etc.... Studying the possibilities and methods of exploitation of government sources and of financial sources for international exchanges of services. Each of the large sectors of services (transportation,

commerce, services exclusively for firms and for households, etc.) must be the object of such a program. Setting it up will be a long-term project and requires, for each large sector, and for a country like France, a team of at least 50 people including 5 highly-qualified statisticians. A comparison with the cost of industrial or agricultural statistics would easily show that our estimate is not at all excessive, at least for a medium-sized country.

e) Progressive implementation of this program by each of the countries. Use of survey results to improve the national economic accounts prepared previously on incomplete or fragmentary statistics during the step mentioned in c.

f) Gathering, on an international scale, all these data, presented according to comparable nomenclatures or worked out in comparable accounting frameworks (cf. step a) in order to publish homogeneous statistical tables.

Ten years will not be too long a time to see this program set up for a significant number of countries. But we reiterate that step c will give, from the very first year, a wealth of figures, because experience has shown that in all countries a minimum of data already exists.