



Communication TT

Terminology and Branding of the Macroeconomic Accounting Frameworks

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Outline

- Motivation and Objective of the CMTT - Terminology Workstream
- Harmonizing the Standards
 - Terminology/ Accounts
 - Glossary
- Branding the Statistical Standards
- Questions

To note, these are provisional results reflecting a snapshot of where we are, the work is rapidly evolving

Motivation for CMTT – Terminology and Branding Workstream

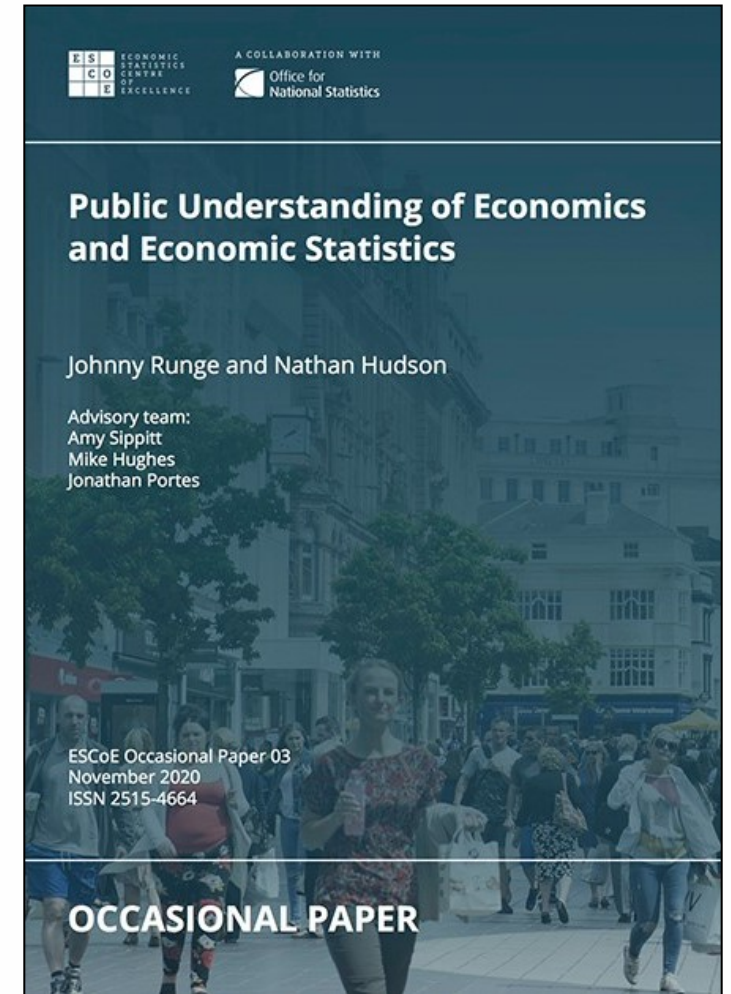
Does the general public understand, what are we talking about?

UK ESCoE / ONS Study Undertaken to Better Understand:

- how people **think about economics**;
- how they **understand economic concepts and statistics**; and
- how they **judge and evaluate** economic performance and the main economic indicators.

Methodology

- **12 focus groups (around 130 people)** in Birmingham, Manchester and London, in October 2019.
- **Online YouGov survey** with nationally representative sample (**around 1,665 people**), February 2020.
- **20 questions** exploring knowledge and perceptions of economic indicators, including inflation, unemployment, interest rates, GDP, budget balance, and trade balance.



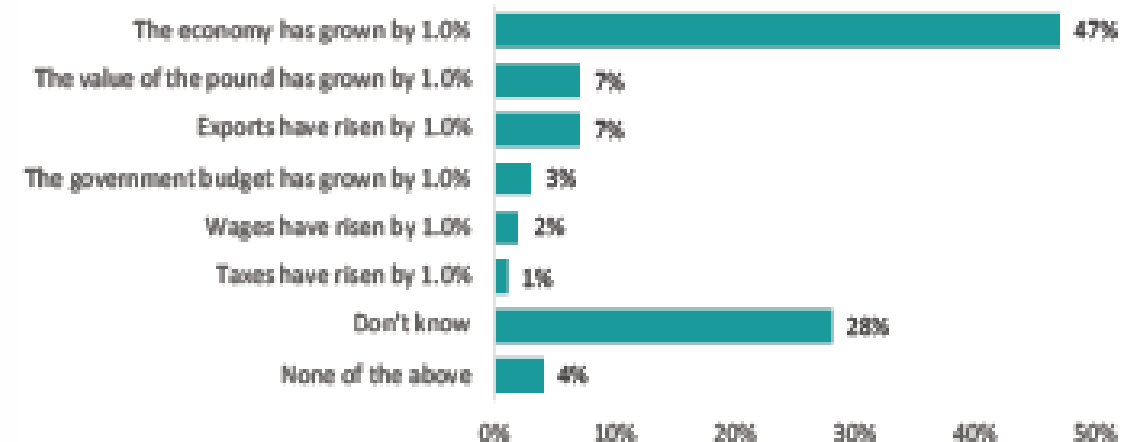
Motivation for CMTT – Terminology and Branding Workstream

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Key findings regarding public perceptions from UK ESCoE / ONS Study:

1. Public understanding of economic concepts can be described as **'thin' and 'superficial'**.
2. People **struggle to interpret size of economic indicators**.
3. People **demonstrate limited knowledge and often misperceptions about how measures are collected and calculated**.
4. People seemed to **consider the government / politicians as main source of statistics** despite the ONS being identified as the source.
5. **Variations across key demographics.**

Which of the following statements, if any, do you think best explains what is meant when GDP has increased by 1.0%?



What is the economy?

'When I think of economy, you just automatically think of money, lack of.'
Female participant, Manchester.

'I would think of money straight away.'
Female participant, Birmingham.

'In a nutshell, it's essentially how much money the country makes, whether that be through trading or just the employment.'
Male participant, Manchester.

Objective: CMTT – Terminology Workstream

Objective: conduct a review of the current macroeconomic accounting terminology and develop recommendations that seek to improve users' understanding of macroeconomic statistics.

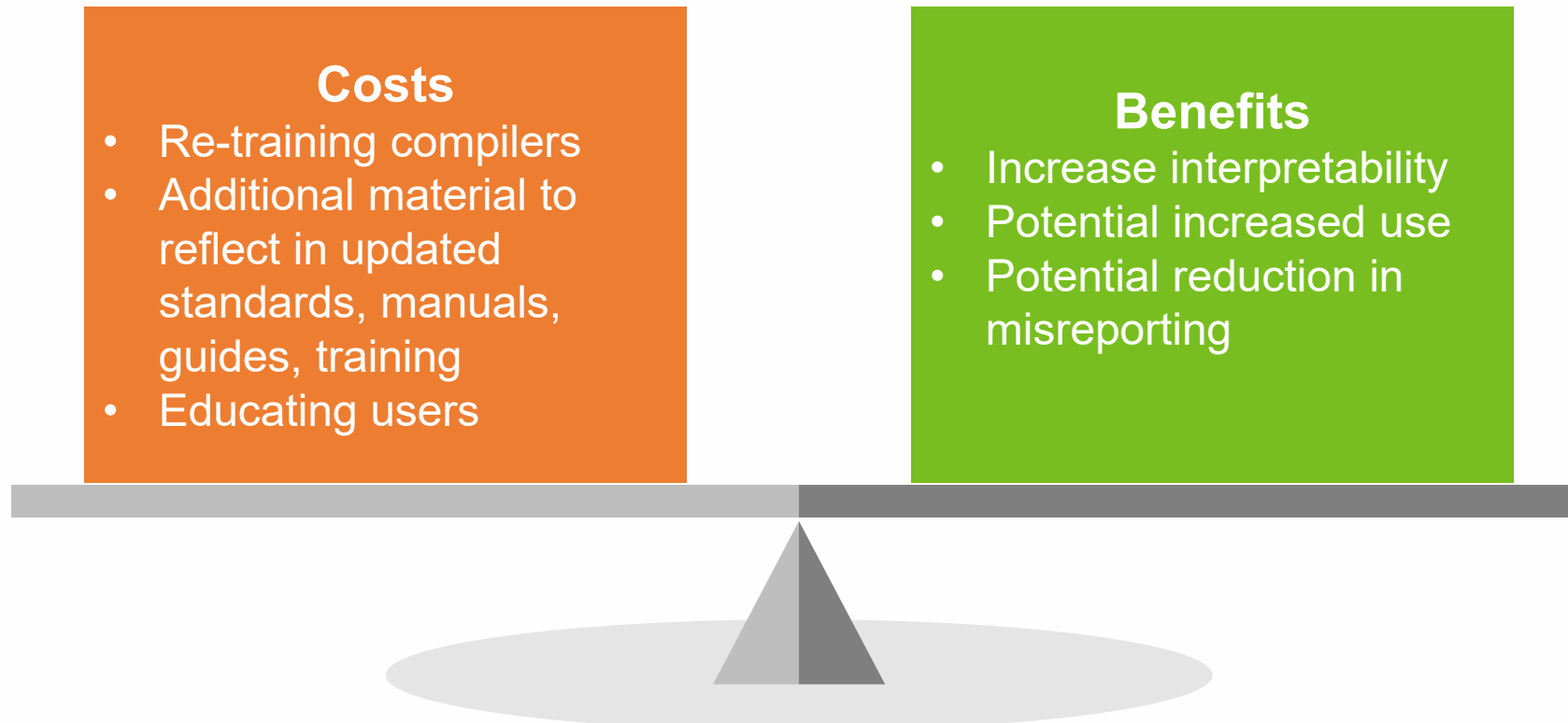
- ✗ The goal is not to change the concepts currently used.
- ✓ The goal is to identify complementary alternative terms and descriptions for more consistent and accurate use in the communication with non-experts (and experts) to better convey the meaning and interpretation of the definition and concept to users.



Terminology – Some Important Considerations

Weighing the costs and benefits of a change in terminology

- The cost of any change in terminology and presentation may be significant.
- These costs need to be considered and balanced against the benefits when developing the recommendations.



Terminology - What is the G, D and P in GDP?

GDP was, by far, seen by focus group participants as the most inaccessible concept discussed during the groups. When asked to define GDP, many participants expressed they did not know what GDP was.

'I don't know, I've read about it a lot, but I obviously haven't digested what it means.'

Female participant, Birmingham.

'It means absolutely nothing to me.'

Male participant, Manchester.

UK ESCoE / ONS Study: Public Understanding of Economics and Economic Statistics

Current Terminology	Are these alternatives more understandable?
Gross Domestic Product by production	GDP - Gross Domestic Production DP - Domestic Production EP - Economic Production of goods and services
Gross Domestic Product by expenditure	GDE - Gross Domestic Expenditure DE - Domestic Expenditure EE - Economic Expenditure on goods and services
Gross Domestic Product by income	GDI - Gross Domestic Income DI - Domestic Income EI - Economic Income in goods and services

Rebranding the Terminology in the Macroeconomic Accounts

Some Early Thinking - Harmonizing SNA, GFS and BPM

Terminology

SNA	BPM	GFSM	Proposal
Resources	Debits	Revenue	Revenue
Uses	Credits	Expense	Expenditure
Intermediate consumption		Use of goods and services	Use of goods and services to make other products
Changes in inventories		Net transactions in inventories	Changes in inventories
Acquisitions less disposals of valuables		Net transactions in valuables	Net acquisitions of valuables
Acquisitions less disposals of non-produced assets		Net transactions in non-produced assets	Net acquisitions of non-produced assets
Acquisitions less disposals of contracts, leases and licenses		Net transactions in contracts, leases, and licenses	Net acquisitions of contracts, leases, and licenses
Purchases less sales of goodwill and marketing assets		Net transactions in goodwill and marketing assets	Net acquisitions of goodwill and marketing assets
Statistical discrepancy	Net errors and omissions	Statistical discrepancy	Statistical discrepancy

Some Early Thinking – Proposals for More Descriptive Labels

From a communication standpoint, non-specialist users could benefit from more descriptive or self-explanatory **account names/labels** and **concept identifiers**.

<i>2008 SNA Accounts</i>	<i>Proposal</i>
The allocation of primary income account	Earned income account
The secondary distribution of income account	Transfer income account
The capital account	Capital <i>formation</i> account

<i>2008 SNA Terminologies</i>	<i>Proposal</i>
Current prices	Actual prices paid or received
Constant prices	Inflation-adjusted prices
Basic prices	Prices received by the producer, excluding some taxes and including some subsidies
Purchasers' prices	Prices paid by the purchaser, including all taxes and excluding all subsidies
Chained volume	Economic growth after removing inflation
GDP by production approach	Economic contribution by industry
GDP by expenditure approach	Demand-side GDP

Some Early Thinking – Proposals to Expand Definitions

As the CMTT does not recommend changing the technical terms, a glossary with explanations in a user-friendly language could be useful for users.

The glossary may provide either an alternative term or an expanded definition in easy to understand, user-friendly language.

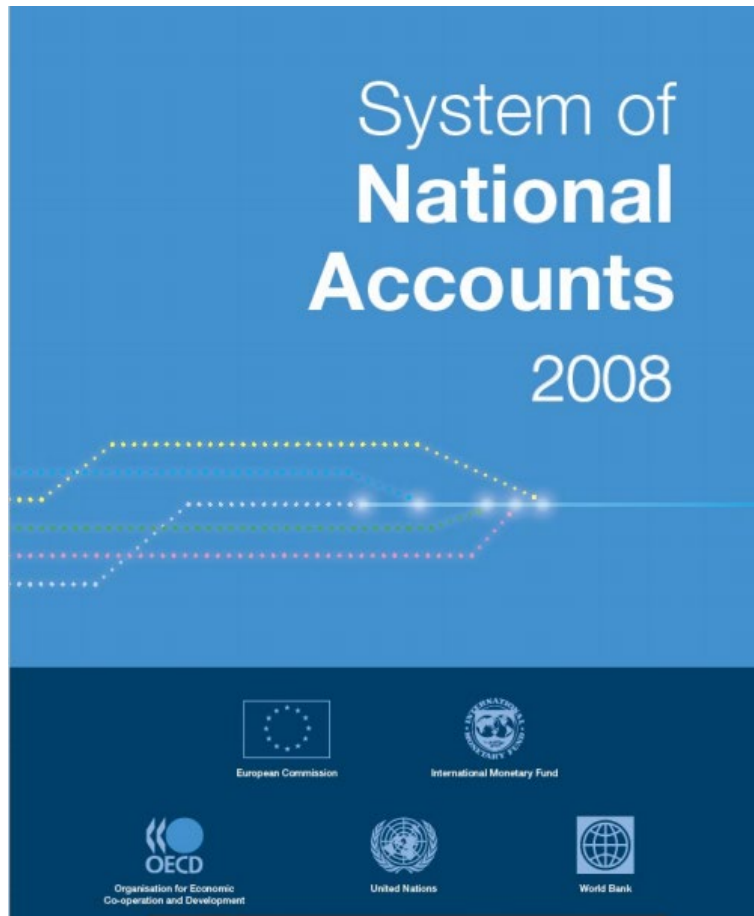
Clarified / Expanded Definitions

Term	Current definition	Can we do better?
Actual Final Consumption of Households	... is measured by the value of all individual consumption goods and services acquired by resident households.	... represents the value of the goods and services acquired by households to satisfy their needs. They may be purchased, own-produced or provided for free, for example, by the government.
Gross National Income the aggregate value of the gross balances of primary incomes for all sectors.	... the sum of the balances of primary incomes accrued by institutional sectors as a result of their involvement in processes of production or ownership of assets that may be needed for the purpose of production.

Branding the International Statistical Standards

Some Early Thinking – Branding the System

The way we in which we “brand” the accounting standards can impact users’ expectations and understanding of the standards and data.



What does the name – System of National Accounts (2008) convey to users?

- 2008 → Dated? Does this only apply up to 2008. Is it no longer relevant?
- System → Complete, Integrated?
- Accounts → Are these Economic Accounts? Social Accounts? Company Accounts?

Some Early Thinking – Branding the Statistical Ecosystem

- What is the difference between a “Manual”, a “Standard”, a “System”?
- How should we refer to the group of “standards, manuals, systems”?
 - Macroeconomic Accounting Standards
 - International Statistical Standards
 - International Macroeconomic and Environmental Accounting Standards
- How should the versions be demarcated - “release year”, “edition” or “revision”?



Early Proposals for Branding the Statistical Ecosystem

- **The CMTT proposes to standardize the naming conventions across all domains.**
- **The proposal is to harmonize the demarcation with the edition/revision of the manual instead of the release year e.g.**
 - ✓ National Accounts Statistics Manual, xxx Edition/Revision
 - ✓ Balance of Payments and International Investment Position, xx Edition/Revision
 - ✓ Government Finance Statistics Manual, xxx Edition/Revision
- **The CMTT proposes to brand the group of standards as the ‘International Statistical Standards’.**

Questions?

- How far should we push this? How much rebranding/clarification should we aim for?
- Are there specific terms you would really want to make easier for users to understand?
- Do you agree with the proposed standardized branding of the manuals and the group of standards?
- Do you have any other ideas to help this initiative?

