TITLE: RECONCILING THE SYSTEM OF NATIONAL ACCOUNTS FOR THE U.S. AND STRUCTURAL DISTRIBUTION OF THE AGGREGATE STATISTICAL DISCREPANCY

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ABSTRACT:

In a previous study, a generalized least squares (GLS) method was proposed to reconcile GDP estimated via industry value-added from 1997 benchmark input-output accounts and income-by-industry accounts with GDP estimated via expenditures. Reconciliation produced a balanced system of industry accounts and distributed aggregate statistical discrepancy by industry according to the reliabilities of all initial estimates in the industry accounts. In that study initial estimates of expenditures were considered final and, thus, measurement errors in the initial expenditure data were not accounted for in the reconciliation. The objective of this study is to extend the GLS method to a full reconciliation of the 2002 benchmark input-output accounts, income-by-industry accounts, and GDP estimated via expenditures from national income and product accounts. Reconciliation produces a balanced system of accounts for the US and distributes aggregate statistical discrepancy by industry and by expenditure category according to the reliabilities of all initial data items in the industry and national accounts.