

Supply-Use Tables: Simultaneously Balancing at Current and Constant Prices. A new Procedure.

Topic: SUTs: issues and applications

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Owing to the considerable complexity of obtaining balanced accounting systems simultaneously at both constant and current prices, most countries publish national accounting data at current prices and only for a small number of aggregates at constant prices. The main complexity in balancing accounting systems simultaneously at both current and constant prices is the nonlinearity of the systems that inevitably occurs. In literature, some attempt to solve the problem was mainly based on the transformation of variables and definition of suitable matrices of variances and covariances. In this paper, a suitable method is proposed to balance an extremely large set of National Accounts simultaneously at current and constant prices through the definition of a new procedure based on the predictor-corrector method. The distinctive features of the proposed balancing method are its flexibility, which is very high compared to the other methods in literature, and its capability to allow the control of the consistency of the system of deflators. An application to the Italian 2006 Supply-Use tables has been worked out, and it has yielded good outcomes.