

29 February 2008

Dear Colin

Historic Sector National Accounts (HSNA)

Since we last corresponded (20th and 30th November 2007) and at your suggestion, I have raised a number of detailed points with Alan Hewer about the repair and future status of the (pre-1987) historic sector national income and spending accounts. I have, in addition, completed my research into the possibilities of resurrecting the HSNA, which is now published as a Centre for Business Research working paper (enclosed).

In the light of this research and the correspondence, I have several observations.

First, on the question of future maintenance, I am relieved that the ONS has now decided not to suspend the HSNA from this year's Blue Book. I am also encouraged by the new ONS checking procedures that have emerged from my helpful discussions with Alan. These procedures should help to prevent further HSNA data corruption and to stabilise series start dates in the UK Economic Accounts (UKEA).

Against these positive developments, I am concerned that the ONS may be tempted at a later date to suspend, in whole or in part, the maintenance of the HSNA. My strong impression is that the ONS may be pushed in this direction by the growing complexity of the ONS national accounts systems and your resource constraints.

I wish to re-iterate my view that suspension of the HSNA would be to the very serious disadvantage of users. I would welcome your assurance that such a decision is unlikely to be contemplated for the 2009 or 2010 Blue Books and that, should it come up for reconsideration, the ONS would fully alert and consult external parties.

Second, on the question of data culling, I believe you now accept my proposition that the national accounts consistent public sector finances dataset (NA-PSAT2) is wholly (numerically and conceptually) consistent with the data that should appear in the HSNA, and should be used for this purpose. Alan has informed me that the ONS will "aim to reinstate as much of the public sector UKEA HSNA data as possible, using the NA-PSAT2 dataset.."

This is welcome, but I would propose the ONS adopts a more ambitious goal: first to reinstate *all* the public sector UKEA HSNA data and, second, to deploy the balance of payments accounts to backfill the UKEA Rest of the World accounts. As my working paper demonstrates, this is a feasible exercise even with the very limited resources of a single researcher.

I believe it would be greatly in the public interest for the ONS to improve upon my efforts and to restore the HSNA accounts for all public and Rest of the World sectors, from which historic private sector disposable income and spending flows can be inferred. In the absence of a proper statistical record that extends back well before 1987, it is not possible to undertake the serious analysis of the UK's private sector behaviour that is so essential both for policy and business planning.

A copy of this letter goes to Professor David Rhind at the Statistics Commission.

Yours sincerely

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