

## Developments in official economic statistics, 1957-1963

An article in the May 1957 issue of *Economic Trends* dealt with a number of new developments in official statistics which had been initiated, or were in preparation, in carrying out the programme for the improvement of statistics announced in the House of Commons on 1 August 1956 by the then Chancellor of the Exchequer. This programme has now been completed and a number of other developments have been undertaken in the light of experience and to meet changing requirements. Most of these changes were described at the time they were introduced, either in articles in *Economic Trends* or elsewhere. The object of the present article is to provide, in summary form, a note of the main changes and developments which have taken place during the seven-year period.

As will be seen, there have been considerable developments in short period statistics not only in the amount of information collected but also in alternative presentations of the data in seasonally adjusted form and in terms of constant prices. Work on a scale hitherto impracticable has been undertaken with electronic computers on methods of removing the effects of seasonal and other short period fluctuations to make interpretation easier. The measurement of volume changes by providing constant price series parallel with those at current prices has also been considerably extended. These elaborations have taken place in most sections of economic statistics.

In particular fields it will be seen that quarterly estimates of the national income have been introduced and further developed and that there has been a considerable increase in the amount of information collected on financial statistics following the recommendations of the Radcliffe Committee. Substantial changes have taken place in balance of payments statistics as Exchange Control sources of information have been replaced, and as the presentation has been changed towards a real flows basis. At the same time the measurement of overseas investment has been extended and improved.

### I NATIONAL INCOME AND EXPENDITURE

The main work in this field has been the development of quarterly estimates of national income and expenditure and, more recently, the first steps towards extending the national accounts to include financial statistics.

Quarterly figures of consumers' expenditure have

been published since 1947 but for most of the other components of the national accounts new returns had to be instituted. These included the quarterly enquiries into expenditure on fixed capital and on stocks described in more detail below, similar information from public corporations, a quarterly enquiry into company profits conducted by the Board of Inland Revenue, quarterly returns of current and capital expenditure on a sample basis from local authorities, and more detailed quarterly figures from government departments.

The quarterly national accounts were built up gradually, as the necessary information became available. Quarterly estimates of the various forms of final expenditure, adding up to the gross domestic product, were first published in January 1957 and the corresponding estimates of factor incomes (wages and salaries, profits and rent) were added in 1958. In 1959 the quarterly estimates of all the various forms of final expenditure, and of the gross domestic product, were presented at constant as well as at current prices. In 1960 seasonally adjusted estimates were published both for the various forms of expenditure at constant prices and for factor incomes. Finally, in 1963, the publication (as part of the improvement in balance of payments statistics mentioned below) of quarterly figures of interest, profits and dividends paid or received from abroad made it possible to give quarterly estimates of gross national product as well as of gross domestic product.

Since their inception, the quarterly national accounts have been published regularly in the *Monthly Digest of Statistics* and, with a commentary, in *Economic Trends*.

In the annual Blue Books on *National Income and Expenditure* a number of tables have been expanded to give additional detail. Some of the new series which have become available through the expansion of financial statistics have been incorporated in the capital account of the personal sector and, since 1961, tables have been included showing the sales of financial assets by the public sector, as a whole, to the private sectors of the economy and to the rest of the world.

### II PRODUCTION, FIXED INVESTMENT, STOCKS AND DISTRIBUTION

#### *Agricultural output*

A new index of agricultural output was introduced in 1960. It is, like the index of industrial production, a

quantum index and replaces the old series which covered the period from before the war to 1962/63 and which had become progressively less reliable owing to changes in price relativities and other factors.

The new index, described in *Economic Trends*, March 1960, measures year-to-year changes in the value added (at constant prices) by farmers, landowners and farm workers to all the goods and services purchased from outside the agricultural sector, whether from abroad or from other industries within the United Kingdom. It incorporates some 250 items of agricultural and horticultural output, each carrying its own base-period weight. Some allowance has been made for quality differentials and, where it is important, for seasonality of price. The input items, some 400 in all, cover feedingstuffs, seeds and livestock, as in the old index, as well as machinery repairs and depreciation, fuel and oil, fertilisers, maintenance work and numerous other goods purchased and services rendered. The weights used are based on prices averaged over the three-year base period 1954/55-1956/57. The index has been calculated for years from 1953/54 onwards, and overlaps the old index between 1953/54 and 1962/63 inclusive, although the two series are not strictly comparable.

#### *Censuses of production and distribution*

Censuses of Distribution have been taken for 1957 and for 1961 in continuation of the programme recommended by the Committee on the Censuses of Production and Distribution, and a full Census of Production was taken for 1958 (and is being taken for 1963) on the quinquennial programme.

These censuses, together with the large-scale inquiries which have been undertaken for the wholesale trades and for service trades such as property owning, catering, the motor trades and shipping, provide the benchmarks for many of the monthly and quarterly inquiries regularly made by the Board of Trade into industrial production, retail sales, the turnover of service trades, fixed investment and stocks.

Changes have been made in the conduct of the censuses, particularly to reduce their cost both to the government and the business community without damage to the information required by the government. In the Census of Production relating to 1958, full information was collected only from firms employing 25 or more persons instead of from firms employing 11 or more persons as in earlier censuses; establishments providing the detailed returns still accounted for 94 per cent. of total employment in 1958. In industries where smaller firms were important, simple particulars of output etc. were obtained from a sample instead of, as previously, from all these firms.

The Census of Distribution for 1961 was limited to retailing together with hairdressing, footwear repairing, laundering and dry cleaning. The enumeration of establishments was carried out in conjunction with the

taking of the Census of Population in April 1961. All businesses in the retail trade were asked to give certain simple information, including their turnover, but only about 1 in 20 were asked for more detailed information, estimates for the whole field being made from this sample.

The Census of Distribution report contains new information about the number of retail outlets for particular commodities, and about trade in major shopping centres in large towns.

#### *The index of industrial production*

Following the introduction of the revised *Standard Industrial Classification* in 1958, it was decided to revise and rebase the index of industrial production, which by then covered a period of over ten years from its base year of 1948. The main changes made were:

(i) The industries covered by the index were classified and grouped according to the revised *Standard Industrial Classification*.

(ii) Weights based on the results of the full Census of Production for 1954 were substituted for those previously based on the Census for 1948.

These changes were applied, retrospectively, to monthly indices from January 1954 and to annual indices from 1946. These new indices replaced those previously published based on 1948.

The general structure of the index remained unchanged, but a number of new or improved production series were incorporated. A wider range of price indices was also available to deflate series relating to value of production. The principal change in the series used for the revised index was the introduction from January 1958 of a more comprehensive set of statistics for the engineering industries. Previously, current statistics for these industries had been based on a large number of separate forms, each covering a separate category of products. The figures for certain items were incomplete, some types of production were not covered and many forms were completed only at quarterly, or even six-monthly, intervals. Since January 1958 a representative sample of over 800 firms has provided monthly returns, and quarterly returns are received from about 3,000 firms. These returns cover total deliveries and orders analysed under a number of headings for broad categories of products. The results of this inquiry are published in a regular series of articles in the *Board of Trade Journal* under the title 'Orders, deliveries, production and exports in the engineering industries'.

The results of the full Census of Production for 1958 provided the occasion for the next re-weighting of the index, which was carried out during the course of 1961. Again, some improvements and additions were made in the series used, but the changes on this occasion were few. The recalculation was carried back to January 1958 and the new indices replaced those previously in existence for this period, which were based on 1954. Thus the current 1958-weighted index covers the

period from January 1958, while earlier years are covered by the 1954-weighted index. It is expected that the present index will continue unchanged until the results of the 1963 Census become available, when it will again be revised and re-weighted in accordance with those results.

#### *Orders*

Considerable developments have taken place in statistics of orders in industry. Figures are collected, in association with those for deliveries, from most industries which are known to produce to order. Two of the main groups of these industries are engineering, whose order figures have been referred to above, and textiles and clothing, for which an index of orders is regularly published in the *Board of Trade Journal*.

A new series of statistics of new orders obtained by contractors, collected quarterly by the Ministry of Works, was described in the April 1958 issue of *Economic Trends*. Because this information is needed quickly on both a national and a local basis, statistics of new orders will be collected monthly, starting in January 1964. Information will also be collected about the location of projects.

Only a proportion of private houses are built to individual order but the Ministry of Works has, since 1960, carried out a half-yearly enquiry into builders' intentions (and those of property developers who are not builders) concerning private housebuilding in Great Britain. The results of these enquiries are given to the Press.

#### *Fixed investment*

The estimates of capital expenditure of manufacturing industry and of the distributive and service industries have been improved. In particular, the annual inquiries into the distributive and service trades have been continually expanded to cover a wider field, both by including new industry groups and by extending the coverage of the major industry groups into the field of unincorporated businesses. Quarterly figures of fixed investment by both manufacturing industry and the distributive and service industries are provided by a panel of contributing businesses which, in the case of manufacturing, now covers about two-thirds of the total fixed investment; in the distributive and service industries coverage varies considerably, being higher for example in the shipping industry and much lower in some of the minor service trades. The quarterly series are now produced in seasonally adjusted and constant price form.

Information is also collected regularly from the contributing panel of businesses about expected capital expenditure. Until recently the earliest information about expected expenditure in the coming year had been obtained during the summer of the previous year, but the inquiry has recently been extended to obtain information about expected capital expenditure some twelve to fifteen months before the beginning of the year.

#### *Stocks*

Since 1957, the stocks figures of manufacturing industry and of the distributive and service trades have been improved. Annual figures obtained in the Censuses of Production and in the Inquiries into the Distributive and Service Trades now cover a wide range of activity throughout private industry. The sample of businesses for the quarterly figures has been progressively extended and now covers, in the case of manufacturers, about two-thirds of total stocks, but somewhat less for wholesalers and retailers. Quarterly figures are produced at book values, and at 1958 prices seasonally adjusted.

Some manufacturing companies make monthly returns of their stocks. As their number is fairly small, however, the monthly series is not necessarily a close guide to the movement in stocks of all manufacturing industry and is in consequence not published.

#### *Retailing and service trades*

The size and coverage of the sample of businesses giving monthly retail sales figures has been improved and the estimates have been rebased successively on the results of the 1957 and 1961 Censuses of Distribution. For total retail trade and for broad groups of trades the estimates are now published in seasonally adjusted and constant price form. Estimates of total retail stocks, based on returns received from large retailers, are now published monthly.

A monthly series of the turnover of the catering trades, including licensed houses, is now published. This series, based on the experience of a panel of contributors, extends back to 1960, when there was a bench mark survey as part of the Inquiry into the Distributive and Service Trades.

Based upon a benchmark inquiry taken in respect of 1962 a new monthly series on the turnover of the motor trades is being started as from January 1963. Similar series on the turnover of the hairdressing, laundering and dry cleaning trades based upon the 1961 Census of Distribution are also being started.

### III EMPLOYMENT, WAGES, HOURS AND EARNINGS

The main recent developments in labour statistics have been the collection by means of regular sample enquiries of new information about the occupational structure of manufacturing industry, and information about occupational earnings in these industries. Regular statistics of movements in average salaries in a wide range of industries are also now collected and published.

New indices of hours worked, of average wages and salaries and of changes in wage rates have been compiled and published and many of the principal series of labour statistics are now analysed on a regional basis and published in the quarterly bulletin *Statistics on Income, Prices, Employment and Production*.

## Employment

In May 1963 the Ministry of Labour made the first of a new annual series of enquiries into the occupations of employees in manufacturing industries (except shipbuilding and construction, for which information was already available). There was urgent need of such a series for the detailed examination of problems of labour supply and industrial training; in particular, up-to-date information was required about the numbers of skilled workers, apprentices and others being trained.

The enquiry was made, on a sample basis, under the Statistics of Trade Act, 1947, and the results relate to all employees in firms with 11 or more workpeople. Information was obtained for each of 34 occupational categories from firms in metal manufacture, engineering, vehicles and metal goods, and for 17 categories from firms in the remaining manufacturing industries. (In future, the Ministry plans to collect information for about 25-40 occupational categories in each manufacturing industry). Separate figures were obtained for male and female employees, apprentices (where appropriate), and others being trained. Tables giving the results of the enquiry for the metals group of industries were published in the December 1963 issue of the *Ministry of Labour Gazette*; comparable tables for the rest of manufacturing industry will be published early in 1964.

Between 1957 and 1961 estimates were published each year of the number of women in part-time employment in manufacturing industries at the preceding mid-year. Part-time employment is defined as ordinarily involving not more than 30 hours work per week. For each of the orders of the *Standard Industrial Classification*, and for some of the principal industries, the number of women in part-time employment and the percentages they form of the total number of females employed in each industry were shown. In the December 1962 *Gazette* an analysis was made of changes in the part-time employment of women in manufacturing industries over the years 1950-1961. The statistics are based on information provided by employers each quarter, in conjunction with estimates of the numbers employed in the relevant industries. Since 1962, quarterly figures have been published.

Surveys were made by the Ministry of Labour at the beginning of 1959 and 1962, (as in 1956), of qualified scientists and technologists employed in manufacturing and construction industries, industrial research associations, nationalised industries and public corporations, central government, local authorities and educational establishments, covering about two-thirds of all such persons in the population. In these surveys employers were asked to estimate their requirements three years ahead. The results were published in *Reports of the Committee on Scientific Manpower of the Advisory Council on Scientific Policy* (Cmnd. 902 and 2146).

## Forecasts of working population

Forecasts of the future working population of the

United Kingdom and of Great Britain have been published since 1962. These have been based on projections of the total population prepared by the Government Actuary. Separate figures are given for males, for married females and for single, widowed and divorced females, analysed by five-year age groups, and they are revised annually. The latest forecasts, published in the October 1963 issue of the *Ministry of Labour Gazette*, relate to individual years up to 1973 and for the year 1980. (Earlier forecasts were given in the September 1962 issues of the *Gazette* and of *Economic Trends*).

## Unemployment and unfilled vacancies

Since May 1958 quarterly analyses by occupations for Great Britain of the numbers of adult workers wholly unemployed, and of vacancies for adults notified to Employment Exchanges and remaining unfilled, have been published. Separate figures are provided for men and women, the occupational grouping broadly following the lines of the *International Standard Classification of Occupations*. Latterly the tables have been extended to show separate figures for the nine administrative regions.

Since 1960 estimates of normal seasonal movements in the monthly statistics of unemployment and unfilled vacancies in Great Britain have been published, and revised annually. They are given in the form of normal seasonal deviations (in hundreds) for each of the twelve calendar months, and also of normal seasonal changes between successive months. The unemployment estimates relate to persons, other than 'school-leavers' (i.e. for this purpose, those under 18 years of age who have not been in insured employment), registered as wholly unemployed at Employment Exchanges and Youth Employment Offices. Separate estimates are given for males and for females previously employed in seven industry groups and for totals of persons registered in each of the Ministry of Labour administrative regions. The vacancy estimates relate to all unfilled vacancies notified at these local offices. Separate estimates are given for adult men and for women, and for boys and girls under 18 years of age and for the total of vacancies in each of the regions (see March and July 1960, January 1961, January 1962 and January 1963 issues of the *Ministry of Labour Gazette* and the March 1960 issue of *Economic Trends*).

A survey, on a sample basis, of the characteristics of the unemployed—their normal occupations, mobility, training received, duration of employment, etc.—was made by the Ministry of Labour of persons on their local office registers on 21 August 1961. The results were published in the *Ministry of Labour Gazette* in April and September 1962.

## Wage rates, hours and earnings

The Ministry of Labour now compiles and publishes each month in the *Ministry of Labour Gazette* indices of (i) total weekly hours worked and (ii) average hours worked per head by operatives in manufacturing

industries. Both indices have been calculated for manufacturing industry as a whole (excluding shipbuilding and shiprepairing), and also for broad industrial groups within manufacturing industry. The indices relate to one week in each month. A full account of the method of calculation, together with indices from 1956 onwards, was published on pages 305 to 307 of the August 1962 issue of the *Gazette*. Subsequently the reference base was changed (to the monthly average of 1962 = 100) and a complete series on the new base was published on page 404 of the October 1963 issue of the *Gazette*.

The index of normal weekly hours, which measures the average movement from month to month in the level of normal weekly hours of work in the principal industries and services, was officially published for the first time in September 1957 in the *Ministry of Labour Gazette*, in an article which described the construction of the index and gave a series of linked indices back to 1920. A similar article on the index of hourly wage rates, derived from the above index and the index of weekly wage rates, appeared in the *Ministry of Labour Gazette* for April 1958. Indices of normal weekly hours and hourly wage rates in all industries, and also in manufacturing industry, were subsequently published each January until 1960; since then they have been published each month.

Until 1962 these indices and the index of weekly wage rates related to all industries and to manufacturing industry. The bulletin *Statistics on Incomes, Prices, Employment and Production* has contained an analysis by industry group of the index of weekly wage rates since the first issue of April 1962, and similar analyses of the two other series since September 1962. The industrial analysis of the weekly wage rate index has been published monthly in the *Ministry of Labour Gazette* since August 1962. Since December 1962, the bulletin has also contained a table showing average normal weekly hours in all industries in absolute terms as well as in index form.

In October 1959 the Ministry of Labour took over from the Board of Trade the annual collection of information about earnings of administrative, technical and clerical (salaried) employees. The results of the 1959 and 1960 enquiries were published in the September 1960 and June 1961 issues, respectively, of the *Ministry of Labour Gazette*. The results of subsequent enquiries have been published in March following the October to which they relate. Average salaries in October each year in national and local government services, nationalised industries, national health service, education, banking and insurance were published for the first time in April 1962. Data about salaries from both these sources are combined to produce an index of changes in average salaries.

A new enquiry into the occupational structure of manufacturing industry began in January 1963 and is to be held twice a year in January and June. The results are published each May and November in the

*Ministry of Labour Gazette*. The January 1963 enquiry covered specified occupations in engineering; the June 1963 enquiry covered in addition shipbuilding and chemicals. Iron and steel manufacture will be covered from January 1964.

In November 1962 a new monthly enquiry began into total wages and salary earnings. The first two months of the enquiry were experimental and January 1963 has been taken as the base date for the compilation of indices. Separate indices are calculated for employees paid each week, for those paid each month, and for all employees combined, in each of 22 industry groups, for all manufacturing industries combined and for all industries covered. The results appear each month in the *Ministry of Labour Gazette* within about six weeks of the month to which they relate. A full description of the new indices is given in the March 1963 issue of the *Ministry of Labour Gazette*.

The results of the half-yearly enquiries into earnings and hours of manual workers were formerly available only for the United Kingdom as a whole. Since October 1962 the details for men have been analysed by regions and the results published in the March and September issues of the *Ministry of Labour Gazette*. Separate figures are given for industry groups, for all manufacturing industries combined and for all industries covered.

Employers who completed the usual half-yearly earnings and hours enquiry for October 1960 were asked to give additional information about the distribution of weekly earnings of full-time adult wage-earners, separately for men 21 years and over, and women 18 years and over, in each of a large number of weekly earnings ranges. The results were published in the April and June 1961 issues of the *Ministry of Labour Gazette*. Similar detail for manual workers in the National Health Service (Hospitals) obtained in April 1961 was published in the August 1961 issue of the *Gazette*.

#### IV PRICES

##### *Agricultural prices*

New agricultural price indices for the United Kingdom, based on 1954/55-1956/57, were introduced in *Economic Trends*, February 1962, to replace a series for England and Wales based on 1927-29. The new indices make greater use of comprehensive average prices from the guarantee schemes and cover more materials, including compound feedingstuffs and fuel.

Prices are measured for products at the nearest point after the farm gate and for materials at the nearest point before it. Combined indices for groups of products are calculated annually on a gross-price basis, i.e. they include Exchequer payments in respect of sales; the weights used in the index are proportional to gross-price values of sales off the national farm (all agricultural holdings regarded collectively as one farm) in

the base period; they are not 'rolling' weights as in the former England and Wales index. Monthly series are also calculated for most commodities; for cereals and fatstock separate monthly and annual indices are calculated inclusive of Exchequer payments.

#### *House prices*

An index of the cost of new houses in Great Britain is now calculated from information supplied by a sample of building societies, including all the large societies, on the number of new houses on which they have advanced mortgages and the value of these houses (generally including the cost of land and professional fees). The index is published in the *Monthly Digest of Statistics*.

#### *Wholesale prices*

Improvements have continued to be made to the series of wholesale prices, both in the price information collected and in the index numbers based on it. Input and output indices have been introduced for the non-food sector of manufacturing industry. New input indices have also been prepared for materials purchased by the chemicals and allied industries, by the paper industries, and by the timber industries. An output index for the timber sector has also been added to the existing series.

#### *Retail prices*

Following the *Report of the Cost of Living Advisory Committee* (Cmnd. 1657) the Index of Retail Prices was revised in 1962 and is now a chain base-weighted index with weights revised each January on the basis of the results of the continuing Family Expenditure Survey for the three years ended in the previous June. The current reference base date, which will be used for about ten years, is January 1962.

#### *Unit values of imports and exports*

Revised and improved index numbers of the unit values of overseas trade were introduced in an article in the *Board of Trade Journal* of 13 September 1963, and an account of their method of construction was given in the September 1963 issue of *Economic Trends*.

## V TRANSPORT

#### *Goods transport*

Since 1957 two surveys of road goods transport have been carried out. The first survey, which occurred during a week in April 1958, was conducted on a sample basis and provided information on the characteristics of the goods vehicle fleet and the transport operations performed by road goods vehicles. The results were published in *The Transport of Goods by Road: Report on a Sample Survey made in April 1958*.

The 1958 survey results were also used, in conjunction with information about changes in vehicle

mileages obtained from traffic counts, to estimate the trend in road transport in the years following the survey year. Traffic counting had been started on full, regular, manual and automatic bases on 1 January 1958. It was recognised that this method had its limitations, however, and that its results should be checked by additional surveys from time to time. A further survey of road transport was therefore undertaken in 1962.

The 1962 survey, like that of 1958, was a sample inquiry addressed to road goods transport operators, designed to collect information on the characteristics of the vehicle fleet and the work performed by road goods transport. It was conducted on a much larger scale than the previous survey and contained a number of new features intended to provide a more comprehensive picture of road transport operations. Some preliminary results of the survey were published early in 1963 and the final results will appear during 1964.

#### *Passenger transport*

Statistics of the number of motor vehicles in use and of new registrations of vehicles have for many years been compiled by the Ministry of Transport from excise licensing records but the lack of data on the usage of motor vehicles and, in particular, of cars has been a gap in transport statistics. It was primarily with the intention of filling this gap that in 1961 a series of sample surveys of motorists was started.

The motoring surveys are intended to give a continuing measure of usage of motor cars which will enable trends in vehicle mileage, and in passenger mileage by both car and other forms of transport, to be studied. In addition to their use for economic analyses, these surveys are designed to yield continuing data for road safety research and also to provide a means of questioning motorists about particular topics in the field of transport. Preliminary results of the first motoring survey, taken in October 1961, were published in *Economic Trends*, June 1963.

These surveys will however be replaced by a series of national travel surveys during 1964, designed to yield the more important of the basic data about private car use and, at the same time, covering all forms of inland passenger transport. These national travel surveys will provide data for studies of the nature of transport demand and the factors influencing its distribution between different forms of transport as recommended by the *Report on the Transport Needs of Great Britain in the Next Twenty Years*. No results will be published before 1965.

#### *Area transport surveys*

The first comprehensive area transport survey undertaken in Great Britain was started in 1962 for the Greater London area, sponsored jointly by the Ministry of Transport and the London County Council. The results, which cover public and private road passenger transport movements, road freight movements, and

rail movements, will be published during the first half of 1964. Similar surveys on a smaller scale are now under way in Liverpool, Tyneside, Tees-side, Leicester, Reading, Northampton and Gloucester, and are being planned in Birmingham, Manchester, Glasgow and other areas.

## VI HOME FINANCIAL STATISTICS

In recent years there has been a substantial increase in the range and frequency of financial statistics. Most of the new information is now published each month in *Financial Statistics* (which first appeared in May 1962) and in the *Bank of England Quarterly Bulletin*. Before 1959, when the report of the Committee on the Working of the Monetary System (the Radcliffe Committee) was published, the main emphasis had been on the development of economic statistics. Following this report, the government adopted a substantial programme for the improvement of financial statistics. Details of this programme and of subsequent developments were given in an article in the September 1962 issue of *Economic Trends*. The following paragraphs summarise some of the relevant points described in the article and, where necessary, bring it up-to-date.

Information is now published about the financial assets and liabilities of the different sectors of the economy. For the central government there is now published a quarterly current and capital account, and a quarterly analysis of Exchequer financing. The Exchequer financing tables give details for each quarter of how the budget overall deficit (or surplus) is financed and in particular give details of borrowing. The tables have recently been extended and now provide a quarterly analysis by sector of borrowing from the public, and a classification by maturity of purchases by the public of government marketable securities for each calendar quarter.

For local authorities, annual surveys of loan debt have been published giving details of the composition of the debt together with an analysis by period of maturity and by type of authority. Details of the assets held by local authorities have also been published. Quarterly figures give details of local authority borrowing analysed by type and by terms of repayment.

For public corporations a combined appropriation and capital account is now published quarterly. For the main financial institutions there is published, in considerable detail, an annual analysis of holdings of financial assets and quarterly figures of purchases and sales of various types of assets. The institutions for which the information is now available are the Trustee savings banks, superannuation funds, insurance companies, building societies, unit and investment trusts and hire purchase companies. Separate figures are published for the superannuation funds of local authorities, for other public sector schemes and for the private sector.

Among the most recent of these developments was the provision, from the first quarter of 1963, of the quarterly figures of transactions in the assets of insurance companies and of private pension and superannuation funds; and, from the beginning of 1962, of quarterly information on selected assets and liabilities of hire purchase finance companies. The sources of hire purchase companies' deposits and other borrowing were distinguished from the third quarter of 1962, and unearned finance charges were shown separately from the first quarter of 1963.

Statistics are now available for the banking sector as a whole, which covers all domestic and overseas banks, accepting houses and the discount market. The statistics cover liabilities and assets at the end of each calendar quarter and provide an analysis of deposits and advances by sector. Another development is the provision of seasonally adjusted figures of the London clearing banks' deposits and advances, and of advances by members of the British Bankers' Association classified by industry.

Preliminary sector financing accounts were published for the first time in the September 1963 issue of *Financial Statistics* and of the *Bank of England Quarterly Bulletin*. These accounts aim at presenting in a systematic and summary form information about flows of capital between the different sectors and the associated changes in liabilities and assets.

It is hoped that it will be possible in due course to develop these financial accounts further as more information becomes available, to produce a quarterly analysis, and to integrate the sector financial accounts into the general statistical framework of the national income accounts.

### *Company finance*

*Economic Trends* for December 1963 included an article about company finance in 1962, and the analysis is now published each quarter as accounts are received from companies by Statistics Division of the Board of Trade. A problem in using the figures as they were originally compiled is that they were comparable only over a short period of two years, but an article in *Economic Trends* in April 1962 provided a run of comparable figures for the years 1949 to 1960. Property companies' accounts have recently been added to the analysis.

A new development has been the derivation, from the original statistics, of ratios showing the growth in assets, income, dividends, etc., and the return on assets, as well as tables which show how companies have financed their growth year by year; these statistics appear from time to time in *Statistics on Incomes, Prices, Employment and Production* which also includes detailed tables of the income and finance of companies classified by industry groups.

A by-product of the analysis of quoted company accounts has been the publication by the Board of Trade of *Company assets and income in 1957* and

*Company assets, income and finance in 1960* which listed, for each of about 2,000 companies included in the analysis, statistics of their incomes, details of their balance sheets, index numbers of growth, and the ratio of income to assets. The companies were ranked by size of income and of assets, and the publications included a number of frequency distributions of companies by industry, income, net assets, growth, self-financing, etc.

## VII OVERSEAS TRADE AND THE BALANCE OF PAYMENTS

### *Overseas trade statistics*

In January 1963 the commodity classification of the United Kingdom's overseas trade statistics was revised in accordance with the *Standard International Trade Classification, Revised*, of the United Nations. This revision, besides providing a substantial increase in the amount of commodity information available about the United Kingdom's overseas trade, means that it is now possible to derive accurate statistics in terms of the headings of the Brussels Tariff Nomenclature as well as the *Standard International Trade Classification, Revised*, which are the two classifications in wide international use. An article in the *Board of Trade Journal* of 27 April 1962 explained the importance of this change.

Seasonally adjusted series of the totals, and components by commodity and area, of imports, exports and re-exports are published monthly in the *Board of Trade Journal* and in the *Report on Overseas Trade*. The method of seasonal adjustment, which allows for secular changes in the seasonal pattern, was explained in the *Board of Trade Journal* of 6 November 1959.

An article in the *Board of Trade Journal* of 13 September 1963 introduced revised and improved series of unit value and volume index numbers based on 1961 = 100. Volume index numbers are now published monthly instead of quarterly, and seasonally adjusted series are also given. An account of the method of construction of these index numbers was given in the September 1963 issue of *Economic Trends*.

A monthly estimate of the trade balance on a balance of payments basis has been published since February 1964. These estimates, published only in seasonally adjusted form, exclude insurance and freight on imports and take into account other necessary adjustments. The estimates on this basis, taking runs of several months together, give the best guide to the trend in the balance of visible trade.

### *World trade*

The Board of Trade now compiles and publishes quarterly time series of the main flows of world trade between industrial countries and primary producing countries. Analyses are made, according to a short list of commodity groups, of exports of manufactures from each of the main manufacturing countries to a number of market areas. These series (which are available on

request) cover the period from 1954 and are based on the *Standard International Trade Classification, Revised*.

### *Balance of payments: general*

The series of balance of payments statistics has undergone substantial changes since 1957 affecting both sources and methods of compilation and the form of publication of the figures. One major reason for the changes has been the need to replace Exchange Control sources of information by alternative sources, which in many cases have involved direct approaches to trade and industry. This has become necessary mainly for administrative reasons but it has also afforded the opportunity to change the emphasis in presenting the balance of payments statistics towards the real flows basis, rather than the financial flows basis which was inevitable when Exchange Control information was being extensively used.

The individual changes made since 1957 are too numerous to allow a full and detailed commentary; the main developments, however, have been as follows:

- (i) The estimates of visible trade in the balance of payments are now based entirely on *Trade Account* figures, with certain adjustments for coverage and valuation (including the deduction of freight and insurance on imports). Previously, imports from non-sterling countries were measured through the payments recorded by Exchange Control and included a substantial element of freight charges.
- (ii) The periodic full census of the United Kingdom shipping industry conducted by the Chamber of Shipping has been supplemented since 1959 by annual enquiries. Using the results of these enquiries, the estimates for shipping now cover all shipping transactions whereas previously they related mainly to dry cargo trade.
- (iii) A regular enquiry conducted by the Board of Trade now provides more complete and systematic figures of direct investment abroad by the United Kingdom, overseas direct investment in this country, and the income derived from such investment, including profits retained and re-invested. New measures of overseas portfolio investment in the United Kingdom have been obtained through enquiries by the Board of Trade of the registrars of the leading companies and from the Government stock registers maintained by the Bank of England. (See below).
- (iv) The series of statistics of external liabilities and claims in sterling has been substantially revised from the beginning of 1963.

A number of changes in presentation have also been introduced. In 1961 a rearrangement of the subsidiary tables was made to give greater emphasis to an analysis by item rather than by area distribution. To provide as long a run as possible of figures on a comparable basis, figures corresponding to the current methods of

compilation have been carried back to 1952. In 1962 seasonally adjusted quarterly figures for transactions on current account were introduced.

In 1959 quarterly summary figures were first published and in 1963 the main medium of publication was altered. Hitherto detailed half-yearly figures had been published with commentary in White Papers presented in March and October of each year, while the quarterly figures were issued as a Press release. From the beginning of 1963 a series of quarterly articles in *Economic Trends* was begun, giving detailed figures together with a commentary. This was supplemented by the publication of summary figures in a short White Paper, together with the provisional national income estimates, just before the Budget. In the summer of 1963 the first of an annual series of publications, *United Kingdom Balance of Payments 1963*, was issued containing annual statistics in considerable detail and a full description of the sources, methods and definitions employed.

#### *Overseas private direct investment*

Since 1958 returns have been made by United Kingdom companies who have branches, subsidiaries or trade investments in associated companies abroad, or conversely are themselves owned wholly or in part by overseas concerns. The figures cover certain transactions between the United Kingdom companies and the overseas concerns, including profits and losses, dividends remitted, transactions of a capital nature (for example increases in ownership of share and loan capital) and changes in inter-company indebtedness. The published figures include the information collected by the Bank of England from 120 banks and similar institutions, but exclude the transactions of oil and insurance companies.

The investment figures are incorporated in the balance of payments capital account and the figures of earnings, dividends, etc. are used in the compilation of the current account. The results are published in more detail giving area, country, industry and size analysis in the *Board of Trade Journal*, the latest article in the series having appeared in the issue of 15 November 1963.

As a special exercise carried out in conjunction with the overseas private direct investment inquiry for the year 1962, the values of United Kingdom companies' direct investments abroad were obtained. Companies other than banks, oil and insurance companies were asked to give figures of net assets, depreciation provisions and trade investments at the values used in their consolidated accounts. Similarly, those companies owned wholly or in part by overseas companies were asked to give net asset values of that part of their assets attributable to overseas ownership. Tables showing for areas and countries the components of net assets, minority interests, trade investments and depreciation provision were published in the *Board of Trade Journal* of 15 November 1963.

#### *Portfolio investment by United Kingdom residents*

To provide estimates of capital flows resulting from United Kingdom residents' portfolio investment in overseas securities, the Bank of England have revised the coverage of the series of figures formerly entitled 'United Kingdom Overseas Investments'. That series included investments in overseas securities without distinguishing between portfolio and direct or controlled investments; estimates were made of capital holdings at nominal values and of income received. It covered the twenty years 1938-59 and was published in association with the *Bank of England Annual Reports*.

The series now covers only portfolio holdings of overseas securities. So far as possible, all overseas securities dealt in on the London Stock Exchange are covered, mainly from returns made by United Kingdom registrars and paying agents—about 100 in number. Also covered are United States and Canadian dollar securities quoted abroad, about which information is available through the operation of United Kingdom Exchange Control; but other securities quoted abroad are not covered unless they have a registrar or paying agent in the United Kingdom. Estimates are published of changes in holdings at cash transaction values, which are used in the preparation of the United Kingdom balance of payments.

The new series started with figures for 1958, which were published and comprehensively described in the *Bank of England Annual Report* for the year ended February 1960. Figures for later years have been given in the June issues of the *Bank of England Quarterly Bulletin*.

#### *Portfolio investment by overseas residents*

Registrars of the 260 largest companies, as measured by the market value of their issued capital, have since 1961 provided information to the Board of Trade on portfolio holdings by overseas residents of their companies' securities (trade investments, which are already covered in the private direct investment enquiry, are excluded). The portfolio holdings are identified as those with overseas addresses, or registered by nominees known to operate mainly on behalf of overseas residents. Enquiries have been conducted on a quarterly basis since the beginning of 1962.

The Bank of England are preparing, for use in the United Kingdom balance of payments statistics, estimates of investment by overseas residents in British government and government guaranteed stocks. Information is being obtained in two ways: firstly, by examining the Bank's stock registers to identify holdings with overseas addresses—comprehensive estimates covering all stocks on the register are not yet available but steady progress has been made towards that end; secondly, by collecting from banks (and their nominees) figures of the total holdings registered in their names on behalf of overseas residents.

### *External liabilities and claims in sterling*

The long standing series of 'Overseas Sterling Holdings' was discontinued at the end of 1962 and replaced by a more comprehensive series entitled 'United Kingdom External Liabilities and Claims in Sterling'. Quarterly figures of the new series are published regularly in the *Bank of England Quarterly Bulletin*, *Economic Trends*, *Financial Statistics* and the *Monthly Digest of Statistics*. Two articles on the new series were published in the June and December 1963 issues of the *Bank of England Quarterly Bulletin*.

The principal features of the new data are:

- (i) Liabilities and claims in sterling are collected on a gross basis.
- (ii) Both liabilities and claims are divided according to type—
  - for liabilities: current and deposit accounts, United Kingdom Treasury Bills, commercial bills and promissory notes, and holdings by central monetary institutions and banks of British government and government guaranteed stocks;
  - for claims: advances and overdrafts, commercial bills and promissory notes, and acceptances outstanding.
- (iii) Details of types of liabilities and claims are also divided into three classes of holder, namely, central monetary institutions, international organisations and others.

### *Tourist statistics*

In 1961 the Board of Trade introduced a continuous sample survey of passenger traffic on international air routes and in the following year extended the survey to traffic on the short sea routes to the continent of Europe; the long sea routes were covered from the end of 1963. The survey is designed to improve the estimates of expenditure in the United Kingdom of overseas visitors, and of expenditure abroad of United Kingdom residents, primarily for balance of payments purposes. Methods of estimation employed earlier had become less reliable with the relaxation of Exchange Control and the progressive reduction of documentation of passengers on the air routes. The survey also provides new information of value to the tourist industry. *The Board of Trade Journal* of 23 August 1963 outlines the sampling method employed and the coverage of the principal passenger routes sampled.

## VIII OTHER DEVELOPMENTS

### *Family Expenditure Survey*

In 1957 a continuing sample survey of family expenditure was begun under the sponsorship of the Ministry of Labour, the field work being carried out by the Social Survey. Information about the pattern of expenditure was needed by the Ministry for weighting the index of retail prices and also by the Central

Statistical Office for several purposes which fall under three main headings—first, to provide estimates of personal expenditure on consumer goods and services, to supplement the sources used in compiling the official estimates of national income and expenditure; second, to enable studies to be made of the relationship between the income and the pattern of expenditure of different groups of households, classified by size and type—this demand analysis (as it has been termed) is intended to provide information about the various factors which influence the demand for different commodities; third, to enable estimates of the incidence of taxes and benefits on different groups of households to be made. The survey covers some 3,500 households a year.

Detailed results of the surveys for the years 1957-59, 1960-61 and 1962 have been published. The report for 1962 includes a regional analysis of household expenditure. Summary results are also published from time to time in the *Ministry of Labour Gazette*.

### *Redistribution of income*

The *Family Expenditure Survey* collects details of the incomes of all members of households which co-operate, the amounts paid in taxes on income, any benefits in cash or kind received from the state, and of all forms of expenditure during two consecutive weeks (or longer periods in cases of items purchased at less frequent intervals). Estimates are made of the values of any social service benefits received in kind, such as state education and the national health services. From the full details of expenditure and information obtained about the type of dwelling occupied, estimates are made of the amounts paid by each household in indirect taxes and of the values of any benefits which it receives from school meals, milk and other welfare foods and from subsidies on housing. Estimates are thus obtained of the total income of each household before and after the redistribution of income resulting from all forms of taxes and social service benefits. The results are shown separately for households containing different numbers of adults and children and falling in different ranges of income. Results have been published for the two years 1957 and 1959 in the November 1962 issue of *Economic Trends*, and for the years 1961 and 1962 in the present issue.

### *Personal wealth*

Estimates of personal wealth were first published in the *104th Report of the Commissioners of Inland Revenue* January 1962, when they related to the wealth of individuals in Great Britain in 1960. The next Report gave comparative figures for 1960 and 1961, and the latest (*106th Report*) gives figures for 1960 to 1962. The method of estimating assumes that the estates passing on death are a representative sample, both in numbers and value, of the property of males and of females within each age group. This method has been used by research workers since the statistics first became

available following the imposition of estate duty by the Finance Act, 1894. The qualifications to be attached to the method are discussed in the *Commissioners' 106th Report*.

As a corollary to the estimates of personal wealth a number of improvements have been made in the estate duty statistics on which they are based. From 1960-1961 onwards information has been published on estates with net capital value below the exemption limit, the analysis of property has been made more detailed and the distribution of property between males and females within age groups has been shown.

#### *Standard Industrial Classification*

The *Standard Industrial Classification* was first issued in 1948. Its object was to secure uniformity

and comparability in the statistics published by government departments in the United Kingdom, such as the reports of the Census of Production, the Census of Distribution, the decennial Census of Population, and the labour statistics of the Ministry of Labour. Experience gained through the use of the Classification, together with the rapid changes which took place in the structure of industry in the post-war decade, made it necessary to re-examine the Classification, and after extensive research, an amended edition was published in 1958 and brought into use by government departments almost immediately.

In the following year (1959) an *Alphabetical List of Industries* was published, giving the classification of some 8,000 industries.

*Central Statistical Office*



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