

Yes, the national accounts will be revised after the election

By Hervé Péléraux and Lionel Persyn[1]

In a Europe that is heading more and more clearly towards a recession, in mid-February the INSEE reported a 0.2% rise in France's GDP. This fourth-quarter performance was surprising, as it contrasts sharply with the deterioration in the economic climate since summer 2011, which indicated that GDP growth would be less favourable than that announced.

The current figures from the national accounts are, however, not set in stone. [A note from the OFCE](#) describes the procedure since the release of the provisional results that marks the starting point in the process of revising the accounts. This revision is spread over several years, first involving the tuning of the quarterly accounts with the annual accounts, then the revision of the annual accounts (the final version for 2011 will be announced in May 2014). The final changes are to the database for the national accounts, which will provide an opportunity to introduce methodological innovations that aim at greater accuracy on past estimates.

The enigma of the fourth quarter of 2011 may be resolved in the future as the revisions are worked out. It is useful to refer to past experience to try to identify the profile of the coming adjustments and to draw the likely implications for the current period. Since 1987, the revisions to the accounts seem to have been pro-cyclical, that is to say, the preliminary figures are mostly revised upwards in periods of recovery or rapid growth, and downwards in periods of downswings in the economic cycle. In some major cyclical episodes, the average revisions are significant and could affect the economic

diagnosis.

This was what happened in 2008. After the INSEE announced a negative result for the second quarter of -0.3%, the initial estimate for the third quarter was a positive 0.1%, which for a while put off the prospect that the French economy was entering a recession. The subsequent assessments gave a more dramatic turn to the GDP's trajectory, with the current respective estimates for the two quarters being -0.7% and -0.3%. Had these been known at the time, this would probably have pushed forecasts downwards by fully revealing the severity of the impact of the financial crisis on the real economy.

[1] At the time this note was written, Lionel Persyn was an intern at OFCE and a doctoral candidate at the University of Nice at Sophia Antipolis.