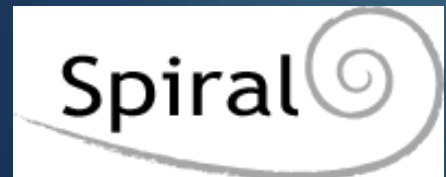


Trading Zones in Technological Societies
Liège, October 15-16 2015

Redefining the state through practices of quantification: National accounting as a tool of government

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1) Introduction

- ▶ *The Economist*, October 3rd 2015:
 - “The US accounts for **23%** of **global GDP**” ;
 - In Zimbabwe, “**consumer prices** have fallen by about **3%** over the past year” ;
 - Brazil’s finance minister “set a target of a **primary surplus of 1.2%** for this year”
- ▶ **Indicators** constitute a central source of knowledge in contemporary societies
- ▶ Numerous indicators used on a daily basis in order to assess the economic activity of a certain area are defined in **national accounting** systems

2) Research question

▶ The **state**

- Is an **important actor** in the economy;
 - Undergoes **numerous transformations** with the emergence of new modes of public service delivery;
 - Remains a rather **fuzzy notion**
-
- What is the definition of the state given by national accounting?
 - How has this category evolved through time?

3) What is national accounting?

- ▶ National accounting aims at providing a “**quantitative** definition of the **state of the economy at the macro level**”
- ▶ Since it has both a **macroeconomic focus** and an **exhaustive coverage**, it differs from business accounting and statistics
- ▶ Basic concept? **Institutional unit** (“economic entity characterised by decision-making autonomy in the exercise of its principal function”)
- ▶ These units are then allocated into mutually exclusive **sectors**

4) The sectoral allocation in national accounting

Criteria	Controlled by government (public sector)	Privately controlled (private sector)
Non-market output	General government (S13)	Non-profit institutions serving households (NPISHs – S15)
Market output	Public corporations (S11 – S12)	Private corporations (S11 – S12 – S14)

5) Epistemological issue

▶ A constructivist perspective on NA:

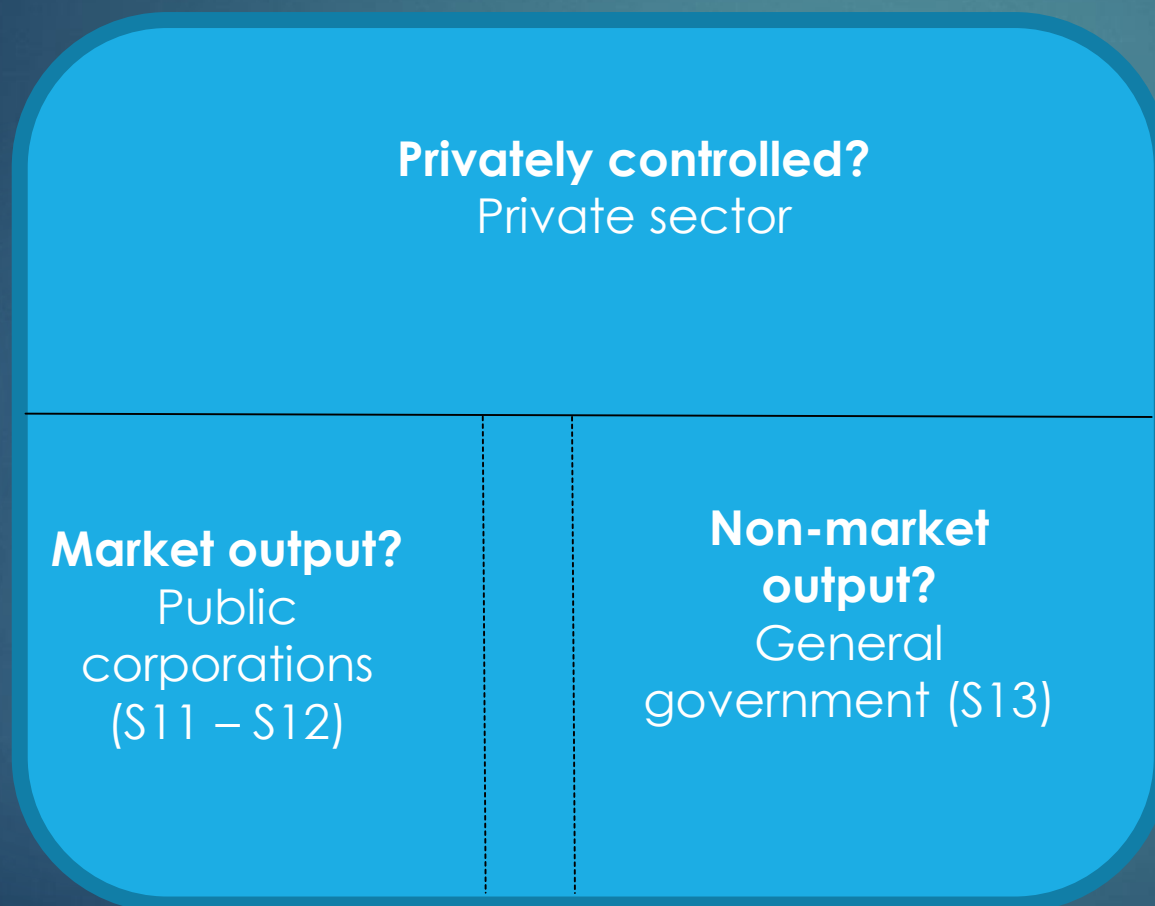
- Classification systems “represent certain social and technical choices” (Bowker & Star, 1999)
- NA categories “are **social artefacts** firmly embedded within the density of **apparatuses of power**” (Miller, 1986)

▶ NA is a **deforming mirror** of the economy, a genuine “socio-political enterprise”

- What is the definition of the state given by national accounting?
- How has this category evolved through time, **notably towards public corporations?**
- *How to understand **definitional changes?***
- *What is their potential **impact** on public policies?*

6) The state according to ESA

Domestic economy

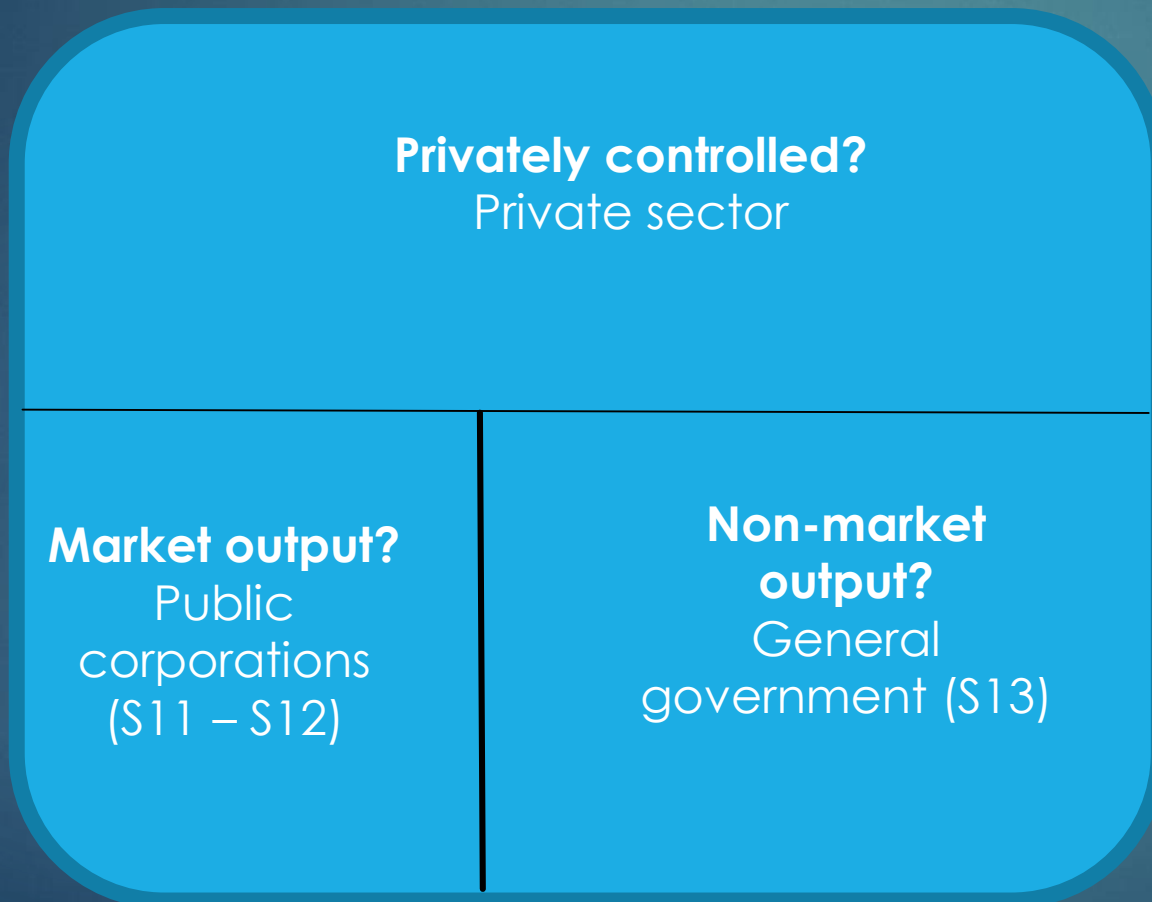


Market output according to ESA 79:

- Sales on the market generate **about** 50% of current resources
→ room for manoeuvre

6) The state according to ESA

Domestic economy

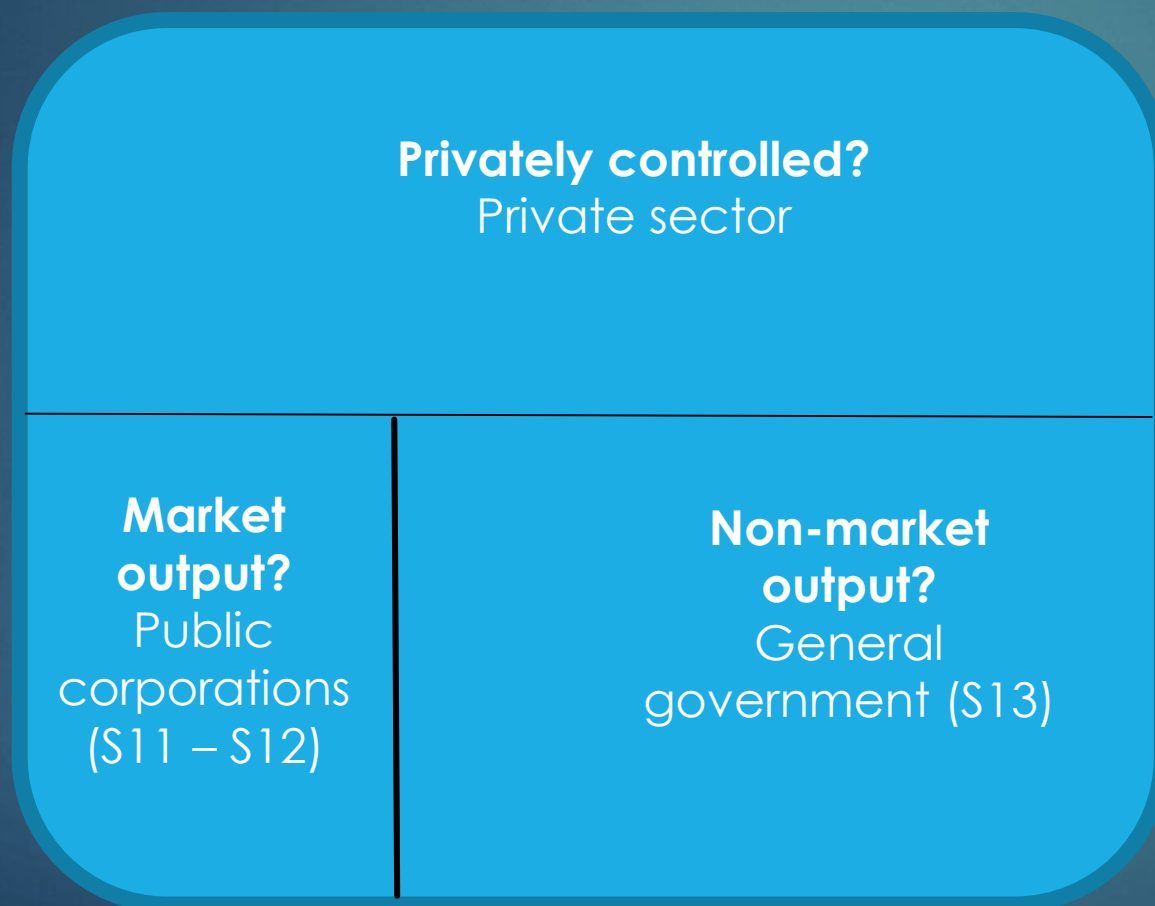


Market output according to ESA 95:

- Products that are sold at “**economically significant prices**”
- Introduction of a **quantitative criterion**: more than 50% of the production costs are covered by sales
- The definition is **more precise**, but also **stricter**

6) The state according to ESA

Domestic economy



Market output according to ESA 2010:

- **Strengthening** of the quantitative criterion
- New **qualitative criterion**: reclassification within the GG sector of public bodies that passes the 50%-threshold but chiefly interacts with units belonging to this sector, in the absence of **competition**

7) A few observations...

- ▶ The **market as reference**: the state is a residual category encompassing all non-market driven public actors
- ▶ **Gradual extension** of the general government sector
- ▶ Explanation? Interconnections between ESA and the **EMU** since 1992
 - Limitation of **general government** deficit and debt to 3% and 60% GDD
 - Sum of the deficits and debts of all the bodies included in it → Essential to determine which entities are **included** and which are not
 - In a '**program**'/'**anti-program**' **tension** with member states suspected of adopting opportunistic behaviours, Eurostat has constantly refined – and **restricted** – the conditions according to which a public body can be considered as a market unit and hence avoid budget constraint

8) Potential consequences?

- ▶ At **sectoral** (public finance) level: increasing number of organizations but constant (or even strengthened) budget target
 - **Strengthened constraint** on non-market driven public actors (S13)
- ▶ At **global** level: **higher figures** (eg: compulsory social contributions, public employment) might nourish analyses according to which “there is too much state intervention” and legitimize neoliberal motto stating that “we must free the economy from state controls”
 - Incentives towards **cost containment and retrenchment policies**

Conclusion

- ▶ **Timeless categories or concepts do not exist:** they are embedded in material and political practices
- ▶ The **context of EMU** is essential to understand changes in the definition of the state given by NA
- ▶ This definition is thus **highly contingent**
- ▶ It nonetheless exerts **potentially far-reaching retroactive effects** on the object it aims at describing

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