Adding Inequalities to the SNA Framework: How Macro Disposable Income Benefits and Differs from Micro Disposable Income

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Driven by influential reports from Stiglitz et al, and the IMF and FSB, the demand for distributional measures in the National Accounts increased. In almost all of the research by National Statistical Institutes, and many of the publications in this field, distributions are added to the national accounts data which serve as the benchmark totals. However, in construction of the household sector accounts micro data sources are often not used, resulting in unaccounted data gaps.

In this article we work the other way around, we create the national accounts totals from micro data, thus including distributions from the very first moment of constructing the national accounts. This approach improves the national accounts in two ways, first the household sector accounts are less dependent on counterpart information or the residual approach, and second, the distributions within the sector are consistent with the macro totals.

As a result of this increased attention for distributions in the national accounts, the understanding of micro macro gaps becomes more prominent as well. The levels of micro and macro disposable income already differed, but now inequality measures as well. In this paper we create the household sector in the national accounts from micro data. We combine many data sources which allow us to present a detailed analysis of distributions within the national accounts. We feel that the present approach adds an important perspective in analysing inequality, because we include otherwise unaccounted income components. We will show this by explicitly linking the micro and macro disposable income.