Developing Indicators of Shared Prosperity and Poverty Consistent with National Accounts

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- Based on work of OECD-Eurostat Expert Group on Disparities within a SNA framework (most recent report: 2017)
- Justification for SNA approach
  - Aids international comparability
  - Possibility of distributional indicators consistent with economy-wide totals for coherence for users of statistics
  - Regularly of national accounts
  - Timeliness compared to household survey estimates
- This study, methods applied to the UK
  - Microdata: Living Costs and Food Survey with about 5,500 household/year
Overview of This Study

- **Methods**
  - Microdata coverage
  - Imputation and scaling
  - Adjusted microdata
    - Corrected for social security benefit under-reporting (and reasons)
    - Corrected for top income under-reporting (and reasons)
    - Not resident in UK adjustment
    - Impact of adjustments
  - Addressed micro and macro conceptual differences - purpose

- **Produced NA based measures of shared prosperity**
  (inequality and growth)

- **Development of timely indicators**

- **Conclusions and next steps**
Figure 1. A step-by-step approach for the estimation of distributional information

Step 1 – Adjust national accounts totals

Step 2 – Determine relevant variables from micro data sources in relation to the national accounts variables

Step 3 – Impute for missing elements and scale the micro data to the adjusted national accounts totals

Step 4 – Clustering households

Step 5 – Derive relevant indicators for the household groups

Source: Zwijnenburg et al., OECD 2017
Figure 1: Coverage of survey-based estimates of National Accounts aggregates, UK, 2017

Source: Office for National Statistics- Living Costs & Food Survey & National Accounts Blue Book, 2018
Figure 2: Mean disposable income and expenditure by equivalised disposable income decile, UK, 2016/17

Source: Office for National Statistics- Living Costs & Food Survey
Figure 7: Coverage of survey-based estimates of National Accounts aggregates, 2017, UK

Source: Office for National Statistics- Living Costs & Food Survey & National Accounts Blue Book, 2018
Figure 8: Growth in Real Household Disposable Income (RHD1) & cash-basis RHD1, 1997-2017, UK (index 1997=100)

Source: Office for National Statistics- National Accounts Blue Book, 2018

Figure 9: Share of RHD1 & cash-basis RHD1 by equivalised disposable income quintile, 2017, UK

Source: Office for National Statistics- Living Costs & Food Survey; National Accounts Blue Book, 2018
Figure 10: Average annual growth rates of disposable income per capita among the bottom 40% of the population and total population – survey-based measures, 2002-07 to 2012-17, UK

Source: Office for National Statistics- Living Costs & Food Survey

Figure 11: Average annual growth rates of disposable income per capita among the bottom 40% of the population and total population – national accounts-based measures, 2002-07 to 2012-17, UK

Source: Office for National Statistics- Living Costs & Food Survey; National Accounts Blue Book, 2018
Comments/Questions

- How timely are the Living Costs and Food Survey data?
- Details on adjustments (e.g., Corlett et al. 2018, Shine et al 2019, Aitken and Weale 2018)
  - Example provided: allocate benefits based on eligibility
- Liked very much the “addressing conceptual differences” section
  - Most relevant for distributional analyses
- Focus in this study: distributions of income by quintiles
- Development of timely indicators: flash estimates or “nowcasts”
  - Based on microsimulation
  - How well do these match household survey data once available?
Comments/Suggestions

- Using NA in this way, complement not substitute for household micro data analysis

- Advantages of NA framework
  - Coherence
  - Comparability
  - Frequency

- Challenges
  - Reconciliation of micro and macro
  - Updated information about distribution of the population

- What I would like to see
  - Analysis of poverty (in the title but little to nothing about this in the paper)
  - Production of distributional accounts using Consumption Expenditures
  - Updated comparisons to other countries (income and consumption)
Some other references
