2022

IARIW-TNBS Conference on "Measuring Income, Wealth and Well-being in Africa"

Paper Prepared for the IARIW-TNBS Conference, Arusha, Tanzania, April 14-15, 2022

Revisiting the informal aspects of the activity of countries, studied through Social Accounting and Socio-Demographic Matrices, with an application to Mozambique.

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Abstract: Approaches based on Social Accounting Matrices (SAMs) and Socio-Demographic Matrices (SDMs) will be presented as a way of capturing relevant networks of linkages and the corresponding multiplier effects, which can subsequently be used for modelling the activity of the countries to be studied. Emphasis will be placed on the activity of household unincorporated enterprises that will be identified with the informal sector.

Based on methodological principles derived mainly from the works of Richard Stone, a proposal will be made to study the economic activity of Mozambique in 2016 in a matrix format, with special attention to the informal sector in general and, within this, forestry, and logging. Such a proposal includes, on the one hand, people – represented by a SDM – and, on the other hand, activities, products, factors of production and institutions – represented by a SAM.
The exposition will mostly be accompanied by an application to the above-mentioned reality. Scenarios, involving changes in functional and institutional distribution of income, will be presented and the macroeconomic effects of these changes, will be summarised in the form of changes in the macroeconomic aggregates, such as, Gross Domestic Product, Gross National Income and Disposable Income.

Keywords: Social Accounting Matrix; Socio-Demographic Matrices; Informal Economy.
JEL Classification: E01; E16; J11

Note: In the scope of the PhD Dissertation of Mónica Magaua, supervised by Susana Santos, this paper is an application to Mozambique of the MPRA (Munich Personal RePEc Archive) Paper No. 68364, December 2015, and the article of the Journal of Economic and Social Thought, 3 (2016), pp.49-78. Previous applications to Mozambique were also resumed here, namely,

Working Paper SSRN (Social Science Research Network) abstract=1944735, October 2011, MPRA (Munich Personal RePEc Archive) Paper No. 47999, July 2013, and the article of the International Center for Business Research, 3 (2014), pp.9-35.

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(1) Introduction

The Social Accounting Matrix (SAM) and the Socio-Demographic Matrix (SDM) are tools that have specific features intended for studying the activity of countries. Both matrices cover movements in time and space, which are expressed by the former matrix in units of currency and by the latter matrix in human beings.

Such features allow for the reading and interpretation of the reality under study, leading to the production of an empirical work which is not only capable of highlighting specific aspects of that activity, but also offers the chance to experiment with different interventions with regard to its functioning.

Section 2 outlines the main features of the SAM and SDM-based approaches, adopting a methodological framework which is based on Richard Stone's works. According to this framework, SAMs and SDMs can describe the activity of countries either empirically or theoretically, depending on whether they are presented in a numerical or an algebraic version, respectively.

A proposal is made for the development both of a SAM and of a SDM in Sections 3 and 4. Together with an explanation of possible alternative taxonomies, these presentations show how these matrices can be used as an alternative support for studies being carried out in several areas, as well as for the work of those taking part in the policy decision process. Numerical and algebraic versions of SAMs are presented in a SAM-based approach, proposed in Section 3. An aggregate numerical version of a SDM is, in turn, presented in Section 4, being also mentioned further disaggregation, which could support the SAM but was not worked due to the lack of

data. Section 5 shows how those approaches can be used as an alternative support for studying the informal aspects of the activity of countries at a macroeconomic level.
The exposition will mostly be accompanied by an application to Mozambique in 2016, with special attention to the informal sector in general and, within this, forestry and logging. Scenarios, involving changes in functional and institutional distribution of income, will be presented and the macroeconomic effects of these changes, will be summarised in the form of changes in the macroeconomic aggregates, such as, Gross Domestic Product, Gross National Income and Disposable Income.
A summary and some concluding remarks will be made in Section 6, with some emphasis on how the study of an economy could be supported by demography, to overcome possible deficiencies in its measurement.

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