2023

IARIW–BANK OF ITALY CONFERENCE "CENTRAL BANKS, FINANCIAL MARKETS AND INEQUALITY"

Linking Macro and Micro Data to Produce Distributional Accounts for the Nonfinancial Corporations

Lucia Modugno

Andrea Neri

Luigi Infante

The economic downturns that have hit the global economy starting with the subprime mortgage crisis in 2007/2008 have increased the demand for timely, coherent, and consistent distributional information relating to both firms and households. The need for such information has recently been boosted by a concatenation of unpredicted events such as the COVID-19 outbreak, the Russia-Ukraine war, inflation, global food and energy shortages that will probably have negative effects on many economies in the next years.

These new data requirements are reflected in the G20 data gap initiative which encourages the production and dissemination of distributional information on income, consumption, saving, and wealth for the household sector. Following such a recommendation, several international initiatives have been undertaken. The OECD has established an expert group investigating how to add distributional information in the National Accounts (NA) relating to household income. The European Central Bank, in collaboration with national central banks, has developed a methodology to incorporate distributional information into a national accounting framework, producing experimental quarterly, timely estimates of the wealth distribution for the euro area and most of the euro area countries.

To date, no similar initiative has been undertaken relating to the non-financial business sector. Yet, regular, timely, and granular distributional results in line with macroeconomic totals relating business's economic and financial situation could provide relevant information for policy making by helping in developing policies that are targeted toward specific groups and in assessing the impact of specific policies and events.

This paper advocates the need for the construction of a set of distributional accounts, which we refer to as Distributional Corporate Accounts (DCA), similarly to what has been done for the household sector. We discuss the potential benefits and the challenges to face in the construction of such accounts using the Italian situation as a case study. We focus on the estimation of distributional indicators relating to corporations' net savings and their main components.

For this purpose, we first link the main survey conducted by Bank of Italy on a representative sample of non-financial corporations with some administrative records which contain relevant information (mainly Orbis and Anacredit). We then investigate the differences in concepts and definitions between aggregate and microdata (mainly relating to the population of reference, the periodicity, and timeliness of the information, and the measurement of the variables of interest) and reconcile them as much as possible. The following step relates the definition of a methodology to align microdata to aggregate totals in a given time point when both sources are available. We end up with a new synthetic database containing imputed values for each business such as the total sum of these values is equal to the corresponding figure coming from national accounts. This database is finally used to compute distributional indicators relating to the net saving of non-financial corporations for the period 2010-2021.