Outline/Content

- Importance of distributional national accounts
- Ongoing international work streams
- Methodology
- Some results
- Next steps

Importance of the work

Importance of distributional national accounts

- Clear need for systematic, robust and comprehensive data on economic inequality

    - The information that "household income/wealth grew by X%" does not suffice anymore: distributional analyses becoming regular complements to analysis of economic trends …

    - … and is increasingly demanded in domains such as monetary policy, financial stability and, of course, social policy

    - The COVID-crisis and the inflationary pressures experienced in various countries further stress the importance of distributional information

- A lot of information is already available from micro statistics, but increasing emphasis on importance of alignment to macroeconomic aggregates

    - In 2009, the Stiglitz-Sen-Fitoussi report stresses the importance to extend macroeconomic statistics with distributional information

    - Various initiatives by international statistical community (e.g., OECD Expert Group on Distributional National Accounts; ECB Expert Group on Distributional Financial Accounts) and academia (e.g., World Inequality Lab)

    - New G20 Data Gaps Initiative (DGI3) includes specific recommendations on distributional results

New G20 Data Gaps Initiative

- DGI-3 focuses on (1) climate change, (2) household distributions, (3) Fintech and financial inclusion, and (4) access to private and administrative data

- Two specific recommendations on household distributions:

  - Rec. 8: Distributional results on income, consumption and saving in line with national accounts totals

  - Rec. 9: Distributional results on wealth in line with national accounts totals

    - Target:

      - By end-2024: Results for 2021, 2022 and/or 2023 at income/wealth quintile level

      - By end-2026: Annual results within 1.5 year after the reference period at income/wealth decile level and, if possible, according to main source of income and household type

    - Second best:

      - By end-2026: Results at least every 5 years, published within 4 years after the reference period, at income/wealth quintile level

Main benefits

Distributional results aligned to national accounts complement micro results, by providing:

- More comprehensive picture of economic inequality, including elements not covered in micro statistics (e.g., social transfers in kind, pension entitlements)

- Consistent information on three dimensions of economic well-being, i.e., income, consumption and wealth

- In line with important macroeconomic aggregates such as GDP, household disposable income, consumption and wealth, broadening scope for analyses

- Providing users with "drill-down" possibilities for key macroeconomic aggregates

- Capturing households and transactions that are typically underrepresented in micro data

- A high degree of international comparability

Ongoing international work streams

Distribution of income, consumption and saving

- OECD and Eurostat launched an Expert Group on Disparities in a National Accounts framework (EG DNA) several years ago

- Aim is to develop distributional results on income, consumption and saving

- Group developed template and guidelines, and engaged in three data collection rounds

- Calculations performed by members of the group: ARG, AUS, AUT, BEL, BRA, CAN, CHE, CHL, CHN, CZE, DEU, DNK, ESP, FIN, FRA, GBR, IDN, IND, IRL, ISR, ITA, JPN, KOR, LUX, MEX, NLD, NZL, PRT, SAU, SVK, SVN, SWE, TUR, USA, ZAF

- Centralized approach is being developed to compile results for countries not engaging in work

- Several countries have started to publish their results

- Results have been included in online databases of OECD and Eurostat

- The work continues, focusing on improving the quality, granularity and timeliness
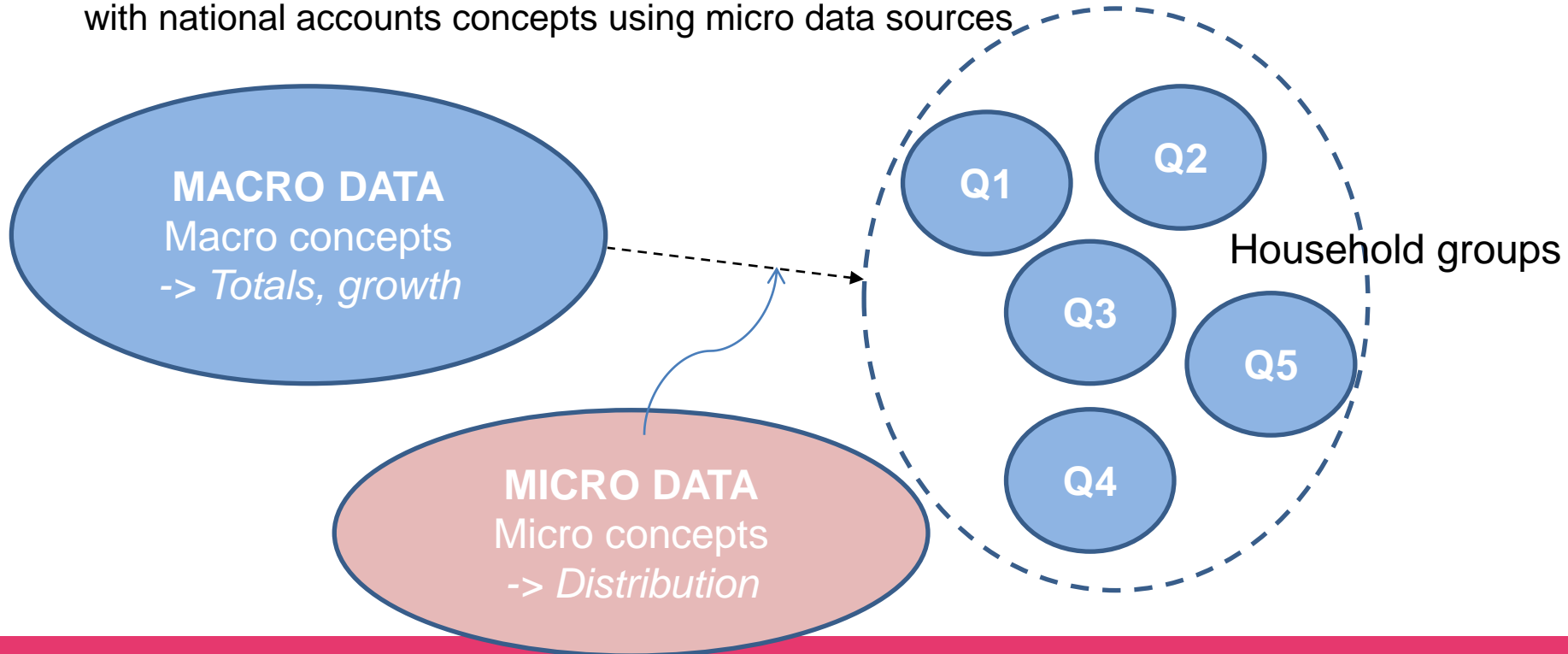
Distribution of wealth

- ECB launched an Expert Group on Distributional Financial Accounts (EG DFA)

  - Aim is to develop distributional results on wealth for the euro area and EU countries

  - End of 2023: Foreseen publication of experimental results

- Several (EU and non-EU) countries are already publishing distributional wealth results

- OECD set up an Expert Group on Distribution of Household Wealth (EG DHW) in 2023

  - Aim is to develop internationally harmonized template and methodology for compilation of distributional wealth results, in close collaboration with the EG DFA

  - 33 countries joined the group: ARG, AUS, AUT, BEL, CAN, CHL, CRI, HRV, CZE, DNK, EST, FIN, FRA, DEU, GRC, IRL, ITA, JPN, KOR, LVA, LTU, MEX, NLD, NZL, NOR, PRT, ROU, SVK, ZAF, ESP, CHE, GBR, USA

  - Kick off meeting took place in May; First in-person meeting will take place 21-22 September

  - The group is aiming to have first experimental results by the end of 2024
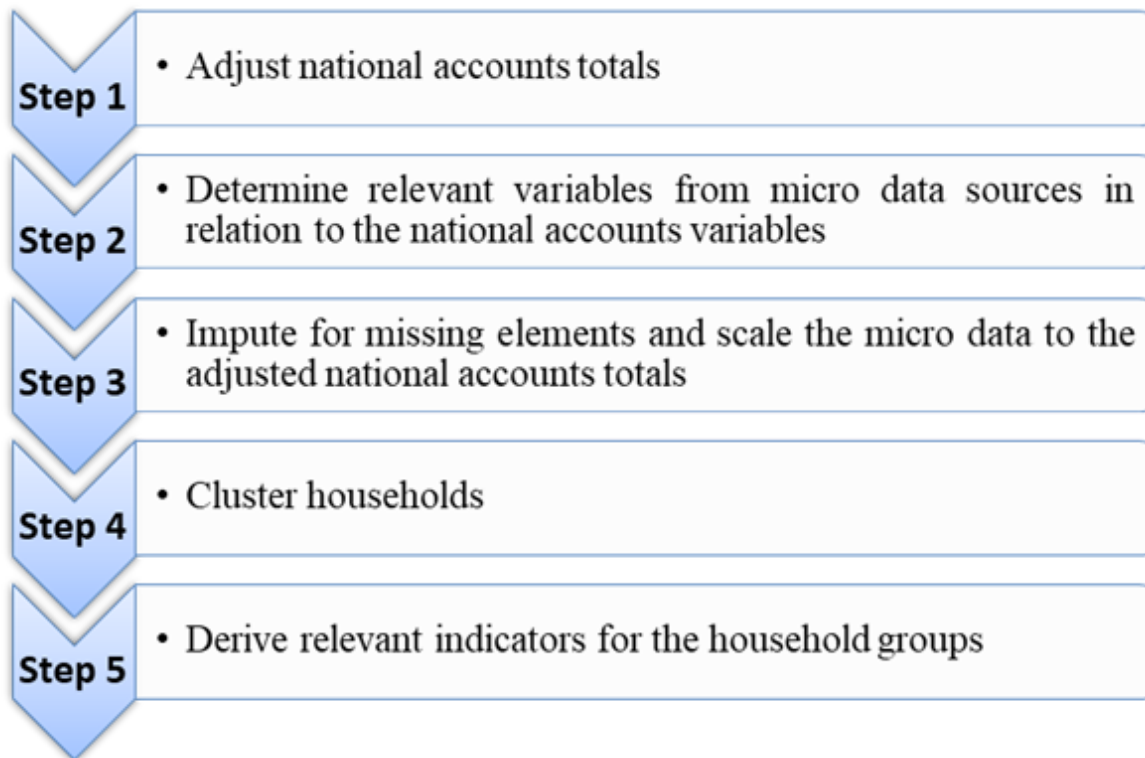
Methodology

Aim of the project

- Produce distributional results for household income, consumption and wealth consistent with national accounts concepts using micro data sources

MACRO DATA
Macro concepts
-> Totals, growth

MICRO DATA
Micro concepts
-> Distribution
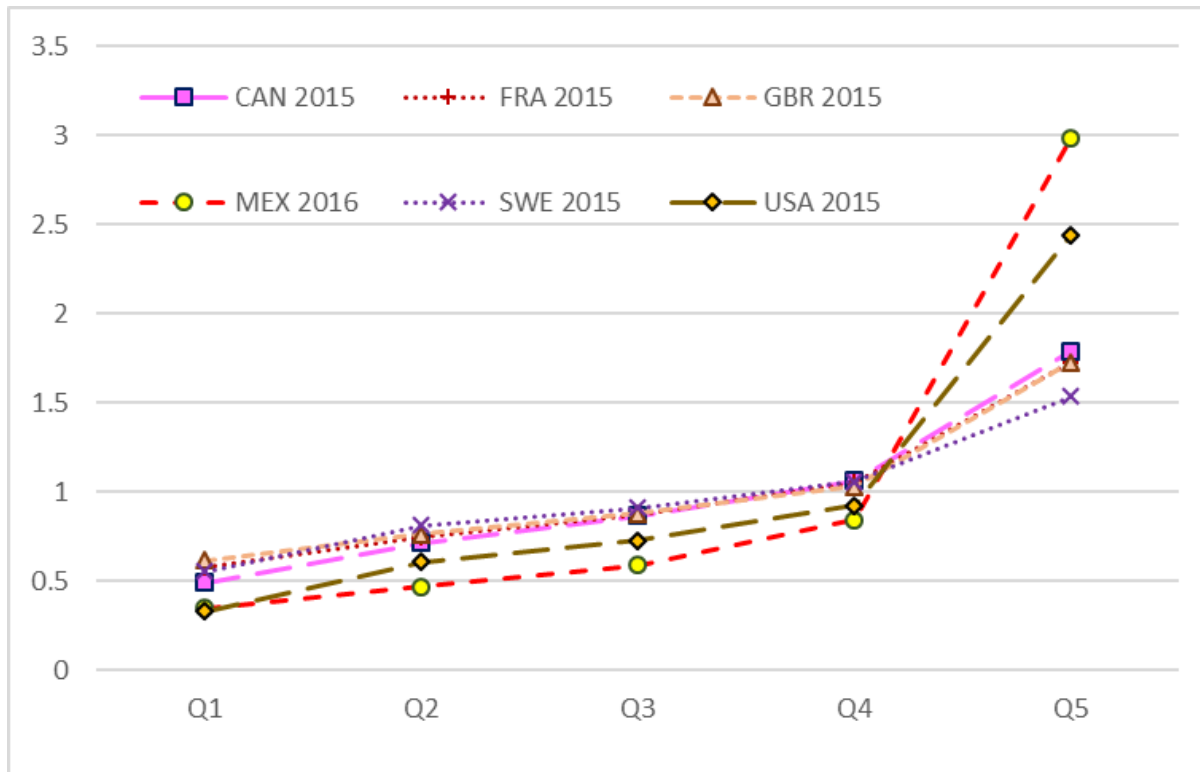
Q1

Q2

Q3

Q5

Q4

Household groups

Scope of the work

- Distributional results by following household groupings:

  - Disposable income quintile/decile/percentile

  - Net wealth quintile/decile/percentile

  - Main source of income

  - Household type

  - …

- The unit of analysis is the household

- Focus is on private households, as institutional households (e.g., people living in prison, boarding schools, nursing homes) behave differently and results are not comparable

- Focus on equivalized results for income, consumption and saving; still discussion on wealth

Basic methodology

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	• Cluster households
Step 5	• Derive relevant indicators for the household groups

Some results

Ratio to the average: Adjusted disposable income

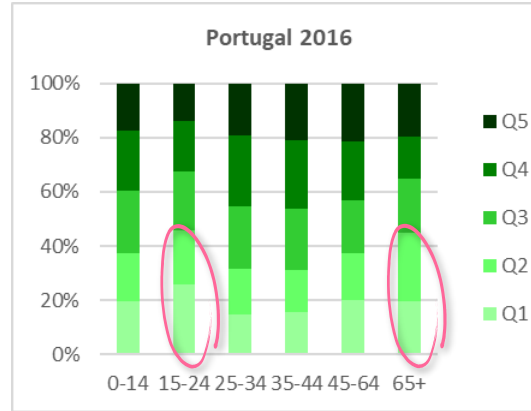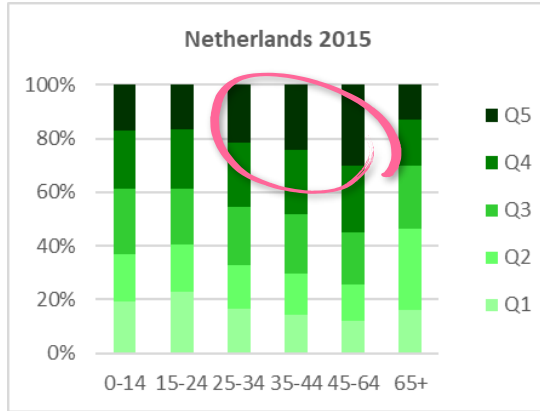# Highest to lowest (Q5/Q1): Adjusted disposable income
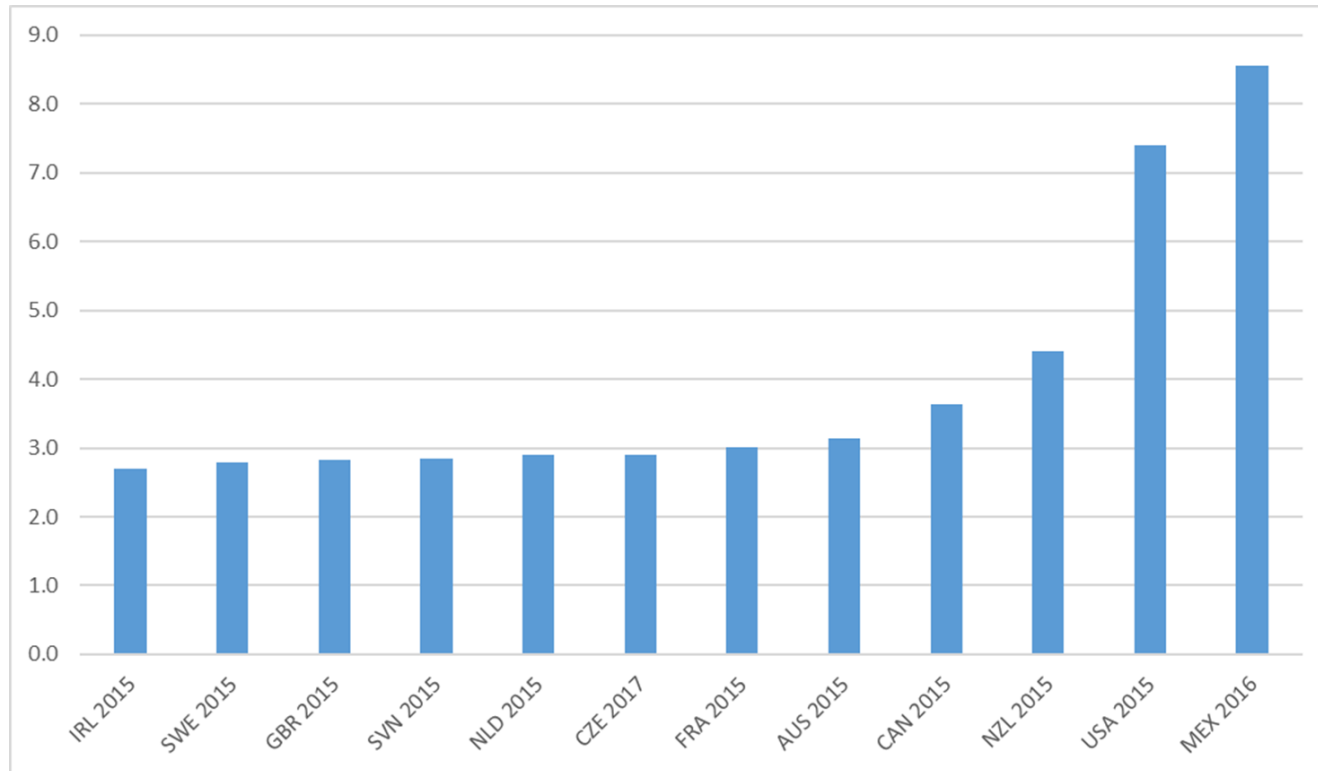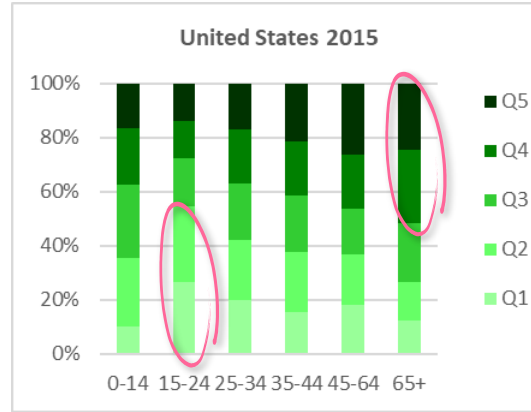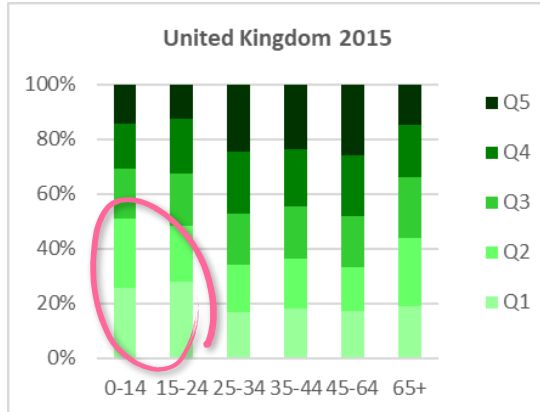
Saving ratio
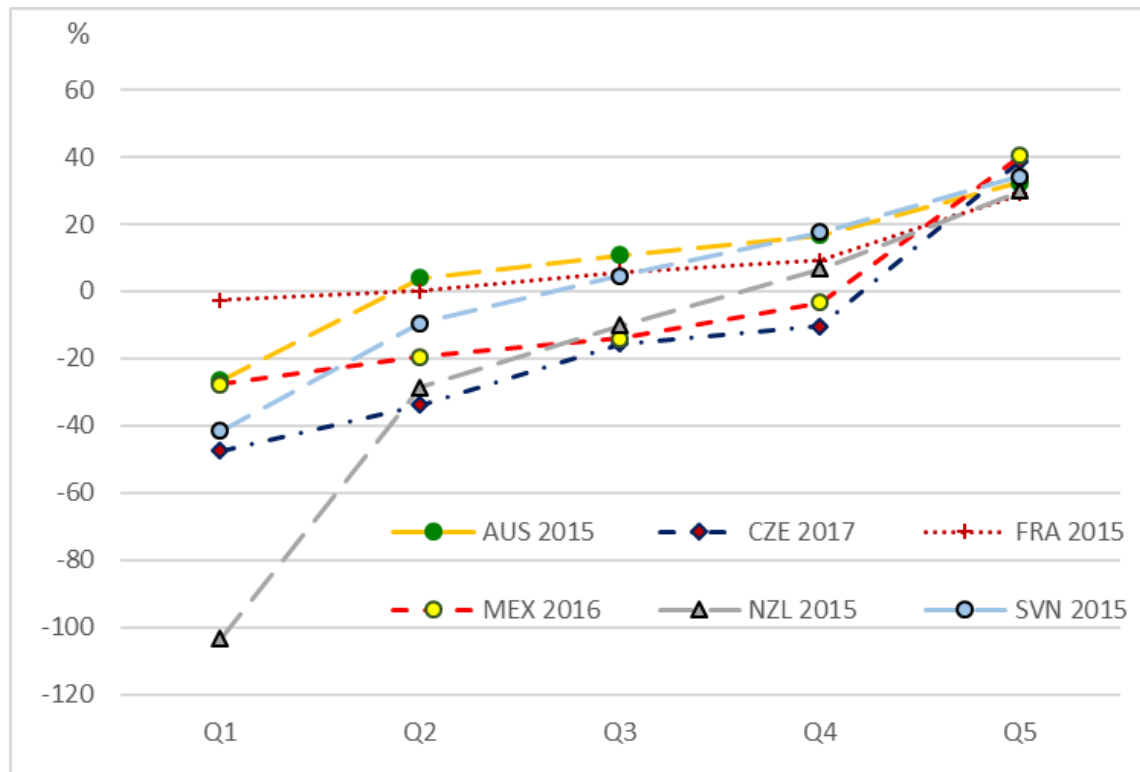
Socio-demographic information: Breakdown by age

Younger persons more concentrated in lower income quintiles in GBR

In US group 15-24 tends to be in lowest income quintiles

Relatively strong concentration of 65+ in higher income quintiles in US

Persons in middle age groups have highest income in NLD

Homogenous composition in PRT, with slightly larger concentration of 15-24 and 65+ in lower quintiles

Next steps

Next steps

- Next steps on income, consumption and wealth (EG DNA):

  - Broaden the range of countries, among others via a centralized approach

  - Explore possibilities to increase granularity, timeliness and frequency

  - Further improve methodology, particularly in areas of micro-macro gaps and imputations

  - Engage in a new collection round, focusing on decile results

- Next steps for on wealth (EG DHW):

  - Develop a collection template

  - Develop internationally harmonized guidelines

  - Engage in first experimental calculations

  - Develop a centralized approach for countries not participating in the work

OTTAWA 2023
64TH WORLD STATISTICS CONGRESS

THANK YOU.