STATISTICAL ACTIVITIES ON HOUSEHOLD ECONOMIC RESOURCES

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Recommendation 16: Distribution information

“As the recommended improvements to data sources and categories are implemented, statistical experts to seek to compile distributional information alongside aggregate figures, wherever this is relevant.

The IAG is encouraged to promote production and dissemination of these data in a frequent and timely manner.

The OECD is encouraged to continue in its efforts to link national accounts data with distributional information.”
Background – Focus on households

The importance of looking at household-level measures
Gross real household disposable income and real GDP - 1999Q1=100

Source: OECD calculation
Background – Inequalities

The importance of looking at income inequalities

- Large differences between countries
- Longer-term trend towards greater inequality
- Early evidence: small changes in income inequality in the most recent year (2009-2011) since 2007

Source: OECD Income Distribution Database, latest year available
Background – Vulnerabilities

The importance of looking at wealth distribution

Percentage of households holding debt

Debt to income ratio of indebted households

Sources: CIR, EFF2008 (Spain), IBF 2008 (Italy), SCF 2007 (US)

Sources: EFF 2002 (Spain), SCF 2001 (US), SHIW 2002 (Italy), BHPS 2000 (UK)

• Analysing wealth distribution is essential for analysis of vulnerabilities in the household sector
Two Expert Groups

- **OECD Expert Group on Micro statistics on Household Income, Consumption and Wealth (EG ICW)**
  - Methodological work to improve the distributional information available from micro sources in the future, in particular on wealth
  - 17 NSOs, Luxembourg Wealth Study, UNECE, individual analysts, ECB, Eurostat

- **OECD-Eurostat Expert Group to measure Disparities in a National Account framework (EG DNA)**
  - Practical exercise – feasibility study on how to introduce distributional information from existing micro sources in the national accounts
  - 25 NSOs, Luxembourg Income Study, ECB, Eurostat
OECD Guidelines on Household Wealth (12 June):

- Fills gap in existing international guidance in a field where more countries are undertaking measurement initiatives
- Propose standard concepts, definition and classifications
- Discuss advantages of different sources, best-practice in measurement of various items, analytic measures and dissemination practices
- Road testing by countries and revision in light of experience gained

EG Micro-statistics (ICW)

Report on Integrated Framework (12 June)

• Covers the three dimensions of household economic well-being (I, C and W) in an integrated way from perspective of individual households and in light of practicalities of data collection and focus of micro-data (distribution)

• Maps relationship and assesses consistency of statistical guidance for each of the three components at micro level, and with SNA

• Provides guidance on producing integrated statistics through either joint data collection or ex post integration (statistical linking and matching)

➢ Highlights available: www.oecd.org/statistics/ICW-Framework.htm
Two Working Papers forthcoming on:

- Comparing micro-macro sources in terms of definitions, scope and total amounts at the level of detailed components, for household income (20 countries), consumption (21) and wealth (7)
- Experimental disparity indicators across households with different characteristics, consistent with NA definitions and totals; indicators fully/partially computed by experts from 16 countries for income, consumption and as residual savings, for a given year

In addition: Report on Eurostat “a-minima” exercise
EG DNA: Main results (1)

Average gap macro/micro for household income, consumption and wealth

Ranges of values - average gap indicator measured on components with similar micro information:

- Adjusted disposable income (20 countries):
  - Min: 5%
  - Max: 57%

- Actual final consumption (21 countries):
  - Min: 16%
  - Max: 62%

- Net worth (6 countries):
  - Min: 7%
  - Max: 43%
EG DNA: Main results (2)

- Relative position of each household group: Adjusted disposable income per consumption unit compared to the average, by income quintile
• Relative position of each household group: Actual final consumption per consumption unit compared to the average, by income quintile
EG DNA: Main results (4)

- Savings* as a percentage of adjusted disposable income, by income quintile
EG DNA: Main results (5)

- Ratio of richest to poorest (Q5/Q1): comparison between the EG results and the OECD micro database (IDD)

The legend indicates the extent to which the IDD and the EG results are comparable. A star indicates similar micro sources. A year is indicated in case IDD and EG relate to the same year.

Note: micro measures are based on a grouping by individuals, whereas the EG is based on households.
EG DNA: Recommendations

• Better information on compilation process SNA-HH
• More detailed breakdowns SNA-HH: NPISH, components
• More consistency between micro sources
• Need for socio-demographic reference series (e.g. number of households)
• More systematic confrontation between micro and macro sources
• Status of EGDNA outputs
  – Research papers
  – Conclusion from experts on the feasibility study (17 country responses)
    • Ready for official publication (3)
    • Official release in short (5) or medium-term (8)
    • Not currently feasible (1)
Way forward (CSTAT)

Work related to the EG ICW:

• Design of a standard set of tables on the distribution of household wealth
• Annual collection of micro data on income distribution;
• One-off data collection on income distribution at the sub-national level
• Forum to discuss issues linked to the implementation of the EGICW framework
Way forward (CSTAT)

Work related to the EG DNA

• Refine methodology on combining micro and macro, with focus on consistency income and consumption
• Compile data consistent with SNA for a more recent year
• Consider the possible development of a methodology to compile more timely estimates of levels and changes

Continuation of Expert Group: Exact details and Terms of Reference still to be discussed
The Eurosystem Household Finance and Consumption Survey (HFCS)

- Published 9 April 2013 ([ECB press release](https://www.ecb.europa.eu); data refer in most cases to 2010 (or before)
- Content: detailed household-level data on various aspects of household balance sheets and related economic and demographic variables
- Micro data available to researchers (instructions for access on [HFCN website](https://www.hfcn.eu))
- Data for second wave (covering all 17 euro area countries) collected in 2013/2014. Results available in 2016.
Thanks for your attention!