



# SESSION V: MEASURING MATERIAL CONDITIONS OF HOUSEHOLDS

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# International Initiatives

- G-20 Data Gaps Initiative Recommendation #II.9 (#I.16)
  - reiterated the importance of providing (household) distributional information alongside aggregate figures such as the sectoral financial accounts and balance sheets of households.
  - Closely linked to the work on statistics on a *from-whom-to-whom* basis, discussed in Session III.
  - ***The IAG, in close collaboration with the G-20 economies, to encourage the production and dissemination of distributional information (such as information by income quintile), for the household sector. The OECD to coordinate the work in close cooperation with Eurostat and ECB.***
- OECD : *E.g. Better Life Initiative*; the work of the OECD Expert Group on Micro Statistics on Household Income, Consumption, and Wealth.



# International Initiatives

- IMF interest—from a policy perspective
  - Monitoring job creation and inclusive growth
  
- Surveillance guidance for staff
  - *In advising on policies to preserve and strengthen domestic stability, staff should help the IMF member achieve the objectives of job creation and better income distribution. To determine whether issues of job creation and income distribution are important objectives for a member country, staff should screen for indications that this might be the case.*

# Conceptual Framework

- *2008 System of National Accounts* provides broad framework that could then be expanded/adapted using data from a range of other areas—social statistics; demographic statistics; and so forth—to address issues regarding welfare and wellbeing.
- SNA not developed with the intention of providing measures of well-being and welfare.
  - *GDP is often taken as a measure of welfare, but the SNA makes no claim that this is so and indeed there are several conventions in the SNA that argue against the welfare interpretation of the accounts (2008 SNA paragraph 1.75).*
- Richard Stone also alluded to that in his Nobel Prize acceptance address, “The Accounts of Society”.

# Measurement Issues

- Measuring the activities of households most challenging of all entities
  - Households do not record their activities in the same manner as other legal/social entities (corporations; government)
- Luigi Guiso: “The administrative data revolution”
- *Comprehensive administrative data — could be ideal world for statisticians*
  - *Cheap and potentially timely*
  - Conceptual differences between the administrative data and the underlying statistical framework
    - ❖ Matching income (closely related to individuals) with consumption (related to groups/households)

# Measurement Issues

- Issue for Consideration
  - Broader examination across developing countries
    - ❖ Administrative data may be available, but are the data useful?
      - Duplication; missing identifiers/records; lack of processing capacity (not trivial).
    - ❖ Urban vs. rural
- Luigi Guiso: *The exploitation (of administrative data) requires some organizational capital, e.g. subjects need an ID at birth, linked to their families*
  - Planning and coordination between the statistical agencies (compilers) and the agencies producing the administrative data.
    - ❖ Statistical agencies advise on their requirements
    - ❖ Monitoring to ensure that the data producers adhere to the standards

# Measurement Issues

- Krislert Samphantharak
- Builds macro links to micro data
- Developed *Household Financial Accounting*
  - Useful to review how it meshes with the SNA household sector accounts
  - What are the similarities and differences
    - ❖ SNA; OECD Guidelines for Micro Statistics on Household Wealth
  - What are the implications for household sector accounts
    - ❖ What is the SNA missing?



# Measurement Issues

## Discussion Point

- *Is household financial accounting useful for households in both advanced and developing economies? Is it useful for urban households or household without business enterprises?*
- Yes, it is. But is it feasible? Should the instruments be different?





# Measurement Issues

- Non-trivial Issues
  - Gifts and transfers; In-kind transactions
    - ❖ Difficult to measure but contribute to income and wealth
    - ❖ Therefore: Should be considered
  - Contingent claims
    - ❖ Included in the asset boundary?
    - ❖ Consistency in measurement



# Thank You!