



**United
Nations**

Department of
Economic and
Social Affairs

Population

Measuring inequality in National Accounts

An NTA perspective

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United Nations DESA

Building Sustainable Generational Economies: The 14th Global Meeting of the NTA Framework
Session on Measuring Inequality in National Accounts, Friday, 17 February 2023, Paris, France

Right time, Right place for this session.

Right Time

- The global statistical community is developing a “**beyond GDP**” framework with a central focus on inequality and inclusion. A “beyond averages” approach.
- The UN is launching a **National Inclusion Accounts Project** (2023-2026) – disaggregation of National Accounts by age, gender, and SES in 8 countries: Colombia, Costa Rica, Jamaica, Lao PDR, Malaysia, Maldives, Uruguay, and Viet Nam.

Right Place

- We are all here **in Paris!** Matt and Jorrit live here.

A 3D Perspective



Disaggregations

National Transfer Account
(**NTA**) Network

Disaggregations of National
Accounts by population
groups:
Age, Sex, and SES

Distributions

World Inequality Database

Distributional National
Accounts
DINA

Disparities

OECD

Expert Group on Disparities in
National Accounts (**EG DNA**)

Three groups working on inequality:

NTA Network,
World Inequality Database (DINA),
OECD (EG DNA).



Bring the three groups together.

- **Uniqueness:** Look for complementarity in perspectives, how the three together form a more complete picture of inequality.
- **Similarities:** Adopt and adapt methods to the **common challenges** we allface.

Similarities: 7 common challenges

Adopt and adapt methods to common challenges.

1. Understanding inequality requires information on both stocks (wealth) and flows (income). NTA measures flows, **not stocks**. [But see James Sefton's workshop an hour from now!]
2. Dealing with **the rich**. Household surveys fail to capture the top of the income and wealth distributions.

Adopt and adapt methods to common challenges.

3. How to handle the gap between the aggregation of household values and National Accounts? In NTA-lingo: **adjusting to control totals**.

- NTA assumes all households (all individuals) underreport at the same rate.
- Each country team calculates the adjustment factors but not systematically reported.
- Is the gap telling us something about the households that were interviewed, those that weren't, or the SNA itself?

4. Use of **equivalency scales** to peer inside the household.

- NTA uses equivalency scales to distribute household consumption (other than education and health) to individual household members.
- Adults = 1.0, Children under 4 = 0.4, with linear trend in between.

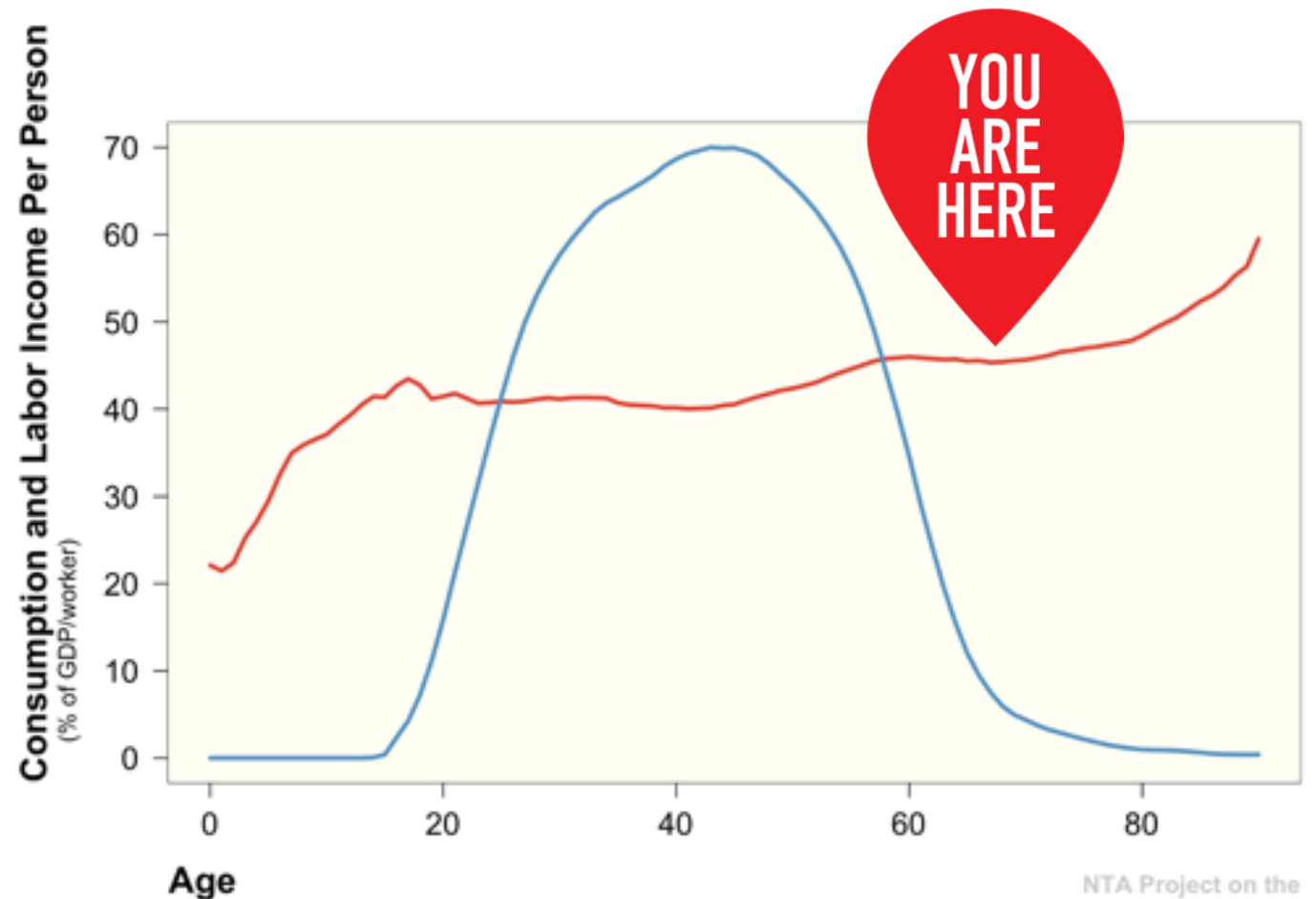
Adopt and adapt methods to common challenges.

5. How to handle **small sample sizes** in survey data as we increase co-variates: age, sex, and education?
6. NTA currently takes averages for population groups. How could we **preserve micro-data relationships** in the survey data?
7. **Communicating** results to policymakers and the general public.

Uniqueness: 7 Strengths

Strengths of the NTA perspective

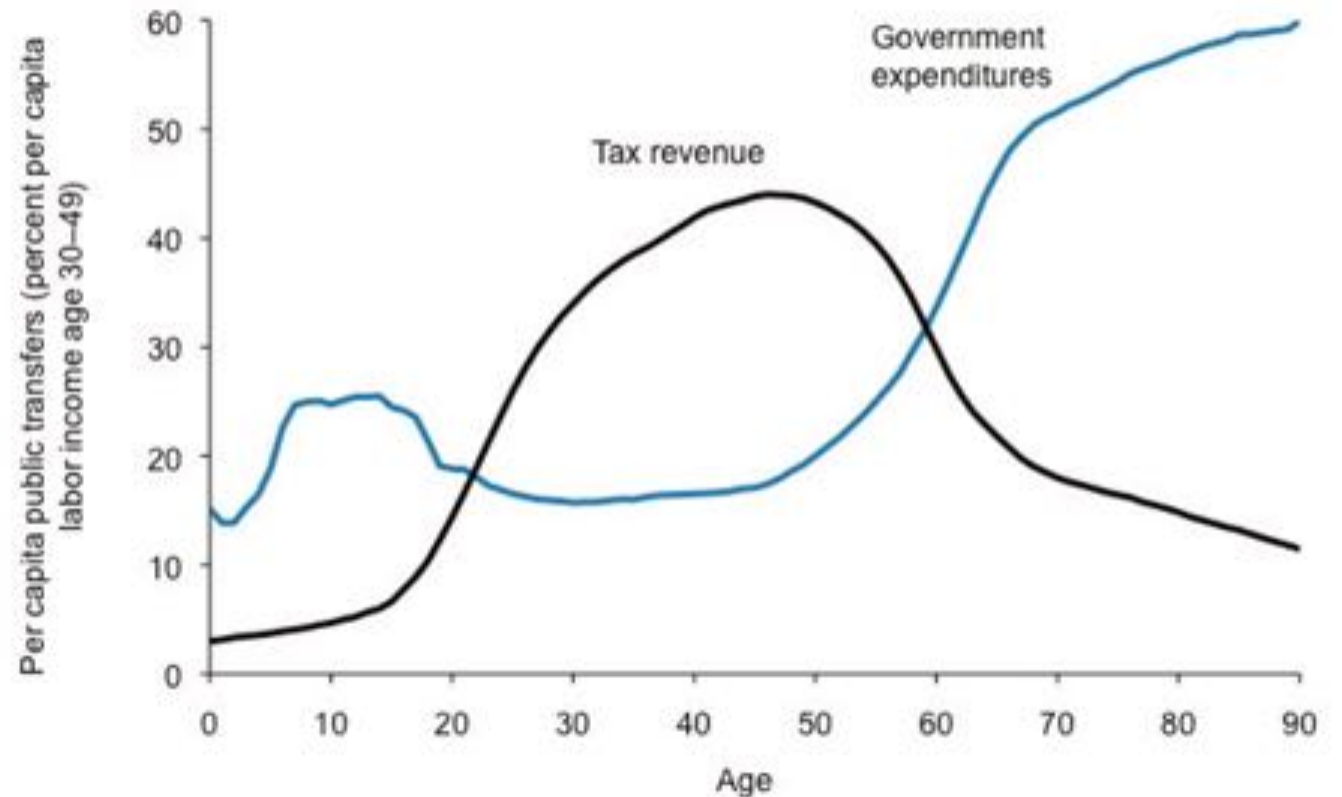
1. You are here. People can see themselves in National Transfer Accounts. NTAs make national economic statistics “relatable.” People tell stories. Great potential in communicating with the general public and policymakers.



Strengths of the NTA perspective

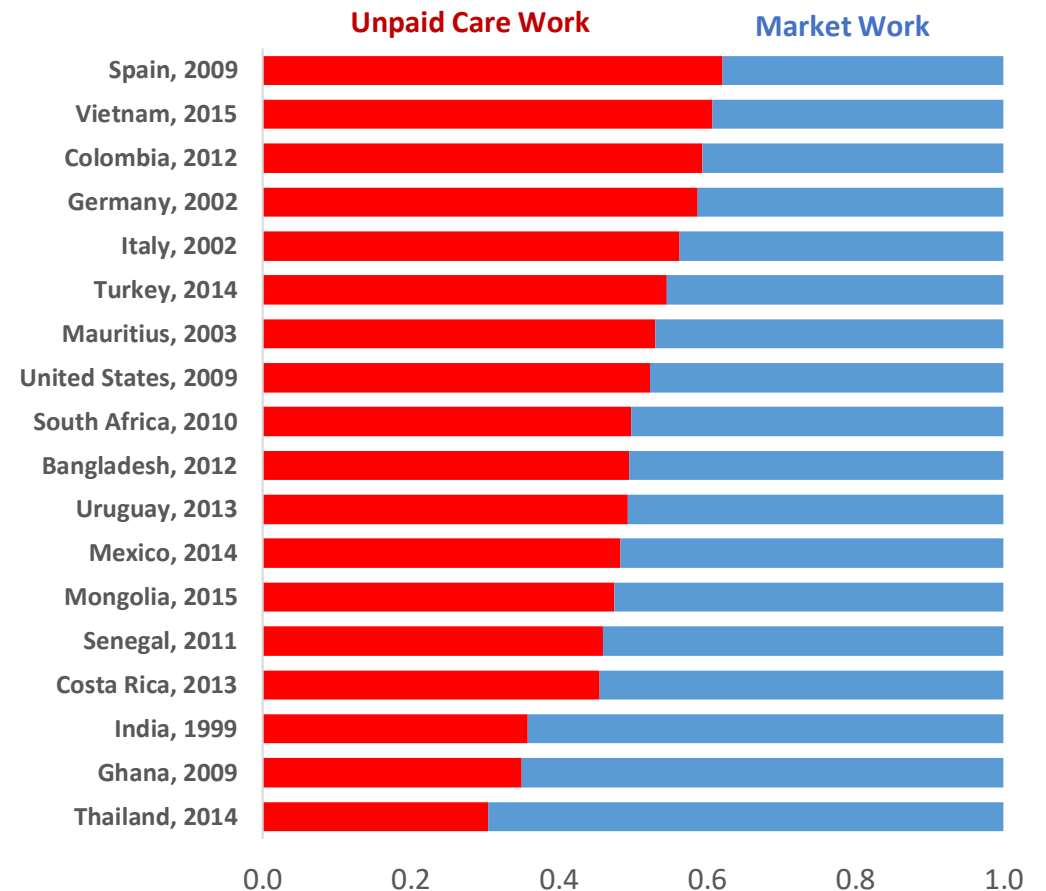
2. Solidarity. People can see others in NTAs. NTA transfer flows represent a visualization of the social contract.

We can show a picture of what the High Commissioner for Planning called France's unique social model of "All for all." We can quantify this model. We can compare it with other countries.



Strengths of the NTA perspective

3. Caring for each other. Going beyond GDP to measure the unpaid care economy. Caring for one another is a central – but unmeasured – feature of the economic life cycle. Half of all work is unpaid care work. Done mainly by women. NTA overcomes the huge gender bias of those analyses based solely on the market economy. Beyond GDP = Beyond Men.

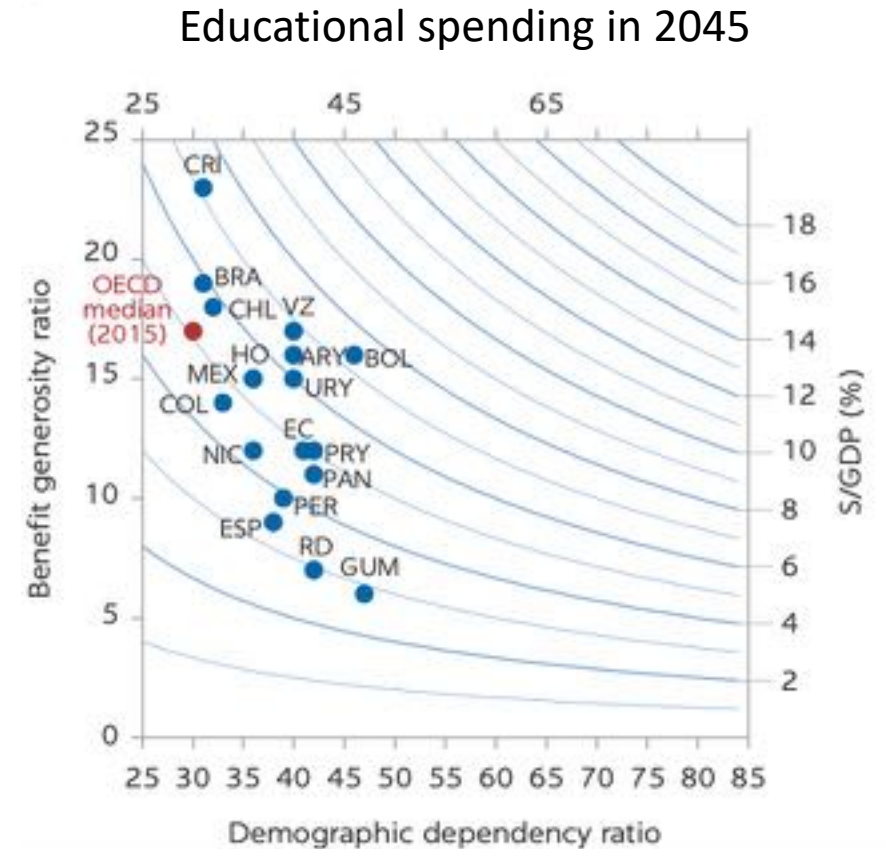


Strengths of the NTA perspective

4. *Future focus.*

NTAs -- because they are based on age -- allow us to project the economic impacts of population change far into the future.

NTAs -- because they are based on age -- naturally guide the user toward a life cycle perspective and a focus on the future.



Strengths of the NTA perspective

5. Guide to building inclusive and sustainable societies.

The objectives of sustainability and inclusiveness are intertwined. We cannot have one without the other.

NTAs, extended to include measures of SES like education, can guide us as we strive to build inclusive and sustainable societies in an era of rapid population change.

Why? Because of NTA's core focus on transfer – which have dual functions of smoothing consumption over the life cycle and at the same time important impacts on inequality within and between generations.

Strengths of the NTA perspective

6. *Disaggregation by age, sex, and education.*

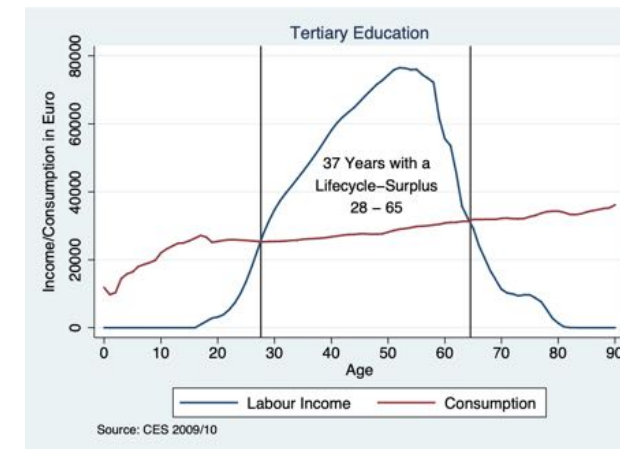
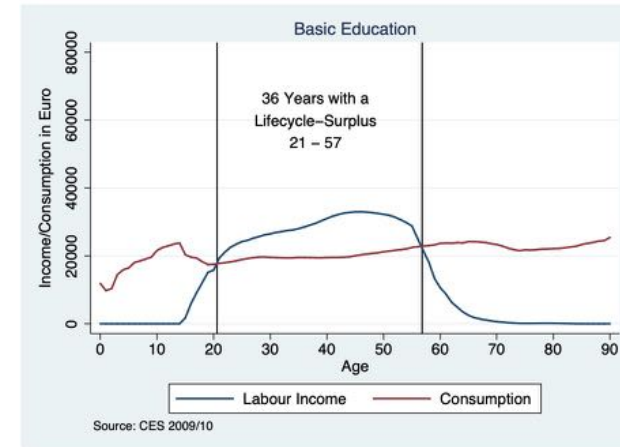
Why education?

Third dimension of demography: age, sex, and education.

Can track cohorts over time.

Importance of human capital in modern economies.

Strong interactions among education, population, and economy.



Strengths of the NTA perspective

7. The NTA Network.

All of us.





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Questions and suggestions:

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