• Data on the joint distribution of income, consumption and wealth provide links between the three economic dimensions; help describe more thoroughly material well-being and households' economic vulnerability; and they also help explain the dynamics of wealth inequalities;

• Recommendation 3 of the Stiglitz-Sen-Fitoussi report: “the most pertinent measures of the distribution of material living standards are probably based on jointly considering the income, consumption, and wealth position of households or individuals”;

• OECD Framework for Statistics on the Distribution of Household Income, Consumption and Wealth;

• Eurostat experimental statistics on income, consumption and wealth;

• DGINS 2016 conference on “Statistics on income, consumption and wealth”. Main conclusions of the Vienna memorandum:
  ✓ Develop a harmonised ICW statistical framework
  ✓ Insist on the importance of the multi-source approach
  ✓ Promote closer cooperation between National Accountants and survey statisticians
  ✓ Cooperate closely with researchers and others institutions
The new EG ICW project (I)

• Produce **experimental data** at the micro level of the joint distribution of household ICW for recent year (~2015) based on national sources and on **common assumptions** and assessed through a **common “quality framework”**;

• **Modular approach**, i.e. country experts may do:
  – Less, i.e. estimates for a given year limited to only 2 of the 3 elements (e.g. IC, IW, CW);
  – More, i.e. estimates for 2 years (e.g. 2007 and 2015) to allow looking at changes in joint distribution (2D, 3D) over time.
The new EG ICW project (II)

• 23 countries (NSOs/Central Banks) involved + ECB and LIS;
• 2 meetings: November 2017 and May 2018;
• Deliverables in Q2 2019:
  ✓ Joint ICW microdata, whenever possible, stored centrally and used to compute and disseminate aggregated data. As an alternative, these aggregate data can be computed directly by the participating countries;
  ✓ report describing the key patterns highlighted by the data and assessing the quality of the results;
  ✓ recommendations for improving data collections in each field, which could enhance the quality of any future estimates of the ICW joint distribution.
Interpreting the findings

• The data produced by EG ICW is experimental in nature
  – **Different sources & methods used** (survey integration, data linking, statistical matching, etc.), potential comparability issue
  – Even where same sources used for multiple dimensions **measurement error** may affect some forms of analysis (e.g. savings rates)

• Data in this presentation is still **provisional** for some countries

Substantial **care therefore needed in interpreting** findings: Need to consider in context of what we know from **metadata** (e.g. where source of ICW data is not the ‘primary’ national source, we need to consider coherence among sources)
As expected, wealth inequality **considerably higher** than for income/consumption.
Analysis can be extended to 2&3 dimensions:

- In **Canada, Poland and UK** roughly 20% of households in top quintile on 1 dimension are in top quintile on all 3.
- In **US**, households in top quintile in 1 dimension are over twice as likely to be in top on all 3: potentially indicates stronger relationship between high levels of ICW in US than other countries studied so far.
Preliminary data suggests similar levels of income and consumption poverty in **UK**, but consumption poverty lower than income poverty in the **other countries**.

Also differences in **size of overlap** between income and consumption poverty.
Data suggest a **substantial proportion of households have negative savings rates**

- consistent with Eurostat (2017) which suggests share of dissaving households between 12% and 56% across EU countries
- Need to interpret with caution due to different ways in which I & C is collected in surveys
Mean savings rate by income quintile

- Very low savings rates in Q1/Q2 likely to reflect temporary low incomes (particularly among self-employed)...
- .. But also potential under-reporting of low incomes / high expenditures

Source: Provisional data from Eurostat/OECD EG ICW: Not for further re-use
Further readings


Thank you!

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