

**Comments on draft SNA chapter:
Chapter 24: The households sector**

**Deadline for comments: 31 October 2008
Send comments to: sna@un.org**

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| Submission date: | 31 October 2008 |

This template allows you to record your comments on draft SNA chapter 24 “The households sector” and, at the same time, makes it easy for us to use your comments in considering revisions to the draft chapter. You may complete any or all parts of the template.

There is no file comparing existing text with draft text for this chapter because the draft is largely new text.

Save this template and send it as an attachment to the following e-mail address:
sna@un.org

Part I: General comments

In the space below, please provide any general comments. This may cover e.g. the structure of the chapter, issues missing and (lack of) consistency with other chapters of the 2008 SNA.

General comments:

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| General comment | Our most important comments are on the section on subsectoring, and are shown in our comments on Part II, Section B. |
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Part II: Comments on specific draft paragraphs and sections

All comments on specific draft paragraphs are welcome. They can be about e.g. scope, content and clarity. Proposing a concrete alternative text or table is also possible. For the paragraphs in separate sections, separate forms are used for providing and collecting comments (see below).

A. Introduction (paragraphs 24.1-24.5)

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| General comment | |
| 24.1 | <p>Items "a" and "b" may appear to contradict each other, with the emphasis in "a" on households as suppliers of labour, in contrast to the emphasis in "b" on supply of fixed capital and entrepreneurial skills. We suggest rewording, along the following lines.</p> <ol style="list-style-type: none"> a. Like corporations, most households earn income from engaging in production. Some households earn most of their income from production in the form of compensation of employees, by supplying labour to other enterprises. b. Other households operate unincorporated enterprises. These households, like corporations, engage in production in which they supply fixed capital and entrepreneurial skills... |
| 24.2 | <p>This paragraph is oddly worded. The essential point that analysis of household behaviour requires modelling in addition to national accounts data applies more generally, and is not just applicable to the households sector. Determining the effects of government policy on any of the sectors requires a combination of models of economic behaviour and data for estimation of the models. National accounts may be the source of data used for estimating the models, or, alternatively, other data sources, such as household or enterprise surveys may be used.</p> |

* Insert rows in this Word table for each paragraph on which you wish to comment.

B. Sub-sectoring households (paragraphs 24.6-24.21)

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| General comment | <p>We found this section on sub-sectoring to be less useful than other sections of the chapter. The section does not appear to be very well harmonised with chapter 4 (paragraphs 4.158 to 4.165) on sub-sectoring of households. It is not clear that this section provides useful guidance that is not already contained in chapter 4.</p> <p>Our experience has been that (a) there is considerable user interest in disaggregating the household sector, but (b) the form of that disaggregation generally takes the form of analysis of household "micro" survey data, rather than creating sub-sectors with complete sets of accounts. We think that there are several reasons for this preference:</p> <ol style="list-style-type: none"> 1. Because households do not keep complete sets of accounts, most statistical offices rely, at least in part, on data from administrative sources or from other sectors to estimate the stocks and flows of the household sector. Such records generally do not provide demographic |
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| | <p>details that could be used to form sub-sectors.</p> <ol style="list-style-type: none"> 2. Even when household survey data are available, they may not be usable for developing complete SNA-style accounts—for example, because of imputed transactions or redirections that households are unable to report. 3. Household surveys are known to seriously under report certain stocks or flows—for example, consumption of alcoholic beverages and certain other types of expenditures, certain activities that are purposely misreported because they are illegal or to avoid taxation, and holdings of some types of assets (or liabilities). 4. Few household surveys provide sufficient information to develop a complete set of accounts. Most surveys must focus on certain stocks or flows (e.g., consumption expenditures or allocation of financial assets). <p>For these reasons, we suggest that the chapter might drop section B, and simply refer to chapter 4 on sub-sectoring, moving other relevant material to section G, which is quite brief and doesn't provide much discussion of disaggregation of household data using micro data from household surveys.</p> |
| 24.14 | Property income is inappropriately listed as a type of income from transfers. The SNA classifies property income as a type of primary income, not as a transfer. |
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* Insert rows in this Word table for each paragraph on which you wish to comment.

C. Households as producers (paragraphs 24.22-24.36)

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| General comment | Click here and start typing. |
| 24.26 | The statement, "In all economies," should probably say, "In most economies..." (It seems unlikely that anyone has checked to see that the statement is true in every economy.) |
| * | Click here and start typing. |

* Insert rows in this Word table for each paragraph on which you wish to comment.

D. Households as consumers (paragraphs 24.37-24.40)

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| General comment | Click here and start typing. |
| 24.37 | Click here and start typing. |
| * | Click here and start typing. |

* Insert rows in this Word table for each paragraph on which you wish to comment.

E. Household income (paragraphs 24.41-24.45)

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| General comment | Click here and start typing. |
| 24.46 | |
| * | Click here and start typing. |

* Insert rows in this Word table for each paragraph on which you wish to comment.

F. Household wealth and associated income flows (paragraphs 24.46-24.50)

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| General comment | Click here and start typing. |
| 24.46 | The first sentence should add "financial assets" to "houses and pension funds" as the main sources of household wealth. For example, in the U.S. flow of funds accounts for the second quarter of 2008, real estate represented 39 percent of household net worth, pension fund reserves were 22 percent of net worth, and financial assets other than pension fund reserves were 57 percent. (The percentages sum to more than 100 percent because liabilities are subtracted from assets in the calculation of net worth.) Clearly it is misleading to fail to include financial assets other than pension funds. |
| * | Click here and start typing. |

* Insert rows in this Word table for each paragraph on which you wish to comment.

G. Data sources (paragraph 24.51)

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| General comment | Click here and start typing. |
| 24.51 | Click here and start typing. |
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* Insert rows in this Word table for each paragraph on which you wish to comment.

Part III. Other specific comments

You are welcome to make other specific comments. To assist you in doing so, the following points are provided as a guide to the types of points on which you might wish to comment. Note, though, that you are not restricted to commenting on only these points.

1. Are there any other considerations or options for sub-sectoring households that you would wish to see included?

2. Are there any other aspects of household production that should be elaborated in the chapter?
3. Are there any other references you would suggest including?

Specific comments:

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| Specific comments | The chapter does not include any discussion of private trust funds. In the United States, these funds are widely used for holding household assets, and are especially used for the inheritance of property. |
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You are also welcome to comment directly on the PDF file of the draft chapter. Please do so by using Adobe Acrobat Version 6 or 7.

If you don't have Adobe Acrobat Version 6 or 7 and would like to make detailed comments, please send a message to sna@un.org requesting a version of the draft chapter that permits you to comment. To optimize your commenting tools, please download Adobe Reader 7.0 for free from <http://www.adobe.com/products/acrobat/readstep2.html>