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A DRAFT SYSTEM OF STATISTICS  
OF THE DISTRIBUTION OF INCOME, CONSUMPTION  
AND ACCUMULATION

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## I. INTRODUCTION

1. This paper presents a final draft of the international guidelines in respect of a system of statistics on the distribution of income, consumption and accumulation of households that was proposed in document E/CN.3/400.<sup>1/</sup> It represents an extension as well as a revision of the draft international guidelines given in document E/CN.3/400. Sections have been added on sources and methods of compiling the statistics and on the order of priority in which the proposed standard tables of the system might be prepared. The definitions of the items of data of the system have been detailed in order to distinguish clearly, where necessary, between data that might be compiled at summary (macro) levels of tabulations only and data that may be compiled at detailed (micro) levels as well. As the proposed system of income distribution and related statistics is complementary to the System of National Accounts (SNA) and the System of Material Product Balances (MPS), care has been taken to delineate more precisely than in document E/CN.3/400 how the items of the system fit in with the data of the national accounts and balances.<sup>2/</sup>

2. The revisions and extensions of document E/CN.3/400 that are made in this paper are based on the comments gathered on document E/CN.3/400 and the research carried on into national practices in respect of income distribution and

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<sup>1/</sup> A Draft Complementary System of Statistics on the Distribution of Income and Wealth, E/CN.3/400, 19 August 1969, Statistical Commission, sixteenth session.

<sup>2/</sup> See A System of National Accounts, Studies in Methods, Series F, No. 2, Rev.3, United Nations, New York 1968, and Basic Principles of the System of Balances of the National Economy, Studies in Methods, Series F, No. 17, United Nations, New York 1971.

and related statistics. Document E/CN.3/400 was considered by the working groups of the Conference of European Statisticians and of national statistical authorities of the ECLA region, by the first session of the Expert Group on income distribution and related statistics and by the sixteenth session of the Statistical Commission.<sup>3/</sup> It was also circulated to all national statistical offices for comment.

3. This paper is organized along the following lines. Discussed first are purposes for which, and the character of, the statistics that are required nationally and internationally. Next, sections follow on the objectives and nature of the draft international guidelines, on the scope and broad priorities of the complementary system, and on its structure and relationship to the national accounts and balances. Dealt with after that are the definitions and classifications of the statistical units to be used in the system and of the items of data in respect of income, consumption and accumulation. The last sections of the paper concern the proposed standard tables of the system and the order of priority in which the tables might be prepared,

## II. PURPOSES AND NATURE OF THE STATISTICS

### A. The major requirements

4. Countries have to an increasing extent in recent years compiled statistics of the distribution of incomes, consumption and accumulation of households for purposes of dealing with a wide range of inter-connected economic and social questions. Traditionally, the focus of attention in gathering these data has

<sup>3/</sup> See Report of the Fifth Session, Working Group on National Accounts and Balances, Conference of European Statisticians, Conf.Eur.Stats/WG.22, 16 March 1970; Report of the Working Group on Statistics of the Distribution of Income, Consumption and Wealth, ST/ECLA/Conf.42/L.6, Economic Commission for Latin America; Report of the First Session of the Expert Group on Statistics of the Distribution of Income, Consumption and Wealth, E/CN.3/415, 3 April 1970, Statistical Commission, sixteenth session; Report of the Statistical Commission, Sixteenth Session.

been on the outlays of households on consumption for purposes of studies of family living conditions and for purposes of compiling weighting diagrammes for index numbers of consumer prices. More recently, interest has developed in statistics of income, saving and wealth of households, in addition to data on their consumption, not only for purposes of analysing the distribution of well-being among them but also for purposes of dealing with such questions as the demands for goods and services, the sources of finance of capital formation, the impact of taxes and the factors in inflation. As a result, an increasing number of countries are enlarging the range of households covered in, and expanding the items included in, the data that they compile. A few countries have carried these efforts to the point where the data of their studies of distribution are made to add up to the corresponding data of their national accounts. This work has been greatly facilitated by the building of co-ordinated and even integrated, systems of inquiries into the various aspects of household income, consumption and accumulation, by the development of efficient techniques for matching and combining data from various sources and by the installation of electronic computers.

5. Income distribution and related statistics are needed primarily for purposes of dealing with two broad categories of questions: (i) the welfare of the population and (ii) incomes and fiscal policies, programmes for development and other global economic issues. These two uses are inter-connected as the economic measures obviously affect the state of welfare of the population.

6. In order to serve these purposes, data are needed in respect of each major step in the formation and disposition of income and in respect of each form of wealth (accumulation) that are classified according to the socio-economic characteristics of households and individuals. These data relate to the same flows and stocks as do the national accounts and balances but the required classifications of the data are, on the whole, too detailed to be included as an integral part of the SNA or MPS. Nevertheless, while it will be necessary to modify the national accounting definitions of certain of the flows



for purposes of practical use in gathering the micro data of the distribution of income, consumption and accumulation, it is advantageous to co-ordinate these statistics with the national accounting data so as to supplement the latter.

1. Welfare of the population

7. Traditionally the most common questions dealt with in income distribution and related statistics have been the character, adequacy and determinants of the distribution of well-being among the population.

a. Incomes

8. Of interest for these studies are the size, types and adequacy of the incomes which various groups of the population receive from participating in production and from property and the extent to which and manner in which the distribution of these incomes is improved by redistribution through taxation and other means. The earnings of employees and owners of unincorporated businesses from their participation in production, named primary incomes here, basically define the level of living that most of the population can afford. In the case of some households and individuals, however, incomes from property also play an important role. The sum of primary income and property income, that is distributed factor income, therefore is a key income aggregate in statistics of income distribution. The incomes that are in fact available to households for use in consumption and saving of course reflect the effects of the redistribution of incomes.

b. Consumption

9. In order to assess the actual level of living of various groups of the population, data are wanted on their level and pattern of consumption and the ways in which this consumption is financed, for example income from earnings, government monetary transfers, drawing from past savings, incurring debt. For this purpose, data on the outlays made on various kinds of goods and services are as important as the aggregate of personal consumption. Because the services and goods that governments furnish to the population free of charge

are often important in the case of certain elements of the level of living, it is valuable to have data on the total consumption of various groups of the population, that is the sum of the values of their receipts of these items and of their personal consumption.

c. Accumulation and wealth

10. Data are also needed on the saving and wealth of various classes of households for purposes of assessing their state of well-being. Saving and financial wealth contribute to feelings of security; wealth in the form of durable consumer goods furnishes a flow of services.

2. Global economic questions

11. Data on the magnitude and sources of incomes, expenditure and saving of various groups of the population are also required in devising measures to attain steady economic growth and to avoid inflation.

a. Incomes

12. Statistics of the employee compensation and entrepreneurial incomes are required in investigating cost-push inflation and formulating incomes policies, where necessary. They also enter into assessing the effects of incomes policies and of the expansion of domestic production on the well-being of various groups of the population. Data on the distribution and make-up (that is the primary and property incomes) of distributed factor incomes are required in establishing policies and regulations in respect of taxes and estimating tax receipts. For these purposes it may also be useful to have statistics of the total receipts of households on current account, here named current receipts. Figures of the available income of various kinds of households are needed in investigating demand-pull inflation and taking the suitable fiscal and incomes policy measures.

b. Consumption and accumulation

13. Data on the way in which various groups of the population divide up their available incomes into personal consumption and saving are also of interest in

evaluating demand-pull inflation. Further these figures are important in promoting and planning economic growth. Estimates are wanted for this purpose in respect of the level and pattern of household demands for goods and services and in respect of the amounts of household saving for capital formation as their incomes increase. In the case of owners of unincorporated enterprises, statistics are also required in respect of their gross capital formation in their businesses. This may use up the bulk of their saving. The wealth that various kinds of households hold in the form of durable goods and in the form of financial assets is also a factor in determining their demands for consumers goods and services.

#### B. Periodicity of the requirements

14. For purposes of periodic comprehensive evaluations of levels of living and periodic drawing of detailed plans for steady economic growth, countries require data that furnish as detailed a picture as is possible of all aspects of the distribution and redistribution of incomes to households and their patterns of consumption and savings. These statistics not only should be comprehensive in scope but also should be classified in considerable detail according to the characteristics of households and individuals. In order to obtain comprehensive statistics of this type, countries have undertaken special surveys at intervals of three to five years. It is usually not feasible to undertake such ambitious inquiries at more frequent intervals of time.

15. For purposes of current assessments of the living conditions and the effects of economic and social policies, the primary interest is in rapid and frequent indicators of the main aspects of the distribution of household incomes and consumption. These data are usually obtained from annual or even quarterly or monthly surveys. They mainly relate to aggregates in respect of incomes from production and property, selected transfer payments and consumption, that is the central portion of the information, that is sought in comprehensive inquiries. These data need to be classified according to the

characteristics of households and individuals in far less detail than in the case of the less frequent inquiries. The current surveys often cover a small sample of households only that is drawn from a special section of the population. However, in order to supply the data that are most useful for studies of changes in the distribution of incomes and consumption, the inquiries should cover a representative sample of as much of the population as is feasible.

### III. OBJECTIVES AND CHARACTER OF THE INTERNATIONAL GUIDELINES

#### A. Objectives of the guidelines

16. The primary purpose of the international guidelines in respect of statistics of the distribution of the income, expenditure and accumulation of households is to delineate a coherent and articulate system of these data which will be of assistance to countries in organizing and systematically developing the data in the light of their own needs and circumstances.

17. The system should be evolved in co-ordination with the work on national accounting and on a system of field surveys and data from the administration of selected government programmes, for example income taxes and social security. The statistics on the distribution of income, consumption and accumulation largely represent a disaggregation and detailing of the accounts and tables of the national accounts and balances relating to households. The recently revised and extended national accounts and balances should therefore furnish a framework with which the more aggregative (macro) statistics of the system may be aligned and to which the more detailed (micro) data of the system may be linked.

18. The availability of guidelines should help foster the eventual supply of data on the distribution of income, consumption and accumulation that are needed for studies of the socio-economic conditions and behaviour of various groups of the population in the course of economic growth and development. Except for national accounting data on income shares and on the composition of household consumption and accumulation, fragmentary data only are now available for these

purposes. The guidelines should also furnish the basis for the international reporting and publication of comparable data on the more general aspects of income distribution and related statistics when a number of countries have evolved systems of these data.

#### B. Character of the guidelines

19. Statistics of the distribution of income, consumption and accumulation involve a substantial number of series and tabulations that differ greatly in the analytical uses to which they may be put and in degree of detail. It is not feasible to cover the special or more detailed aspects of these data in the international guidelines. The guidelines focus on the aspects of the system that are central to the character and the major uses of income distribution and related statistics that delineate the links between these data and the national accounts and balances. These aspects concern the structure, concepts, basic items and definitions, and main classifications and tabulations of the system. The tabulations of data that are included are those that are fundamental to the major uses of income distribution and related statistics and that are of considerable interest internationally. It should be possible to attain a significant degree of comparability in respect of these aspects of the system. This paper also includes descriptions of ways of summarizing the data of the system that are of interest for specialized purposes and of sources and methods of gathering the data. While these materials should be of assistance to countries, they are not intended as international guidelines.

20. The international guidelines of necessity indicate long-range goals for the work on statistics of the distribution of income, consumption and accumulation. It will take most countries a long time to achieve the comprehensive body of data that is included in the proposed full system. Suggestions in respect of the broad order of priorities in which countries might develop the statistics of the system are therefore included in the guidelines. The order of priorities has been formulated in the light of the urgency of the requirements

for the data and the difficulties of gathering the statistics. Countries will of course find it necessary to consider these suggestions in the light of their own requirements and statistical circumstances.

#### IV. SCOPE AND BROAD PRIORITIES OF THE STATISTICS

##### A. Scope

##### 1. Population

21. So as to yield complete data on the well-being of the population and be consistent with the national accounts and balances, the system of income distribution and related statistics should ideally relate to the entire resident population of a country. Persons in institutions, such as orphanages, old-age homes, asylums and jails, should be covered though it has been common practice to omit the institutional population from inquiries into the distribution of incomes and/or expenditures. In view of their special conditions of living, the socio-economic classification of the system includes a special category for persons living in institutions. It should be feasible to compile estimates every three or five years of the few aggregates of the system for which data on the institutional population are wanted, for example their total distributed factor and available incomes and personal and total consumption. As in national accounting, the goods and services that the institutions supply to their inmates free of charge is to be treated as the consumption of the institutions themselves. These goods and services should however be included in the total consumption of the inmates. It probably would however be impracticable and useless to cover the institutional population in distributions of incomes or consumption according to size.

##### 2. Receipts and outlays in kind

22. Not infrequently, the income and expenditure inquiries of developed countries are restricted to cash receipts and outlays, even where the data are gathered through field surveys. The reasons for this are the substantial

difficulties of gathering data on incomes and consumption in kind and the assumption that the amounts in kind may be insignificant. Household income and expenditure inquiries in developing countries almost always cover incomes received in kind and the associated personal consumption because of the importance of these items in the countries concerned.

23. Because the system should be consistent with the national accounts and balances and because incomes in kind are significant in the case of many countries, it is desirable that primary incomes should include receipts in kind as well as in cash. Transfers of goods and services from and to the rest of the world and, to some extent, between resident households should also be accounted for in current redistributive transfers. Personal consumption should, of course, include the corresponding flows in kind. However, household receipts of current transfers and personal consumption should not include the services and goods which general government and private non-profit institutions furnish to households free of charge. These goods and services are to be covered in the concepts of the total income and total consumption of the population.

### 3. Data in comparable prices

24. It is desirable to include data in constant prices for certain series of the complementary system in respect of consumption and incomes.

#### a. Consumption

25. For purposes of comparing the levels of living of classes of the population during differing periods of time and projecting consumer demands, data in constant prices are wanted in respect of the personal and total consumption of socio-economic groups of households classified according to the categories of goods and services. It is also valuable to compile constant-price data in respect of selected commodities that enter into their personal and total consumption.

26. Data valued at comparable prices are also needed for purposes of comparing the well-being of populations which pay differing prices for exactly the same goods and services as seen from the consumers' point of view. The concepts and methods of compiling data in comparable prices for different populations are the same as those used in compiling data for the same population at different points of time.

27. Experience has shown that in some countries the trends in prices do not differ significantly in the case of households located in different areas or belonging to different socio-economic groups. The compilation of price indexes for the individual categories of households in these instances is largely a matter of applying weights that are appropriate for each category. This does not usually raise serious difficulties. In the case of other countries, however, there are significant differences in the trends of consumers' prices between groups of the population. In these instances it is necessary to gather information on the specific prices that are paid by each group of the population in order to estimate their personal and total consumption in comparable constant prices.

b. Incomes

28. For purposes of studies of the trends in the well-being of various groups of the population, it is valuable to measure changes in the purchasing power of their available income. These data are also wanted in measuring the income elasticity of the personal consumption of various categories of goods and services. In compiling the constant-price series, use should be made of the baskets of goods and services consumed by each group of the population during a given period of time. This method of course implies that the saving of the households is considered to be deferred consumption at current prices.



B. Broad priorities in evolving the system

1. Incomes and consumption

29. Statistics of the distribution of incomes and consumption are of course central to the purposes for which the data of the complementary system are wanted; and have been the subject of most of the national work carried on in respect of the statistics of the system. The data that are needed for the purposes of measuring primary and distributed factor incomes and personal consumption, have received more attention than the additional figures of current transfers needed for purposes of determining available incomes. However, the latter series are as urgently required as the former in economic and welfare analyses. Furthermore, though seeking these figures will add to the work of collecting data, they will furnish the basis for cross-checking current receipts and current outlays. In view of the requirements for, and the possibilities of collection of, the statistics concerning the three forms of income and personal consumption, these series should be assigned the highest order of priority in developing the system.

30. The highest order of priority should be assigned to the statistics in respect of the current receipts and current outlays of the population living outside of institutions only. The few aggregates wanted in respect of these flows in the case of the institutional population should be assigned a far lower order of priority. The demands for the information on the institutional population are limited; and the problem of gathering the data are substantial. In order to keep down the difficulties and the burden of the work that is undertaken early in the development of statistics on incomes and personal consumption, it would also be advantageous to restrict the data sought to current receipts and current outlays in cash. In fact, not infrequently, national inquiries into income and expenditure have related to monetary transactions only. However, this approach would be of limited value in the case of countries where significant amounts of personal

consumption are financed by income in kind. In order to keep the burden of starting income and expenditure inquiries within practicable bounds, it may be desirable to reduce the work of gathering items of data that give rise to special problems by introducing additional simplifications in the ideal definition of the items from the point of view of analytical uses. For example, the item "compensation of employees" might be reduced to "wages and salaries" in order to avoid gathering figures of employers' contributions to social security, private pension schemes, health insurance and the like. Or, an effort might not be made to estimate the element of insurance premiums in respect of the service charge.

31. Only a few national statistical offices have had experience in compiling data on the total consumption and total income of the population; this work also involves a number of conceptual and practical problems. On the other hand, the services and goods that governments, private non-profit institutions and enterprises furnish to the population free of charge make up a significant part of their final consumption. Furthermore, the proportion of the population's final consumption that is accounted for by the free items varies from one country to another. Thus, international comparisons of levels of living based on figures of personal consumption only are misleading. In view of these considerations, in building a system of income distribution and related statistics, the compilation of data on total consumption and total income should be assigned a lower order of priority than the collection of data on personal consumption and incomes but a higher order of priority than the gathering of data on the capital transactions of households.

## 2. Accumulation

32. Data on the capital transactions of various groups of the population are wanted for a number of purposes. The amount that they save during a year is a useful indicator of their well-being and of the sources of finance of a nation's capital formation. The amount that persons in the labour force find it necessary to borrow from others or withdraw from past saving in order to finance their

personal consumption calls attention to significant deficiencies in their income. Data on saving or borrowing and the uses to which these sums are put, are of particular interest in the case of owners of unincorporated businesses. On the other hand, relatively few countries have had experience in the direct collection of data on the saving of households and on the net changes in their financial assets and liabilities; and reliable data of this type are not easily gathered. While almost all countries with centrally planned economies gather data on transactions in all financial claims directly from households, other countries have done this in the case of certain financial claims, for example consumers' debt, only. In view of the limited national experience in gathering statistics of saving, investment and borrowing from households and the difficulties encountered in such inquiries, the series should, in general, be assigned a low order of priority in developing the statistics of the complementary system. It is desirable that a higher order of priority is assigned to data on the capital transactions of households which own unincorporated businesses and on the saving accounts and consumers' debt of other households than to data on the other types of capital transactions.

33. While there is a need for data on the distribution of wealth among households - consumer durable goods, financial claims and tangible capital assets - these statistics should be given the lowest priority in work on the system. The balance sheet and revaluation accounts of the SNA are at present still in process of being defined and delineated. Also, though a number of countries gather data from households on selected items of wealth, for example the amount of outstanding consumer debt or the number of automobiles, radios and other consumer durables possessed, few official efforts have been made to compile systematic figures on the value of all items of household wealth. Specific recommendations concerning the statistics of the distribution of household wealth are therefore not now included in the draft international guidelines.

V. STRUCTURE OF THE SYSTEM IN RELATION TO  
THE NATIONAL ACCOUNTS AND BALANCES

A. Structure of the system

1. General

34. The structure of the system of statistics of the distribution of income, consumption and accumulation is designed to portray each major step in the receipt and use of incomes by households and to be consistent as far as is possible, with the accounts of the SNA and the balances of the MPS. The extent to which it is recommended that the flows of each of these steps should be distinguished, reflects the analytical requirements for, and the feasibilities of the collection of, the data. The structure of the system is set out in the form of balanced accounts in table 1 below. It should be emphasized that the system covers all the capital transactions of individuals including those they carry on in their capacity as owners of unincorporated enterprises.

2. The income and outlay  
and capital finance accounts

35. The major stages in the formation and use of household incomes that are discerned in the accounts in table 1 are as follows:

1. Primary incomes, which consist of the receipts of employees and entrepreneurs from their participation in production. Because employees will not have any information about the imputations to be included in their employers' contributions to private pension and similar schemes when these schemes are unfunded, the imputations are not to be included in item A 1. iii of the accounts. In the case of some countries it may be very difficult to gather and compile reliable figures in respect of items A 1 ii and iii of the account. In these circumstances the data on compensation of employees might be limited to figures of wages and salaries only. It

Table 1. The accounts of the complementary system

A. Income and outlay account

4. Primary income	<ol style="list-style-type: none"> <li>1. Compensation of employees <ol style="list-style-type: none"> <li>i. Wages and salaries</li> <li>ii. Employers' contributions to social security and similar schemes</li> <li>iii. Employers' contributions to private pension, family allowance, insurance, and similar schemes<sup>1/</sup></li> </ol> </li> <li>2. Income of members from producers' co-operatives</li> <li>3. Entrepreneurial income <ol style="list-style-type: none"> <li>i. Net rents from owner-occupied dwellings</li> <li>ii. Net rents from other structures</li> <li>iii. Net proceeds from other unincorporated enterprises</li> <li>iv. Withdrawals from quasi-corporate enterprises</li> </ol> </li> </ol>
Disbursements	Receipts
7. Property income paid	<ol style="list-style-type: none"> <li>5. Primary income</li> <li>6. Property income received <ol style="list-style-type: none"> <li>i. Interest</li> <li>ii. Dividends</li> <li>iii. Land rents, royalties, etc.</li> </ol> </li> </ol>
8. Distributed factor income	
Disbursements	Receipts

A. Income and outlay account (continued)

14. Casualty insurance premiums	9. Distributed factor income
15. Unrequited current transfers paid	10. Casualty insurance benefits
i. Direct taxes	11. Unrequited current transfers
ii. Social security contributions <sup>2/</sup>	i. Social security benefits
iii. Current transfers to private non-profit institutions	ii. Social assistance grants
iv. Other current transfers	iii. Unfunded employee welfare benefits
16. Net private pension fund contributions	iv. Other current transfers
17. Net premiums in respect of annuity policies of life insurance companies	12. Private pension fund benefits
18. Available income	13. Benefits from annuity policies of life insurance companies
Disbursements	Receipts
22. Final consumption expenditure	19. Available income
23. Saving	20. Net contributions <u>less</u> benefits, private pension funds
	21. Net premiums <u>less</u> benefits, annuity policies of life insurance companies
Disbursements	Receipts

B. Capital finance account

<p>27. Gross capital formation</p> <ul style="list-style-type: none"> <li>i. Owner-occupied dwellings</li> <li>ii. Other structures</li> <li>iii. Other unincorporated enterprises</li> </ul> <p>28. Net lending<sup>3/</sup></p>	<p>24. Saving</p> <p>25. Consumption of fixed capital</p> <ul style="list-style-type: none"> <li>i. Owner-occupied dwellings</li> <li>ii. Other structures</li> <li>iii. Other unincorporated enterprises</li> </ul> <p>26. Capital transfers received, net</p>
<p>Disbursements</p>	<p>Receipts</p>
<p>31. Net acquisition of financial assets, of which:</p> <ul style="list-style-type: none"> <li>i. Currency and transferable deposits</li> <li>ii. Other deposits</li> <li>iii. Bills and bonds</li> <li>iv. Corporate equity securities</li> <li>v. Net equity on life insurance reserves<sup>3/</sup></li> <li>vi. Net equity on private pension funds<sup>3/</sup></li> <li>vii. Proprietors' net additions to the accumulation of quasi-corporate enterprises</li> <li>viii. Trade credit and advances</li> </ul>	<p>29. Net lending<sup>3/</sup></p> <p>30. Net incurrence of liabilities, of which:</p> <ul style="list-style-type: none"> <li>i. Loans including mortgages <ul style="list-style-type: none"> <li>a. Consumer debt</li> <li>b. Owner-occupied dwelling debt</li> <li>c. Other unincorporated enterprise debt</li> </ul> </li> <li>ii. Trade credits and advances <ul style="list-style-type: none"> <li>a. Consumer debt</li> <li>b. Unincorporated enterprise debt</li> </ul> </li> </ul>
<p>Disbursements</p>	<p>Receipts</p>

C. Total consumption and income of the population<sup>4/</sup>

<p>4. Final consumption expenditure</p> <p>5. Final consumption expenditure of general government assigned to households</p> <p>6. Final consumption expenditure of private non-profit bodies assigned to households</p> <p>7. Expenditure of industries assigned to households</p> <p>8. Subsidies paid by government included in total consumption of the population</p>	<p>1. Available income</p> <p>2. Income due to free or reduced cost services furnished by government, private non-profit institutions and employers and due to government subsidies (4 + 5 + 6 + 7)</p>
<p>9. Total consumption of the population</p>	<p>≠ 3. Total income of the population</p>

D. Composition of current receipts

1. Wages and salaries
2. Income of members from producers' co-operatives
3. Entrepreneurial income
  - i. Net rents from owner-occupied dwellings
  - ii. Net rents from other structures
  - iii. Net proceeds from other unincorporated enterprises
  - iv. Withdrawals from quasi-corporate enterprises
4. Property income received
  - i. Interest
  - ii. Dividends
  - iii. Land rents, royalties, etc.
5. Casualty insurance benefits



D. Composition of current receipts (continued)

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6. Unrequited current transfers received
    - i. Social security benefits
    - ii. Social assistance grants
    - iii. Unfunded employee welfare benefits
    - iv. Other current transfers
  7. Private pension fund benefits
  8. Benefits from annuity policies of life insurance companies
- 

9. Current receipts

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- 1/ Excludes imputed employers' contributions to private undunded pension, family allowance and similar schemes.
- 2/ Where items 1, 4 and 5 and 8 and 9 of Account A reflect wages and salaries only, item 15 ii excludes the part of social security contributions that employers pay on behalf of their employees.
- 3/ Where items 1, 4 and 5, 8 and 9, 18 and 19 and 23 of Account A reflect wages and salaries only, items 28 and 29 and 31 v and vi exclude the part of the total change in the net equity of households on life insurance reserves and pension funds which is due to employers' contributions to such schemes on behalf of their employees.
- 4/ Total income of the population exceeds total consumption of the population, because available income differs from final consumption expenditure

is recommended that entrepreneurial income should be classified into four items because of analytical values of drawing these distinctions and the imputations involved in estimating net rents from owner-occupied dwellings.

11. Distributed factor income, which is the sum of incomes from participation in production and from the ownership of property. Distributed factor income is the household portion of the national income of a country.
111. Available income results from the redistribution of the national income of the country. Strictly speaking, the transactions in respect of private pension funds and the annuity policies of life insurance companies in items A 12 and 16 and A 15 and 17, respectively, are capital transactions, that is forms of drawing down, or adding to, saving. Nonetheless these transactions are included in the account on the redistribution of incomes because payments from pension funds and insurance annuities may, like social security benefits, be important sources of the finance of the consumption of retired persons. If wages and salaries only are included in the compensation of employees, item A 15 ii, social security contributions, would of course not include the contributions that employers make in respect of their employees. This would also be the case for items A 16 and 17 if any contributions that employers make to private pension funds and annuities for the benefit of their employees are excluded from the flow, compensation of employees.
- iv. The allocation of income to personal consumption and saving. Available income is adjusted in this account for the drawings down, and additions to, saving that are entered in the redistribution account.

- v. The investment of saving, allowances for depreciation and the net receipts of capital transfers in tangible capital assets and in net lending.
- vi. The transactions in financial assets and liabilities that make up net lending.

36. In addition to household income and outlay and capital accounts, table 1 includes (i) an account on their total consumption and income and (ii) their current receipts.

### 3. Total consumption

37. As may be noted from Account C of table 1, the total consumption of the population is made up of the sum of personal consumption, of the values of the goods and services that government, private non-profit services and enterprises give households free of charge and of certain government subventions to households. An example of this type of subsidy is the government renting housing to families at substantially less than the government's operating costs. The sum of the values of the free goods and services and the subventions received by households plus their available income gives their total income.

### 4. Current receipts

38. A table on current receipts is included as part of the system mainly because the aggregate is useful for purposes of formulating taxation policies in the case of some countries. It is also usually compiled in the case of income and expenditure inquiries. All receipts on the income and outlay account, but no disbursements, are included in the aggregate. The concept of current receipts is widely used in formulating taxation policies and regulations.

### 5. An additional income aggregate

39. The redistribution of the command of incomes over "real" resources that is brought about by the accumulated indirect taxes less accumulated subsidies that are reflected in the value of consumers' goods is not taken into account

living between situations where the proportions of direct and indirect taxes are very different. Nonetheless, it is not included in the system in view of the difficulties of estimating the accumulated net indirect taxes. It is not intended to inhibit countries from attempting to measure the command of household available income over "real" resources.

B. The system in relation to the national accounts and balances:  
general aspects

40. The system of statistics of the distribution of income, consumption and accumulation is designed to complement the systems of national accounting by including much more detailed classifications and tabulations of data in respect of households than it is feasible to include in the SNA or the MPS. All that can be provided for in the national accounts and balances are classifications and tabulations of these data according to the main categories of flows, the main classes of economic agents and broad socio-economic classes of households. If more were attempted, the systems of national accounts would be over-burdened and unwieldy and would be difficult to use in examining the main trends and interrelationships of an economy.

41. In order to complement the systems of national accounting, the classification and definition of the flows, as well as the structure, of the system of income distribution and related statistics should, as far as possible, fit in with those of the SNA and the MPS. It is then feasible to use the statistics of the complementary system of a country in conjunction with the data of its national accounts or balances in order to study the inter-actions between the levels of living of its population and the state of its economy. The confusion and difficulties which would result if essentially the same flows were treated differently in the complementary system and the national accounts or balances, are also avoided. Furthermore, the establishment of the same system of income

distribution and related statistics in the case of countries with differing economic and social systems furnishes the basis for comparing the well-being of their populations. It may also be of assistance in linking the SNA and MPS.

42. However, it is not always desirable or feasible to use exactly the same concepts or definitions of transactions in the complementary system as in the SNA or MPS. In the case of the income distribution and related statistics, it is necessary to give more emphasis to the meaning of a given transaction to households, (that is the way in which the households view it) and less emphasis to the role of the transaction in the economy as a whole than in the SNA or MPS. Moreover, the detailed classifications of households and individuals that are required in the complementary system, makes it impracticable to make certain imputations and estimates that are feasible in the case of the SNA or MPS. The imputations and estimates in question concern transactions about which households often do not have records, much information, or even knowledge. Examples of this in the case of the SNA may be the service charges in respect of insurance policies that are included in personal consumption expenditure and employers' contributions to social security schemes and private pension funds that are included in the compensation of employees. In general, it should be practicable to come closer to the practices of the feasibility of compiling figures of national accounting in the macro-level tabulations of certain items of data of the complementary system than in micro-level tabulations of the items. These differences in the feasibility of gathering and compiling figures of the items in question are taken into account in defining the flows of the complementary system.

43. Thus, the delineation and definitions of flows, and even the structure, of the complementary system necessarily differ in certain respects from those of the SNA or the MPS. The points of difference in the case of the definition of transactions are discussed in the section of the paper on the definition and classification of the flows of the complementary system. The structure of the system is compared with that of the SNA and MPS in the next two sections of this paper.

C. The system in relation to the SNA

44. The flows of the complementary system that are of interest at this stage, except the total consumption and total income of the population, are dealt with in the accounts and tables of the SNA on the income and outlay and the capital finance of households. For purposes of the total consumption and income of the population, additional data are required from the income and outlay accounts and tables of general government and private non-profit institutions serving households and the production accounts of industries.<sup>4/</sup>

1. Income and outlay

45. While almost all of the income and outlay flows of the complementary system are included in the income and outlay account of the SNA, the latter account must be re-arranged and sub-divided and some items must be classified in different detail in order to yield the income and outlay account set out in table 1 above. In addition, it is necessary to add certain flows concerning transactions in respect of pension funds and annuities and to replace the concept of disposable income by the concept of available income.

46. The structure of the SNA income and outlay account for households needs to be altered in order to align it with the income and outlay account of the complementary system primarily because the stages in the formation of household income and its disposition that are delineated in the latter account are not distinguished, one from the other, in the former account. In fact, the concepts of primary income and distributed factor income are not used in the SNA. Data on the disposable income of households, which is similar in character to their available income, is, in the SNA, shown in a supporting table to the income and outlay accounts.

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<sup>4/</sup> The standard accounts and tables of the SNA are set out in A System of National Accounts, op. cit., Chapter VIII, Annexes 8.2 and 8.3.

a. Primary income

47. The re-arrangement and re-classification of items in the SNA household income and outlay account that are required in order to produce the sub-account of the complementary system on primary income are shown in the table below. (The single-digit numbers in the table relate to the item numbers in table 1. The three or four digit codes relate to the codes assigned to flows in the SNA income and outlay account III E 3. The item numbers of table 1 and the codes of account III E 3 are used in all of the sub-accounts below in respect of income and outlay.)

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1. Compensation of employees

Sub-divide flow 3.4.1 as in a supporting table of the SNA into:

- i. Wages and salaries
- ii. Employers' contributions to social security and similar schemes
- iii. Employers' contributions to private pension, family allowance and insurance and similar schemes. The imputations in the SNA in respect of unfunded pensions paid by employers are excluded.

2. Income of members from producers' co-operatives

Separate out from the entrepreneurial income of incorporated enterprises. Not shown in the SNA.

3. Entrepreneurial income

For unincorporated enterprises; operating surplus (3.3.2) less Other interest (3.4.6.1 ii) and Rent (3.4.6.3); draw distinction, which is not done in the SNA, between:

- i. Net rents from owner-occupied dwellings
- ii. Net rents from other structures
- iii. Net proceeds from other unincorporated enterprises
- iv. Withdrawals from quasi-corporate enterprises (3.4.5)

4. Primary income, which does not appear in the SNA

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It is evident from the table that in the case of primary income, some flows are classified in greater detail in the complementary system than in the SNA in order to furnish the information wanted in respect of the sources of household income.

b. Distributed factor income

43. The re-ordering of items of the SNA accounts that are needed in order to arrive at the sub-account of the complementary system on distributed factor income are set out in the account below. It is not necessary to modify any of the flows.

7. Property income paid - Consumer debt interest (3.4.6.11)	5. Primary income, which is not shown in the SNA  6. Property income received (3.4.7) i. Interest (3.4.7.1) ii. Dividends (3.4.7.2) iii. Land rents, royalties, etc. (3.4.7.3)
8. Distributed factor income, which is not shown in the SNA.	
Disbursements	Receipts

c. Available income

49. It is necessary to re-arrange and to modify significantly the flows of the SNA household income and outlay account in order to compile the sub-account of the complementary system on the formation of available income. The required alterations are shown in the account below. Thus, this sub-account contains transactions in respect of the equity of households in pension-fund and life-insurance reserves from the SNA household capital finance account; and the service charge in casualty insurance premiums is included here instead of in private consumption expenditure. In addition, as compared to the SNA, the classifications of unrequited current transfers are abbreviated and an item on the imputations in respect of the unfunded obligations of employers to pay pension to their employees is omitted.



<p>14. Casualty insurance premiums Flow 3.5.1 <u>plus</u> service charge on casualty insurance, which is part of final consumption expenditure (3.2.32) in the SNA</p> <p>15. Unrequited current transfers</p> <ul style="list-style-type: none"> <li>i. Direct taxes (3.6.1)</li> <li>ii. Social security contributions (3.6.3)</li> <li>iii. Current transfers to private non-profit institutions (3.6.6)</li> <li>iv. Other current transfers (3.6.2 + 3.6.11)</li> </ul> <p>16. Net private pension fund contributions. Part of flow 5.8.9; this is not distinguished in the SNA</p> <p>17. Net premiums in respect of annuity policies of life insurance companies. Part of flow 5.8.9, which is not explicitly shown in the SNA</p> <p>18. Available income Disposable income, which is shown in a supporting table of the SNA <u>plus</u> the sum of items 12 and 13 above <u>less</u> the sum of items 16 and 17 above</p>	<p>9. Distributed factor income, which is not shown in the SNA</p> <p>10. Casualty insurance benefits (3.5.2)</p> <p>11. Unrequited current transfers</p> <ul style="list-style-type: none"> <li>i. Social security benefits (3.6.4)</li> <li>ii. Social assistance grants (3.6.5)</li> <li>iii. Unfunded employees welfare benefits (3.6.8)</li> <li>iv. Other current transfers (3.6.12)</li> </ul> <p>12. Private pension funds benefits. Part of flow 5.8.9, which is not explicitly shown in the SNA</p> <p>13. Benefits from annuity policies of life insurance companies. Part of flow 5.8.9; that is not distinguished in the SNA</p>
<p>Disbursements</p>	<p>Receipts</p>

- d. Disposition of available income
50. In this sub-account of the complementary system, available income is adjusted to the SNA concept of disposable income and the disposable income is

divided between final consumption expenditure and saving. The same concepts of final consumption expenditure and saving are used in the complementary system and in the SNA.

## 2. Capital finance

51. As may be seen from the table below, essentially the same structure and concepts are used in the capital finance accounts of the complementary system and the SNA. However, the classification of the transactions in respect of gross capital formation, consumption of fixed capital and financial claims differ. These differences reflect the efforts to abbreviate the classifications of the SNA and to adapt them to the requirements for data, only on the distribution of capital transactions among households.

(The item numbers of table 1 and the code numbers of SNA account III E5 are used)

27. Gross capital formation (5.2.5 + 5.2.6 + 5.7.4 + 5.7.5) The SNA does not include the sub-division in the complementary system into (i) Owner-occupied dwellings, (ii) Other structures, (iii) Other unincorporated enterprises	24. Saving (5.7.1) 25. Consumption of fixed capital (05.3.3) The SNA does not include the sub-division in the complementary system into (i) Owner-occupied dwellings, (ii) Other structures, (iii) Other unincorporated enterprises
28. Net lending (5.7.8)	26. Capital transfers received, net (5.7.6)
Disbursements	Receipts

<p>31. Net acquisition of financial assets of which:</p> <ul style="list-style-type: none"> <li>i. Currency and transferable deposits (5.8.2)</li> <li>ii. Other deposits (5.8.5)</li> <li>iii. Bills and bonds (5.8.4 + 5.8.5)</li> <li>iv. Corporate equity securities (5.8.6)</li> <li>v. Net equity on life insurance reserves (part of 5.8.9)</li> <li>vi. Net equity on private pension funds (part of 5.8.9)</li> <li>vii. Proprietors' net additions to the accumulation of quasi-corporate enterprises (5.8.10)</li> <li>viii. Trade credit and advances (5.8.11)</li> </ul>	<p>29. Net lending (5.7.9)</p> <p>30. Net incurrence of liabilities of which:</p> <ul style="list-style-type: none"> <li>i. Loans, including mortgages (5.9.7 + 5.9.8)  The SNA does not include the sub-division in the complementary system into (a) Consumer debt, (b) Owner-occupied dwelling debt, (c) Other unincorporated enterprise debt</li> <li>ii. Trade credit and advances (5.9.11)  The sub-division in the complementary system into (a) Consumer debt, (b) Unincorporated enterprise debt, is not included in the SNA</li> </ul>
<p>Disbursements</p>	<p>Receipts</p>

3. Total consumption and total income

52. The relationship between the account of the complementary system on total consumption and total income and the SNA accounts is delineated in the table below.

(The item numbers refer to table 1 above and the code numbers to the SNA accounts and flows)

<ul style="list-style-type: none"> <li>4. Final consumption expenditure (III E 3.2.32)</li> <li>5. Final consumption expenditure of general government assigned to households (part of III C 3.2.20)</li> </ul>	<ul style="list-style-type: none"> <li>1. Available income  Disposable income which is shown in a supporting table of the SNA <u>plus</u> the sum of items 12 and 13 <u>less</u> the sum of items 16 and 17</li> <li>2. Income due to free or reduced cost services furnished by government, private non-profit institutions and employers and due to government subsidies.  This concept is not used in the SNA</li> </ul>
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6. Final consumption expenditure of private non-profit bodies assigned to households (part of III D 3.2.31) 7. Expenditure of industries assigned to households (part of C 2 n 1.2.1) 8. Subsidies paid by government included in total consumption of the population (part of III C 3.3.5)	
Total consumption of population This concept is not used in the SNA	Total income of the population This concept is not used in the SNA

#### D. The system in relation to the MPS

53. All of the relevant flows of the system of income distribution and related statistics are dealt with in the standard balances and tables of the MPS. Because the complementary system is designed to be used in countries which differ in economic and social arrangements, some of the flows of the system are not pertinent to the circumstances of countries which use the MPS. The balances of the MPS that are of main interest for purposes of delineating the structure of the complementary system in relation to that of the MPS are the balance of production, distribution, redistribution and final disposition of the global product (table 3.1 of the MPS), the balance of money income and expenditure of the population (table 3.3 of the MPS) and the balance of fixed assets of the national economy at full value (table 5.3). In addition, it is necessary to draw certain items of data from the table on the personal consumption of material goods according to origin (table 2.9).<sup>5/</sup>

<sup>5/</sup> The balances and tables of the MPS are set out in Basic Principles of the System of Balances of the National Economy, op. cit. The table numbers referred to above and later in this paper are those used in that publication.

54. While all aspects of the complementary system are covered in the MPS, the flows of the MPS must be re-arranged in order to arrive at the accounts of the complementary system. As will be evident from the discussion below it is necessary to do this primarily because (i) the rendering of services that are not incorporated in goods is generally not included in the boundary of production and (ii) current and capital financial transactions are not separated into different balances. In other words, the MPS definition of income from production differs from that of the complementary system and the MPS does not draw the sharp distinction between current and capital transactions that is drawn in the complementary system.

1. Income and outlay

55. Use is made in the MPS of the concept of primary income, but not the concepts of distributed factor income or available income. The aggregate "primary income of the population" is restricted to the income originating in the production of goods and material services - essentially the distribution of goods and other services embodied in goods. The income that the population derives from the rendering of non-material services is classified as part of the redistribution of primary incomes.

a. Primary income

56. The consequent re-arrangement of the flows of the MPS that is required in order to compile the sub-account of the complementary system on primary income is shown in the table below.

(The item numbers refer to those in table 1.

The row and column numbers refer to table 3.1 of the MPS)

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1. Compensation of employees

i. Wages and salaries

Row 31, columns 5 and 17, less the sum of payments for business travel expenses of employees and royalties received by authors, neither of which are distinguished in the MPS.

- ii. Employers' contributions to social security and similar schemes. Total of column 10.
  - iii. Employers' contributions to private pension, family allowance, etc. schemes.  
 Not applicable in the case of countries using the MPS.
  - 2. Income of members from producers' co-operatives  
 Row 32, column 4, table 3.1
  - 3. Entrepreneurial income
    - i. Net rents from owner-occupied dwellings  
 An imputation for this is not made in the MPS
    - ii. Net proceeds from other structures ) Row 33, column 4.
    - iii. Net proceeds from other unincorporated ) Item 3 ii is not  
 enterprises ) applicable in the  
 ) case of a number  
 ) of countries using  
 ) the MPS.
    - iv. Withdrawals from quasi-corporate enterprises  
 Not applicable, in the case of countries using the MPS
- 
4. Primary income
- 

It may be noted from the table above that for purposes of passing from the primary income concept of the MPS to that of the complementary system. it is necessary to make a few adjustments in addition to combining the income of the population from the non-material sphere of the economy with that from the material sphere. Employers' contributions to social security, which is treated as part of the redistribution of the operating surplus (profits) of enterprises in the MPS must be re-classified; and the definition of wages and salaries needs to be modified somewhat in order to exclude payments for business travel expenses and authors' royalties. Also, some of the transactions of the complementary system do not take place in the countries which use the MPS.

b. Distributed factor income

57. Few of the transactions in property income that are shown in the complementary system occur in the countries using the MPS. Receipts of interest and Authors' royalties only are relevant. The sub-account on the transaction from primary income to distributed factor income is set out in the table below.

(The item numbers refer to those in table 1.

The row and column numbers refer to table 3.1 of the MPS)

<p>7. Property income paid          Not applicable in the case          of countries using the MPS</p> <p>8. Distributed factor income</p>	<p>5. Primary income</p> <p>6. Property income received</p> <p>    i. Interest          Row 30, column 26</p> <p>    ii. Dividends          Not applicable in the          case of countries using          the MPS</p> <p>    iii. Land rents, royalties,          etc.          Royalties only are appli-          cable but are not shown          separately in the MPS</p>
<p>Disbursements</p>	<p>Receipts</p>

c. Available income

58. While in the MPS the transactions through which distributed factor income is redistributed are covered in the balance on the redistribution of the national income, transactions in respect of the non-material services, capital transfers and financial claims are also included in these balances. Nonetheless, the classification of transactions in the balances is such that the flows through which distributed factor income is redistributed to the population, may be delineated. The flows of the MPS that enter into this process are shown in the table below. A number of the items of the sub-account of the complementary system on available income are not relevant to the institutional arrangements in the countries using the MPS. And, it would be advantageous to change items 13 and 17 of the account to "Benefits from life insurance policies" and "Premiums for life insurance policies", respectively. While from the point of view of the complementary system, it is desirable to segregate transactions in respect of casualty insurance from those in respect of life insurance, the transactions are combined in the case of the MPS.

(The item numbers are from table 1. The row and column numbers refer to the specified table of the MPS)

14. Casualty insurance premiums Part of row 30, column 11, table 3.1	9. Distributed factor income
15. Unrequited current transfers	10. Casualty insurance benefits Part of row 30, column 24, table 3.1 "Payments of claims from goods insurance and per- sonal insurance"
1. Direct taxes and iv. Other current transfers Row 33, table 3.3	11. Unrequited current transfers received
ii. Social security con- tributions Total, column 10, table 3.1	i. Social security benefits Row 30, column 23, table 3.1
iii. Current transfers to private non-profit institutions Part of row 35, table 3.3	ii. Social assistance grants and iv. Other current transfers Row 08, table 3.3
16. Net pension fund contribu- tion Not applicable in the case of the MPS	iii. Unfunded employees wel- fare benefits Not applicable in the case of the MPS
17. Net premiums in respect of annuity policies of life insurance Part of row 30, column 11, table 3.1	12. Private pension funds Not applicable in the case of the MPS
18. Available income	13. Benefits from annuity policies of life insurance companies Part of row 30, column 24, table 3.1 "Payments of claims from goods insurance and personal insurance"
Disbursements	Receipts

d. Disposition of available income

59. Use is made in the MPS of the concepts of final consumption expenditure but not of the concept of saving. In order to compile the entry in the complementary system on final consumption expenditure, it is necessary, as the table below shows, to combine the item, in table 3.3 of the MPS on the money outlays



of the population on final consumption and the items in table 2.9 of the MPS on personal consumption in kind. Table 2.9 gives data on the MPS concept of final consumption expenditure of the population which is restricted to goods and material services. As it would be difficult to compile data in respect of saving directly from the flows of the MPS, it is suggested in the table below that saving should be computed from the other items of the sub-account.

(The item numbers refer to table 1. The row and column numbers relate to the specified table of the MPS)

<p>22. Final consumption expenditure  Sum of rows 18 and 21, table 3.3 <u>plus</u> row 04, table 2.9 <u>minus</u> purchases of goods and services financed by business travel payments, which are not distinguished in the MPS</p> <p>23. Saving  Sum of items 19, 20 and 21 <u>less</u> item 22</p>	<p>19. Available income</p> <p>20. Net premiums <u>less</u> benefits, private pension funds  Not applicable in the case of the MPS</p> <p>21. Net premiums <u>less</u> benefits, annuity policies of life insurance companies  Item 17-13 above</p>
<p>Disbursements</p>	<p>Receipts</p>

## 2. Capital finance

60. It is more difficult to compile the capital finance accounts of the complementary system than the income and outlay accounts because capital transactions are not segregated into a separate balance of the MPS and because of the limited classification of capital transactions of a financial character. The assembly of flows of the MPS in respect of the flows of the complementary system in respect of transactions in capital goods is greatly facilitated by the inclusion in the MPS of a balance on these transactions. The MPS also contains a balance on the holdings of capital goods.

61. The table below indicates how the items of the complementary system on capital transactions may be compiled from the items of the MPS.

(The item numbers are from table 1. The row, column and table numbers are from the MPS)

<p>27. Gross capital formation Sub-divisions of rows 03 and 05, column 2, table 5.2 <u>plus</u> row 26, table 5.1</p> <p>Not distinguished in the MPS {            i. Owner-occupied dwellings            ii. Other structures            iii. Other unincorporated enterprises</p> <p>28. Net lending Sum of items 24, 25 and 26 <u>less</u> item 27</p>	<p>24. Saving</p> <p>25. Consumption of fixed capital</p> <p>    i. Owner-occupied dwellings     Row 12 for population, table 2.9</p> <p>    ii. Other structures (Sub-divisions of rows 03 and 05, column 2, table 5.2. Item 25 ii is not applicable in a number of countries)</p> <p>    iii. Other unincorporated enterprises (using the MPS)</p> <p>26. Capital transfers received, net Part of row 09, table 3.3 "Receipts from financial institutions"</p>
Disbursements	Receipts

<p>31. Net acquisition of financial assets, of which: Row 30, column 19, table 3.1</p> <p>i. Currency and transferable deposits Row 49, table 3.3</p> <p>ii. Other deposits Row 40, table 3.3</p> <p>iii. Bills and bonds Row 39, table 3.3, which may not take redemptions into account The other sub-divisions under 31 are not applicable or not distinguished in the MPS</p>	<p>29. Net lending Item 31 <u>less</u> item 30</p> <p>30. Net incurrence of liabilities, of which: Row 30, column 19, table 3.1</p> <p>i. Loans including mortgages Sum of parts of rows 09 and 10, table 3.3 "Receipts from financial institutions" and "Other receipts", respectively.</p> <p>ii. Trade credit and advances Part of row 10, table 3.3 The sub-divisions under items 30 i and ii of the complementary system are not distinguished in the MPS</p>
Disbursements	Receipts

62. The concept of total consumption of the population appears in the MPS; and it seems to be defined in essentially the same way as in the complementary system. This is illustrated by the table below.

(Item numbers from table 1. Row, column and table numbers from the MPS)

<p>1. Final consumption expenditure Sum of rows 18 and 21, table 3.3 <u>plus</u> row 04, table 2.9 <u>minus</u> purchases of goods and services financed by business travel payments are not distinguished in the MPS</p> <p>2 + 3 + 4 + 5. Final consumption expenditure of government and other organizations assigned to the population Row 01, column 5, table 1.1</p>	<p>7. Available income</p> <p>8. Income due to free services of government and other bodies Sum of items 2, 3, 4 and 5</p>
<p>6. Total consumption of the population Row 01, column 5, table 1.1</p>	<p>9. Total income of the population</p>

## VI. THE DEFINITION AND CLASSIFICATION OF THE STATISTICAL UNITS

### A. The statistical units

#### 1. National practices

63. The household, or an equivalent unit, is generally employed as the statistical unit of observation in field inquiries into family income, expenditure and accumulation. Separate information is, however, frequently collected in such surveys on the income of individuals in the case of kinds of income that can be allocated to individuals, for example compensation of employees, and certain forms of property income and of transfers. Individuals are often used as the unit of observation in the case of income data gathered in population censuses; this information may be combined into household incomes without great difficulty. Data derived from the administration of income tax is often available for individuals or fragmented families only. In statistics compiled from a combination of sources, figures from income tax records are sometimes reconstructed for households through information from population censuses or household surveys.

#### 2. The household and the individual

64. While the household should be used as a statistical unit for all aspects of income distribution and related statistics, it is also desirable and practicable to employ the individual as the income-recipient unit in respect of incomes from labour and entrepreneurship and in some circumstances, in respect of income from property and some items of accumulation. In particular, the individual is a valuable and feasible income-recipient unit in respect of the latter items in the case of highly urbanized societies. There, both the husband and wife are often economically active and financially independent.

##### a. The household

65. The household is the basic statistical unit for purposes of studies of the relations between the distribution of income from labour, property and entrepreneurship, on the one hand, and the redistribution of these incomes, the distribution of consumption and spending-saving behaviour, on the other. Grants are

often made in respect of families rather than in respect of individuals; the allocation of these grants between earners and dependents would be difficult and arbitrary. The division of income between saving and consumption and the consumption of goods and services are, to a great extent, also collective household activities.

b. The individual

66. The individual is an invaluable statistical unit in investigating the factors with which the earnings of employees and entrepreneurs vary and in furnishing data for purposes of establishing incomes policies. These earnings of course reflect the kind, and the circumstances, of the production in which the employees and entrepreneurs engage and their personal characteristics. Difficulties may be encountered in using the individual as the statistical unit in the case of entrepreneurial income because unincorporated enterprises may be owned and operated jointly by a husband, his wife and perhaps other family members. The same problems of allocation will arise in the case of income from property that is owned in common.

3. Other statistical units

67. As employees may have more than one job, each job is a useful supplementary statistical unit to the individual for purposes of gathering and compiling data for the analytical requirements mentioned above. As entrepreneurs may own and operate more than one unincorporated business, the individual enterprise is a valuable statistical unit in the case of entrepreneurial income. The use of the enterprise also avoids the problems of allocating entrepreneurial income among the husband, his wife and other members of his family when they jointly own and operate a business. In the case of incomes from property, the use of each flow of income as a unit of observation and classification instead of the individual owner would also facilitate the study of the factors underlying their distribution and avoid the difficulties of allocation among joint family owners.

## B. The definition of the household unit

63. Two basic concepts of the household are used in inquiries into the income, expenditure and accumulation - the housekeeping concept and the family concept. Both concepts are included in the recommendations of the 1970 Censuses of Population and of the SMA.

### 1. The household population

69. According to the housekeeping concept, a household may be (i) a one-person household, i.e., a person who makes provision for his own food or other essentials of living, without combining with any other person to form part of a multi-person household or (ii) a multi-person household, i.e., a group of two or more persons who occupy the whole or part of one housing unit and make joint provision for food or other essentials of living. The degree to which the persons in the group pool their incomes and outlays may vary. They may be related or unrelated persons. Boarders, but not lodgers, and domestic servants living in, are included in a multi-person household. In the case of the family concept, the multi-person household is limited to individuals related by blood, marriage or adoption who satisfy the other conditions of the housekeeping concept.

70. In the case of many economically developed countries, the use of the family or the housekeeping concept will result in delineating the same units in most instances. When the units differ, the individuals who make up the housekeeping households are likely to be pooling their incomes to a minor extent. In these circumstances, the use of the family concept of the household is preferable. In the case of the developing countries, however, the results of applying the two concepts are likely to differ considerably and the persons who make up the housekeeping household are likely to be eating together and even to be earning or pooling their income together. It is therefore preferable to use the housekeeping concept of the household in the case of many of the economically backward countries.

## 2. The institutional population

71. The statistical unit to be used in the case of persons who live in institutions also must be defined. These persons consist of soldiers living in barracks, children living in boarding schools, inmates of institutions, such as homes for the aged, poor or orphans, asylums, prisons. They are groups of persons living together who usually share their meals, are bound together by a common objective and generally are ruled by an authority outside the group. The staff of these institutions, and persons living in hotels or boarding houses, are not considered as persons who do not live in households; they should be treated as members of one- or multi-person households. The statistical unit in the case of inmates of institutions might consist of the single individual or the conjugal family which lives together in an institution.

### C. The definition of the head of the household

72. A definition of the head of household is also needed for purposes of income distribution and related statistics as many classifications of multi-person households concern the characteristics of the head of household. A practical and, in most instances, analytically useful definition is that given in the SNA. It is recommended there that the head of household should be considered to be the individual who is generally recognized as such, for example the husband in a one-family household, the wife if no husband is present, the eldest head of a constituent family in a multi-family household. In most instances, the head of the household, so defined, will be the principal recipient of income in the household.

73. The definition of head of household given above is also generally used in population censuses and in many other household inquiries. Though classification of households according to the characteristics of the main income recipient would be more valuable for a number of analytical purposes than classification according to the recognized household head, it would be more difficult and burdensome to identify the main income recipient.

#### D. Classifications of the statistical units

##### 1. Objectives of the classifications

74. The classifications of statistical units in the complementary system are mainly designed for purposes of (i) delineating the patterns in which the main forms of income, personal consumption and saving are distributed among the population, (ii) ferreting out factors that account for the observed patterns, (iii) portraying the level of well-being of various groups of the population and locating those who are disadvantaged, well off, rich, etc. and (iv) identifying some of the characteristics and aspects of experience of the groups of the population that account for the differences in their circumstances.

75. Figures of the distribution of primary income and distributed factor income according to size, and the circumstances with which the patterns of distribution vary, are wanted for such purposes as assessing inflationary and deflationary pressures, establishing incomes and fiscal policies and formulating tax laws and regulations. These series of data are also needed in evaluating the social justice and problems of income distribution. Distributions of available income according to size are required in order to determine the extent to which government policies and practices in respect of redistribution modify the concentration of factor incomes and affect the division of income between personal consumption and saving. Size distributions of available income, personal consumption and saving are desired in determining and projecting the demand for consumers' goods and services and the sources of finance for capital formation and therefore in assessing demand-pull inflation.

76. In addition to the size distributions mentioned above, it is necessary to classify the statistics of the complementary system according to the characteristics of individuals, as income-recipient units, and households, as income-recipient, consumption and saving units, for purposes of investigating the level of living of various groups of the population and the factors with which the levels vary. Such tabulations are, for example, wanted for purposes of



identifying the disadvantaged groups of the population and the circumstances that contribute to their poverty and for purposes of devising measures to improve these conditions. These tabulations are also valuable in delineating the classes and social mobility of a country and the patterns of change in income and levels of living over a life-time.

## 2. The proposed classifications of the system

77. The table in Annex I sets out the classifications of statistical units that it is proposed should be emphasized in the system. These classifications are thought to be the basic classifications for purposes of tabulating the data of the complementary system. Tabulations of the data of the system according to the proposed classifications should furnish the basic information that is generally wanted concerning the distribution of incomes, consumption and accumulation, concerning the levels of living of various groups of the population and concerning important underlying factors and circumstances. Furthermore, it is practicable to gather the information that is required in order to carry out the basic classifications: they are commonly used in national inquiries into household incomes and expenditures.

78. Countries often find it desirable and feasible to use various classifications of the series of the complementary system in addition to those that are recommended. The additional classifications of statistical units that are used vary from country to country and inquiry to inquiry, depending on the requirements for data that are emphasized and the practicabilities of gathering the information that is needed to carry out the classification in question. Some of these classifications are discussed below.

### E. Classifications according to size of an aggregate

#### 1. The classifications

79. Classifications according to size of the aggregate are recommended in the case of primary income, distributed factor income, available income and saving.

It is proposed that use should be made of (i) the size of each of these flows in the case of households and (ii) the size of primary income and distributed factor income in the case of individuals. Tabulation of the appropriate statistics of the complementary system according to categories of the size of the income aggregates will delineate not only the patterns of distribution of the main forms of income but also the differences between the categories in the kind and magnitude of the sources and the uses of income. Classifications of capital transactions according to size of saving will serve essentially the same purposes in the case of this aggregate. It will be valuable to use size of household personal consumption and of total consumption in order to classify outlays on the objects of consumption; these size classifications are not shown in Annex I as it should be used in the case of these series only. For purposes of studying taxation policies and revenues, some countries will find it useful to tabulate data on the elements of current receipts according to the size of total receipts. Additional classifications that will be of interest for special purposes are the size of each flow of employee compensation or of wages and salaries, of each form of entrepreneurial income and each form of property income for purposes of investigating the patterns in which each of these types of income is distributed.

## 2. The definition of class intervals

80. It is not feasible to recommend standard international classes in absolute terms for use in income, saving, etc. size classifications because national currencies differ in value. What can be done is to propose the number and relative dimensions of the classes that might be employed.

81. One approach to such proposals is to recommend the use of fractile groups of households, individuals, etc. for purposes of delineating the classes of size of income, size of saving, size of final consumption and so on. When fractile groups are used the class intervals are defined so that equal numbers of the statistical units, for example households, individuals, an income flow, in question (or an approximately equal number if the class limits are rounded) fall into each class. In order to achieve this, a list of the units ranked according

to the magnitude under study, should be divided up into classes of equal numbers of the units. The number of classes, to be established of course must be pre-determined. In this way, upper and lower limits of each class, including the top and bottom classes, are determined in a single operation.

82. In many instances, 12 fractile groups may be an appropriate number of groups to establish. The division of a population into 12 groups yields a moderately detailed classification of the population. It also has the advantage that the absolute value of the upper limits of the third and ninth groups correspond to the first and third quartiles, respectively, of the population and the upper limit of the sixth group is the median.

83. In the case of size distributions of income, there are advantages in further subdivision of the highest and the lowest fractile groups; the former class is likely to concern a wide span of income and the latter class will relate to the poor who are the subject of particular interest. It would be useful to distinguish the top and bottom four and one percent of each class, respectively.

84. The definition of size distributions of incomes, consumption and so on in terms of fractile groups greatly facilitates the inter-country and inter-temporal comparison of the distributions because the definition of fractile groups does not depend on setting class intervals in absolute terms. The fractile classes are of course invariant with changes in the components of price or quantity of the flow under study; they focus attention on the pattern in which the flow is distributed over the population in question. Distributions based on fractile groups therefore facilitate the compilation of measures of concentration, for example Lorentz curves or Gini ratios.

### 3. Defining class intervals in absolute terms

85. For purposes of studying the size distribution of incomes, personal consumption, etc. during a given period and country, many national statisticians emphasize the use of class intervals defined in absolute terms. The number of classes used for this purpose varies greatly, depending on the kind and purpose of the tabulations. In most cases, 12 classes may be sufficient.

86. The upper end and the lower end of these classifications should be, and usually are, open-ended. In the case of other classes, most countries use intervals which widen as income increases because data on the relative, instead of the absolute, differences in income are wanted. Also, for such purposes as estimating the income elasticities of demand, the income span of each class should be wide enough to include a number of households or individuals large enough to dampen the effects of random variations in the data. The widening class intervals may be defined by using intervals that are equal in logarithmic terms.

F. Classifications according to characteristics of individuals

1. The classifications

87. The classifications according to the characteristics of persons that are recommended in the table of Annex I relate to their place of residence, socio-economic class, age and sex, kind of economic activity and occupation and educational attainment. In addition, a number of countries have found it valuable to use the ethnic or national origin of individuals in classifying statistics of the distribution of incomes and expenditures. This classification is not shown in the table because it is of little interest in the circumstances of some countries and it is not practicable to define the categories of the classification internationally.

88. The distinctions between urban and rural areas and between socio-economic classes are basic classifications of the complementary system. Tabulations of the pertinent series according to each of these classifications should reveal the systematic differences between individuals and between households in their experiences and practices in the case of incomes, in respect of consumption and saving, and in the case of objects of consumption and saving. These tabulations will also be valuable in identifying the disadvantaged and advantaged members of a country. Classifications of statistics of the complementary system in respect of individuals and households according to the age and sex of the individuals and of the household heads, respectively, should serve some of the aforementioned

analytical requirements. In addition, this scheme of classification is wanted for purposes of delineating the trends in experience and behaviour over a lifetime. The kind of activity and occupation and the educational attainment of individuals and household heads are important in understanding their experience in respect of income from production.

## 2. Socio-economic classes

89. A standard international classification of socio-economic classes has not yet been adopted. An interim classification for use in the European Population Census Programme has been recommended by the Conference of European Statisticians. The classification that is proposed for purposes of the complementary system, which is shown in table 2 below is based on the same principles as the classification for the European population censuses. It, however, differs from the latter classification in respect of certain details. Work on a standard international classification of socio-economic classes is also being carried forward as part of the preparation of international guidelines on a system of demographic, manpower and social statistics.

90. Classifications of socio-economic classes, built from various combinations of schemes of classification, such as main source of livelihood, employment status, industrial attachment and occupation, and educational attainment, are being used in population censuses and household surveys. Though it is theoretically possible to devise a basic classification or socio-economic class that is based on an independent sociological classification of the population, this has not actually been done by any government. Another approach to building a socio-economic classification might be based on the weighted scaling of such characteristics as those mentioned above. This has been undertaken in a few instances

Table 2. Classification of socio-economic classes<sup>1/</sup>

Major group	Group
<p>1. Employers and own-account workers in agriculture</p>	<p>11. Employers            Head of unincorporated enterprises classified in major division 1 of the ISIC (Agriculture, forestry, fishing and hunting) who have one or more employees, not including family workers.<sup>2/</sup></p> <p>111. Mainly own the land they cultivate            112. Mainly rent the land they cultivate</p> <p>12. Own-account workers            Heads of unincorporated enterprises classified in major division 1 of the ISIC (Agriculture, forestry, fishing and hunting) who have no employees, excluding family workers.<sup>2/</sup> Some countries may wish to include employers with one or two employees in this, instead of the immediately preceding category.</p> <p>111. Mainly own the land they cultivate            112. Mainly rent the land they cultivate</p> <p>13. Members of agricultural producers' co-operatives            Members of producers' co-operatives classified in major division 1 of the ISIC (Agriculture, forestry, fishing and hunting). Persons working in the co-operatives, who are not members but receive wages and salaries only, are classified in major group 3 below.</p>
<p>2. Employers and own-account workers outside agriculture</p>	<p>21. Employers            Heads of unincorporated enterprises classified in major division 2 to 9 of the ISIC who have at least one employee, not including family workers.</p> <p>22. Own-account workers in the professional, technical, consulting and similar fields            Own-account workers with occupations belonging to major group 0/1 of the ISCO (Professional, technical and related services). Some countries may wish to include employers in these occupations who have one or two employees in this, instead of the immediately preceding, category. Employees with similar occupations are classified in group 31 below.</p>

Table 2. Classification of socio-economic classes (continued)

Major group	Group
3. Employees in agriculture	<p>23. Other own-account workers and members of producers' co-operatives in non-agricultural activities  Heads of unincorporated enterprises classified in major divisions 2 to 9 of the ISIC, except those classified in class 22 above, who have no employees, not including family workers.<sup>2/</sup> Some countries may wish to include employers in these activities who have one or two employees in this category instead of in group 21. Members of producers' co-operatives outside agriculture are included. Persons working in such co-operatives who are not members, but receive wages and salaries only, are classified in major group 3 below.</p>
4. Employees outside agriculture	<p>31. Employees in agriculture  Employees of establishments classified in major division 1 of the ISIC who fall into major groups 0/1 (Professional, technical and related workers), 2 (Administrative and managerial workers) and 3 (Clerical and related workers) of the ISCO. Also, labourers, farm managers and supervisors of establishments who are classified to major group 6 (Agricultural, animal husbandry and forestry workers, fishermen and hunters) of the ISCO and labourers who fall into group 9-8 (Transport equipment operators) of the ISCO.</p> <p>41. Managers, supervisors and professional employees  Employees of establishments and public administration, classified in major divisions 0/1 (Professional, technical and related workers), 2 (Administrative and managerial workers), in groups 3-0 (Clerical supervisors), 3-1 (Government executive officials), 3-5 (Transport and communication supervisors), 4-0 and 4-1 (Managers and working proprietors, catering and lodging services, 5-2 (Housekeeping and related service supervisors) and 7-0 (Production supervisors and general foremen, and in minor group. 4-21 (Sales supervisors), all of the ISCO.</p>

Table 2. Classification of socio-economic classes (continued)

Major group	Group
5. Economically inactive persons living in households	<p>42. Clerical, sales and service workers Employees of establishments and public administration classified in major division 2 to 9 of the ISIC who fall into major groups 3 (Clerical and related workers), 4 (Sales workers) and 5 (Service workers), of the ISCO excepting those who belong to groups 3-0, 3-1, 3-5, 4-0, 4-1, 5-0, 5-1 and 5-2 and minor group 4-21 of the ISCO, who are classified in group 41 above.</p>
	<p>43. Manual workers Employees of establishments and public administration classified in major divisions 2-9 of the ISIC, who fall into major groups 7 to 9 of the ISCO (Production and related workers), and (Transport equipment operators and labourers); excepting those belonging to group 7-0, who are included in group 41 above.</p>
	<p>44. Members of the armed forces Persons who are members of the armed forces as a regular occupation; and other persons who are in the armed forces, either for the first time, for training or on recall for a duration of at least six months.</p>
	<p>441. Officers 442. Others</p>
	<p>51. Persons living from pensions, social assistance benefits, etc. Persons in households, living mainly from old age, superannuation, survivors, disability and invalidity or other pensions, scholarships, relief payments, family allowances or other benefits and assistance paid by general government, co-operatives, enterprises or institutions; and from support by another person or persons.</p>



Table 2. Classification of socio-economic classes (continued)

Major group	Group
6. Persons living in institutions	52. Persons living from property income Persons in households, living mainly from interest, dividends, royalties, life insurance benefits, etc.
	61. Persons living in institutions Persons in institutions, such as hospitals or homes for the care of the aged, the infirm, the needy, orphans, the mentally ill, etc., who live mainly on pensions, benefits or assistance provided by general government or enterprises or who are supported directly by the institutions themselves; inmates of prisons.

1/ The ISIC referred to in this table is set out in the International Standard Industrial Classification of All Economic Activities, Series M, No. 4, Rev. 2; Statistical Office of the United Nations, New York, 1968. The ISCO referred to in this table is shown in International Standard Classification by Occupations, Revised 1968, International Labour Office, Geneva.

2/ Family workers who work a minimum of one-third of the normal working time are classified to the same socio-economic class as the owner of the enterprise in which they work. The owner will usually be the head of the household of which the family workers are members.

91. The classification set out in table 2 is based on a combination of classifications of the main source of livelihood, status, kind of economic activity and occupation. The scheme consists of three levels of classification - six major groups, 15 groups and in the case of each of three groups, two subgroups. The criterion of main source of livelihood is used in order to separate the economically active (major groups 1 through 4) from the economically inactive (major groups 5 and 6). In the case of the economically active, a combination of status, kind of activity and occupation is used in defining each socio-economic group. The major groups in respect of the economically active draw distinctions in respect of their status and whether they are engaged in agricultural or non-agricultural activities. Subgroups are provided in the case of employers and own-account workers engaged in agriculture in order to distinguish tenants from owners, and in the case of members of the armed forces in order to separate officers from soldiers. In the case of the economically inactive, persons living in households are separated from persons living in institutions at both the major group and group levels of the classification.

### 3. Classification of age

92. Account has been taken of the uses to which the classification should be put and of national practices in drawing up the classification set out in table 3 below.

Table 3. Classification of age

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Below 15 years
15-19 years
20-24 years
25-29 years
30-39 years
40-49 years
50-54 years
55-59 years
60-64 years
65 years and over

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93. Both the last and the first categories of the proposed classification are open-ended and are defined so that the situation, in so far as the complementary system is relevant, of practically all of the persons included in each category will be similar. The upper limit of the first category is defined in terms of the probable age of entrance into the labour force and in terms of the categories of age generally used in population censuses and other inquiries. The lower limit of the last category has been set in terms of the age by which persons have usually retired from the labour force and in terms of national practices in population inquiries. In the case of some developing countries, it may be desirable to combine the penultimate category of the classification with the last category.

94. The categories of the classification in respect of ages 15 through 29 relate to spans of five years as the social and economic arrangements, income and consumption-saving behaviour of persons change significantly during this period. For somewhat similar reasons, five-year class intervals are proposed in the case of ages 50 through 64. As marked changes in the social and economic situation of persons between ages 30 and 50 are not too likely, class intervals of ten years are provided.

#### 4. Kind of economic activity and occupation

95. While the classifications of kind of economic activity and of occupation that are used in the complementary system should not contain too many categories, they should of course draw the distinctions in respect of the economically active that account for major differences in their primary incomes. In order to accomplish this, it may be appropriate to use the divisions (two-digit categories) in the case of major divisions 1 through 6 and 9 and major divisions 7 and 8 in the case of the ISIC and the major groups (one-digit categories) of the ISCO.<sup>6/</sup>

<sup>6/</sup> For these classifications, see the International Standard Industrial Classification of All Economic Activities, op.cit., and International Standard Classification by Occupation, op.cit.

5. Classification of educational attainment

96. The primary income of persons and the patterns of consumption and saving - style of life - of their households and themselves will vary with their level of educational attainment. At the same time it is necessary to keep the number of categories of the classification of educational attainment to be used in the complementary system to the essential minimum and to base it on the draft international classification of UNESCO.<sup>1/</sup> These are the considerations that led to the proposed classification set out in table 4 below.

Table 4. Classification of educational attainment

Division	Major group
1. Below first level of education	11. Persons without any formal education 12. Persons who did not complete the first level of education
2. First level of education	21. Primary school Persons who have completed general primary education, usually obligatory and lasting from three to eight years for children between 6 and 15 years of age.
3. Second level of education	31. Lower stage of second level of education Persons who have completed middle schools, junior high schools, etc., which extend education at the first level on a broader and more theoretical basis, or schools which combine extension of general education at the first level with teaching of knowledge and skills useful in the commercial, clerical, teaching, technical or agricultural fields. Two to five years full-time attendance required, or corresponding part-time attendance.

<sup>1/</sup> The International Standard Classification of Education (ISCED) presented in 1968 to an Expert Group convened by UNESCO. The final draft of the classification is to be presented to an Expert Group in March 1972.

Table 4. Classification of educational attainment

Division	Major group
4. Third level of education	<p>32. Higher stage of second level of education  Persons who have completed lycées, senior high schools, etc., which extend the teaching at the lower stage of the second level by developing the understanding of ideas and independent thinking of the students, or schools which combine extension of the teaching at the lower stage of the second level in general education with work and study useful in the commercial, technical and teaching fields, for work in hospitals and clinics, or in agriculture.</p>
	<p>41. Non-academic third level education  Persons who have completed teacher training schools requiring from two to four years full-time attendance upon completion of secondary education, and persons with degrees from vocational schools developing specialized knowledge and skills in areas such as agriculture, commerce or engineering with the aim of achieving mastery of practice based on relevant theory.</p>
	<p>42. First university degree or equivalent  Persons with a first degree from a university or similar institution, requiring three to seven years of full-time study after completion of secondary education.</p>
	<p>43. Post-graduate university degree or equivalent  Persons with a post-graduate degree from a university or equivalent institution, requiring one to three years of full-time study after fulfilling the requirements of the first degree.</p>

97. The one-digit and two-digit categories of the UNESCO classification are used in table 4 above. As it is not feasible to propose that the two-digit categories should be further divided into years of education completed, persons are to be classified according to the stage of education that they have completed. This approach to their classification is probably adequate as significant differences in earning capacity and life-style are likely to occur between persons who have completed different stages of education. However, because it is important to distinguish between persons who have had no formal education and those who have some first-level education, persons who have not completed the first level of education are to be classified accordingly.

G. Classifications of characteristics of households only

98. In addition to classifications of the characteristics of heads or other members of households that are discussed above, it is necessary to have classifications of certain attributes of the households themselves for purposes of tabulating selected data of the complementary system. The size of households, measured as the number of household members, is important for purposes of assessing their "real" level and style of living from data on their total income and consumption. The number of earners of income in a household is of course a factor in determining the level of the primary income and the distributed factor income of households.

1. Classification of size of households

99. In view of the purposes to which the classification of size of household is to be put, it should draw distinctions not only in respect of the number of persons in the household but also in respect of the number of minors and adults that make up the household. The proposed classification set out in table 5 is designed to draw both distinctions. It also takes national practices into account.

Table 5. Classification of household size

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One member
Two members
One adult and one minor
Two adults
Three members
Two adults and one minor
One adult and two minors
Three adults
Four members
Two adults and two minors
One adult and three minors
Other
Five members
Two adults and three minors
Three adults and two minors
Four adults and one minor
Other
Six and more members
Two adults and four or more minors
Three adults and three or more minors
Four adults and two or more minors
Other

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In the case of some countries it may be desirable to extend the classifications to six members and seven and more members.

100. It has sometimes been suggested that the concept of standard consumption units should be used in order to measure the size of households. This approach to the measurement is not suggested here, in view of the great difficulties of establishing and applying the yardstick "standard consumption unit" for purposes of the complementary system. It would be necessary to set the standard requirements in respect of all elements of consumption in the case of males and females of various ages, in the light of the prevailing patterns of consumption, and prices and to have data on at least the sex and age of each member of the household.

## 2. Classification of number of earners of income

101. The number of classes used in classifications of number of earners for purposes of the statistics of the complementary system varies from country to country, depending on the composition of households and the extent to which wives and adolescents participate in the labour force. The classifications should consist of at least three or four categories, the last of which would relate to three or four and more earners of income. The preceding categories would then relate to one earner, two earners, etc.

## VII. DEFINITION AND CLASSIFICATION OF INCOMES

102. A number of considerations have entered into formulating the definitions and classifications of the statistics of the complementary system that are given in the following sections of this paper. Attention has been devoted (i) to the uses to which each of the statistics should be put and the definitions and classifications of the series in the MPS and SNA and (ii) to the practicabilities of using the proposed definitions and classifications and national practices. As a result of taking all of these considerations into account, ideal and adjusted practical definitions are suggested in the case of some of the statistics of the system. This occurs more frequently when the series in question are to be tabulated

according to the characteristics of households or individuals in some detail (micro data) than when the items are to be tabulated according to broad categories of the classification of the characteristics in question (macro data). In the former case it will be impracticable to gather certain elements of the ideal figures from a sample of households and the possibilities of making estimates, using the figures that it is practical to collect and supplementary data from other sources, are limited. In the latter case the feasibilities of supplementing the figures that are gathered from households with data from other sources, is much greater. It should also be noted that the recommended classifications of certain statistics are designed to improve their co-ordination with the comparable series of the SNA and MPS.

#### A. Compensation of employees

##### 1. The definition

###### a. General

103. For purposes of assessing the well-being of employees, their compensation from employment should be defined so that all their receipts which are of benefit to them directly and individually as consumers should be included. From this point of view, the employee compensation should cover (i) wages and salaries in cash and in kind, (ii) employers' contributions to social security schemes on account of their employees and (iii) employers' contributions to private pension, family allowance, health and other casualty insurance, life insurance and similar schemes. The latter two elements of the compensation of employees are important means, in the case of a number of countries by which employees build up their rights to income maintenance when retired, unemployed, ill, etc. When employers do not make actual contributions to private pension funds, insurance premiums and the like but pay pensions, family allowances and/or unemployment, illness and accident benefits to their employees, imputed contributions should be included in item (ii) in order to measure the employees' accumulation of rights to these payments.



104. The concept of compensation of employees is used in the SNA but not in the MPS. The primary income of employees in the MPS relates to wages and salaries only. Employers' contributions to private pension schemes and the like do not occur in the case of the countries using the MPS; employers' contributions to social security schemes are considered to be part of their gross profits (operating surplus) but are identified in the redistribution balances of the MPS.

105. While it is feasible to gather figures of wages and salaries directly from households, this may not be so in the case of employers' contributions to social security schemes and, in particular, their contributions to private pension, family allowance, insurance schemes. It may therefore be necessary to restrict the micro data of household income and expenditure to wages and salaries even in the case of countries using the SNA. In any case, it will not be feasible to include imputation in respect of employers' contributions to private pension, insurance and similar schemes in either micro or macro data when they do not actually make such contributions.

b. Wages and salaries

106. Wages and salaries should cover all payments which employees receive in respect of their work, whether in cash or in kind, and before deductions for their own contributions to social security, withholding taxes and the like. It should include payments such as commissions, tips and bonuses, cost of living and dearness allowances, vacation, holiday, sick leave and other direct pay by the employer for relatively short absences, and fees to members of boards of directors. Payments in kind cover food, housing and other commodities, whether produced in the employers' business or purchased by him from others, which are provided to the employee free of charge or at reduced prices. The value of military uniforms, but not the value of free civilian work clothing, and the value of the housing of military personnel in family dwellings, but not in barracks, should be covered. While it may be difficult to gather figures of the value of wages and salaries received in kind in the case of household surveys, these payments are important in the case of certain activities in most countries, in particular, the developing countries.

107. The definition of wages and salaries given above is used in the SNA but not in the MPS. In the case of the MPS tips and sick-leave pay are excluded from wages and salaries while the reimbursable travel and other business expenses of employees and royalty payments to authors and inventors are included.

## 2. Scope and valuation of benefits in kind

108. The remuneration in kind which should be included in wages and salaries covers only items which may be unambiguously allocated to individual employees and to their benefits as consumers. This not only yields the figures wanted in measuring personal consumption but also facilitates the collection of the data in household surveys. Benefits accruing to employees from the health, recreational, educational and similar facilities and workshop amenities which employers make available to their employees collectively, are therefore excluded. The commodities that employers furnish free of charge or at reduced prices to their employees should, in principle, be valued at cost to the employer. The cost is equivalent to the money income which the employee foregoes and the expenditure which the employer incurs and is a better approximation to the value of the production actually embodied in the goods and services in question than is their retail price. However, there are practical reasons for valuing the goods and services at retail prices when the wage and salary data are gathered through household surveys; and all countries using the MPS and many countries using the SNA follow this practice. It is suggested that both forms of valuation should be used in the complementary system.

## 3. Classification

109. Compensation of employees should first be sub-divided into (i) wages and salaries, (ii) employers' contributions to social security and similar schemes and (iii) employers' contributions to private pension, family allowance, insurance and similar schemes. Since national practices vary with regard to the inclusion of data on remuneration in kind, wages and salaries should in turn be sub-divided into (i) wages and salaries in cash and (ii) wages and salaries in kind. The

recommended classification of compensation of employees will furnish the basis for linking the data of the complementary system to both the MPS and the SNA and for comparing the statistics of the distribution of primary income of different countries.

B. Income of members of producers' co-operatives

110. The income of members of producers' co-operatives includes income in cash and in kind of the members of the co-operative, who participate in its management and in the distribution of its profits (entrepreneurial income). The income of persons who work temporarily for the co-operatives is treated as wages and salaries. The income of members of producers' co-operatives is explicitly distinguished in the MPS but not in the SNA. In the case of the SNA the income is part of the entrepreneurial income of non-financial corporate and quasi-corporate enterprises.

C. Entrepreneurial income

1. Definition

111. The entrepreneurial income of households consists of (i) the net proceeds of the unincorporated enterprises and (ii) the withdrawals by the owners of income from quasi-corporate enterprises. These withdrawals consist of the actual payments made to the owners out of the current receipts of quasi-corporations, i.e., relatively large ordinary partnerships and sole proprietorships which have complete profit-and-loss and balance-sheet accounts on the financial assets and liabilities, as well as the real assets, involved in the business.

112. The second form of entrepreneurial income listed above is not relevant in the case of countries using the MPS. The first form of entrepreneurial income should include an imputation in respect of net rents from owner-occupied dwellings as this is income realized in kind, and the net proceeds from the ownership of other structures and of other kinds of unincorporated enterprises. The definition in the SNA of the entrepreneurial income from unincorporated enterprises includes all the foregoing elements. The MPS does not include imputations in respect of the net rent of owner-occupied dwellings and individuals may not own other types

of structures in the case of a number of countries using the MPS. It is feasible to compile figures from the MPS concerning the net proceeds from other unincorporated enterprises.

113. The net rents from structures and the net proceeds from other unincorporated enterprises is equivalent to the gross output of these units reduced by their costs of operation and of the use of property owned by other persons or businesses. These elements of the computation of the entrepreneurial incomes are discussed below.

## 2. Classification

114. Entrepreneurial income is to be classified into (i) net rents from owner-occupied dwellings, (ii) net rents from other structures, (iii) net proceeds from other unincorporated enterprises, and (iv) withdrawals from quasi-corporate enterprises. This classification greatly facilitates the analytical use of the figures of entrepreneurial income and comparisons between countries using the SNA and countries using the MPS. The classification also serves to distinguish series of data that differ in the difficulties of collection and in the reliability of estimation.

## 3. Gross output

### a. Scope

115. The gross output of units is defined so as to cover goods and services that are produced (i) for the market, (ii) for provision to employees free of charge or at reduced prices and (iii) for own account. All items produced for the first two purposes are included in gross output. Production for own account includes all goods for capital formation and items for purposes of personal consumption. Production on own account for personal consumption covers (i) all products of agriculture, forestry, fishing, hunting and mining, the processing of primary commodities by the producers in order to make such goods as butter, cheese, flour, wine, oil, cloth or furniture for their own use, (ii) the owner-occupancy of dwellings and (iii) the output of any other commodities for own consumption which are also

produced for the market. The same scope is assigned to gross output in the SNA as is set out above. As was noted earlier, data are not available from the MPS in order to compile complete figures in respect of owner-occupied dwellings.

b. Valuation

116. From the point of view of entrepreneurial income, production on own account should be valued in terms of the cash alternative foregone. This means that, for the producer, the value of income in kind should be considered equal to the cash income that would be realized by the sale of these items at the producing unit. On the other hand, it may be argued that this approach to valuation results in under-estimating the household consumption of goods and services produced on own account and that valuation at retail (consumers') prices is more appropriate. Because of this and the greater availability of consumers' prices than producers' prices, own-account production is valued at retail prices in many surveys of the distribution of income and expenditure in the case of countries using either the MPS or the SNA. However, the retail price includes the value of transport, distributive and other services which in fact are not embodied in commodities originating from own production. The aforementioned considerations lead to the recommendation that the gross output on own account should be valued in both producers' and retail

4. Operating surplus

117. The reduction of gross output by the appropriate expenses in order to arrive at operating surplus often raises a number of difficulties because it is necessary to (i) separate current outlays for household activities and for business purposes, (ii) distinguish capital from current business expenditure and (iii) make appropriate estimates of the consumption of fixed capital.

118. The difficulties are especially great in the case of farms in countries using the SNA. The rent paid by tenants for farms may cover the farm land, farm buildings and equipment and their dwelling; and there may be little basis for separating the three elements of the rent. The rent on farm buildings and equipment only should be considered an expense in arriving at operating surplus. The

rent on the farm land is to be treated as a payment for the use of property in the farm enterprise; the rent of the dwelling is to be included in the personal consumption of the farmer. In these circumstances, it may be necessary to treat the full rent paid by the tenant farmer, reduced by an imputation in respect of the gross rent of the dwelling, as a payment for the use of property. In the case of owner-occupied farms, complications arise because of the need to impute gross rent on the dwellings as part of gross output, to distinguish current from capital outlays, and to separate these outlays into those pertaining to the dwellings and those relating to the farms.

#### 5. Deductions from the operating surplus

119. In order to derive entrepreneurial income, net payments of property income in connexion with the unincorporated enterprises must be deducted from their operating surplus. The property income may, in the case of countries using the SNA, consist of interests, rents and royalties. Interest may be paid in respect of funds borrowed for use in the business or the delayed settlement of trade credit; interest may be received in respect of credit granted to consumers. Rents on farm and other land utilized in the enterprise are also treated as property income paid; royalties might be paid in respect of patents, copyrights or concessions.

120. In order to derive entrepreneurial income of unincorporated enterprises, interest paid on consumer debt must be separated from interest paid on property utilized in the enterprises. In principle, any interest received from customers because of late settlement of accounts should also be separated from other interest received but this item is usually insignificant. Problems of subdividing rents and royalties will not, in general, arise because these transactions relate to the business in practically all cases.

#### D. Primary income

121. Primary income is equivalent to the sum of compensation of employees and entrepreneurial income, and originates directly from the involvement of the recipients in the process of production as either employees or employers.

The components from which primary income may be compiled are available in both the MPS and the SNA though the aggregate is defined differently in the MPS and is not identified in the SNA.

## E. Property income

### 1. Definition

122. Property income consists of the actual receipts or payments resulting from the use by one economic agent of the financial assets, land and intangible assets, such as copyrights and patents, that are owned by another economic agent. Types of property income that are common in the case of households are interest received and paid, dividends received and net rents and royalties received in respect of the letting out of land, copyrights and patents. Interest comprises actual receipts in respect of such financial claims as saving deposits, bonds and loans and actual payments in respect of consumers' credit. Receipts of rents should, in principle, relate to land only and be net of land taxes and maintenance expenditure in respect of the land. It may be necessary in practice to treat as property income, the rent on the buildings and equipment, as well as on the land, in the case of the renting out of an entire farm and the rent received on land, including taxes and maintenance costs.

123. Unlike the SNA, the definition of property income recommended above does not include imputations in respect of interest on the equity of households on life insurance or pension funds as it is impracticable to gather the information from households that is required to make these estimates. It may be feasible to make the imputation in the case of macro data. While difficulties will be encountered in gathering information on the other elements of property income because of the reluctance of respondents to provide the figures, they are important sources of income in the case of certain groups of the population in all countries using the SNA.

## 2. In relation to SNA and MPS

124. In the case of countries using the MPS households do not receive dividends or land rents and royalties received by authors and inventors are classed as wages and salaries. Data on the interest that the population receives in respect of bank deposits and bonds are gathered from households in the case of these countries.

## 3. Classification

125. Property income is to be classified into (i) interest, (ii) dividends and (iii) rents, royalties and the like. The classification is of interest both for purposes of analysing the sources and distribution of property income and for purposes of making comparisons between the countries using the SNA and the countries using the MPS.

### F. Distributed factor income

126. This aggregate is the sum of the compensation of employees, the entrepreneurial income and net property income received by households. It shows the total earnings of households and their share in the national income.

### G. Current transfers

#### 1. Definition

127. Current transfers consist of certain contractual transfers and, for the most part, of redistributive transfers. The contractual transfers relate to transactions in casualty insurance and private pensions and annuities. The redistributive transfers are non-contractual (unrequited) transfers which may be either compulsory or voluntary and play the major role in the transactions from distributed factor income to available income.

#### a. Redistributive transfers

128. Households may receive current transfers of a non-contractual character from government agencies (for example, social security benefits, social assistance payments), private non-profit institutions (for example, fellowships or other cash



grants), enterprises (for example, scholarships or other cash grants), other resident and non-resident households (for example, gifts in cash and in kind, migrants' remittances). Many of the transfers received from government agencies will arise out of legal commitments of the government. The remainder of the non-contractual current transfers received by households will be voluntary in character.

129. Non-contractual current transfers received by households should, in principle, include an imputed amount equal to the cost to government or a private non-profit body of goods and services supplied to persons directly and individually by businesses or other producers and paid for entirely, or in part, by the government or the private non-profit unit if the individuals receiving the goods and services are free to select the producer which is to furnish them, and the terms on which they are supplied. This situation arises when, for example, a government health service fixes the maximum payment it will make in respect of medical treatment, but leaves the individual covered under the scheme free to choose the practitioner from whom to receive care and the terms on which the treatment is to be furnished. However, it will in many instances, be impracticable to gather data on the cost to the government, or the retail value, of the goods and services in question directly from households. It may therefore be necessary to omit this element of the current transfers received from government or private non-profit bodies from the micro data of the complementary system and perhaps even from the macro data. The corollary of this is that households receive current transfers from government or private non-profit bodies in the form of cash only.

130. The most important non-contractual current transfers paid to general government by households are direct taxes and social security contributions. The contributions to social security should include contributions made by employers on their behalf if the concept of compensation of employees is used. If use is made of the concept of wages and salaries only, the contributions to social security should include only the deductions for this purpose from those wages and salaries. Other compulsory current transfers to government consist of fees (for example, for passports or court services, fines and penalties). Households also make

non-contractual transfers to private non-profit institutions (for example, dues, donations) and other resident and non-resident households. The payments to government arise out of legal obligations, while the other transfers are almost always voluntary.

b. Other current transfers

131. Transactions in respect of casualty insurance and private pensions and annuities are to be treated as current contractual transfers between the households and the insurance companies or pension funds. The amounts that employers actually contribute to such insurance or pensions on behalf of their employees are to be included only if the flow "compensation of employees" is used.

132. While theoretically only the portion of the premium paid on casualty insurance that represents the payment for the risk should be recorded as a current transfer, it is not feasible to do so. It is therefore recommended that in the complementary system, the total premium that households pay in respect of casualty insurance should be recorded as a current transfer. All claims that households receive in respect of casualty insurance are also to be recorded.

133. In theory, transactions in respect of private pension funds and annuities should not be recorded as current transfers because (i) the household payments consist of a service charge and an addition to saving and (ii) the household receipts represent the drawing down of saving. However, the receipt of private funded pensions or annuities may, in some cases, be as important a source of the finance of personal consumption as is the receipt of pensions from social security schemes and private unfunded schemes, which in theory and practice, should be recorded as redistributive transfers. And households consider all of these receipts to be similar transactions. It is therefore proposed that the former types of receipts should also be entered in the account on current transfers of the complementary system. The corollary of this practice is to record the household payments of contributions to pension funds, net of service charges, and of premiums on annuities, net of service charges, as current transfers. Because it may not be feasible to estimate these service charges in the case of the micro statistics of

the complementary system, it may be necessary to record the full amount of the contributions and premiums that households pay. Further, if drawing distinctions between annuity policies and other types of life insurance is difficult when gathering data in household surveys, it would be necessary to cover transactions in respect of all the policies with life insurance companies in current transfers.

## 2. Relationship to the SNA and MPS

### a. SNA

134. There are a number of differences between the definitions of contractual current transfers and redistributive transfers recommended above and those in the SNA.

135. Redistributive transfers are narrower in scope in the case of the complementary system than in the case of the SNA. Excepting gifts in kind between households, a number of transfers received by households which are not made in cash and are covered in the SNA concept, are excluded. These transfers consist mainly of the goods and services discussed in paragraph 129 above that are financed, in whole or in part, by government or private non-profit bodies but are acquired by households from private producers. Other excluded redistributive transfers that are included in the SNA definition are write-offs of household debts by the lenders' and migrants' goods. On the other hand, in the case of gifts in kind between households, gifts made between resident households are covered in the definition of the complementary system but not that of the SNA. In the case of the SNA, gifts in kind between resident and non-resident households only are treated as redistributive transfers.

136. The treatment of transactions in respect of casualty insurance, private pensions and annuities in the complementary systems differs substantially from that in the SNA. In the SNA, premiums on casualty insurance, net of service charges, not gross premiums, are recorded as current transfers; and transactions in respect of private funded pensions and annuities are not considered to be current transfers. Also, a counter charge to the imputation in compensation of

employees' or employers' contributions in respect of the unfunded pensions, unemployment compensation and similar benefits, is included among current transfers in the SNA but not in the complementary system.

b. MPS

137. As a result of the institutional arrangements in the countries which use the MPS, a number of the transactions included in the current and redistributive transfers of the complementary system do not take place. This is the case, for example, for transactions in respect of (i) private pension funds, (ii) household purchases of services and goods from private business or non-profit services that are financed, in whole or in part, by government or different non-profit bodies and (iii) transfers between households. Also, certain of the current and redistributive transfers that are classified separately in the complementary system, are grouped together with other transactions in the balances and tables of the MPS.

3. Classification of redistributive transfers

138. In order to furnish the data required for purposes of analyzing the nature, level and effects of the redistribution of incomes on the available income of households, the current unrequited (non-contractual) transfers received and paid by households should be classified according to type, purpose and source of origin or destination. The recommended classifications are given in table 6 below.

139. The categories of type of unrequited transfers received and paid in table 6 below are to a great extent, those of the SNA.<sup>8/</sup> However, fees, fines and penalties that households pay to government are included in "other current transfers" instead of in a separate category; and the definition of the categories reflects the differences between the complementary system and the SNA as discussed in paragraph 135 above.

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<sup>8/</sup> See table 7.1 "Classification and definition of unrequited transfers except indirect taxes and subsidies", A System of National Accounts, op. cit.

Table 6. Classification of current unrequited transfers received and paid by households

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Type of transfer
A. Received by households
1. Social security benefits
2. Social assistance grants
3. Unfunded employee welfare benefits
4. Other current transfers
B. Paid by households
1. Direct taxes
2. Social security contributions
3. Current transfers to private non-profit institutions
4. Other current transfers

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Purpose of the transfer
A. Received by households
1. In respect of loss of income, job or accident:
a. Old age or disability
b. Loss of earner
c. Accident, sickness or maternity
d. Unemployment
e. Severance and lay-off compensation
2. In respect of additional expenses incurred:
a. Family allowances
b. Medical and hospital expenses
c. Other
3. In respect of other purposes:
a. War bonuses and service grants
b. Scholarships and fellowships
c. Migrants' remittances
d. Other
B. Paid by households
a. Compulsory transfers to government, that is direct taxes and fees, fines and penalties
b. Membership dues in unions, associations and private non-profit institutions
c. Donations of a current character to private non-profit institutions
d. Migrants' remittances
e. Other

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Table 6. Classification of current unrequited transfers received and paid by households (continued)

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Origin or destination of the transfer
1. Government
2. Private non-profit institutions serving households
3. Corporate and quasi-corporate enterprises
4. Other households

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#### H. Available income and saving

140. The income available for personal consumption and saving is equivalent to the sum of distributed factor income and net current transfers received, as defined above. In order to arrive at an appropriate concept of saving, it is necessary to deduct from available income, the sum of personal consumption, contributions net of service charges, reduced by benefits in the case of private pension funds and premiums, net of service charges, reduced by benefits in the case of annuity policies. If all life-insurance transactions, not in annuity policies only, are recorded in the redistribution sub-account, it would, of course be necessary to take all the transactions into account in making the deduction.

141. The concept "Current receipts" covers all the households' receipts on the income and outlay account that have been discussed above. In the case of the income of employees from their participation in production, wages and salaries only are included in current receipts.

#### VIII. DEFINITION AND CLASSIFICATION OF CONSUMPTION

142. Two concepts of the final consumption of households are used in the complementary system - final consumption expenditure (personal consumption) and total consumption of the population. The former concept concerns the purchases of goods and services that households finance from their available income. The latter concept covers, in addition, the goods and services that government, private non-profit bodies and enterprises provide to households free, or at reduced charges,

which are clearly of benefit to them as consumers. Data on total consumption is preferable to data on personal consumption for purposes of comparing levels of living between countries which differ in their institutional arrangements.

A. Final consumption expenditure

1. Scope

143. The final consumption expenditure of households covers all goods and services that they (i) purchase, (ii) produce on own account, including the services from owner-occupied dwellings, and (iii) receive as income in kind for household, but not enterprise, use. In principle, service charges in respect of casualty insurance, pension funds and life insurance should be included in the personal consumption. In practice, it will be impracticable to do so in the case of the micro tabulations and perhaps the macro tabulations of the complementary system. This is also the case in respect of the full cost of the consumers' goods and services discussed in paragraph 129 above. These are goods and services that households acquire from private units and that are financed entirely or partially, by government or by private non-profit institutions. When the aforementioned flows are excluded from the concept of personal consumption, household purchases of consumers' goods and services (item (i) above) is restricted to their cash outlays on these goods and services. This should simplify the problems of gathering data on personal consumption from households, in particular, the difficulties of valuing the flow.

144. Attention should be called to the fact that when the service charges in respect of pension funds and life insurance are not included in personal consumption, saving will be over-stated by these amounts. This will not occur when the service charges on casualty insurance are excluded from final consumption expenditure as the full premium in respect of casualty insurance has been treated as an outlay in compiling data on available income.

## 2. Relationship to the SNA and MPS

145. Because of the exclusion of the items listed in paragraph 143 above, the scope of the concept "final consumption expenditure" will be narrower in the case of the complementary system than in the case of the SNA. The concept "personal consumption of material goods" of the MPS does not cover household consumption of services which are not embodied in goods. When the purchases of these services by the population is added to the personal consumption, the result approximates the data on final consumption expenditure in the complementary system. The result falls short of the flow as defined in the complementary system, because the MPS does not include an imputation in respect of the net rent of owner-occupied dwellings. On the other hand, the difference between the complementary system and the MPS is narrowed by the inclusion of reimbursed business travel in personal consumption in the case of the MPS but not in the case of the complementary system.

## 3. Classification

146. For purposes of the complementary system, final consumption expenditure should be classified so as to indicate (i) the object (purpose) of the outlays and (ii) the extent of the purchases of services and of goods of various durability. It is proposed that the classifications recommended in the SNA should be used for these purposes.<sup>9/</sup> It may be necessary to reduce the detail of classification according to object of expenditure to the two-digit level of the scheme of classification in the SNA.

### B. Total consumption of the population

#### 1. Scope

147. The concept of total consumption of the population that is proposed for the complementary system is designed to cover the value of the goods and services that government, non-profit institutions and enterprises furnish free, or at reduced charges, which are clearly and primarily of benefit to the households as consumers. In selecting the goods and services to be included in total consumption, it is also necessary to take account of the difficulties of allocating their value among the various groups of households for whom information is wanted.

<sup>9/</sup> See table 6.1 and paragraphs 6.93 - 6.95, A System of National Accounts, op.cit.



148. The criteria set out in the preceding paragraph lead to the proposal that, in the first instance, the addition to personal consumption in order to derive total consumption of the population should cover the costs to government, private non-profit institutions and enterprises of furnishing food, clothing, medical and health care, welfare and educational services, and recreational and cultural services to persons or households on an individual basis, free of charge, or at reduced prices. The employees of the government, private non-profit institutions and enterprises are to be excluded when these goods and services have already been treated as income in kind. The goods and services in question are clearly of benefit to the recipients; and are provided in a fashion that should make it feasible to allocate their cost in the case of the micro, as well as macro data of the complementary system. They should be valued at the net outlays of the organizations providing them, that is, the current costs incurred by the organizations reduced by the fees and other outlays paid by households in respect of the goods and services.

149. Total consumption should, in the first instance, also include certain subsidies for example in respect of housing and the acquisition of pharmaceutical products. These subsidies are similar in object to the items of government consumption expenditure that is proposed in paragraph 148 above should be included in the total consumption of the population. The inclusion of these subsidies will assist in making the concepts of total consumption invariant in respect of differences in institutional arrangements among countries.

150. Attention, in the second instance, should be given to the possibilities of including in total consumption, the net outlays of government, private non-profit institutions and enterprises on recreational and cultural services which are made available to the population or their employees on a collective basis. While it does not seem possible to allocate these outlays in terms of actual use in the case of the micro data of the system, it may be feasible to make the allocation in the case of the macro data of the system. It would no doubt be impossible to include allocations in respect of the net outlays on community services that are

shared by households and other sectors of the economy, for example sanitary services, street lighting or roads, in total consumption in the case of the micro tabulations of the complementary system. Outlays on administration, research and other supporting services in respect of health, educational, recreational, cultural and similar services should not be included in total consumption. The connection between these outlays and the level of living of the population during a specific period of account is far from clear or direct.

## 2. Relationship to SNA and MPS

### a. SNA

151. The concept of "total consumption of the population" of the complementary system is not used in the SNA. Data in respect of the flow would need to be compiled from figures of the final consumption expenditures of households, government and private non-profit institutions, each classified according to purpose (object) and figures in respect of the cost of the intermediate and direct inputs of industries that are devoted to furnishing the services to households that should be included in total consumption. The classification of the cost-structure of industries that is required for that purpose is not yet available in the SNA.

### b. MPS

152. The concept "total consumption of the population" is used in the MPS. Data in respect of the concept of total consumption of the complementary system may be approximated from the data called for in MPS. Special computations would be needed in respect of the housing and similar subsidies of government that are to be included in total consumption.

## 3. Classification

153. A classification of total consumption of the population according to object is needed in the complementary system. The recommended classification in respect of those parts of the household consumption which are added to by government private non-profit institutions and enterprises, is given in table 7 below. The classification is derived from the classifications of household goods and services,

government purposes and private non-profit bodies' purposes of the SNA.<sup>10/</sup> The code numbers are taken from those schemes of classifications.

Table 7. Classification of total consumption of the population

- 
- A. Final consumption expenditure of households, of which:
- 3. Gross rent, fuel and power
  - 5. Medical care and health expenses
  - 7.2 Entertainment, recreational and cultural services, excluding restaurants, hotels and cafés
  - 7.4 Education
- B. Final consumption expenditure of government assigned to households
- 3.2 + 3.3 Education
  - 4.2 + 4.3 Medical and other health services
  - 5.2 Welfare services
  - 7.1 Recreation and related cultural services
  - 7.2 Religion and services, n.e.c.
- C. Subsidies paid by government assigned to households
- 4.3 Individual health services
  - 6.1 Current housing subsidies
- D. Final consumption expenditure of private non-profit institutions assigned to households
- 2. Education
  - 3. Medical and other health services
  - 4. Welfare services
  - 5. Recreational and related cultural services
  - 6. Religious organizations
- E. Expenditure of enterprises assigned to households
- 3.2 + 3.3 Education
  - 4.2 + 4.3 Medical and other health services
  - 5.2 Welfare services
  - 7.1 Recreational and related cultural services
- 

#### IX. DEFINITION AND CLASSIFICATION OF ACCUMULATION

154. For purposes of analysing the well-being of households, in particular, owners of the dwellings they occupy and other unincorporated businesses, it is useful to

<sup>10/</sup> See tables 6.1, 5.3 and 5.4, A System of National Accounts, op. cit.

draw sharp distinctions and to examine the relationships between the internal and external sources of financing investment and of making investment. The important internal sources of financing investment are saving in the case of all households and provisions for the consumption of fixed capital and net capital transfers in the case of the households of owners of their dwellings and other unincorporated businesses. The external source of finance is borrowing from other economic agents. The internal source of investment in the case of owners of dwellings and other businesses is gross capital formation. Other households make investments by lending their saving to other economic agents.

A. Internal sources of finance and investment

1. Saving

155. The concept of saving in the complementary system has already been defined in paragraph 140 above. Except for saving in the form of additions to their equity in pension funds and life insurance reserves, this flow relates to funds which are actually in the hands of, and under the immediate control of, households for purposes of investment.

156. The definition of saving is essentially the same in the case of the complementary system and in the SNA. In concept, the main difference between the two definitions is the inclusion of imputed interest added to the equity of households in respect of pension funds and life-insurance reserves in the case of the SNA but not in the case of the complementary system. If in practice, however, the income of employees is restricted to their wages and salaries in the case of the complementary system, their saving would not include the contributions that their employers may make to their equity in pension funds or life-insurance reserves. These forms of saving are taken into account in the SNA. On the other hand, household saving in the form of equity in these funds would be overstated as compared to the SNA if the service charges in respect of the pension funds and life insurance is not included in their personal consumption.

157. The concept of saving is not used in the MPS; and because sharp distinctions are not drawn between capital and current transactions, it does not appear to be feasible to compile this flow directly from the MPS. However, saving may be compiled as the balancing item in the sub-account of the complementary system on the disposition of available income, which can be approximated from the transactions of the MPS

## 2. Consumption of fixed capital

158. This item should cover the provisions for the consumption of fixed capital in the case of unincorporated enterprises, including owner-occupied dwellings. Ideally, the flow might be defined as in the SNA, but it will probably be necessary to accept the sums that the owners record in respect of the provisions in their books, income tax reports, etc. If such information is not readily available in the case of a number of unincorporated enterprises, it would be best to use concepts of entrepreneurial income, of the aggregates in respect of income and of saving that are gross of consumption of fixed capital for purposes of the complementary system.

159. The definition of consumption of fixed capital in the MPS differs from that in the SNA mainly because the charges are based on the original cost of the assets, instead of on the replacement cost in the year of account. The provisions for consumption of fixed capital that owners of unincorporated businesses in countries using the SNA record in their books will usually also be based on the original cost of the assets. However, it is not clear whether, excepting dwellings, the MPS takes account of charges in respect of the consumption of fixed assets in the case of individually owned enterprises.

## 3. Capital transfers

160. In the case of households not possessing unincorporated enterprises, capital transfers may consist of (i) payments of inheritance taxes and capital donations to private non-profit bodies, (ii) receipts of grants for damages incurred during war, floods or other calamities and (iii) receipts and payments of legacies and

migrants' transfers of capital. Households of owners of unincorporated businesses may, in addition, receive investment grants in respect of their businesses. Capital transfers are to be recorded on a net basis in the complementary system.

161. Government agencies or employers may make capital transfers to pension funds in order to prevent the funds from becoming insolvent. Such transfers should be treated as payments made directly to the pension funds as they do not add to the equity of specific individuals in the pension funds but are intended to make good losses by the individual that would otherwise occur.

162. Capital transfers are defined in the same way in the complementary system and in the SNA. These transfers are not separately classified in the MPS.

#### 4. Gross capital formation

163. In addition to the gross fixed capital formation and increase in stocks of unincorporated enterprises, gross capital formation is to include the net purchases of land and, intangible assets that do not represent financial claims on other economic agents. Examples of transactions in the intangible assets are the purchase and sale of trademarks, the part of the sales (purchase) value of a business that consists of goodwill, the sale of a patent or copyright.

164. Gross fixed capital formation consists of the outlays of households on reproducible durable goods which are to be added to the fixed assets of the unincorporated enterprises that they own reduced by the sales of similar second-hand and scrapped goods. The goods in question should have a lifetime of use of a year or more and exclude land, timber tracts, mineral deposits and the like; they may be purchased or produced on own account. Included in the outlays are (i) expenditure on capital repairs and improvements, that is the improvement and alteration of the reproducible durable goods which significantly extend their expected lifetime of use or productivity, (ii) expenditure on the reclamation and improvement of land and the development and extension of timber tracts, mines, plantations, orchards and vineyards and (iii) acquisitions of breeding stocks, draught animals, dairy cattle and the like. The preceding definition of gross fixed capital

formation is identical with that of the SNA and essentially the same as that of the MPS.

165. The increases in stocks of an unincorporated enterprise during a period of account should be taken to be the difference between the level of stocks of materials, merchandise and supplies, work-in-progress and finished goods at the beginning and end of the period, both valued at the approximate average price ruling over the period. Purchasers' prices should be used in valuing the stocks of materials, merchandise and supplies that are purchased; producers' prices should be used in valuing other stocks. In practice, it will be necessary to gather figures of the value of stocks of purchased materials, merchandise and supplies and of stocks of finished goods and merchandise for sale that are either available from the records of the unincorporated business or in the absence of such records, can be estimated by the owner of the unincorporated business. It may be feasible for the agency that compiles the data on increases in stocks to adjust these values approximately in the light of the estimated ratio of the average prices at the beginning and end of the period in question to the average prices prevailing during the period. The resulting estimates would approximate the working definition of increases in stocks recommended in the SNA. They may also be consistent, on the whole, with the practices followed in the countries using the MPS.

#### B. External sources of finance and investment

166. The external sources of finance and investment consist of transactions in financial claims - the incurrence of liabilities to other economic agents and the acquisition of financial claims on other economic agents, respectively. The classifications of the SNA, but apparently not of the MPS, are designed to segregate transactions in financial claims from other transactions and to distinguish between the various types of liabilities and financial assets in which transactions may take place.

### 1. Classification

167. For purposes of the complementary system, the classification of financial claims of the SNA may be considerably simplified because certain kinds of claims are of little importance as external sources of finance or investment. The proposed classification is set out in table 8 below.

Table 8. Classification of the financial claims of households<sup>1/</sup>

Financial assets
1. Currency and transferable deposits (Category 8.2)
2. Other deposits (Category 8.3)
3. Bills and bonds (Categories 8.4 and 8.5)
4. Corporate equity securities (Category 8.6)
5. Net equity on life insurance reserves (Part of Category 8.9)
6. Net equity on private pension funds (Part of Category 8.9)
7. Proprietors' net addition to the accumulation of quasi-corporate enterprises (Category 8.10)
8. Trade credit and advances (Category 8.11)
9. Other financial assets (Categories 8.7, 8.8, 8.10, 8.12 and 8.13)
Liabilities
1. Loans, including mortgages (Categories 9.7 and 9.8)
i. Consumer debt
ii. Owner-occupied dwelling debt
iii. Other unincorporated enterprise debt
2. Trade credit and advances (Category 9.11)
i. Consumer debt
ii. Unincorporated enterprise debt
3. Other liabilities (9.12 and 9.13)

<sup>1/</sup> The codes shown in parenthesis next to the entries in this table indicate the corresponding categories of table 7.2 "Financial assets and liabilities" of A System of National Accounts, op. cit. Definitions of the categories are given in the table.

168. The distinctions drawn in the proposed classification are designed to separate transactions in financial assets and liabilities for household purposes. In view of the importance of transactions in respect of pension funds and life insurance



reserves for studies of welfare, it is proposed that the net equity of households in these funds and reserves be separated, one from the other.

169. Approximations to some of the categories of the classification set out in table 8 are shown separately in the classification of transactions of the MPS. For example, changes in holdings of cash, net increases in saving bank deposits and purchases of bonds are distinct categories of transactions. Because of the institutional arrangements in countries using the MPS, some of the categories of the proposed classification are not applicable. This is so, for example, in the case of corporate equity securities, of net equity on private pension funds, of proprietors' net additions to the accumulation of quasi-corporate enterprises and perhaps of certain of the forms of loans.

## 2. Basis of recording

170. For purposes of the complementary system, it seems desirable to tabulate data on the transactions in selected financial assets and liabilities on a gross basis, that is to show separate figures for the acquisition or incurrence and sale or redemption of the financial claims. For some households, the drawing down of their equity in pension funds, life insurance reserves and quasi-corporate enterprises will be important in financing current expenditure while for other households, additions to these financial assets will represent important means of saving. It also seems advantageous to record transactions in bills, bonds and corporate equity securities, and perhaps consumer debt, on a gross basis. In the case of the securities, this approach will make it possible to indicate realized capital gains on sales which may be a factor in spending-saving behaviour. In the case of consumers' debt, different households may be contracting and redeeming consumer debt.

## 3. Equity in pension funds and life insurance reserves

171. In the case of the equities in pension funds and in life insurance reserves, the transactions have, except for interest accruing on these funds, already been recorded in the income and outlay account. While it is not proposed that the

accrued interest be accounted for, it may be desirable to estimate the adjustment for it that is required in the figures of these financial assets when relating the complementary system to the national accounts. If the additions to the equity in the pension funds and life insurance reserves are overstated because the involved service charges have not been included in personal consumption, it would be useful to adjust the figures in the case of the macro data of the system.

4. Proprietors' net additions to the accumulation of quasi-corporate enterprises

172. Additions that the proprietors make to the investment of a quasi-corporate enterprise consist of funds for use by the enterprise in purchasing fixed assets, accumulating stocks, acquiring financial assets or liquidating liabilities. They may include fixed assets and securities that the owners transfer to the capital of a quasi-corporate unit. Withdrawals consist of funds that the proprietors take from the accumulated retained saving and the reserves in respect of the consumption of fixed capital of the quasi-corporate enterprise and from the proceeds of the sale of its fixed and financial assets. The withdrawals may also include transfers of fixed assets, securities and other financial assets from the business to the proprietors as individuals.

5. Bills, bonds and securities

173. The receipts on the sale of bills, bonds and securities might be subdivided into the cost of the securities on acquisition and the realized capital gain or loss on the sale. Purchases of such instruments should be recorded at cost of acquisition.

X. TABLES OF THE COMPLEMENTARY SYSTEM

174. This section of the paper concerns the tables that might be prepared from the data of the complementary system. The suggested table forms are set out in Annex II and are discussed in this text.

#### A. Purpose and organization of the tables

175. The tables in Annex II are designed to suggest the ways in which the data of the system might be presented in order to furnish basic information for purposes of studies of the patterns in which incomes, consumption and saving are distributed among the population, of the well-being of various groups of the population and of some of the factors and of the circumstances underlying these conditions. These tables are not intended to be exhaustive presentations of the data of the system or to illustrate the analytical tables that are required in the case of particular studies. In discussing the individual tables below alternative and additional ways of presenting the data covered will be indicated. Nor are many of the tables designed to be tables for standardized international reporting of the data of the system at an appropriate time in the future.

176. The table forms in Annex II are arranged in three main groups of tabulations. The table sets 1 through 6 summarize and correlate the main aspects of the formation and use of incomes; they may eventually serve as the basis for international reporting of data. The primary purpose of tables 1 through 3 is to link the data of the complementary system with the data of the national accounts and balances; these tables relate to the macro data of the system. The remaining summary tables are designed to portray the main measures of the well-being of various socio-economic and income classes and the patterns in which distributed factor and available incomes are distributed. The table sets 7 through 21 are intended to illustrate the single-fold classifications of the data of the system that will furnish basic information in respect of each stage in the distribution and redistribution of incomes and their use in the case of various socio-economic, income and other classes of the population. These will thus reveal some of the circumstances that account for differences in their experience. Table sets 21 through 25 give two-fold classifications of selected aggregates of the complementary system. They are designed to probe more deeply into the factors underlying differences in income and consumption than do the preceding group of tables.

## B. The types of measures in the tables

177. A number of different measures are commonly used in tabulating data on the distribution of income and expenditure. The data are often set out in terms of the total value of a flow, the total number of households, etc. or in terms of measures of the central tendency of the item in question - arithmetic average, medians or modes. The unit of measurement used may be the household, each member of the household, each income recipient of the household, or the person. Data on the total value of a flow, number of individuals, etc. are given either in the form of absolute figures or percentage distributions.

178. In presenting the results of sample inquiries into income distribution and related statistics, there are certain advantages in using measures of central tendency and percentage distributions, instead of absolute figures, in the case of total values. Not only is the portrayal of the situation that the information is designed to delineate more easily grasped but the expected sampling and erratic response and compilation errors in the data that are presented are significantly reduced. The former advantage is specially important in the case of statistics of the distribution of income, consumption, etc. since the emphasis is on information concerning the relative circumstances of individual households and persons and their share in given totals. On the other hand, figures of totals in absolute values are more useful than percentage distributions or averages for purposes of compiling the data differently than in the tables that are issued, for purposes of regression analysis and for purposes of other manipulations of the data.

179. In the case of the tables in Annex II, figures of the absolute value of flows of income, consumption or saving are called for primarily in tables 1 through 3, which relate to the links between the macro data of the complementary system and the national accounts and balances. In the case of the other tables proposed, extensive use is made of arithmetic averages in respect of households, in respect of members and income recipients of households and in respect of individuals. Two types of arithmetic averages are used in the case of the members and income

recipients of households: one is a straightforward per capita figure; the other is an average of the per capita figure in the case of each household. The use of the second type of average is, in a number of cases, preferable as it, unlike the first type of average gives much weight to the circumstances of the particular households to which the members and income recipients belong. This average situation reflects to a great extent the circumstances of the household to which they belong. However, the computation of the second type of average is more burdensome than the computation of the first type of average.

180. Arithmetic averages are suggested in the tables because, unlike given medians or modes, they may be used in the summation, multiplication and other computations of data. So that absolute values of the flows shown in each of the suggested tables may be computed and the significance of the arithmetic averages shown in respect of each group of the population in question (that is in each column of the table) may be determined, the number of households or individuals in the group is to be set out in the table. For purposes of analysing in respect of households, tabulations of arithmetic averages or other measures in terms of the average numbers of members and income recipients in each household, it is suggested that these averages should be shown when relevant, in the case of each group of the population covered in the table. These averages may also be used to compute per capita figures from the averages for households. Because the consumption of goods and services by adults is different from that by minors, the average numbers of adults and of minors is also to be given.

#### C. Tables of a summary character

##### 1. Tables 1 through 3 of macro data

181. As was indicated above, tables 1 through 3 are tabulations/and are designed to delineate the links between the figures of the complementary system and the national accounts and balances. Table 1 is also intended to summarize the situation of the broad socio-economic classes of a society in respect of the main steps in the formation and use of incomes. It calls for a somewhat more detailed

classification of socio-economic classes than the comparable table of the SNA on outlay and capital transactions of the sub-sectors of households; and re-arranges and summarizes transactions in the SNA table in order to focus attention on the main aggregates in respect of income, consumption and saving. Tables 2 and 3 are devoted to delineating the types, purposes and source or destination of the current unrequited transfers received or paid by households; and consist of more detailed classifications of these transactions than those in the SNA or MPS. The tables therefore furnish valuable supplementary data to the national accounts and balances for purposes of analysing the redistribution of incomes in so far as households are involved.

182. In view of the purposes served by the data suggested in tables 1 through 3, the compilation of these tables should be assigned a high order/<sup>of priority</sup> in tabulating the data of the complementary system. In order to compile tables 1 through 3, it may be necessary to supplement the micro statistics of the complementary system with data from other sources. For example, figures of compensation of employees may not be compiled as part of the micro statistics and the micro data on the various income flows, personal and total consumption and the classifications of unrequited current transfers may be deficient in certain respects. The basic data used in making national accounting estimates may furnish the required supplementary data.

## 2. Table sets 4 through 6

183. Table sets 4 through 6 summarize the experience of moderately detailed socio-economic and income classes of a society in the distribution and redistribution of income, in the consumption of goods and services and in saving and borrowing.

184. Table 4 may be used for such purposes as comparing (i) the sources and level of the incomes of the various socio-economic classes, (ii) the impact of the redistribution of incomes on their distributed factor income and (iii) the relative adequacy of their levels of living and the contribution made to these

levels by the free goods and services furnished by governmental and other bodies. The table should be of value in identifying disadvantaged and advantaged groups of the population. In view of the uses to which the data of table 4 may be put, it may, in the case of some countries, be valuable to compile a similar table in respect of the ethnic or national groups living in the urban and rural areas of the country.

185. Table sets 5 are focussed on information in respect of the pattern in which distributed factor income is distributed and the differences between the various classes of the size of this aggregate in the formation of incomes and in consumption and saving. The definition of the classes of size of distributed factor income in terms of fractile groups in table 5a makes it appropriate for inter-temporal and inter-country comparisons of the patterns of the distribution of income and consumption and the preparation of ratios of concentration and Lorenz curves. For this purpose, it is necessary to have the total value of each flow instead of the average value per household that is suggested in the table and it would be desirable to use 12 categories instead of 10 categories. The definition of the size of distributed factor income in terms of absolute values in table 5b, coupled with the suggested data on earnings, on current receipts and available income and on consumption and saving, will yield valuable information for purposes of dealing with policies and programmes in respect of incomes, taxation and government expenditure.

186. Table sets 6 are primarily designed to throw light on the range in which and the relative adequacy with which available income is distributed among households and the correlated differences in the way in which available income is formed and in consumption and saving. Because of the emphasis on the relative adequacy of the available incomes of households in the tables, households are to be classified, either in fractile groups or in terms of intervals based on absolute values, according to the size of their available income per member. However, in order to be able to see clearly the transition from one type of income to another and the share of consumption and saving in available income, simple per capita

figures not arithmetic averages of household per capita data, are to be shown in the body of the table. If the distribution in respect of certain flows per member of the households in a given size group of these tables is skewed, it would also be desirable to compute the more complex arithmetic averages. When the averages are computed from household samples, the sampling error in the estimates of the more complex average would usually be less than those of the simpler per capita figures. When the more complex averages are used in the tables under discussion, they will also be more suitable for purposes of identifying, and measuring the numbers of disadvantaged households.

187. It should be evident from the discussion above that table sets 4 through 6 are designed to summarize the micro data of the system and to portray the basic aspects of the distribution of incomes, consumption and saving and the well-being of various groups of the population. These tables, or similar compilations, should therefore be assigned the first order of priority in tabulating the data of the complementary system.

D. Tables on the major stages in the formation and use of incomes

188. The table sets 7 through 21 are designed to furnish more detailed information than is given in the summary tables concerning each major stage in the formation and use of income. In the case of each of the stages, the tables call for data not only in respect of the distribution among, and circumstances of, various groups of the population but also in respect of some of the attributes of the groups which account for their different experiences and behaviour.

1. Primary and distributed factor income

189. Table sets 7 through 14 furnish relatively detailed information on primary incomes and distributed factor incomes. Tables 7, 8a and b, 12 and 14 concern households; tables 8c and d and 9 through 11 relate to the experience of individual income recipients and tables 13a and b refer to each job of employees.



a. Households

190. Tables 7 and 8a and b are designed for purposes of investigating the extent to which differences between households in the number of income recipients and in the average annual rates of employee, entrepreneurial and property income per recipient, account for the households' differences in total receipts of these incomes. In table 7, the households are classified according to socio-economic class; table 4 is the comparable table on the total receipts of primary income and distributed factor income. It would be useful to prepare a table in respect of ethnic and national groups in urban and rural areas that is comparable to table 7 if a table comparable to table 4 is compiled for them. In tables 8a and b, the classifications are according to fractile groups and size classes of distributed factor income, respectively; tables 5a and 5b, respectively, are the comparable tables on total receipts of primary incomes and distributed factor income. In order to show clearly the differences between the households in the level of each type of income per recipient, it is suggested that the average of the households' receipts in respect of the given type of income per recipient, should be used in the body of the table. In tables 8a and 8b, households are to be classified according to their average receipts of distributed factor income per recipient.

191. Table 12 concerns the correlation between the number of earners in a household and the magnitude of its employee and entrepreneurial incomes. Table 14 deals with the entrepreneurial income, the saving and borrowing and capital formation of households headed by owners of unincorporated enterprises. The household heads are classified according to broad socio-economic classes that indicate their major division of economic activity and whether or not they have employees.

b. Individuals

192. Tables 8c and d portray the formation and distribution of the primary and distributed factor incomes in the case of income recipients. The classes of size of distributed factor incomes are defined in terms of fractile groups and intervals of absolute values. These tables are valuable in dealing with such questions as the concentration of income distributions, incomes policies and income taxes

are assessed in respect of individuals. For purposes of incomes policy, it is also useful to have a classification of the employee and entrepreneurial incomes of individuals according to their major kind of economic activity.

193. The tabulation of the primary incomes of earners according to their kind of economic activity is wanted, in addition, for purposes of correlating their level of income with industrial conditions. Tables 9 through 11 are designed primarily for purposes of studying the way in which the employee, entrepreneurial and property incomes of income recipients vary with their characteristics. The age and sex of persons engaged in agricultural and non-agricultural pursuits, occupation and sex of income recipients and the educational attainment and sex are dealt with in tables 9, 10 and 11, respectively.

c. Job

194. Table set 13 concerns the patterns of the distribution of employee income from each job (each position). These tabulations eliminate the distortion introduced in the distributions of employee income where the employees are the units of observation because they may have more than one job. They therefore are valuable in investigating the underlying factors in the distribution of employee incomes and in devising incomes policy. It would also be desirable to classify the employee income from each job according to occupation and kind of activity.

2. Available income, consumption and saving

195. Table sets 15 through 20 deal with the formation of the available income of various groups of households and their consumption and saving. These tables are of central importance for purposes of measuring their levels of living and their means of financing consumption. Some of these tables also furnish detailed information on the extent to which, and the means of which, the redistribution of incomes improves the distribution of consumption among the population.

a. Formation and definition of available income

196. Table sets 15 through 17 are focussed on the level of available income and the ways in which it is formed and disposed of in the case of the various socio-economic and available income size classes. Tables 15a and b furnish detailed

data on these topics in the case of socio-economic classes and supplement the information on their available income that is given in table 4. Table sets 16 and 17 are designed to supplement the information given on the distribution of available income in tables 6a and 6b. Tables 16a and 17a, where use is made of fractile groups of available income complement table 6a; tables 16b and 17b, where use is made of size classes of available income defined in absolute values, complement table 6b. In the case of tables 16a and b, households are classified according to their total available income and the cells of the table contain the average value per household in respect of each flow. In the case of tables 17a and b, households are classified according to their available income per member and the cells of the tables show the average of each households' value per member in the case of each flow. As the relative adequacy of available income and of personal consumption is a topic of major interest, it is important to tabulate these data in terms of the value of flows per household member.

b. Consumption

197. Table sets 18 and 19 are devoted to exhibiting the levels and pattern, of personal consumption and of total consumption in the case of the various socio-economic classes and size groups of available income. Tables 18a and b relate to the personal and total consumption, respectively, of socio-economic classes; tables 19a and 19b concern the personal consumption of the classes of size of available income - fractile groups in 19a and intervals in terms of absolute value in 19b. As it is not practicable to allocate the contributions to total consumption made by government, private non-profit enterprises or enterprises among households classified according to size of available income, table set 19 relates to personal consumption only. In view of the major interest, in data on the relative adequacy of personal total consumption, the figures used in table sets 18 and 19 relate to values per household member. The correlations between the number of household members and the level and pattern of personal consumption is shown in table 20.

### 3. Capital transactions

198. Table 21 is devoted to data on the magnitude and the sources and uses of capital funds in the case of the various socio-economic classes of the population.

### 4. Orders of priority

199. Different orders of priority of development and tabulation should be assigned to the tables discussed in this section of the paper. The priorities suggested below take into account the difficulties and work involved in gathering and compiling the data in question and the urgency of the requirements for the information. Each country will of course need to set orders of priority in the light of its own circumstances.

200. The second order of priority after that assigned to summary tables 1 through 6 should, in general, be given to the tables on the major steps in the formation and use of incomes which directly supplement the information in the summary tables and which furnish basic information in respect of individuals. The tables involved are table sets 7 and 8 on distributed factor income and 15 through 17 on available income and personal consumption. The third order of priority might be given to the table sets 18 and 19 on the levels and patterns of personal and total consumption; the next order of priority might be assigned to the table sets 9 through 12, which concern the characteristics of individuals and households other than socio-economic class or the size of income or consumption with which primary and distributed factor incomes vary. Table set 13, where the job is the statistical unit in respect of the distribution of employee compensation, might be given the fifth order of priority. Table 21 on capital transactions should be assigned the lowest order of priority among the tabulations of the complementary system.

### E. Two-fold classifications

#### two-fold

201. Table sets 21 through 26 consist of classifications of households or persons according to size of each of their main aggregates of the complementary system and another attribute. In the case of households, the tables deal with distributed factor and available incomes and personal consumption. In the case of individual

income recipients they deal with distributed factor incomes. These tables are designed to furnish data for purposes of probing more deeply than the tables discussed heretofore into some of the characteristics of households which account for the observed distributions. The attribute, socio-economic class, is used in the case of both households and individual income recipients; number of income recipients and number of members, as appropriate is employed in the case of households. These tables might be given a fourth order of priority in tabulating the data of the complementary system.



ANNEX I  
Major classifications of the statistics of the system ✓

	Households					Individuals							
	Size of distributed factor income	Size of available income	Size of saving	Socio-economic class of head	Age and sex of head	Size of household	Number of earners	Size of primary income	Size of distributed factor income	Socio-economic class	Age and sex	Kind of economic activity and occupation	Educational attainment
1. Compensation of employees, of which													
1. Wages and salaries	X	X		X	X	X	X	X	X	X	X	X	X
2. Income of members of producers' co-operatives	X	X		X	X	X	X	X	X	X	X	X	X
3. Entrepreneurial income	X	X		X	X	X	X	X	X	X	X	X	X
i. Net rent from owner-occupied dwellings	X	X		X	X	X	X	X	X	X	X	X	X
ii. Net rents from other structures	X	X		X	X	X	X	X	X	X	X	X	X
iii. Net proceeds from other quasi-corporate enterprises	X	X		X	X	X	X	X	X	X	X	X	X
4. Primary income	X	X		X	X	X	X	X	X	X	X	X	X
1. Interest	X	X		X	X	X	X	X	X	X	X	X	X
ii. Dividends	X	X		X	X	X	X	X	X	X	X	X	X
5. Property income received, of which	X	X		X	X	X	X	X	X	X	X	X	X
1. Property income paid	X	X		X	X	X	X	X	X	X	X	X	X
6. Distributed factor income	X	X		X	X	X	X	X	X	X	X	X	X
7. Distributed factor income	X	X		X	X	X	X	X	X	X	X	X	X
8. Unrequited current transfers received, of which	X	X		X	X	X	X	X	X	X	X	X	X
i. Social security benefits	X	X		X	X	X	X	X	X	X	X	X	X
ii. Extended welfare grants	X	X		X	X	X	X	X	X	X	X	X	X
iii. Extended welfare benefits	X	X		X	X	X	X	X	X	X	X	X	X
9. Private pension fund benefits and benefits from annuities of life insurance companies	X	X		X	X	X	X	X	X	X	X	X	X
10. Unrequited current transfers paid, of which	X	X		X	X	X	X	X	X	X	X	X	X
i. Direct taxes	X	X		X	X	X	X	X	X	X	X	X	X
ii. Social security contributions	X	X		X	X	X	X	X	X	X	X	X	X
11. Net private pension fund contributions and net premiums in respect of annuity policies of life insurance	X	X		X	X	X	X	X	X	X	X	X	X
12. Available income	X	X		X	X	X	X	X	X	X	X	X	X
13. Current receipts	X	X		X	X	X	X	X	X	X	X	X	X
14. Final consumption expenditures	X	X		X	X	X	X	X	X	X	X	X	X
15. Saving	X	X		X	X	X	X	X	X	X	X	X	X
16. Consumption of fixed capital	X	X		X	X	X	X	X	X	X	X	X	X
i. Owner-occupied dwellings	X	X		X	X	X	X	X	X	X	X	X	X
ii. Other structures	X	X		X	X	X	X	X	X	X	X	X	X
iii. Other unincorporated enterprises	X	X		X	X	X	X	X	X	X	X	X	X
17. Capital transfers received, net	X	X		X	X	X	X	X	X	X	X	X	X
Gross capital formation	X	X		X	X	X	X	X	X	X	X	X	X
i. Owner-occupied dwellings	X	X		X	X	X	X	X	X	X	X	X	X
ii. Other structures	X	X		X	X	X	X	X	X	X	X	X	X
iii. Other unincorporated enterprises	X	X		X	X	X	X	X	X	X	X	X	X
18. Net lending	X	X		X	X	X	X	X	X	X	X	X	X
19. Net insurance of liabilities	X	X		X	X	X	X	X	X	X	X	X	X
20. Net acquisition of financial assets	X	X		X	X	X	X	X	X	X	X	X	X
21. Total income of the population	X	X		X	X	X	X	X	X	X	X	X	X
22. Total consumption of the population	X	X		X	X	X	X	X	X	X	X	X	X
23. Total consumption of the population	X	X		X	X	X	X	X	X	X	X	X	X

1/ In addition, in almost all cases, the data of the system should be classified according to the location of households or individuals in urban and rural areas.  
 2/ Classified by object of expenditure and by durability  
 3/ Classified by component  
 4/ Classified by object of expenditure and source of finance





ANNEX II. MAIN TABLE OF THE EMPLOYMENT SYSTEM

Table 1. Value of transactions according to broad socio-economic groups of heads of households

Items of transactions	All households		Employers and non-account workers		Employees		Economically inactive persons living in households	Persons living in institutions
	(1)	(2)	(3)	(4)	(5)	(6)		
Number of households								
Average number of persons per household, of which:								
Average number of adults								
Average number of minors								
Average number of income earners								
1. Compensation of employees								
i. Wages and salaries								
ii. Employers' contributions to social security and similar schemes								
iii. Employers' contributions to private pension funds, family allowance, insurance and similar schemes								
2. Income of members from producers' co-operatives								
3. Entrepreneurial income								
4. Primary income (1 + 2 + 3)								
5. Distributed factor income								
6. Available income								
7. Final consumption expenditure								
8. Saving								
9. Net lending								
10. Total consumption of the population								

(Absolute value of transactions)

Table 2. Value of unrequited current transfers classified according to type and source of finance or destination

Type of transfers	Source of finance or destination				
	General government	Private non-profit institutions serving households	Corporate and quasi-corporate enterprises	Other resident households	Rest of the world
	(1)	(2)	(3)	(4)	(5)
Received by households					
Social security benefits					
Social assistance grants					
Unfunded employee welfare benefits					
Other current transfers					
Paid by households					
Direct taxes					
Social security contributions					
Current transfers to private non-profit institutions serving households					
Other current transfers					

(Value of transactions)

Table 3. Value of unrequited current transfers classified according to purpose and source of finance or destination

Purposes of transfers	Source of finance or destination			
	General government (1)	Private non-profit institutions serving households (2)	Corporate and quasi-corporate enterprises (3)	Other resident households (4)
				Rest of the world (5)
<p><u>Received by households</u></p> <p>In respect of loss of income, job or accident:            Old age and disability            Loss of earner            Accident, sickness or maternity            Unemployment            Severance and lay-off compensation</p> <p>In respect of additional expenses incurred:            Family allowances            Medical and hospital expenses            Other</p> <p>In respect of other purposes:            War bonuses and service grants            Scholarships and fellowships            Migrants' remittances            Other</p> <p><u>Paid by households</u></p> <p>Compulsory transfers to government            Membership dues in unions, associations and private            non-profit institutions            Donations of a current character to private non-profit            institutions            Migrants' remittances            Other</p>				
		(Absolute value of transactions)		

Table 4. Value of transactions per household according to detailed socio-economic groups of heads of households

Items of transactions	All households	Employ-ers in agri-culture	Own-account workers in agri-culture	Members of agri-cultural producers' co-operatives	Employ-ers in non-agri-cultural activities	Own-account workers in professional, technical, consulting and similar activities	Own-account workers in agriculture, producers' co-operatives in other non-agricultural activities	Employ-ers in agriculture	Managers, supervisors and protected employees in agriculture	Clerical, sales and service workers	Man-ual work-ers	Members of armed forces		Persons dependent on social security payments, etc. living in households	Par-sons dependent on army, navy, income living in households	Persons living in ins-titutions	
												Offi-cers	Other				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
Number of households																	
Average number of persons per household, of which:																	
Average number of adults																	
Average number of income earners																	
1. Compensation of employees																	
i. Wages and salaries $\frac{1}{2}$																	
ii. Employers' contributions to social security and similar schemes																	
iii. Employers' contributions to private pension funds, family allowance, insurance and similar schemes																	
2. Income of members of producers' co-operatives $\frac{1}{2}$																	
3. Entrepreneurial income $\frac{1}{2}$																	
4. Primary income (1 + 2 + 3)																	
5. Distributed factor income																	
6. Available income																	
7. Current income																	
8. Final consumption expenditure $\frac{1}{2}$																	
9. Positive saving																	
10. Negative saving																	
11. Positive net lending																	
12. Negative net lending																	
13. Total consumption of the population																	

(Value of transactions per household)

$\frac{1}{2}$  Show as memorandum items alternative estimates with income and consumption in kind valued at consumers' prices instead of at producers' prices or cost to employers.



Table 7. Average primary and distributed factor income per income recipient according to type of income and socio-economic groups of heads of households

Items of transactions	All households	Employ- ment in agri- culture	Own- ers in agri- culture	Members in agri- culture co-ops	Employers in agri- culture	Own- ers in agri- culture technical, consulting and similar activities	Own- ers in agri- culture producers, co-ops, other non- agricul- tural activities	Employees in agri- culture	Managers, executives, professionals non-agricul- tural activi- ties	Clari- cal, sales and vice work- ers	Man- ual work- ers	Members of		Persons depen- dent on social securi- ty pay- ments, etc. liv- ing in house- holds	Persons living in in- stitu- tions	
												armed forces	Other care			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<p>Number of households</p> <p>Average number of persons per household, of which:</p> <p>Average number of adults</p> <p>Average number of minors</p> <p>Average number of income recipients</p> <p>1. Compensation of employees</p> <p>1. Wages and salaries</p> <p>(a) In cash</p> <p>(b) In kind</p> <p>11. Employers' contributions to social security and similar schemes</p> <p>111. Employers' contributions to private pension, family allowance, insurance and similar schemes</p> <p>2. Income of members from producers' co-operatives</p> <p>1. In cash</p> <p>11. In kind</p> <p>3. Entrepreneurial income</p> <p>1. Net rents from owner-occupied dwellings</p> <p>11. Net rent from other structures</p> <p>111. Net proceeds from other unincorporated enterprises</p> <p>1V. Withdrawals from quasi-corporate enterprises</p> <p>(a) In cash</p> <p>(b) In kind</p> <p>4. Primary income (1 + 2 + 3)</p> <p>5. Property income received.</p> <p>1. Interest</p> <p>11. Dividends</p> <p>111. Land rents, royalties, etc.</p> <p>6. Distributed factor income</p>																

(Average income per household of average per specified income recipient in each household)









Table 12. Average primary income of households according to number of earners per household

Items of income	All households						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of households							
Average number of persons per household, of which:							
Average number of adults							
Average number of minors							
Average number of earners							
1. Wages and salaries							
a. In cash							
b. In kind							
2. Compensation of employees							
3. Income of members of producers' co-operatives							
a. In cash							
b. In kind							
4. Net rents from owner-occupied dwellings							
5. Net rents from other structures							
6. Net proceeds from other unincorporated enterprises							
7. Withdrawals from quasi-corporate enterprises							
a. In cash							
b. In kind							
8. Entrepreneurial income							
9. Primary income							
			(Average income per household)				

Table 13a. Average remuneration per job of fractile groups of jobs ordered according to level of remuneration

Number of jobs	Fractile groups of jobs ordered according to level of remuneration									
	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
1. Compensation of employees										
i. Wages and salaries										
(a) In cash										
(b) In kind										
ii. Employers' contributions to social security and similar schemes										
iii. Employers' contributions to private pension, family allowance, insurance and similar schemes										
				(Average remuneration per job)						

Table 13b. Average remuneration per job classified according to size groups of level of remuneration

All jobs	Size groups of remuneration									
	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th

Like table 13a, but with the following column headings

Table 1b. Entrepreneurial income and accumulation of households, the basis of which are unincorporated enterprises, classified according to socio-economic group

Items of income and accumulation	(1) All households owning unincorporated enterprises	(2) Employers in agriculture	(3) Non-account workers in agriculture	(4) Employers in non-agricultural activities	(5) Non-account workers in professional, technical, consulting and similar fields	(6) Non-account workers in other non-agricultural activities
Number of households 1. Entrepreneurial income i. Net rents from owner-occupied dwellings ii. Net rents from other structures iii. Net proceeds from other unincorporated enterprises 2. Gross capital formation i. Owner-occupied dwellings ii. Other structures iii. Other unincorporated enterprises 3. Savings i. Positive ii. Negative 4. Consumption of fixed capital i. Owner-occupied dwellings ii. Other structures iii. Fixed assets of other unincorporated enterprises 5. Capital transfers 6. Net lending i. Positive ii. Negative			(Absolute values)			

Table 150. Average distributed factor and available income, final consumption expenditure and saving per household member, classified according to socio-economic groups of households

Items of income	All households	Employers in agriculture	Own account workers in agriculture	Members of agricultural producers' co-operatives	Employers in professional, technical and similar activities	Other account holders of productive enterprises in other non-agricultural activities	Employees in manufacturing, construction, etc.	Municipal workers	Members of armed forces		Persons dependent on property income in households	Persons living in institutions				
									Officers	Other						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Number of households																
Average number of persons per household, of which:																
Average number of adults																
Average number of minors																
Average number of income recipients																
1. Distributed factor income																
2. Casualty insurance benefits																
3. Unrequited current transfers received																
i. Social security benefits																
ii. Social assistance grants																
iii. Unfunded employee welfare benefits																
iv. Other current transfers																
4. Private pension fund benefits																
5. Benefits from annuity policies of life insurance companies																
6. Less: Casualty insurance premiums																
7. Less: Unrequited current transfers paid																
i. Direct taxes																
ii. Social security contributions																
iii. Fees, fines and penalties																
iv. Current transfers to private non-profit institutions																
v. Other current transfers																
8. Less: Net private pension fund contributions																
9. Less: Net premiums in respect of annuity policies of life insurance companies																
10. Available income																
11. Net contributions less benefits, private pension funds and annuity policies of life insurance companies																
12. Final consumption expenditure																
13. Saving																

(Average value per household)

Table 150. Average distributed factor and available income, final consumption expenditure and saving per household member, classified according to socio-economic groups of households  
(Average per household of average value per household member in each household)

Like table 150, but with the following statistics in the cells



Table 10b. Average final consumption expenditure per household member, classified by object of expenditure and socio-economic groups of heads of households

Categories and expenditure	All households	Over-employees in agriculture	Over-account workers in agriculture	Members of agricultural profession, co-operative activities	Employers in non-agricultural activities	Over-account workers in professional, technical and similar activities	Over-account workers in other non-agricultural activities	Employers in agriculture	Managers, supervisors and professional employees in agricultural activities	Clerical, sales and service workers	Manual workers	Numbers of usual forces		Persons dependent on pension payments, living in households	Persons dependent on party income living in households	Persons living in institutions
												Officers	Other			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>Number of households</b>																
<b>Average number of persons per household, of which:</b>																
Average number of adults																
Average number of minors																
1. Food, beverages and tobacco																
1.1. Food																
1.2. Non-alcoholic beverages																
1.3. Alcoholic beverages																
1.4. Tobacco																
2. Clothing and footwear																
3. Gross rent, fuel and power																
3.1. Gross rent and water charges																
3.2. Fuel and power																
4. Furniture, furnishings and household equipment and operation, of which:																
4.1. Furniture, fixtures and floor coverings																
4.2. Heating and cooking appliances, refrigerators, washing machines and similar major household appliances																
4.3. Medical care and health expenses																
5. Transport and communication, of which:																
5.1. Personal transport equipment																
5.2. Operation of personal transport equipment																
5.3. Purchased transport																
6. Recreation, entertainment, education and cultural services, of which:																
6.1. Equipment and accessories																
6.2. Entertainment, recreational and cultural services																
6.3. Education																
7. Miscellaneous goods and services																
7.1. Durable goods																
7.2. Semi-durable goods																
7.3. Non-durable goods																
7.4. Services																
8. Total final consumption expenditure																
8.1. Durable goods																
8.2. Semi-durable goods																
8.3. Non-durable goods																
8.4. Services																

(Average final consumption expenditure per household)

Table 10b. Average total consumption per household member, classified by object of expenditure and socio-economic groups of heads of households



Table 20. Average final consumption expenditure of households by object of expenditure classified according to size of household

Categories of expenditure	Size of households																	
	One member		Two members		Three members		Four members		Five members		Six and more members							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Number of households																		
Average number of persons per household, of which:																		
Average number of adults																		
Average number of minors																		
1. Food, beverages and tobacco																		
1.1 Food																		
1.2 Non-alcoholic beverages																		
1.3 Alcoholic beverages																		
1.4 Tobacco																		
2. Clothing and footwear																		
2.1 Shoes, hats and power																		
2.2 Other, rent and water charges																		
3. Furniture, furnishings and household equipment and operation, of which:																		
3.1 Furniture, fixtures and floor coverings																		
3.2 Heating and cooking appliances, refrigerators, washing machines and similar major household appliances																		
3.3 Medical care and health expenses																		
3.4 Transport and communication, of which:																		
6.1 Personal transport equipment																		
6.2 Operation of personal transport equipment																		
6.3 Purchased transport																		
4. Recreation, entertainment, education and cultural services, of which:																		
7.1 Equipment and accessories																		
7.2 Entertainment, recreational and cultural services																		
7.4 Education																		
5. Miscellaneous goods and services																		
i. Durable goods																		
ii. Non-durable goods																		
iv. Services																		

(Average expenditure per household)

Table 21. Average value of capital transactions of households classified according to socio-economic groups of heads of households

Items of transactions	All households (1)	Employers in agriculture (2)	Own-account workers in agriculture (3)	Members of agricultural producers cooperatives (4)	Employers in non-agricultural activities (5)	Own-account workers in professional, technical, consulting and similar activities (6)	Own-account workers and members of co-operatives in other non-agricultural activities (7)	Employees in agriculture (8)	Managers, supervisors and professional employees in non-agricultural activities (9)	Clerical, sales and service workers (10)	Manual workers (11)	Numbers of total force		Persons dependent on pensions, social security payments etc. living in households (14)	Persons dependent on property income living in households (15)	Persons living in institutions (16)	
												Off-icers (12)	Other (13)				
Number of households																	
1. Saving																	
i. Positive																	
ii. Negative																	
2. Consumption of fixed capital																	
i. Owner-occupied dwellings																	
ii. Other structures																	
iii. Other unincorporated enterprises																	
3. Less: Gross capital formation																	
i. Owner-occupied dwellings																	
ii. Other structures																	
iii. Other unincorporated enterprises																	
b. Net lending																	
i. Positive																	
ii. Negative																	
5. Net acquisition of financial assets, of which:																	
i. Currency and transferable deposits																	
ii. Other deposits																	
iii. Bills and bonds																	
iv. Corporate equity securities																	
v. Net equity on life insurance reserves																	
vi. Net equity on private pension funds																	
vii. Proprietors' net additions to accumulation of quasi-corporate enterprises																	
viii. Trade credits and advances																	
ix. Other financial assets																	
6. Less: Net incurrence of liabilities																	
i. Loans, including mortgages																	
a. Consumer debt																	
b. Owner-occupied dwelling debt																	
c. Other unincorporated enterprise debt																	
ii. Trade credit and advances																	
a. Consumer debt																	
b. Unincorporated enterprise debt																	
iii. Other liabilities																	

(Average value of transactions)



Table 22a. Number of households and average number of income recipients and distributed factor income of households, classified according to receipt groups of distributed factor income of households and according to socio-economic groups of heads of households

Socio-economic group of household heads	All households										Fractile groups of households ordered according to distributed factor income																									
	(a) Number of households	(b) Average number of income recipients per household	(c) Distributed factor income	1st		2nd		3rd		4th		5th		6th		7th		8th		9th		10th														
				(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)									
1. Employers in agriculture	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)			
2. One-account workers in agriculture																																				
3. Members of agricultural producers' co-operatives																																				
4. Employers in non-agricultural activities																																				
5. One-account workers in professional, technical, consulting and similar fields																																				
6. Employees in agriculture																																				
7. Managers, supervisors and professional employees in non-agricultural activities																																				
8. Clerical, sales and service workers																																				
9. Manual workers																																				
10. Members of armed forces																																				
11. Officers																																				
12. Persons dependent on pensions, social security etc., living in households																																				
13. Persons living in institutions																																				

Table 22b. Number of households and average number of income recipients and distributed factor income of households, classified according to six groups of distributed factor income and according to socio-economic groups of heads of households

Like table 22a, but with six groups instead of fractile groups of distributed factor income of households in the columns

Table 23a. Number of income recipients and average distributed factor income of income recipients classified according to fractile groups of distributed factor income per income recipient and according to their socio-economic group

Socio-economic groups of income recipients	All income recipients										Fractile groups of income recipients ordered according to their distributed factor income											
	(a)		(b)		(c)		(d)		(e)		(f)		(g)		(h)		(i)		(j)			
	Number of income recipients	Average distributed factor income per income recipient	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	13th	14th	15th	16th	17th	18th		
1. Employers in agriculture	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
2. Out-of-account workers in agriculture																						
3. Members of agricultural producers' co-operatives																						
4. Employers in non-agricultural activities																						
5. Out-of-account workers in professional, technical, consulting and similar fields																						
6. Employees in agriculture																						
7. Managers, supervisors and professional employees in non-agricultural activities																						
8. Clerical, sales and service workers																						
9. Manual workers																						
10. Members of armed forces																						
11. Officers																						
12. Other																						
13. Persons dependent on pensions, social security, etc. living in households																						
14. Persons living in institutions																						

Table 23b. Number of income recipients and average distributed factor income of income recipients classified according to size groups of distributed factor income of the income recipients and according to their socio-economic group

Like table 23a, but with size groups instead of fractile groups of distributed factor income of income recipients in the columns

Table 24a. Number of households and average distributed factor income of households classified according to number of income recipients of each household and fractile groups of households ordered according to distributed factor income

Number of income recipients	All households										Fractile groups of households ordered according to distributed factor income											
	(a)		(b)		(c)		(d)		(e)		(f)		(g)		(h)		(i)		(j)			
	Number of households with income recipients	Average distributed factor income per household	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	13th	14th	15th	16th	17th	18th		
One income recipient	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Two income recipients																						
Three income recipients																						
Four or more income recipients																						

Table 24b. Number of households and average distributed factor income of households classified according to number of income recipients of each household and size groups of distributed factor income and size groups of distributed factor income of income recipients in the columns

Table 25a. Number of households and individuals and average available income of households, classified according to fragile groups of available income of households and according to the socio-economic groups of heads of households

Socio-economic group of household heads	All households										Fragile groups of households ordered according to available income																						
	(a) Number of households	(b) Average number of persons per household	Average available income per household	1st			2nd			3rd			4th			5th			6th			7th			8th			9th			10th		
				(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)
1. Employees in agriculture	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
2. On-account workers in agriculture																																	
3. Members of agricultural producers' co-operatives																																	
4. Employers in non-agricultural activities																																	
5. On-account workers in professional, technical, consulting and similar fields																																	
6. Employees in agriculture																																	
7. Managers, supervisors and professional employees in non-agricultural activities																																	
8. Clerical, sales and service workers																																	
9. Manual workers																																	
10. Members of armed forces																																	
11. Officers																																	
12. Other																																	
Persons dependent on pensions, social security etc. living in households																																	
Persons living in institutions																																	

Table 25b. Number of households and individuals and average available income of households, classified according to size groups of available income of households and according to socio-economic groups of household heads

Like table 25a, but with size groups rather than fragile groups of available income of households in the columns

Table 25a. Number of households and average available income and final consumption expenditure of households, classified according to household size and according to fractile groups of available income

Size of household	All households			Fractile groups of households ordered according to available income																														
	(a) Number of households	(b) Average available income per household	(c) Average final consumption expenditure per household	1st			2nd			3rd			4th			5th			6th			7th			8th			9th			10th			
				(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	
One member	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	
Two members																																		
Three members																																		
Four members																																		
Five members																																		
Six and more members																																		
Other																																		

Table 26b. Number of households and average available income and final consumption expenditure of households, classified according to household size and according to size groups of available income

Like table 26a, but with size groups instead of fractile groups of available income of households in the columns