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STATISTICS OF THE DISTRIBUTION OF
INCOME, CONSUMPTION AND WEALTH

Report of the Expert Group on
Statistics of the Distribution of
Income, Consumption and Accumulation

Addendum*

* Submitted by the Central Statistical Board
of the Union of Soviet Socialist Republics

INTRODUCTION

1. The second session of the Expert Group on Statistics of the Distribution of Income, Consumption and Accumulation, which met in Geneva from 17 through 21 April 1972, agreed that if the countries using the System of Balances of the National Economy (MPS) submitted information on the relationship between the MPS and the proposed system of statistics of distribution, it should become an addendum to the Group's report (E/CN.3/426 para. 16). This document sets out that information; the material was submitted by the Central Statistical Board of the Union of Soviet Socialist Republics after it was provisionally examined by the other European countries who use the MPS. The submitted information has been rearranged and edited - the substance has been left unchanged - for purposes of this document. In accordance with the request of the Expert Group, it should be emphasized that the Group has not reviewed the material set out below.

I. FINAL INCOMES OF THE POPULATION ACCORDING TO THE MPS

2. Table 1 below sets out the basic items of the MPS macro concept of the income of the population. It describes the major steps in the distribution and redistribution of incomes to form final incomes and in the disposition of final incomes.

Table 1. Final incomes of the population according to the concepts of the MPS

| Description of items | |
|---------------------------------------------------------------------------------------|--|
| 1. Wages and salaries in the material sphere | |
| 2. Incomes akin to wages and salaries in the material sphere | |
| 2.1 Bonuses and some reimbursements for labour not included in wages and salaries | |
| 2.2 Incomes received in connexion with official business trips | |
| 3. Incomes received from co-operatives as a reimbursement for labour | |
| 4. Incomes received from personal plots and from sales of goods produced by craftsmen | |

Description of items

5. Primary incomes of the population (1 + 2 + 3 + 4)

6. Incomes received as a result of redistribution (redistributive receipts) (6.1 + 6.2 + 6.3 + 6.4 + 6.5 + 6.6 + 6.7 + 6.8)

6.1. Wages and salaries in the non-material sphere

6.2 Bonuses and some reimbursements for labour not included in wages, in the non-material sphere

6.3 Incomes received in connexion with official business trips, in the non-material sphere

6.4 Pensions, allowances, scholarships

6.5 Receipts from the financial system

6.5.1. Interest

6.5.2. Benefits from insurance companies

6.5.2.1 Personal insurance

6.5.2.2 Property insurance

6.6 Loans in respect of building of dwellings

6.7 Winnings from bonds and lottery tickets

6.8 Other receipts

6.8.1. Capital redistributive receipts

7. Payments made as a result of redistribution
(7.1 + 7.2 + 7.3 + 7.4 + 7.5 + 7.6 + 7.7 + 7.8 + 7.9)

7.1. Taxes, fees and contributions to co-operative and social organizations

7.1.1 Taxes and fees

Description of items

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <p>7.2. Premiums paid to insurance companies</p> <p>7.2.1. Personal insurance</p> <p>7.2.2. Property insurance</p> <p>7.3. Contributions to co-operatives engaged in construction of dwellings</p> <p>7.4. Repayments of loans and decreases in indebtedness</p> <p>7.5. Interest paid in respect of credit</p> <p>7.6. Purchases of bonds, lottery tickets</p> <p>7.7. Purchases of non-material services</p> <p>7.8. Increase of deposits in saving banks</p> <p>7.9. Increase of cash held</p> | |
| <p>8. Final incomes disposed of to finance purchases of material goods (5 + 6 - 7)</p> | |
| <p>9. Material consumption in institutions of the non-material sphere that serve individuals (education, medical services etc.)</p> | |
| <p>10. Final incomes, including material consumption of institutions of the non-material sphere that serve individuals (8 + 9)</p> | |

3. For example, item 5 relates to the incomes received by the population as a result of primary distribution of national income (net material product) and items 6 and 7 show the receipts and payments in the redistribution of income. The last stage in distribution is the formation of the final incomes which finance the final purchases of material goods.

4. Item 10 concerns the final incomes of the population that come from material consumption in the institutions of the non-material sphere which serve individuals (education, medical services etc.). Thus, final incomes comprise all incomes received by the population in the course of distribution and redistribution of national income, which may be disposed of to the final consumption of the population or to net capital formation (increase in fixed assets and stocks). The series on final incomes is one of the most important indicators used in the MPS in order to analyse the level of living of the population.
5. Table 1 also takes into account the data required for international comparisons and for links with the complementary system of statistics of the income, consumption and accumulation of households.
6. Efforts have been made in table 1 to draw the following distinctions for these purposes:
- (i) Between current and capital flows in the case of redistribution;
 - (ii) Between transactions in incomes and those in financial assets and liabilities;
 - (iii) From the point of view of the complementary system, between final outlays and payments in connexion with redistribution.
7. The flows in respect of the redistribution of incomes are classified in table 1 to allow identification, in principle, of flows in respect of transfers, saving, financial claims etc. as defined in the complementary system. For example, item 6.8.1 relates to redistribution through capital transfers; it covers compensation for the demolition of dwellings and other structures owned by the population and compensation paid by Government for some other forms of material damages.
8. Transactions in financial claims are shown in the following items: (i) 6.6, loans on building of dwellings, (ii) 7.3, contributions to co-operatives engaged in the construction of dwellings, (iii) 7.6, purchases of bonds, lottery tickets etc., (iv) 7.8, increase in deposits in saving banks and (v) 7.9, increase in cash held.
9. Certain items are separately identified in table 1 as they are treated differently from the MPS in both the System of National Accounts (SNA) and the complementary system. An example is incomes received in connexion with official business trips. In the MPS, in the case of the material sphere, those incomes are a component of primary incomes of the population; they are not, however, normally included in wages and salaries.

10. The distinctions mentioned above allow, in principle, passage from the categories of the MPS to those distinguished in the complementary system. The links between the two systems are needed for purposes of international comparisons.

II. DERIVATION OF THE MAIN AGGREGATES OF THE COMPLEMENTARY SYSTEM FROM THE ITEMS OF THE MPS

11. Tables 2 through 5 below show how the main flows of the complementary system of statistics of the distribution of income, consumption and accumulation may be derived from the items from table 1 and certain other tables of the MPS.

Table 2. Primary income, as defined in the complementary system, and distributed factor income

| Description of items | |
|----------------------------------------------------------------------------------------------------------------------------------------|--|
| 1. Wages and salaries in the case of both the material and non-material spheres, including selected incomes akin to wages and salaries | |
| 2. Contributions to social insurance in the case of both the material and non-material spheres | |
| 3. Incomes received from co-operatives | |
| 4. Incomes received from personal plots and from sales of goods produced by craftsmen and artisans | |
| 5. Primary income (1 + 2 + 3 + 4) | |
| 6. Interest | |
| 7. Distributed factor income (5 + 6) | |

Table 3. Available income

| Description of items | |
|-----------------------------------------------------------|--|
| 1. Distributed factor income | |
| 2. Insurance benefits | |
| 3. Pensions, allowances, scholarships | |
| 4. Other current receipts from redistribution | |
| 5. Receipts (1 + 2 + 3 + 4) | |
| 6. Insurance premiums | |
| 7. Taxes and fees | |
| 8. Contributions to social and co-operative organizations | |
| 9. Disbursements (6 + 7 + 8) | |
| 10. Available income received (5 - 9) | |
| 11. Personal consumption of goods and material services | |
| 12. Personal consumption of non-material services | |
| 13. Personal consumption (11 + 12) | |
| 14. Saving (10 - 13) | |
| 15. Available income disposed (13 + 14) | |

Table 4. Finance of capital outlays

| Description of items | |
|-----------------------------------------------------------------------------------|--|
| 1. Saving | |
| 2. Consumption of fixed assets | |
| 3. Capital receipts from redistribution | |
| 4. Sources of finance of capital outlays (1 + 2 + 3) | |
| 5. Gross capital formation (gross fixed capital formation and increase in stocks) | |
| 6. Net lending | |
| 7. Capital outlays (5 + 6) | |

Table 5. Total income and total consumption of the population

| Description of items | |
|-------------------------------------------------------------------------------------------------------|--|
| 1. Available income | |
| 2. Incomes due to services furnished to the population free or at reduced costs | |
| 3. Total income ^{a/} (1 + 2) | |
| 4. Consumption of material goods and non-material services financed out of the available income | |
| 5. Cost of services furnished to the population free of charge | |
| 6. Government subsidies included in total consumption of the population (in connexion with low rents) | |
| 7. Total consumption of the population (4 + 5 + 6) ^{a/} | |
| ^{a/} Total income exceeds total consumption | |

12. It should be noted that in the tables above, a distinction is not drawn between available income and disposable income as this distinction is unimportant in the case of the countries using the MPS. For example, private pension funds do not exist in the countries with centrally planned economies.

13. For practical reasons, a table describing the transactions of households in financial assets and liabilities has not been given. It should be noted that these transactions are considered to be of lesser importance for purposes of international comparisons.

14. Given below are the references to the tables and items of the MPS on the basis of which the items listed in tables 2 through 5 above may be derived. Except for table 1, the references are to tables and items in Basic Principles of the System of Balances of the National Economy 1/.

- (i) Wages and salaries in the case of both the material and non-material spheres, including selected incomes akin to wages and salaries - Table 1. "Final incomes of the population", item 1 plus item 2.1 plus item 6.1 plus item 6.2.
- (ii) Contributions to social insurance in the case of both the material and non-material spheres - table 3.1, row 36, column 10.
- (iii) Incomes received from co-operatives - table 1, item 3.
- (iv) Incomes received from personal plots and from sales of goods produced by craftsmen and artisans - table 1, item 4.
- (v) Interest - table 1, item 6.5.1.
- (vi) Insurance premiums - table 3.1, column 24, row 30 or table 1, item 6.5.2.
- (vii) Pensions, allowances, scholarships - table 3.3, rows 06, 07 and 08 or table 1, item 6.4.
- (viii) Other current receipts from redistribution - table 1, item 6.8 minus item 6.8.1 plus item 6.7.
- (ix) Insurance premiums - table 3.3, row 33 or table 1, item 7.2.
- (x) Taxes and fees - tables 3.3, row 33 or table 1, item 7.1.1.
- (xi) Contributions to social and co-operative organizations - table 3.3, row 35 minus table 1, item 7.3.

- (xii) Personal consumption of material goods and material services - table 2.8, row 02, column 1.
- (xiii) Personal consumption of non-material services - table 3.3, row 21 or table 1, item 7.7.
- (xiv) Consumption of fixed assets - table 5.2, column 8, subdivisions of rows 03 and 05 that relate to the population.
- (xv) Capital receipts from redistribution - table 1, item 6.8.1.
- (xvi) Gross capital formation (gross fixed capital formation and increase in stocks)- table 5.2, column 2, subdivisions of rows 03 and 05 that relate to the population plus row 26, table 5.1.
- (xvii) Cost of services furnished to the population free of charge - table 1.1, row 03, column 2 minus row 21, table 3.3.

15. Though on the whole, the entries in tables 2, 3, 4 and 5 correspond, in principle, to the main flows of the complementary system of statistics of income, consumption and accumulation, in some instances, further subdivision and adjustment are required in order to achieve strict comparability. For example, in the MPS, the incomes of writers, inventors and similar persons are included in wages and salaries whereas in the complementary system and the SNA, these incomes may be treated as incomes received from property. Or, payment for sick leave is treated as a form of redistribution in the case of the MPS but as compensation of employees, if paid by the employer, in the case of the complementary system. There are still further differences in drawing border-lines between flows in respect of redistribution and payments in respect of services, etc.

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