

Chapter 9

Next steps

This chapter outlines the Expert Group's expectations for how the ICW Framework might be used by countries in developing their micro data on household economic well-being, and provides suggestions for further international co-operation and statistical framework development.

Introduction

In response to strong international support for the development of an international framework for micro-level data on household income, consumption and wealth, the Expert Group on Micro Statistics on Household Income, Consumption and Wealth has produced both this ICW Framework report and a companion report providing guidelines on micro statistics on household wealth.

Country use of the Framework

Most countries already conduct at least occasional household surveys that provide micro data on income, consumption and at least some components of wealth. Some countries also collect micro data on economic well-being from administrative sources. Countries are encouraged to adopt the concepts and definitions of the ICW Framework both to improve the usefulness of their data in analysing economic well-being and to improve the international comparability of these statistics.

However, not all aspects of the ICW Framework will be of equal significance for improved measures of economic well-being in all countries. For most countries, social transfers in kind (STIK) are likely to be very significant for the household sector as a whole and critically important in understanding the distributional issues for both income and consumption. As the scale and distributional impact of STIK vary across countries, country improvements in measurement will add to the comparability of international statistics.

Measuring micro-level wealth is also critically important, as differential portfolio preferences in different countries will impact on comparisons of income, both across countries and within any one country. For example, consumption can be supported by some forms of wealth reduction that are not considered income (e.g. the sale of an asset) or by drawing down a pension asset (which is recorded as income). Without wealth measures for the same period, the income comparisons both between household groups and across countries will be misleading. In contrast, while the framework includes the accounting for non-transaction flows in household wealth (e.g. valuation changes in assets), the measurement and reporting of such changes is likely to remain low for most micro analysis.

The promotion of the integrated micro framework among users and the ongoing identification and description of gaps in available data will assist analysts to better understand economic well-being and to better interpret relevant data, as well as to elicit feedback on user priorities for improvement.

Further international co-operation

The Expert Group recommends the establishment of an international forum to assist countries in the development of integrated micro data on household income, consumption

and wealth. The forum would share experiences and progress in implementing the micro framework, including:

- Conceptual and definitional issues that arise in adopting the framework.
- The development of models to impute values for variables for which there are no observable market transactions, such as rent attributable to the owner-occupiers of dwellings, the value of unpaid domestic services, equity in pension schemes, and so on.
- The development of survey and administrative systems to collect the required micro data.
- The development of data-matching techniques to expand the usefulness of the collected information in populating the framework dimensions.
- The development and use of equivalence scales in each dimension of economic well-being.
- The development of multi-dimensional indicators of economic well-being.

Some of the conceptual and measurement issues still to be addressed include:

- best practice in measuring and reporting household services for own consumption;
- transfers of labour services between households, either directly or through charitable organisations (similar to STIK and own-consumption services), which is likely to be significant for how economic resources are distributed (but not currently covered in the framework);
- the evolution of retirement provisions and the implications for inter-temporal and international comparisons as both the boundaries between social insurance and other forms of retirement provision change and as measurement techniques improve; and
- intra-household distributions of economic well-being.

City Group for consumption data

In due course, the forum could facilitate the review and update of the framework, leading to the establishment of international standards for the collection and dissemination of integrated micro data on household income, consumption and wealth.

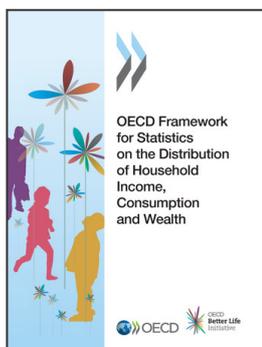
Data from consumption surveys are useful for analysis of the consumption dimension of economic well-being, for weighting the consumer price index, and for compiling the national accounts. However, each of these purposes is likely to have different requirements, including in terms of scope, coverage, unit of observation and analysis, frequency and the detailed level at which data are collected. A City Group could undertake an in-depth analysis of the best ways of harnessing or enhancing existing collection activities to meet the requirements of all three major areas of demand for expenditure/consumption statistics. The City Group would review existing guidelines on collecting consumption and household expenditure data, and extend them to areas not previously covered, or not covered in sufficient depth, to better support micro information needs (for example, transfers between households).

The collection and analysis of integrated income, consumption and wealth statistics

This framework has noted areas where the failure of micro statistics and analysis to consider income, consumption and wealth coincidentally leads to inconsistency in comparisons of economic well-being over time and across countries. While Chapter 7

discussed the compilation of integrated data sets, and Chapter 8 discussed how integrated data sets might be analysed, there is still considerable developmental work to be done.

The analytic tools to be used in multi-dimensional analysis are in the early stages of development, in part reflecting the limited opportunities so far to analyse multi-dimensional data sets. Further work is required to explore and develop better ways to summarise the economic well-being of a household using more than one dimension, perhaps generating a single summary measure of inequality such as a Gini coefficient when working in multiple dimensions. Practice in and advice on extending the concept of equivalisation to consumption and wealth data are also needed.



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