

Inequality between households in the national accounts: Income, consumption, savings and purchasing power by household category

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The household account published in the national accounts assesses household income, consumption and saving within a coherent and harmonized conceptual framework. Built at a macroeconomic level, i.e., for all households in the aggregate, the account depicts conditions for an “average” household but does not describe differences between households. This partly explains the gap between the measurements of INSEE and households’ perceptions of their living standards or their make-up of consumption for instance - perceptions influenced by personal circumstances that are, by definition, highly diverse.

A “household-subcategories accounting system” has been designed, using French data, focusing on income and consumption expenditure. It is based on National Accounts’ framework and figures and uses several surveys to distinguish household categories (depending on the standard of living, on the social status, on the age of the family’s head, on the type of the family). Then estimates of household-subcategories disposable income, adjusted disposable income, consumption expenditure and saving rate will be presented, showing differences between household categories. The focus on household categories allows better understanding of their economic behavior and better description of social inequalities, including the impact of transfers in kind (healthcare services and education for instance), within a harmonized framework.

This subcategory household account form the basis for measuring the evolution in purchasing power of each of these categories and hence the evolution in inequalities between households in the National Account. However, when measuring the evolution of income with surveys, methodological difficulties arose that will be discussed.