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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 Expert Group on Statistics of the Distribution of Income, Consumption and Accumulation, which met, at its second session, in Geneva from 17 to 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; it reflects the comments of 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 steps in the distribution and redistribution of the income of the population and the formation of its final income in accordance with the concepts of the MPS.

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, private and individual activities	
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 + 6.9 + 6.10 + 6.11)	
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	

Table 1. (continued)

Description of items
6.3 Incomes received in connexion with official business trips, in the non-material sphere
6.4 Incomes received from co-operatives in the non-material sphere
6.5 Income from private and individual activities in the non-material sphere
6.6 Pensions, allowances and scholarships
6.7 Interest
6.8 Benefits from insurance companies
6.9 Loans, credits and similar items
6.9.1 Loans to individuals for building private dwellings
6.9.2 Trade credit ^{a/}
6.9.3 Other loans and credits
6.10 Winnings from bonds
6.11 Winnings from lotteries
6.12 Other receipts
6.12.1 Capital receipts
7. <u>Redistributive payments</u> (7.1 + 7.2 + 7.3 + 7.4 + 7.5 + 7.6 + 7.7 + 7.8 + 7.9 + 7.10 + 7.11)
7.1 Taxes, fees and contributions to co-operative and social organizations
7.1.1 Taxes and fees
7.2 Premiums paid to insurance companies
7.3 Contributions to social insurance paid by employees ^{b/}
7.4 Contributions to co-operatives engaged in construction of dwellings
7.5 Repayments of loans and credits and decrease in indebtedness
7.6 Interest paid in respect of loans and credits
7.7 Purchases of bonds
7.8 Purchase of lottery tickets

Table 1. (continued)

Description of items	
7.9 Purchases of non-material services	
7.10 Increase of deposits in saving banks	
7.11 Increase of cash held	
8. Final incomes for financing of purchases of material goods (5 + 6 - 7)	
9. Material consumption in institutions of the non-material sphere that serve individuals (education, medical services etc.)	
10. Final income, including material consumption of institutions of the non-material sphere that serve individuals (8 + 9)	

a/ Long-term loans for the construction of dwellings by co-operatives are included in the case of some countries.

b/ This item is applicable in the case of some countries.

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 used by the population for final consumption and for net capital formation (increases in fixed assets and stocks). The series on final incomes is one of the major indicators used in the MPS in order to indicate the level of material welfare of the population.

5. Table 1 is constructed so as to delineate the relationships between final incomes, on the one hand, and final consumption and accumulation, on the other. For that purpose, distinctions are drawn:

- (a) Between current and capital flows in the case of redistribution;
- (b) Between transactions in incomes and those in financial assets and liabilities;
- (c) From the point of view of the complementary system, between final consumption and payments in connexion with redistribution.

6. 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. For example, item 6.12.1 relates to redistribution through

capital transfers; it covers one-time payments of compensation for the demolition of dwellings and for other forms of material damages. Transactions in financial claims are shown in the following items: (a) 6.9.1 loans for building private dwellings, (b) 6.9.2 increases in trade credit, (c) 6.9.3 increases in other credits, (d) 7.7 purchases of bonds, (e) 7.10 and 7.11 increases in saving-bank deposits and in cash held.

7. 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 of statistics of the distribution of income, consumption and accumulation. 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.

8. The distinctions mentioned above allow, in principle, passage from the categories of the MPS to the main flows of the complementary system. These 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

9. Tables 2 to 5 below show the flows of the complementary system of statistics of the distribution of income, consumption and accumulation, which countries using the MPS may, under certain circumstances, construct from the items of 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, including payments by employees, in the case of both the material and non-material spheres	
3. Incomes received from co-operatives in the case of both the material and non-material spheres	
4. Incomes received from personal plots, private and individual activities	
5. Primary income (1 + 2 + 3 + 4)	
6. Interest, net	
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. Contributions to social insurance	
8. Taxes and fees	
9. Contributions to social and co-operative organizations	
10. Disbursements (6 + 7 + 8 + 9)	
11. Available income received (5 - 10)	
12. Personal consumption of goods and material services	
13. Personal consumption of non-material services	
14. Personal consumption (12 + 13)	
15. Saving (11 - 14)	
16. Available income disposed (14 + 15)	

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 (4 - 5)	
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 (rent subsidies excluded)	
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.

10. 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.

11. Given below are the references to the tables and items of the MPS on the basis of which the items listed in tables 2 to 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/}

- (a) 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;
- (b) Contributions to social insurance in the case of both the material and non-material spheres - table 3.1, row 36, column 10;
- (c) Incomes received from co-operatives in case of both the material and non-material spheres - table 1, items 3 and 6.4 or table 3.1, row 32, columns 6 plus 30;
- (d) Incomes received from personal plots, private and individual activities - table 1, item 4 or table 3.1, row 33, columns 6 plus 30;
- (e) Interest - table 1, items 6.1 less 7.6 or table 3.1, row 30, column 26 less column 13;

- (f) Insurance benefits - table 3.1, row 30, column 24 or table 1, item 6.8;
- (g) Pensions, allowances, scholarships - table 3.3, rows 06, 07 and 08 or table 1, item 6.6;
- (h) Other current receipts from redistribution - table 1, item 6.12 less item 6.12.1 plus sum of items 6.10 and 6.11;
- (i) Insurance premiums - table 3.3, row 34 or table 1, item 7.2;
- (j) Taxes and fees - tables 3.3, row 33, or table 1, item 7.1.1;
- (k) Contributions to social and co-operative organizations - table 3.3, row 35 less table 1, item 7.4;
- (l) Personal consumption of material goods and material services - table 2.8, row 02, column 1 less sum of depreciation in respect of state-owned dwellings and receipts in respect of business trips;
- (m) Personal consumption of non-material services paid for - table 3.1, row 30, column 16;
- (n) Consumption of fixed assets - table 5.2, column 8, rows 03 and 05 in the case of the population;
- (o) Capital receipts from redistribution - table 1, item 6.12.1;
- (p) Gross capital formation (gross fixed capital formation and increase in stocks) - table 5.2, columns 2 less 10, rows 03 and 05 in the case of the population plus table 5.1, row 26;
- (q) Cost of services furnished to the population free or at a nominal charge - table 1.1, row 03, column 2 less table 3.3, row 21.

12. Though 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 greater 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.

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