

Distributed national accounts

A Broader Approach to Inequality and Redistribution in France With a Monetary Valuation of Public Services

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DISTRIBUTED NATIONAL ACCOUNTS (INSEE) – CESS – 15 OCTOBER 2024

INTRODUCTION

INEQUALITY AND EXTENDED REDISTRIBUTION

OLD QUESTIONS AND GROWING PUBLICATIONS ON INEQUALITY AND REDISTRIBUTION

- Studying inequalities is old and central : Kuznets, Atkinson, Palma, Bourguignon, Deaton, Milanovic, Piketty
- Usual measure of inequality and redistribution is centered on wages, property and mixed income, taxes on income and wealth and social benefits in cash but also old with national accounts
 - Accounting tables by socio-economic status in the 1950s : experimental, unique and one-shot (cf. Vanoli)
 - Seminal work by Insee followed by OECD
 - Word Inequality Lab compute DINA's distributing 100% of national accounts over a large set of countries (Piketty, Saez and Zucman 2018, WIL, 2021, ...).
- Early works showed the importance of in kind transfers such as education or health.
 - INSEE DG initiated in 2018 a French expert group on inequalities and redistribution:
 - set of recommendations relative to the measure of inequality and redistribution
 - a comprehensive micro-founded method to distributed national accounts between households

MULTIPLE INTERNATIONAL INITIATIVES

- **SNA 2025 and SEC 2028 : upcoming obligations on Households DA**
- **Several working groups :**
 - Expert Group EG DNA (OCDE), income and consumption of S14
 - *Eurostat Task Force (TF HDA)* to implement DNA in a centralized exercise
 - Other initiatives : UNStats, *G20 Data gap initiative*, Afristat
- **Academic works following Piketty, Saez, Zucman (2018), WIL.data**
- **Also on wealth :**
 - OECD Expert group Distributional Household Wealth
 - ECB Distributional financial accounts

TWO TYPES OF DISTRIBUTIONAL ACCOUNTS, GROUNDED, COHERENT AND COMPLEMENTARY:

– Distributed Household Sector Accounts :

- Concerns the household sector (S14), studies income, consumption, and savings
- Insee work published since 2009, by quintile, age, and occupation

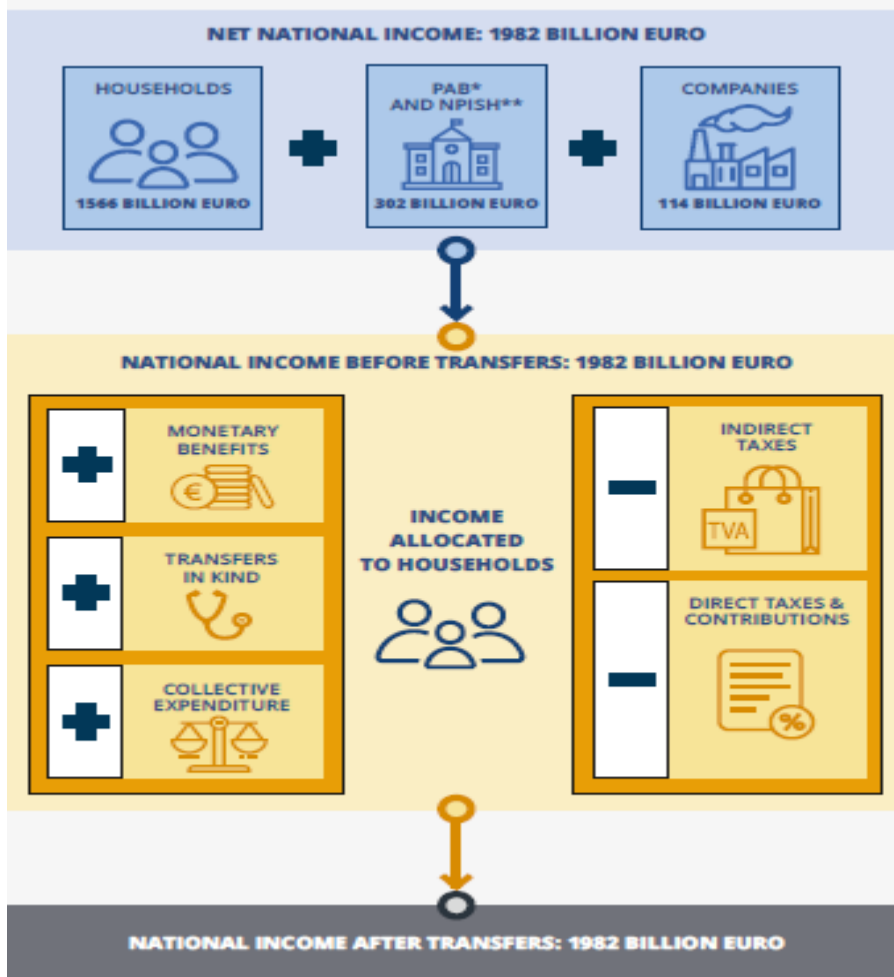
– Distributed National Accounts :

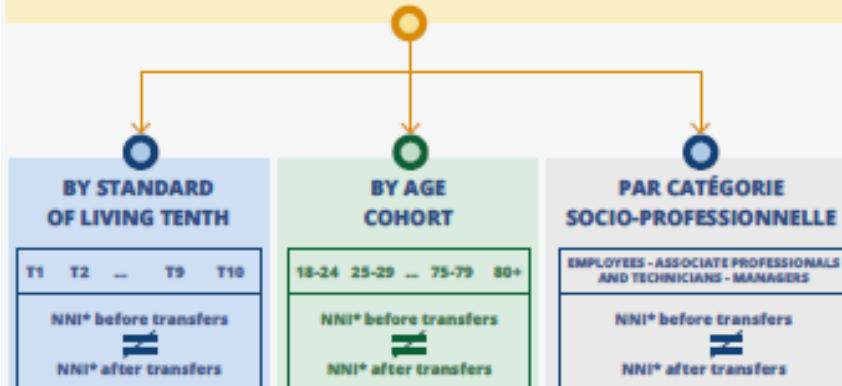
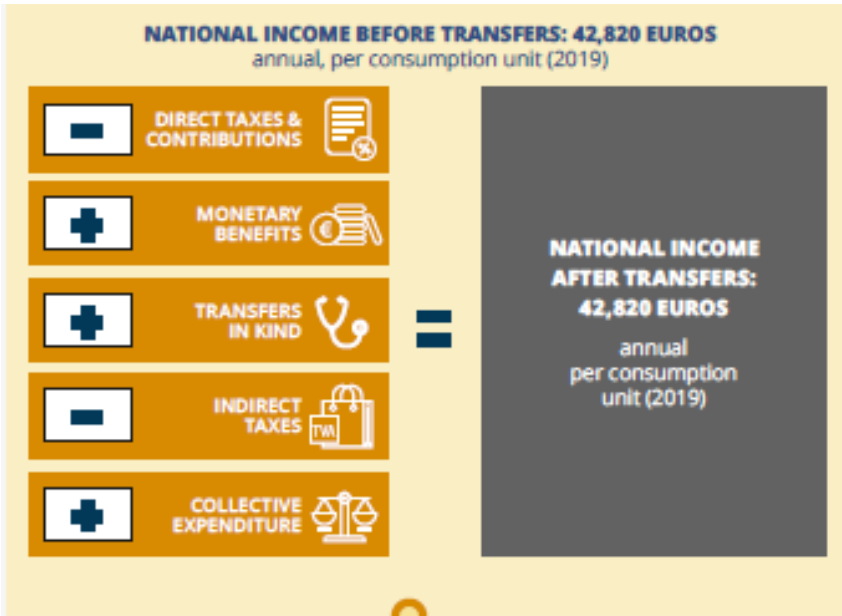
- The entire NNI (S1), studies extended redistribution
- Publication in 2021 and 2023 (on 2019)
- Forthcoming 2024 on 2022 with series since at least 2018



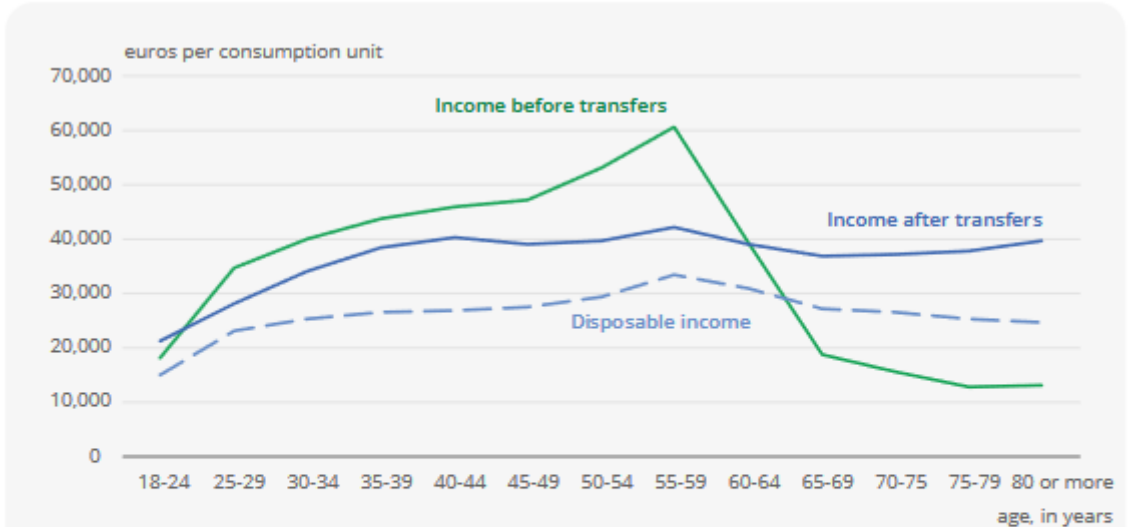
EXTENDED REDISTRIBUTION IS EXHAUSTIVE

- Distribution to households groups of all national income, *before and after* transfers, with a monetary valuation of public services
- Completeness : deductions *vis-à-vis* benefits, and reciprocally
 - Extended redistribution includes monetary redistribution
 - Integration into the accounting framework (SNA)





INCOME BEFORE AND AFTER TRANSFERS BY AGE :



Notes: Age of the household reference person. Retirement pensions and unemployment benefits are included in extended redistribution (and not in incomes before transfers). Income after transfers adds in-kind transfers and collective expenditures to disposable income.

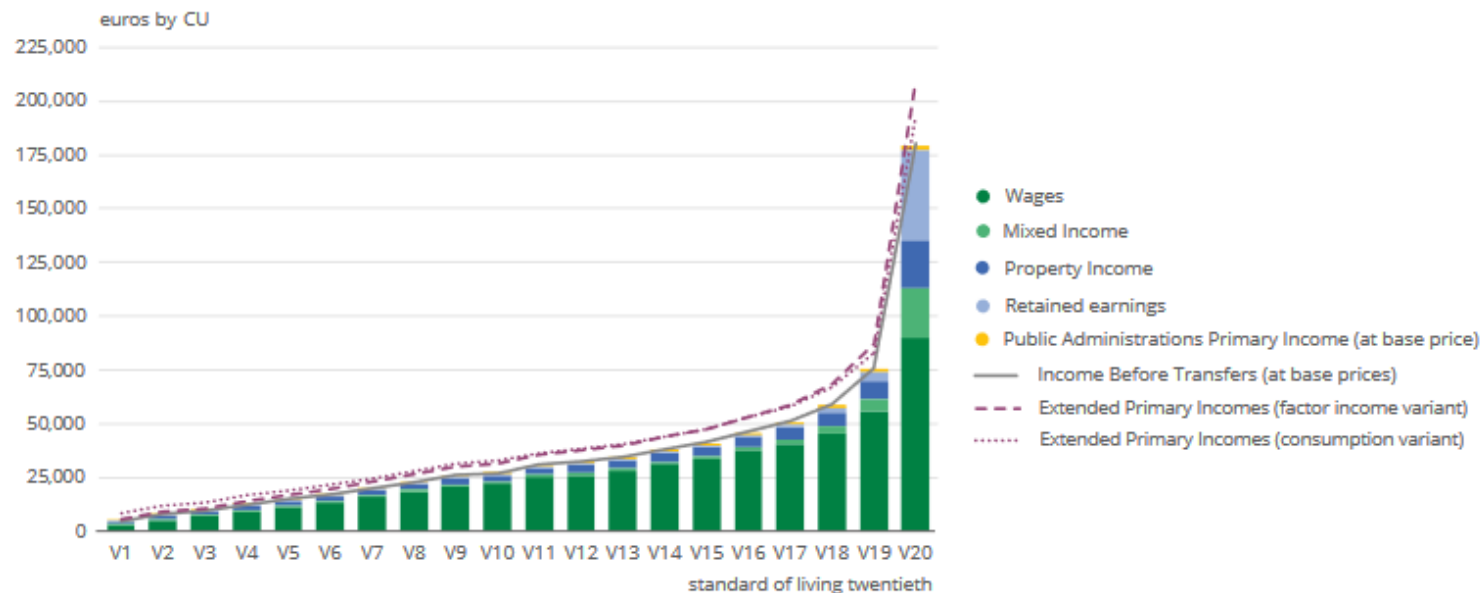
Reading: The income before transfers for individuals aged 55-59 is €60,810 per consumption unit (CU).

Scope: France.

Source: Insee, DNA 2019 ; authors' calculation.

OVERVIEW OF THE RESULTS

Decomposition of Income Before Transfers by Standard of Living



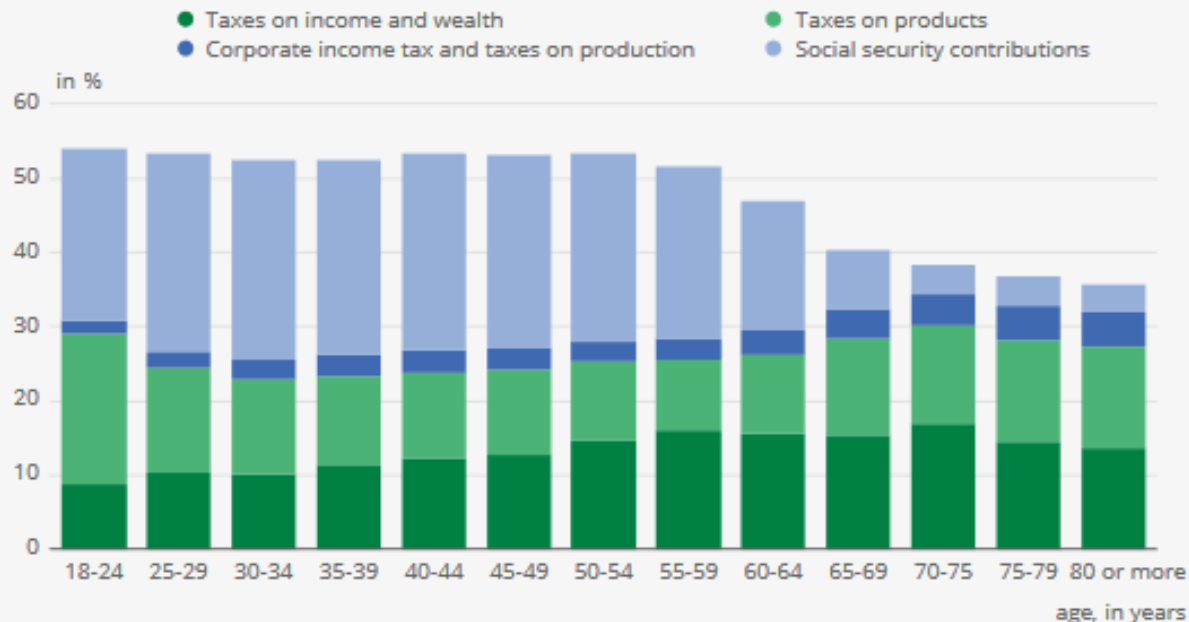
- Before transfers : better-off households have an income 18 times higher than poor households
- After transfers : 3 times higher

Note: Retirement pensions and unemployment benefits are not included in the incomes before transfers (at base prices) and expanded primary incomes (at market prices).

Reading: The average income before transfers (at base prices) of the top 5% (V20) is 180,270 euros per consumption unit (CU).

Scope: France.

Source : Insee, DNA 2019 ; authors' calculation.



Taxes represent more than 50% of the primary income of households under the age of 60, compared to less than 40% for those over 65

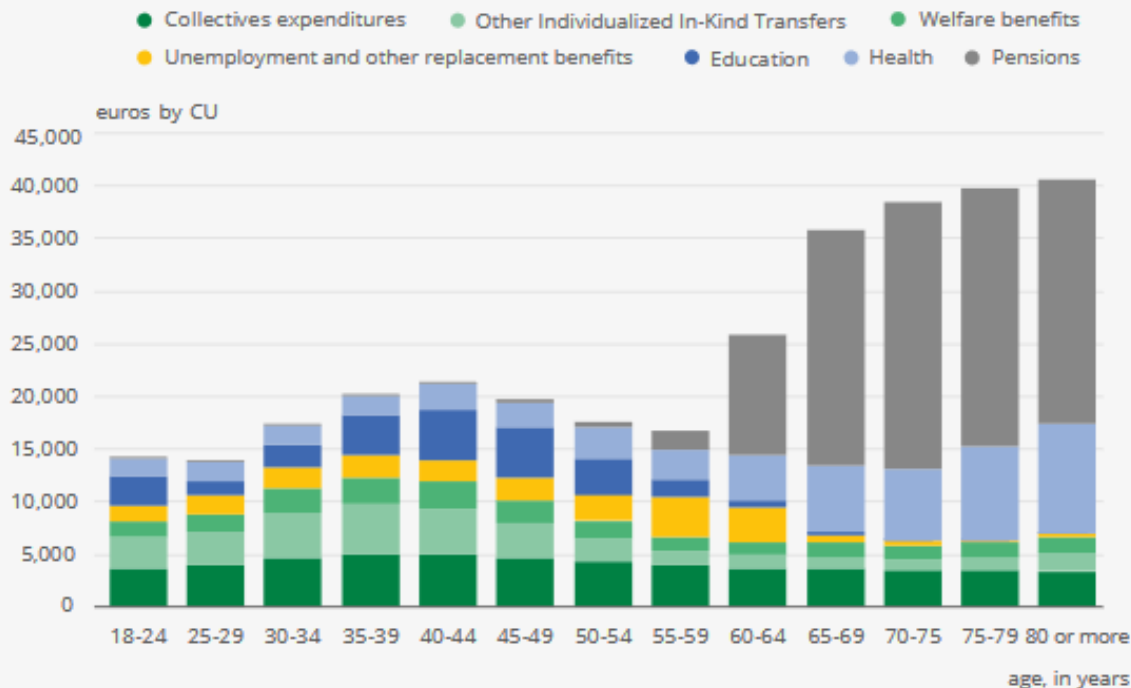
Notes: Age of the household reference person. Retirement pensions and unemployment benefits are included in extended redistribution (and not in incomes before transfers). These results are also available by twentieth of the standard of living in supplementary data on insee.fr.

Reading: The social contribution rate for individuals aged 55-59 is 23.2% (calculated as a percentage of income before transfers plus monetary benefits).

Scope: France.

Source: Insee, DNA 2019 ; authors' calculation.





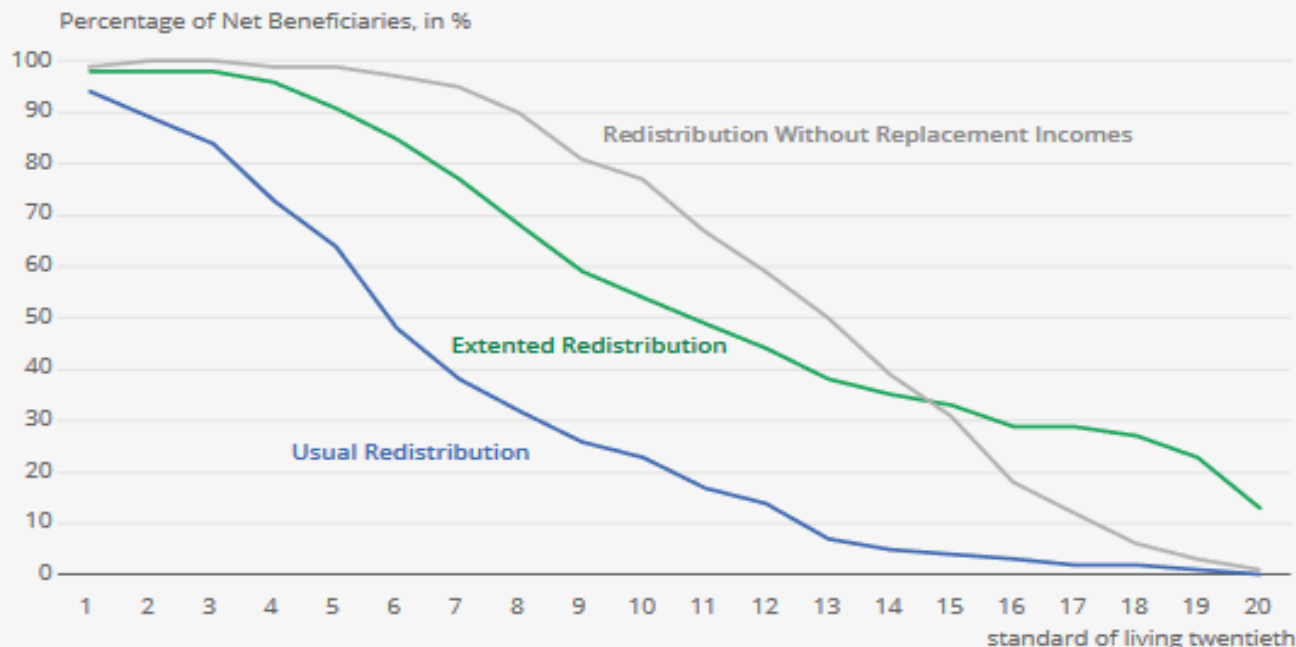
Notes: Age of the household reference person. These results are also available by twentieth of the standard of living in supplementary data on [insee.fr](https://www.insee.fr).

Reading: The amount of healthcare-related transfers paid to individuals aged 55-59 is 2,900 euros per consumption unit (UC).

Scope: France.

Source: Insee, DNA 2019 ; authors' calculations.

- Most transfers are received by households aged 60 or over due to retirement pensions and health spending
- People over 60 are the main beneficiaries of the redistribution extended to all public transfers.



- With or without pensions (equilibrated by SSC) in the before transfers : 61% vs. 57% of net beneficiaries
- Extended redistribution is twice larger than usual redistribution

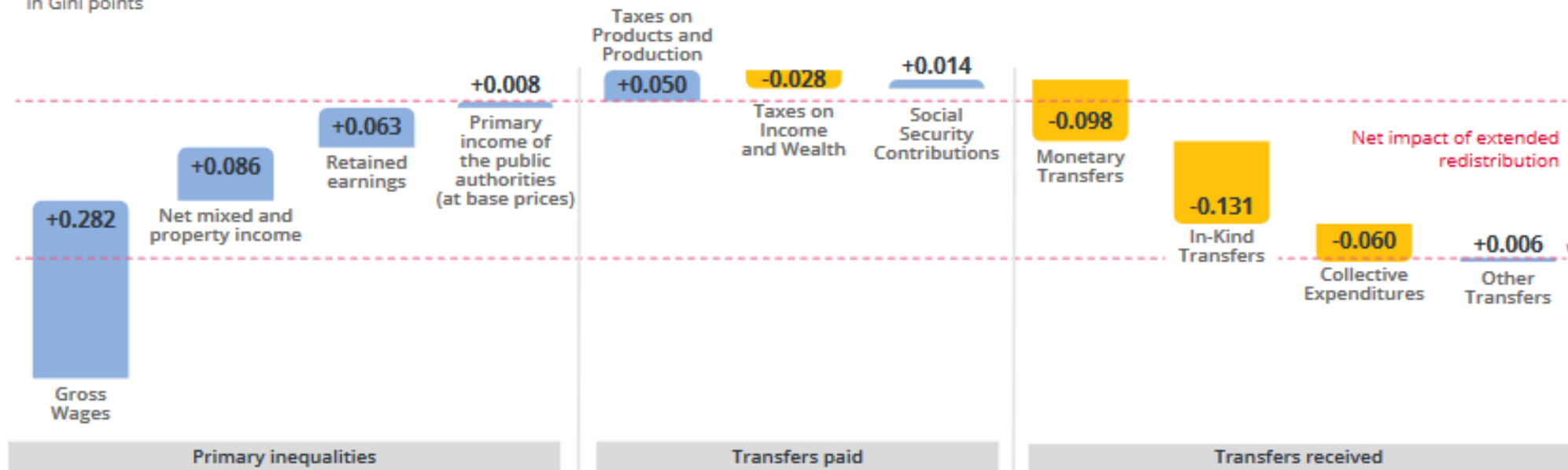
Notes: Retirement pensions and unemployment benefits are included in extended redistribution (and not in income before transfers). Redistribution without replacement incomes includes retirement pensions, unemployment benefits, and the contributions that finance them in primary income before redistribution.

Reading: Among the bottom 5% (first twentieth of usual standard of living), 98% are net beneficiaries of extended redistribution, and 94% are beneficiaries of usual redistribution.

Scope: France.

Source: Insee, DNA 2019 ; authors' calculation.

in Gini points



Note: Retirement pensions and unemployment benefits are included in extended redistribution (and not in incomes before transfers).

Reading: The contribution to the reduction of inequalities from in-kind transfers amounts is of 0.131 Gini point.

Scope: France.

Source: Insee, DNA 2019 ; authors' calculation.

Rapport du groupe d'experts sur la mesure des inégalités et de la redistribution

Insee Méthodes

Édition 2020



Revenus et patrimoine des ménages

Insee Références

Édition 2021



'Do I get my money back?': A Broader Approach to Inequality and Redistribution in France With a Monetary Valuation of Public Services

Documents de travail

N° 2023-07 - Mars 2023



COURRIER DES STATISTIQUES
Juin 2023

Matthias ANDRÉ
Jean-Marc GERMAIN
Michael SICSIĆ

Insee
STATISTIQUE PUBLIQUE

La redistribution élargie, incluant l'ensemble des transferts monétaires et les services publics, améliore le niveau de vie de 57% des personnes

Insee Analyses • N° 88 • Septembre 2023

Les impôts, taxes et cotisations sociales financent les retraites, les prestations sociales et les services publics, individualisables – comme l'éducation et la santé – ou collectifs, comme la défense ou la recherche. L'ensemble de ces transferts publics, privés ou non par rapport aux ménages, engagent une redistribution élargie. Cette redistribution élargie à l'ensemble des services publics et incluant les retraites correspond à un transfert de 320 milliards d'euros (25 % du revenu national net en 2019) et contribue à une réduction significative des inégalités de revenu. À la fin de 2019, 57 % des personnes reçoivent plus qu'elles ne versent. C'est part de personnes bénéficiaires nets de la redistribution élargie à 49 % autour du niveau de vie médian, contre plus de 35 % auparavant. 20 % du plus modestes (13 % parmi les 5 % les plus aisés). Avant transferts, les ménages aisés ont un revenu 18 fois plus élevé que celui des ménages pauvres, contre 3 à après transferts.

La redistribution élargie améliore le niveau de vie de 56 % des individus appartenant à un ménage net de la redistribution élargie en 2019. En 10 ans ou plus, ce sont les principaux bénéficiaires des dépenses de santé et du système de retraite par répartition. Parmi les 50-59 ans, près de 70 % des individus sont à l'inverse contributeurs nets à la redistribution élargie. En dehors des retraités, les bénéficiaires nets de la redistribution élargie sont surtout les plus modestes, ainsi que les familles avec enfants et les ménages moins diplômés – pour les ouvriers et les employés, le bilan redistributif est quasi neutre, alors que les cadres, travailleurs indépendants, chefs d'entreprise sont contributeurs nets ainsi que, dans une moindre mesure, les professions intermédiaires. La redistribution élargie gomme les inégalités entre les habitants de l'agglomération de Paris au revenu primaires plus élevés et ceux des autres territoires. Les contributeurs nets sont ainsi des ménages actifs, aisés, âgés entre 40 et 60 ans, plutôt cadres ou blancs.

Que est l'effet des transferts publics sur le niveau de vie? La méthode utilisée, dite monétaire, pour répondre à cette question consiste à comparer les modes de revenus et de dépenses des ménages au produit intérieur brut (PIB) régional. En conséquence, l'ensemble des services publics est considéré comme une production de services de redistribution (André et al., 2023). Fondée sur l'idée que tout produit est en fait une contrepartie directe ou indirecte pour les ménages, elle mesure la quantité de transferts publics, versés en espèces, notamment une redistribution monétaire des services publics. C'est principalement, dans les milieux élevés, elle inclut les autres prélèvements comme les taxes sur les produits et la production ainsi que les cotisations sociales des employeurs et des salariés. Cette approche se fonde sur le compte national distribué du « Reporters » l'impact du revenu national net sur les produits et la production ainsi que les différentes catégories de ménages.

La valeur nationale d'un pays est produite par ses différentes unités économiques : les ménages, les entreprises et les administrations publiques. Ces producteurs engagent en revenus nationaux net (RNN) une somme égale à la production du secteur privé des infrastructures, équipements et équipements. L'attribution des revenus de redistribution est effectuée par le biais de transferts publics (André et al., 2023).

La distribution du revenu avant redistribution est la répartition du revenu national net entre les ménages avant tout impôt et la redistribution du secteur privé. Les ménages bénéficiaires et contributeurs nets sont ceux qui ont un revenu après transferts plus élevé que leur revenu avant transferts (en bénéficiaires nets, et contributeurs nets dans le contraire).

Cette approche élargie de la redistribution élargie a été recommandée par un groupe d'experts lors de la réunion sur les inégalités et la redistribution, initiée par l'Insee (Corriveau et al., 2022) et la littérature statistique et économique (Lorenz et al., 2022).

Cette étude s'appuie sur les données du compte national distribué de l'Insee (2019) et sur les données de l'Insee sur les transferts publics (2019) au stade du revenu net des ménages. La redistribution élargie est une estimation fine des bénéficiaires et



- (Working paper) [‘Do I get my money back?’: A Broader Approach to Inequality and Redistribution in France With a Monetary Valuation of Public Services](#), André, Germain, Sicsic (march 2023)
- (Methodology, ongoing translation) [Comptes nationaux distribués – une nouvelle manière de distribuer la croissance](#) [Une expérience innovante au service du débat public](#), André, Germain, Sicsic (june 2023)
- (Main results) [Extended redistribution, including all monetary transfers and public services, improves the standard of living of 57% of people in France](#), André, Germain, Sicsic (september 2023)

• NEW RESULTS ! #STAYTUNED

– Production process at Insee :

- Annually produced
- Close cooperation between social statisticians and national accountants

– 2024 Three Publications :

- Analysis of extended redistribution in 2022, net disposable income profile by household categories
- Focus on consumption and savings by household categories : standard of living, age, family type, diploma, PCS, rural/urban
- An experimental study on « equally-weighted growth » (by capita)

– New tables : incomes and transfers by categories for 2018 – 2022



Thank you for your attention !

[insee.fr](https://www.insee.fr)



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Mesurer pour comprendre

APPENDIX

HOW TO ALLOCATE ALL INCOME AND PUBLIC TRANSFERS ?

RANKING OF HOUSEHOLDS

- All income and transfers are ranked by standard of living
- No reclassification ; no issues with pensions
- Other ranking by socio-demographic variables from LFS : age, diploma, family size, urban area, etc.

INCIDENCE OF TRANSFERS

- Analysis of the distribution of taxes, not the effects of a tax reform using a counterfactual (Saez et Zucman, 2019)
- The factor that pays a tax is the one whose tax amount depends on
- Ex : SSC on wages of workers, CIT on shareholders, indirect taxation on consumption of households

DISTRIBUTION WITH A COMPREHENSIVE MICRO SOURCE :

- Ines microsimulation model (matched LFS with social & fiscal administrative data), consumption data, and wealth survey : monetary income and transfers, including indirect taxation, SSC, wealth tax, and some in-kind benefit
- Allows for the distribution of around 90% of the amount of each national accounts aggregate, the rest being distributed proportionally
- Imputation for imputed rents and non-taxed capital income with econometric regression using LFS variables
- Corporate income tax and retained earnings distributed depending on received dividends

- **Education:** based on number of children and educational training (from LFS) and educational costs (from ministry of education) + reclassification of non-cohabiting students from wealthy families (ENRJ survey)
- **Health** (and mutual insurance): based on health expenditure from model OMAR from DREES (based on the Health and Welfare Survey, matched with administrative data on health insurance reimbursement)

Collective consumption:

- **Local public service (70%):** Local authority, equipment, police.
 - Territorial distribution based in proportion to the presence of the public employees concerned in each territory (“basin de vie”), measured via the wage bill.
- **National/Non local (30%) :** defense, general administration.
 - Lump-sum (with a sensitivity analysis proportionally distributed to income)