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Authors
Professor Paul G. Hare, School of Management and Languages, Heriot- Watt University, Edinburgh, UK
Alexander Naumov, PhD student, School of Management and Languages, Heriot- Watt University, Edinburgh, UK

Abstract

A Study of Changing Income Distribution in Kazakhstan Using a New Social Accounting Matrix

Since the collapse of the Soviet Union in 1991, the successor states have all been moving - albeit at different speeds and in different ways - towards some form of market-type economy. The transition process has been accompanied by major disruption of much existing production, and by large changes in living standards and income distribution. After experiencing deep post communist recessions, almost the whole region is now growing quite rapidly. But measuring these large and rapid changes is difficult and uncertain due to poor data quality, frequent changes in statistical methodology, and other problems.

This paper develops a framework for building a Social Accounting Matrix (SAM) for Kazakhstan based on the UN 1993 System of National Accounts and Input-Output tables. A highly aggregated macro-SAM will be constructed first using mostly National Accounts data. At the second stage, a disaggregated micro-SAM will be built using macro-SAM aggregates and Input-Output tables. To reconcile the Input-Output tables with the National Accounts, we shall use cross entropy and least squares methods of adjustment. This procedure also allows us to eliminate various inconsistencies in the final SAM. Third, using readily available consolidated household survey data, we introduce several household types into the model (essentially, cohorts defined according to their income levels) to enable us to study income distribution and trends in it during Kazakhkstan's transition.

All the data used in the paper are relatively easy to obtain from national statistical agencies and the methods developed herein could be applied to building detailed SAMs for other developing and transition economies where the quality and availability of data is often a problem.

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