

Abstract for “Household Disposable Income Comparisons Among Countries with Various Levels of Redistribution”

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Household disposable income comparisons among countries with various levels of redistribution, and various levels of government participation in, primarily, education, healthcare could give a misleading image in the absence of taking into account social transfers in kind (STiK), and similarly disparity comparisons among countries can be misleading if STiK is not allocated to beneficiary households. The allocations however are not trivial.

The paper will discuss the issue of STiK allocations at a micro and mezo level and its consequences on the distribution of income among households in various household groupings (with a primary focus on the household groups based on income quintiles). We will present country cases based on experimental calculations performed under the aegis of the OECD-Eurostat Expert Group on Disparities in National Accounts. Additionally, we will discuss the impact of various allocation choices (i.e. for health services insurance versus actual consumption based allocation), and discuss which household breakdowns may be more sensitive to allocation choices. We will argue that it is important to complement the disposable income of households with social transfers in kind for meaningful cross-country income comparisons, however we will show that the specific techniques chosen to allocate the macro level STiK to household groups, for most household breakdowns are of, perhaps, a lesser importance, and allocations in general will contribute to decreasing disparities.