

## **Abstract for “A Proposal for the Treatment of the Social Transfers in Kind (STIK) in the Household Sector of Mexico”**

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The Office of National Accounts in Mexico (INEGI) participated in the Expert groups to measure disparities in the framework of national accounts and on micro statistics of household's income, consumption and wealth, both called by OECD and Eurostat. These groups emerged from the conclusions reached by the report of the Commission on the Measurement of Economic Performance and Social Progress, the “Stiglitz-Sen-Fitoussi Commission”, which stressed the importance of a greater focus on the household perspective in order to provide better measurements of people's well being.

Within the works done during the length of the groups, the STIK were analyzed in order to know the differences in the approaches that this transaction has in the framework of national accounts, the first one since the expenditure side within the household sector in the sense that the social transfers extend the consumption of the households adding expenses incurred by the government and NPISHs explicitly for households (education and health care the most important). The second approach is the perspective of the Government by itself in its character of the supplier of the services.

The Social transfers in kind consist of goods and services provided to households by government and NPISHs, either free or at prices that are not economically significant [SNA 2008, §8.141]. In a practical sense the social transfers in kind are the final consumption expenditure undertaken by the government and NPISHs on behalf of households and are represented by the individual goods and services, there is a wide difference from public goods provided as collective services, in this case only by the government.

The method followed to measure the output of the non market producers, by the total production cost incurred, allow for the obtention of a measure of the STIK by the expense side of the government and NPISHs. In a common treatment it is feasible to consign this amount directly as STIK in the use of disposable income account. The fact is that it will be valued since the approach of the Government that could be different from the perspective and valuation of the households, the receivers of the benefits.

The surveys of households sometimes provide the data from the approach of the receivers of the benefits; in the case of Mexico it is not available by these surveys. To analyze the values that STIK can have were developed some exercises based on the administrative data provided by the education and health systems in combination with the data provided by the household survey regarded with level of scholarship, the kind of school that the members of the household attend, the kind of social insurance they receive and the number of members of the household that receive the benefits, for naming some.

With the administrative data it was estimated the value of the education and health care services per capita, taking into consideration specifications of age and gender. These specific amounts were used to estimate a total amount for the individual services provided by the government to the households, and finally the amount was expanded to the whole population using the expansion factors defined by the household survey. Even when the household survey in Mexico does not provide information on the

education and health care services provided by the government, the data on the number of members of the households receiving these services, took from the household survey, is used as a reference to estimate it. The exercise was done for two years referred to the biannual periods that are the periodicity of the household survey. The amounts obtained can be analyzed with all the disclosures that the survey lets for households: source of income, quintile or other groupings. The understanding of better procedures to match properly the micro and macro data can be used to get better measurements for the household sector.

### **Key Words**

Household sector, education, health care.