



OECD Conference Centre, 21-22 February 2013  
Meeting of providers of OECD Income Distribution Data  
[www.oecd.org/social/soc/inequality-meeting2013.htm](http://www.oecd.org/social/soc/inequality-meeting2013.htm)

## 5.1b Broadening the income concept: social transfers in kind

### Context

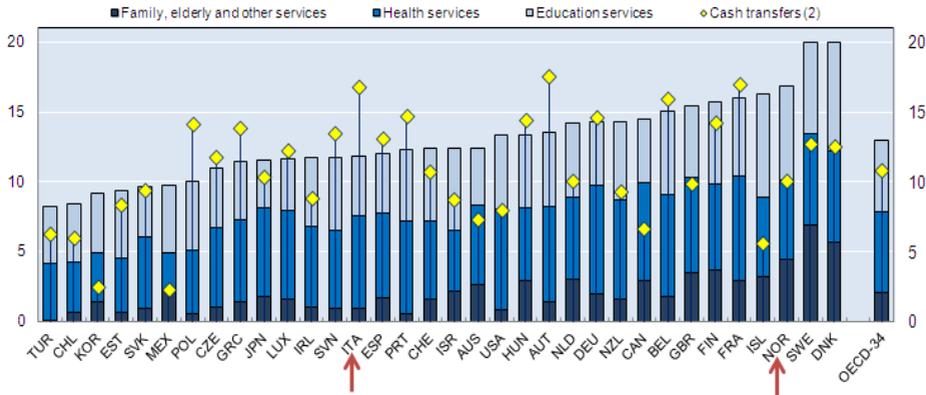


- Currently, social transfers in kind (STIK) – the public provision of education, health, care, housing and similar services – are not part of the income accounting framework
- However, [www.stiglitz-sen-fitoussi.fr](http://www.stiglitz-sen-fitoussi.fr) argues that household income should reflect such social services
- On average, STIK account for as much as all cash transfers taken together – but some countries rely on STIK rather than cash much more than others
- Canberra also recognises the need to account for STIK but excludes it from its operational definition “*due to practical measurement issues*”

# STIK are much larger in some countries than in others



## Public expenditure for in-kind and cash transfers, % of GDP

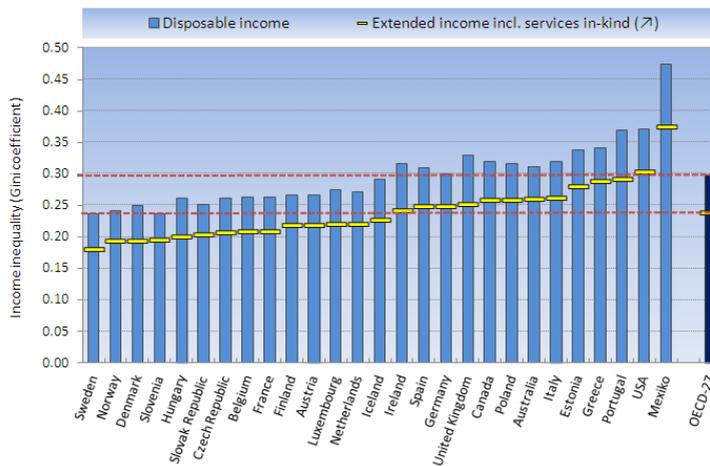


Source: OECD 2011, *Divided We Stand*

# .. And they reduce inequality by a fifth



## Gini coefficients before and after accounting for services from education, health, social housing and care services, 2007



Source: OECD 2011, *Divided We Stand*

## Methodological choices and technical issues, a selection

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- Which services?
  - Those which benefit households individually rather than the whole population indivisibly
- How to value them?
  - Average cost of producing the public service /cost of the provision
- To whom attributed?
  - Households rather than individual beneficiaries
- How to distribute them?
  - Actual individual use (education, social housing) and insurance value (health)
- How to account for differences in needs (equivalence scale)?
- Applying a “fixed” or a “floating” poverty line?

## For discussion

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- OECD “*Growing Unequal*”, “*Divided we Stand*” and Verbist *et al.* (SEM WP 130) proposed an application of the above methodology
- Do you agree with the methodological choices made?
- Are there national methodologies and estimates for imputing STIK into household income?