Vienna Memorandum

DGINS 2016, Vienna, 26-27 September 2016,
Statistical session on Statistics on income, consumption and wealth
Vienna memorandum
As adopted by the ESSC on 28 September 2016

Whereas

a. Income, Consumption and Wealth (ICW) are three key dimensions that determine the economic well-being of people and material inequalities: the situation with regard to ICW for the individual describes the level and realisation of socio-economic opportunities;

b. the distribution of ICW is a key element in understanding the drivers of growth and macroeconomic developments, dynamics of inequalities, social effects of economic reforms as well as in the measurement of progress in the achievement of the Sustainable Development Goals. It is also important in monitoring financial and economic fragilities;

c. there is a considerable amount of empirical research in the field of economic and social sciences, which offers already a variety of studies, time-series and repositories of ICW data;

d. there is a growing interest among policy makers for the availability of harmonised statistics at national and EU levels covering the distributional aspects of household ICW for both the measurement of poverty and the concentration of resources; the availability of relevant micro data is essential in this regard;

e. official statistics produced by the European Statistical System (ESS) currently address the policy need for measuring material and non-material inequalities (and therefore poverty) in the EU, based on EU-SILC (EU statistics on income and living conditions); indicators calculated from EU-SILC data are the basis for the poverty target in the Europe 2020 strategy (at risk of poverty or social exclusion indicator). EU-SILC and other sources (HBS - Household Budget Survey; EHIS - European Health Interview Survey) provide additional indicators measuring material and non-material inequalities;

f. information on the joint distribution of ICW is not fully available in the existing EU micro data: the three dimensions are traditionally collected separately by three different household data sources: EU-SILC (ESS), HBS (ESS) and HFCS (Household Finance and Consumption Survey implemented by the European System of Central Banks (ESCB)). In each of these sources, information is collected extensively on only one dimension of ICW, with limited coverage of the other two dimensions;

g. other data sources exist within each country. This calls for an effort to utilise these data sources in a manner that ensures international comparability, thus encouraging a fruitful multisource approach that brings together surveys, registers, administrative sources, Big Data etc. and their complementarities, as well as new model-based techniques, in line with the recommendations in the ESS Vision 2020;

h. a multisource approach should also aim to address the scarcity of ICW data covering the two extremes of the distribution of income, consumption and wealth. The limits of surveys and administrative data make it necessary at present to rely on academic work and on other

sources beyond statistics. However these experiments cannot always close the data gap in a fully satisfactory way in terms of official statistics, thereby pointing to a need for further collaboration of official statistics and the academic and research communities as well as the private sector in this area;

i. National Accounts aggregates need to be complemented with ICW distributional information based on the micro data sources for households;

j. the ESS, the ESCB and international organisations (e.g. OECD) have carried out substantial work and are pursuing their efforts towards closing the data gaps regarding the distribution of ICW.

The DGINS agree on the following actions:

1. to develop a harmonised ICW statistical framework. Using a multisource approach, a conceptual framework of standards and methods for European ICW statistics will be developed, also improving micro data coverage and micro – macro links for ICW statistics.

2. to cooperate closely with international organisations (in particular ECB, OECD) and the research communities, taking into account recommendations (e.g. those of the Stiglitz-Sen-Fitoussi Commission and of the High-Level Expert Group on the Measurement of Economic Performance and Social Progress) as well as work done so far by them and by the research community. In particular, methods and results from European comparable research on welfare will be analysed and used for the development of a multisource approach that ensures comparability between the countries.

3. to reinforce the ESS efforts for producing harmonised ICW statistics relevant for policy use at national and EU levels, relying on conceptual similarities and reconciliation and integration of information at the macro and micro levels. This entails the inclusion of the production of ICW statistics in the ESS multiannual work programme.

4. to promote closer cooperation between the National Accounts (NA) and sources of microeconomic data including household surveys relating to the concepts and definitions of ICW; to improve the consistency and comparability of ICW statistics across the statistical domains and countries; to work towards the development of a comprehensive methodology for linking micro and macro data, building on successful results from pilot studies based on additional voluntary data transmissions from countries to Eurostat; to aim at publishing coherent household sector data on the distribution of ICW along with the dissemination of NA aggregates for households.

5. to develop the current micro data sources for ICW distribution (EU-SILC, HBS, HFCS and other sources) by using and promoting a multisource approach that integrates other data sources (registers, administrative data, Big data, models) and ensures comparability between countries. This solution shall be chosen for the short and medium terms. In the longer term, further integration of data collections, which so far cover only limited aspects of the three dimensions of ICW, could be developed with due consideration for subsidiarity, provided the response burden remains bearable and the enhancement of data used for policy making is deemed significant.

6. to carry out further investigations relating to other data sources in the context of ICW statistics (more extensive use of administrative data, other data generated by private businesses, Big Data etc.) and exchange of experiences concerning in particular the data gaps

on income and wealth of households at the top of the distribution scale. Furthermore, efforts towards improved timeliness of ICW data should be continued.

7. to develop and promote common approaches to methodology and variable definitions. This could result in new indicators for the joint analysis of these three dimensions at micro level. A quality assessment framework is to be elaborated within the official statistics community, with due consideration for the existing common quality framework of the ESS, also taking into account progress in the field made by NSIs working with the development of quality guidelines for multisource statistics and work of academia and researchers.

8. to recommend closer cooperation between National Statistical Institutes and National Central Banks to make full use of existing complementary expertise, instruments and information. This applies in particular to the cooperation on the HFCS survey through continuation of ongoing work in the European Statistical Forum (ESF).

9. to promote appropriate training activities and exchange of knowledge and experiences in order to ensure the availability of the relevant advanced skills across the ESS and the ESCB for ICW statistics.

10. to promote the use of visual data analytics to support production and analysis activities as well as efficient communication on ICW statistics.