An Income Corrected Social Accounting Matrix

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Is the social accounting multiplier analysis and its derivatives sensitive to underreporting and nonresponse in the income distribution? We propose a new method to correct the multipliers of a social accounting matrix for underreporting and nonresponse in the income distribution. To do so, we combine a recent imputation technique developed by Blanchet, Flores, and Morgan (2022) with traditional social accounting multiplier analysis. We apply this method to the Chilean economy to study the effect of government transfers on the income distribution using Holst and Sancho's (1992) framework. We utilize national accounting data along with survey data from the CASEN survey for 2017. Without correcting the income distribution, government transfers appear to improve all quintiles of the income distribution. However, when we apply this methodology, government transfers only improve the first four quintiles. This implies that our method can provide a more accurate depiction of the effect of government transfers on the income distribution.