Institutional interrelations in distributive transactions seen through a magnifying glass. A proposal to improve national accounts data on income distribution and redistribution for use in input-output analysis.

Topic: Income distribution policies
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Abstract:
â€œA System of National Accountsâ€• released in 1968 and conceived under the chairmanship of Richard Stone, was the first step to integrate input-output analysis in national accounts. In the first paragraph of its third chapter, with the title â€œThe system as a basis for input-output analysisâ€• of Stoneâ€™s authorship, according with his autobiography (Stone, 1992), it can be read: â€œThe input-output data contained in the system appear in the rows and columns relating to commodities and industries. In order to explain and illustrate how these data can be used for input-output analysis, a magnifying glass has been applied to the relevant parts of table 2.1 â€¦â€• (UN, 1968, p. 35; table 2.1 is an illustration of the complete system, in a matrix form, that is, in a social accounting matrix).
Later, in 1981, Richard Stone wrote â€œâ€¦ from a formal point of view, input-output analysis could be carried out with other parts of the national accounts or, indeed, with several related parts. In a ... study ..., published in 1977... Graham Pyatt and his associates presented an analysis ... in which they wanted to emphasise the distribution of income â€¦ to set up a framework within which they could analyse actual and potential policies â€¦â€• (Stone, 1981, pp. 62-63).
This paper is based on the works of Richard Stone, Graham Pyatt and some of their followers and addresses the measurement of institutional interrelations in distributive transactions, within the conceptual framework of the current version of the â€œSystem of National Accountsâ€•.
Without an â€œAâ€• before, the â€œSystem of National Accountsâ€• (SNA, for short) in its current version was released in 2008 and conceived under the responsibility of the Intersecretariat Working Group on National Accounts (ISWGNA, 2009). It covers industry interrelations in transactions in products with the supply and use tables (from which input-output accounts can be conceived). It covers institutional interrelations in financial transactions with the flow-of-funds tables or matrices, but it does not cover distributive transactions. This means that, in the study of the economic system, while the parts relating to the production and financial processes can be supported by (more or less, powerful) magnifying glasses provided by the national accounts, the part relating to the distribution process has no support at all.
Thus, for the six groups of institutional sectors identified by the SNA, starting from the published totals of the current and capital accounts, organized in the defined sequence, the nine categories of distributive transactions (disaggregated at the second level) are analysed individually and the possibilities of filling in the so called from-whom-to-whom matrices are explored. Since the resources of some are the uses of others, it will be shown how information about the origin of the resources (from-whom), or the destination of the uses (to-whom) can complete the filling of these matrices.
Therefore, albeit for a reduced magnification level, this proposal can be seen as a starting point for something more amplified, capable of being used within the scope of input-output analysis. Its implementation would enable a better treatment of the networks of transactions between institutional sectors underlying the distribution process, which would certainly be reflected in the study of the distribution and redistribution of income, in any possible aspect, namely, inequality, poverty, wealth, corruption, etc.

Key words: National Accounts; Social Accounting Matrices; Input-Output Analysis
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