

# **The Balancing of Social Accounting Matrices to Develop Household Sub-sectors Accounts: Empirical Application on Italian Data**

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The sub-sectoring of Households accounts by significant groups of families represents the main way to develop distributional measures within the system of National Accounts (NAs). Two methods can be used to build Households' sub-sectors accounts: the top-down method, which breaks down NAs totals (top) according to a set of indicators derived from micro data on household economic resources; the bottom-up method, which uses micro data (bottom) to derive NAs totals.

The top-down method is based on a strong assumption, namely that NAs provide more reliable estimates than households' budget surveys do. Furthermore, breaking down NAs' totals with patterns derived from several independent data sources (in fact, no single data source can provide all information required) may bring to inconsistent results. Both these limits could be overcome if Households sub-sectors accounts were developed along with NAs, following a bottom-up approach. The idea is that divergences between micro and macro data should be bridged meeting somewhere in the middle.

In this work, we discuss the main methodological problems related to the development of Households sub-sectors accounts through the bottom-up approach. To this end, we present an empirical application on Italian data, where Households' sub-sectors accounts (and distributional measures thereof) are obtained through the balancing of social accounting matrices.