An International Comparison of Household Saving Rates from Household Survey Data and National Accounts

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Executive Summary

In this project we compare the measurement of household savings in household surveys, such as the Consumer Expenditure Survey (CE), and in the National Income and Product Accounts (NIPA).

An important strategy for understanding movements in aggregate savings rates is to study savings patterns among subgroups of the population using household survey data. For example, if one thought that aggregate savings rates changed because of population aging or capital gains (or losses) in housing, then one could pick subsamples by age or home ownership in household survey data to investigate these hypotheses. For such a "micro" data based approach to be convincing, it should be the case that we can replicate the aggregate trends in the national accounts by grossing up the survey data. Unfortunately, this does not seem to be the case. Aggregate household saving, as measured in the CE, is different in both level and trend from NIPA household saving.

In the first part of our analysis we investigate whether this in an international phenomena by documenting the time paths of micro and macro savings in the U.K., Canada and Australia, and comparing those with better known U.S. statistics. It turns out that there are important cross-country differences in the relationship between household savings a measured in the national accounts and savings as measured in household surveys. The discord between data sources in as severe in the U.K. as it is in the U.S. On the other hand, in Canada and Australia savings as measured in household surveys tracks the national accounts much more closely.

There have been considerable efforts by national statistical agencies and international bodies to standardize the methodology of national accounts across countries. This same is not yet true of household budget surveys, and there are considerable differences in the design of the main budget surveys in the U.S., the U.K, Canada and Australia. In the second part of our analysis we examine these difference and attempt to account for cross-country differences in the relationship between household savings a measured in the national accounts and savings as measured in household surveys.

A central feature of the Canadian survey is budget balance. Income, Expenditure, and changes in money balances are recorded over the same interval. In most years – but not all, a balance edit procedure has been followed, in which budget balance is checked in the field – and further data is collected from households that are significantly whose figures do not add up. By comparing years with and without the balance edit, we infer how this feature of the Canadian survey affects the performance of the survey, relative to the national accounts. We find that the balance edit does have a significant effect on the reported saving rates of low income households, but that this has very little effect on the aggregate saving rates. The households whose data are improved by this field procedure are not very important in the calculation of the aggregate saving rate. Thus we conclude that this design feature is not the reason for the ability of the Canadian survey to replicate aggregate saving movements.