

WID.WORLD

THE SOURCE FOR GLOBAL INEQUALITY DATA

Distributional National Accounts An overview

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- Continuation of pioneering work of Kuznets in the 1950s and Atkinson in the 1970s combining fiscal and national accounts data
 Kuznets, 1953 and Atkinson and Harrison, 1978
- WID.world started with the publication of historical inequality series based on top income shares series using tax data
 Piketty 2001, 2003, Piketty-Saez 2003, Atkinson-Piketty 2007; 2010, Alvaredo et al., 2013.
- In 2011, we released the World Top Incomes Database, gradually extended to over thirty countries and to wealth

Alvaredo et al., 2013, Saez-Zucman, 2016, Alvaredo-Atkinson-Morelli, 2016, etc.





- What about wealth?
- What about the bottom of the distribution?
- What about taxes and transfers?
- What about differences in statistical units?
- What about tax-exempt income?

→ Need to measure inequality within a consistent framework, with standard guidelines and a comprehensive measure of both income and wealth





- There is already a set of internationally accepted guidelines on how to quantify income and wealth: the System of National Accounts.
 - The SNA has a huge impact on how we think about and act upon the economy.
- Distributional National Accounts (DINA) agenda: present the best possible estimates of the distribution of national income and wealth between all adult individuals living in a given country during a given year





Alvaredo, A., Atkinson, T., Chancel, L., Piketty,T., Saez, E., Zucman, G., 2016, Distributional National Accounts Guidelines: Concepts and Methods used on WID.world, WID.world WP 2016/2







- There's no such thing as "the correct data source"
 - All sources have their merits and demerits and we should combine them in consistent + transparent ways to use their respective strengths \rightarrow Trying to achieve consistency between sources is a driving force for better data quality
- There's no such thing as "the right indicator"
 - We provide as much detail as possible on the distribution and let users decide what suits their purpose
- Collaborative and cumulative project
 - Collaboration between research groups and with public statisticians is paramount





National accounts

- Broadest and most standard definition of income and wealth
- Reference for measuring inequality between countries

Survey data

- Covers the entire distribution (the bottom in particular)
- Usually available as microdata \Rightarrow richness + flexibility in the use of concepts
- Small sample + richest households underrepresented

Tax data

- Covers the top well
- Only covers the top well
- Not always available as microdata
- Influenced by various legislative quirks (tax units, income definition)
- Tax evasion
- Useful complements: Rich lists (but few observations, not transparent) + Leaks (but rare cases)















Piketty, Saez, Zucman 2018 available on WID.world







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Need to publish distributional information beyond Ginis: global income inequality example -> Gini can mask important evolutions



Data from WIR2018 available on WID.world

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Need to publish distributional information beyond deciles or quintiles: USA





Need to publish distributional information beyond deciles or quintiles: USA

Wealth shares of the Top 1-0.1% and Top 0.1% in the US, 1913–2012



Source: Saez & Zucman (2016). See wir2018.wid.world for data series and notes. In 2012, the share of household wealth owned by the Top 0.1% in the US was 22%.





DINA datasets: Shares, averages, thresholds for 127 g-percentiles to recover any kind of inequality indicator

Figure 3. Distribution of European growth, 1980-2017: growth of average income by percentile





Blanchet, Chancel, Gethin 2019, available on WID.world



- Benchmark DINA: best case scenario, large data availability and in-depth decomposition of income concepts + tax structure
 - ✓ USA, France, Brazil
 - Germany and several other countries soon plublished
- « Simplified » DINA: decomposition into key concepts
 - ✓ Other large emerging countries: Russia, India, China + Thailand + Malaysia
 - ✓ All European countries
 - Africa + Asia + Latin America in the coming 18 months
- > Evolutive process: simplified DINA to be progressively upgraded



US vs Europe: huge rise of inequality in the US but stagnation of bottom 50% average income



Top 1% vs. bottom 50% in the US and Western Europe, 1980-2016

Source: World Inequality Report 2018, Figure 2.1.3. See wir2018.wid.world for data sources and notes.



Figure 30: Redistribution in Europe and the United States: Ratio top 10% to bottom 50% average incomes

(a) Pre-tax income inequality

(b) Post-tax income inequality



WORLD INEQUALITY LAB *Source*: authors' computations combining surveys, tax data and national accounts for Europe; Piketty, Saez, and Zucman (2018) for the United States.

Top 1% vs. bottom 50% in China vs. India, 1980-2016



Source: World Inequality Report 2018, Appendix Figure A4. See wir2018.wid.world for data sources and notes.







The geographical breakdown of global income groups changed significantly (1990)

Geographic breakdown of global income groups in 1990



Source: World Inequality Report 2018, Figure 2.1.5. See wir2018.wid.world for data sources and notes.

The geographical breakdown of global income groups changed significantly (2016)

Geographic breakdown of global income groups in 2016



Source: World Inequality Report 2018, Figure 2.1.6. See wir2018.wid.world for data sources and notes.



Top 1% personal wealth share in emerging and rich countries, 1913–2015





Source: World Inequality Report 2018, Figure 4.2.1. See wir2018.wid.world for data sources and notes.



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- WID.world today relies on the work of 100+ researchers over the world from academia and statistical offices; 20 based in Paris + Berkeley
 - DINA for **50+ countries**
 - Top shares for **90+ countries**
 - Wealth income ratios and/or distribution for 30+ countries
- Developing DINAs
 - Different types of expertize required (surveys / tax / combination / national accounts) → reinforces the need for synergies between 'survey', 'tax', 'national accounts' experts, on a country-by-country approach
- "Shift to policy" requires setting conventions
 - Clarify agreements and agree that we can disagree



Importance of public statisticians (UN/OECD + national level)



- DINA agenda: construct new series on the distribution pre- and post-tax income consistent with macro totals.
- Many challenges ahead: data challenge + methodological challenge + human resource challenge + standardization challenge.
- There may be technical and conceptual debates among inequality experts: to some extent there will always be. This shouldn't prevent the development of common standards.
- Social and political demand for data on macro growth and inequality (US Senate bill, G7, UN general assembly, etc.).

