Appraising Appraisals of World Income Inequality Databases

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Outline

The task at hand

To appraise the appraisals of global income inequality databases:

Author	Database	Coverage
Brandolini	World Top Income Database	Rich countries (mostly)
Bourguignon	CEPALSTAT, SEDLAC	Latin America (mostly)
Jenkins	WIID, SWIID	World
Ravallion	LIS	Rich and middle-income countries
Smeeding	Povcal	World

Disclaimers
It's a small world...

- ▶ Your commentator is Research Director at LIS for the past 9 years
- ▶ Your commentator advised the researchers revising WIID between releases 1 and 2
- ▶ Your commentator supplied data for LIS (and national Finnish series) to WIID
- ▶ Your commentator supplied Finnish data to WTID

Appraisals are useful

How do we use inequality databases?
SPJ

- *assessing* distributions (inequality and poverty levels and their changes) [but what about real income comparisons?]
- *explaining* distributions
- *using* distributional information to account for other outcomes

Biases and imprecision in distributional information affect these three areas differently.

Dimensions of variation in underlying data

SPJ, FB

1. definition of income distribution:
   - resource definition (roughly income, consumption)
   - reference period
   - unit of analysis
2. data sources
3. processing:
   - non-response
   - data editing (imputation, adjustments including NA and imputed rents, regional price variation)
   - equivalence scales
   - poverty lines

Jenkins on WIID/SWIID

- ▶ principles for data appraisals clearly laid out
- ▶ useful survey of main points of difference, user guide to using databases, excellent intro to multiple imputations
- ▶ detailed examination of results along uses 1 and 2 for particular cases (US, UK, Finland)
- ▶ emphasis on rich countries, but some pointers to poor ones also

Bourguignon on CEPALSTAT/CEDLAC

- geographically limited (by construction)
- useful discussion of use of national accounts in conjunction with household surveys with pointers to problems
- central data issues discussed and recommendations given

Brandolini on WTID

- ▶ top incomes of wide interest, but hard to get from standard sources
- ▶ data readily available, but come with many problems
- ▶ results may be sensitive to methods

International standards?

None of the appraisers cited reports that try to determine standards for measurement of income (mostly) for income distribution purposes, including but not limited to:

- United Nations (1977). *Provisional Guideline on Statistics of the Distribution of Income, Consumption and Accumulation of Households*. Studies in Methods M 61. New York: Department of Economic and Social Affairs, Statistical Office

- Expert Group on Household Income Statistics [The Canberra Group] (2001). *Final Report and Recommendations*. Canberra: Statistics Canada

- Canberra Group (2011). *Handbook on Household Income Statistics*. Geneva: United Nations Economic Commission for Europe

- OECD (2013). *Framework for Statistics on the Distribution of Household Income, Consumption and Wealth*. http://www.oecd.org/statistics/icw-framework.htm. OECD

Closing remarks

Expert Group on Household Income Statistics [The Canberra Group] (2001). *Final Report and Recommendations*. Canberra: Statistics Canada.

Group, Canberra (2011). *Handbook on Household Income Statistics*. Geneva: United Nations Economic Commission for Europe.

OECD (2013). *Framework for Statistics on the Distribution of Household Income, Consumption and Wealth*. http://www.oecd.org/statistics/icw-framework.htm. OECD.

United Nations (1977). *Provisional Guideline on Statistics of the Distribution of Income, Consumption and Accumulation of Households*. Studies in Methods M 61. New York: Department of Economic and Social Affairs, Statistical Office.