

Taking stock of the research on  
the top-end of the income  
distribution in South Africa:  
What can we add?

SA-TIED

**Research that matters - stakeholder workshop**

**Pretoria**

**15 November 2018**

# Road Map

1. Why is the top-end important?
2. Start by mapping the international frontier as seen through a recent stock-take at WID in Paris and other studies.
3. Then review the SA papers including the data that they use and the methods so that we get a sense of what has been done already.
4. Then stop. I have all sorts of ideas and will do whatever you do not do! But we are committed to building and broadening the community of researchers doing working in this crucial area.

**Distributional National Accounts (DINA) Guidelines :  
Concepts and Methods used in WID.world**

Facundo Alvaredo, Anthony Atkinson,  
Lucas Chancel, Thomas Piketty,  
Emmanuel Saez, Gabriel Zucman

December 2016

<https://wid.world/document/dinaguidelines-v1/>

# The Missing Rich in Household Surveys: A Survey of Causes and Correction Methods

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**Samuel Z. Stone Professor and Director of CEQ Institute**

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Workshop on “Harmonization of household surveys, fiscal data and national accounts:  
comparing approaches and establishing standards”

Paris School of Economics, CEQ Institute, Stone Center on Socio-economic Inequality –  
Paris, May 17-18, 2018

“The Missing Rich in Household Surveys: A Survey of  
Causes and Correction Methods,”

# A Taxonomy

	<b>Survey</b> (support is the same)	<b>Survey &amp; Admin Data</b> (support is not the same)
<b>Replacing</b> (Weight of top/bottom kept fixed)	Semiparametric	<ul style="list-style-type: none"><li>• Semiparametric</li><li>• Rescaling to tax data &amp;/or NA</li><li>• Replacing top shares</li></ul>
<b>Reweighting</b> (Weight of top/bottom changes)	Replaces base weights	Replaces base weights of bottom to make room for new observations at the top

# International Studies

# Who are the Global Top 1%?

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**Sudhir Anand and Paul Segal**

Working paper 8

January 2017



<http://www.lse.ac.uk/International-Inequalities/Assets/Documents/Working-Papers/Working-Paper-8-Who-are-the-Global-Top-1.pdf>

**Figure 1: Global inequality indices, 1988–2012**

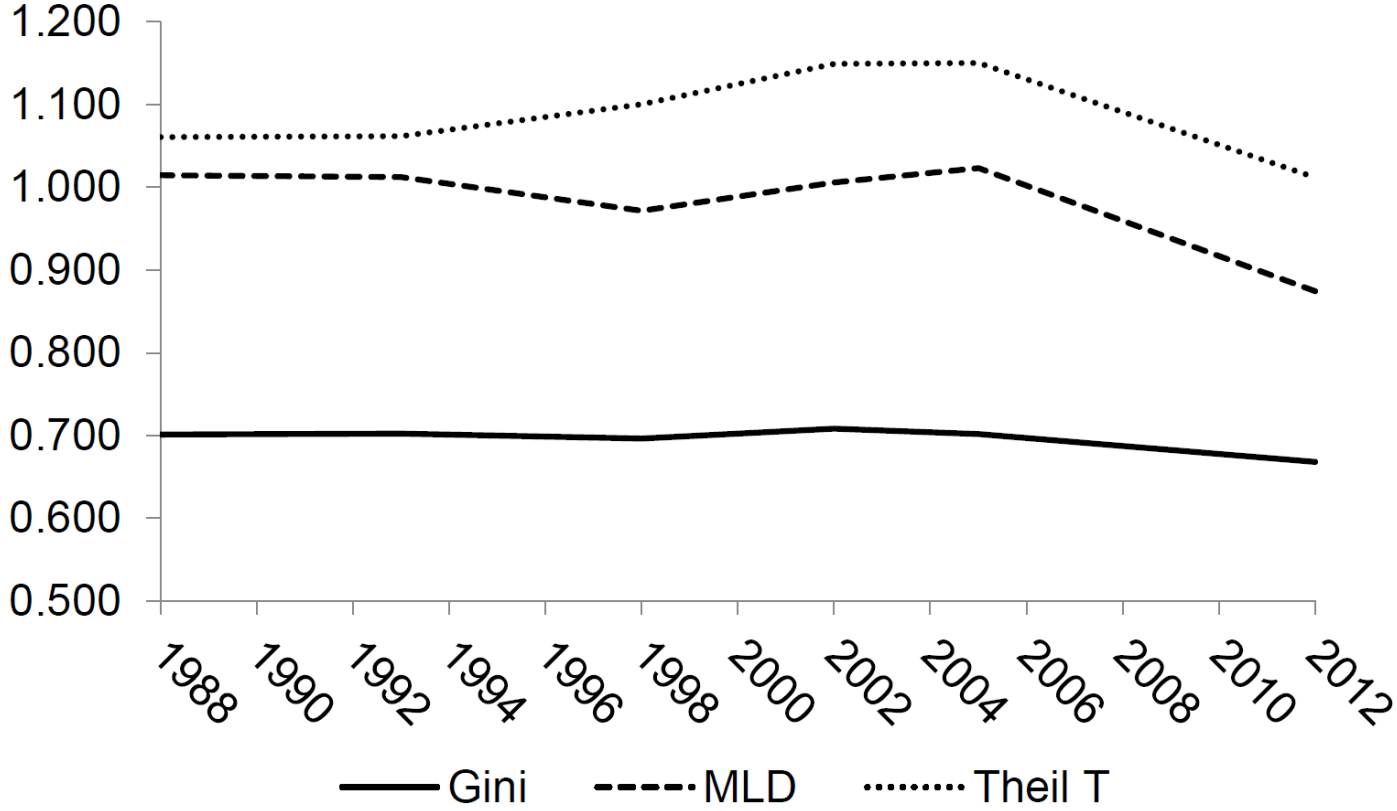
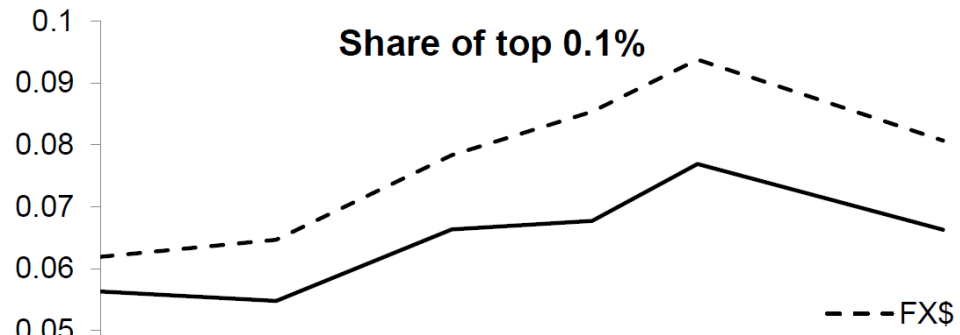
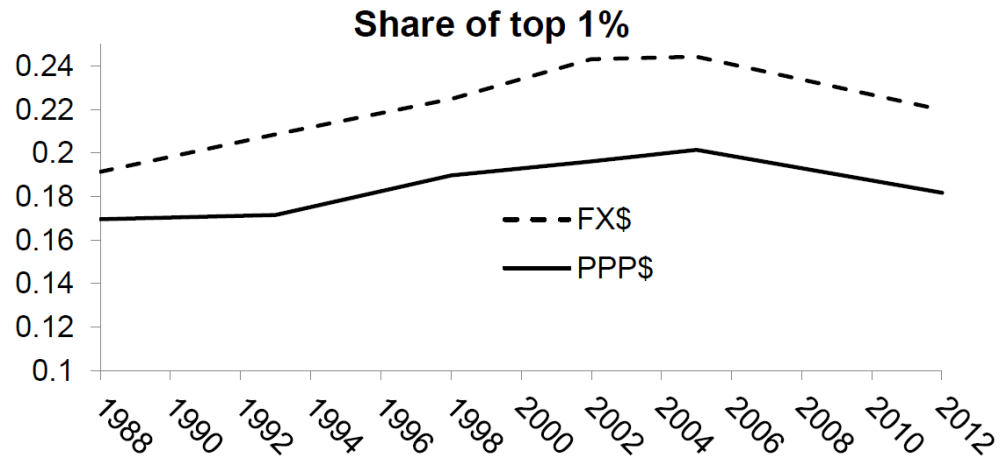
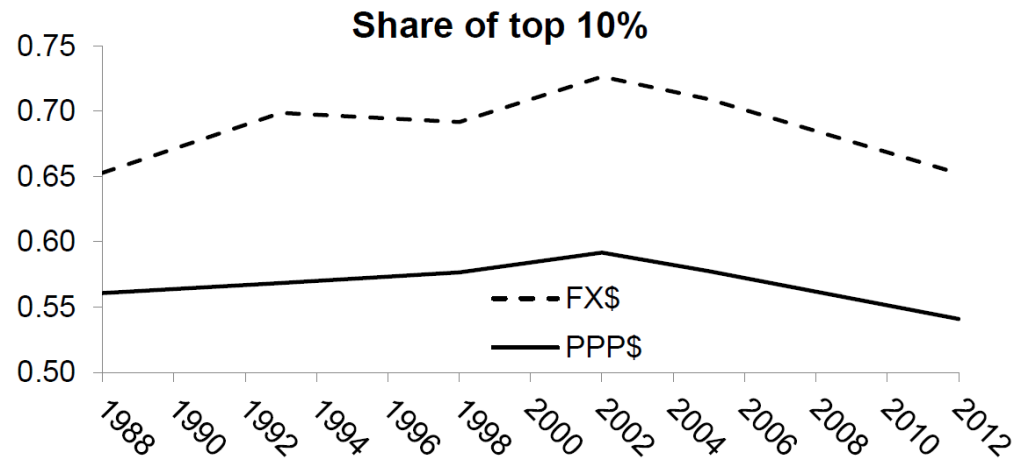




Figure 2: Global top income shares, 1988–2012



**Capital Accumulation, Private Property  
and Rising Inequality in China, 1978-2015**

Thomas Piketty, Li Yang and Gabriel Zucman

April 2017



<https://wid.world/document/t-piketty-l-yang-and-g-zucman-capital-accumulation-private-property-and-inequality-in-china-1978-2015-2016/>

# Work on South Africa

- Yay!
- At Last!

# Atkinson and the Paris School

- Alvarado, F. & Atkinson, A.B. (2016). 'Top Incomes in South Africa Over a Century'. INET Oxford Working Paper No. 2016-06.
- <https://www.inet.ox.ac.uk/library/view/741>
- Elodie MORIVAL Top incomes and racial inequality in South Africa Evidence from tax statistics and household surveys 1993 –2008 Paris School of Economics, Master Analyse et politique économiques
- <http://piketty.pse.ens.fr/fichiers/enseig/memothes/Memoire2011Morival.pdf>

# Local Work

- Martin Wittenberg, 2017 [The top tail of South Africa's earnings distribution 1993-2014: Evidence from the Pareto distribution](#) REDI Working Paper Number 46
- Martin Wittenberg, 2017 [Measurement of earnings: Comparing South African tax and survey data](#) REDI Working Paper Number 41
- Ihsaan Bassier and Ingrid Woolard, 2018 [Exclusive growth: Rapidly increasing top incomes amidst low national growth in South Africa](#) REDI Working Paper Number 47.
- Hundenborn, J., Woolard, I. & Jellema, J. (2018) The effect of top incomes on inequality in South Africa. WIDER Working Paper 2018/90. Helsinki: UNU-WIDER.
- <https://www.wider.unu.edu/publication/effect-top-incomes-inequality-south-africa>

# Conclusions

- Amina, Chris and the team have been working super-hard to collect, clean and document CIT, PIT and merged data. On the income side, we have great data! (Scenes from a forthcoming attraction!)
- A lot of first generation big-picture measurement error work has been done. But, we want to be actively involved in our DINA entries with us producing, understanding and using the data and there is room for more triangulation exercises between national accounts, tax data and household surveys.
- Our pressing need is to push on to understand the drivers and policies/strategies to overcome income inequality. And here there is pressing need/gap is to build and compare the big picture from below.
- The individual series on labour market earnings (wages and self-employment) and on capital income (capital gains, interest income, rent).
- We have many of these series including a number that have not received detailed attention. Policies are often focused at this level too.