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 an 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/

Nora Lustig

Samuel Z. Stone Professor and Director of CEQ Institute
Tulane University
Nonresident Senior Fellow CGD and IAD
Visiting Researcher, PSE

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

# A Taxonomy

<table>
<thead>
<tr>
<th></th>
<th>Survey (support is the same)</th>
<th>Survey &amp; Admin Data (support is not the same)</th>
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<tbody>
<tr>
<td><strong>Replacing</strong></td>
<td>Semiparametric</td>
<td>• Semiparametric</td>
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<tr>
<td>(Weight of top/bottom kept fixed)</td>
<td></td>
<td>• Rescaling to tax data &amp;/or NA</td>
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<tr>
<td></td>
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<td>• Replacing top shares</td>
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<tr>
<td><strong>Reweighting</strong></td>
<td>Replaces base weights</td>
<td>Replaces base weights of bottom to make room for new observations at the top</td>
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<td>(Weight of top/bottom changes)</td>
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</tbody>
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International Studies
Who are the Global Top 1%?

Sudhir Anand and Paul Segal

Working paper 8

January 2017

Figure 1: Global inequality indices, 1988–2012
Figure 2: Global top income shares, 1988–2012

Share of top 10%

FX$  
PPP$

Share of top 1%

FX$  
PPP$

Share of top 0.1%

FX$  
PPP$
Capital Accumulation, Private Property and Rising Inequality in China, 1978-2015

Thomas Piketty, Li Yang and Gabriel Zucman

April 2017

Work on South Africa

• Yay!
• At Last!
Atkinson and the Paris School

  
  • 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
  
Local Work


• Ihsaan Bassier and Ingrid Woolard, 2018 *Exclusive growth: Rapidly increasing top incomes amidst low national growth in South Africa* REDI Working Paper Number 47.


• 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.