

3. Discussion of Text 1b) after short break 5min.

PART 2.

MECHANISMS AND CONTEXT UNDERLYING SOCIAL INEQUALITIES IN CANCER

CHAPTER 9.

Recent trends in income inequality

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PART 2
CHAPTER 9



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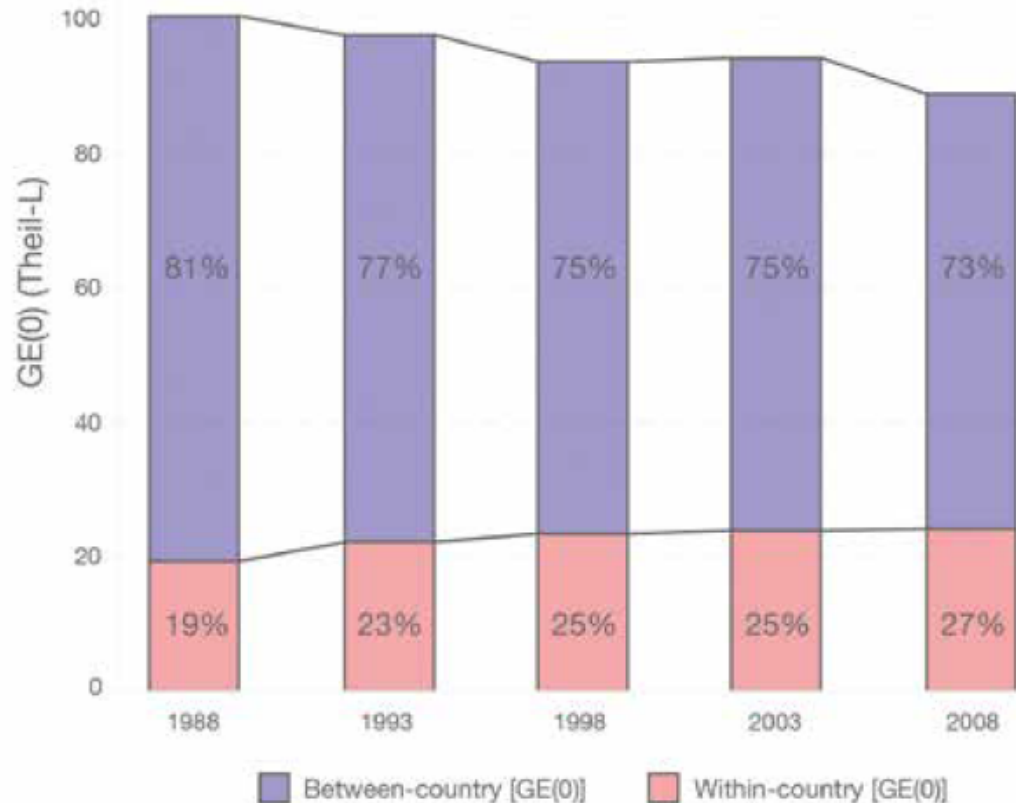
Inequalities

- Inequality & Global Inequality
- **Global** income inequality simply reflects the combination of inequality **between** countries and **within** countries
- ... **within-country inequality** visible throughout the 1980s and 1990s, although significant, has been outpaced by the **convergence** in average incomes **between countries**
 - Catch-up by developing countries (e.g. Asia)
 - Globalization, technological development
- but top 1% (based on tax register) show more rapid divergence

Comparative within country analyses:

1. overall inequality
2. Income share of top 1%
3. relative poverty rates

Fig. 9.1. Global inequality decomposed into inequalities between countries and within countries. The estimates were constructed by combining national household surveys, some of which referred to consumption and others to (disposable) income, at 2011 purchasing power parity exchange rates. Where surveys in the reference year were unavailable, adjacent years were also used. The inequality metric here is of the Generalized Entropy family. GE(0) (or Theil-L index) is a decomposable measure of overall inequality equal to the mean log deviation. The top horizontal line shows the evolution of overall inequality and the lower horizontal line that of within-country inequality, both in population-weighted terms. The proportions of the between-country and within-country component of global inequality are given as percentages of total inequality for each reference year. Source: compiled from Lakner and Milanovic (2016 [Table A.3]).

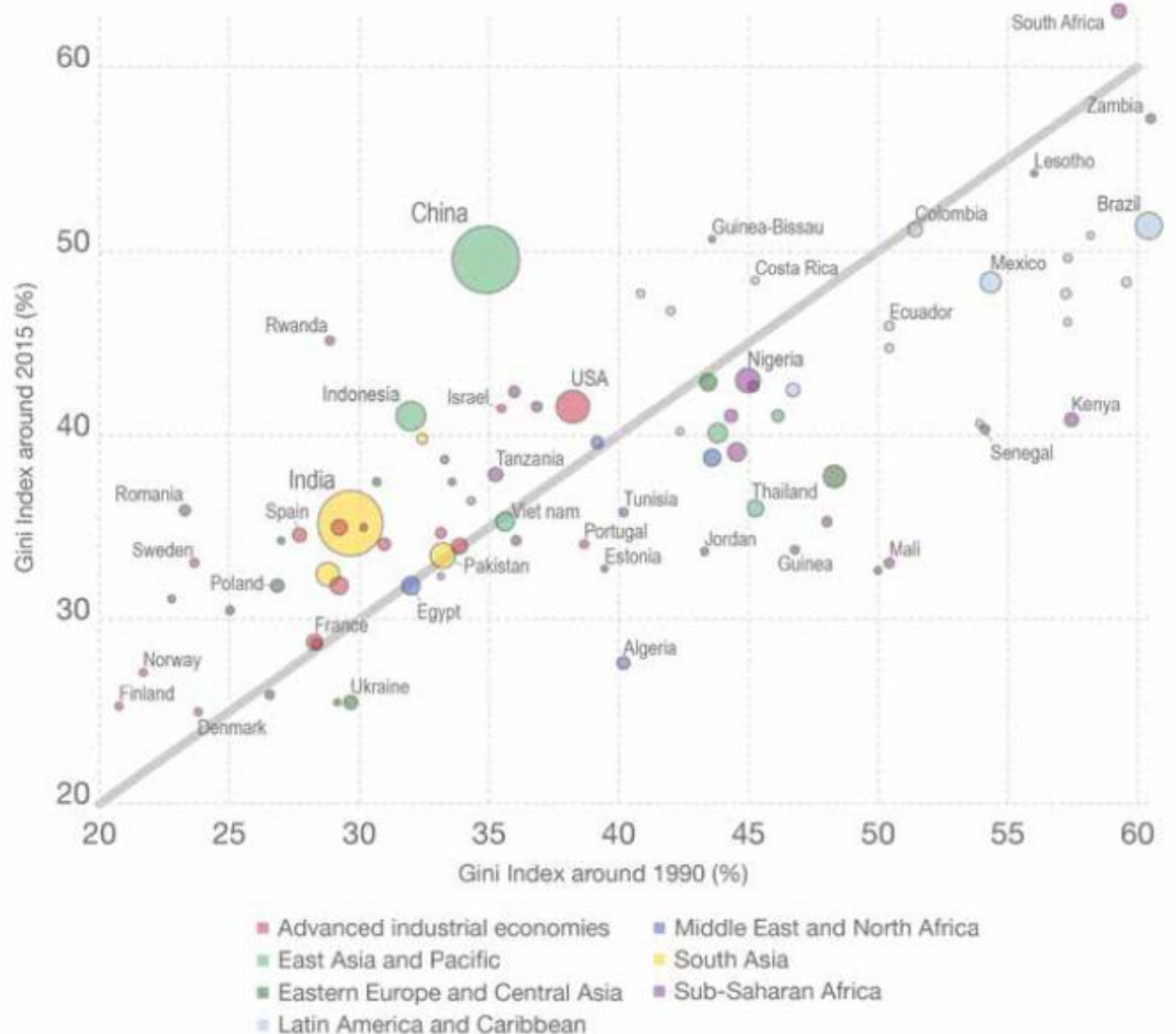


Gini-Index 1990 vs. 2015

Changes in Gini Index

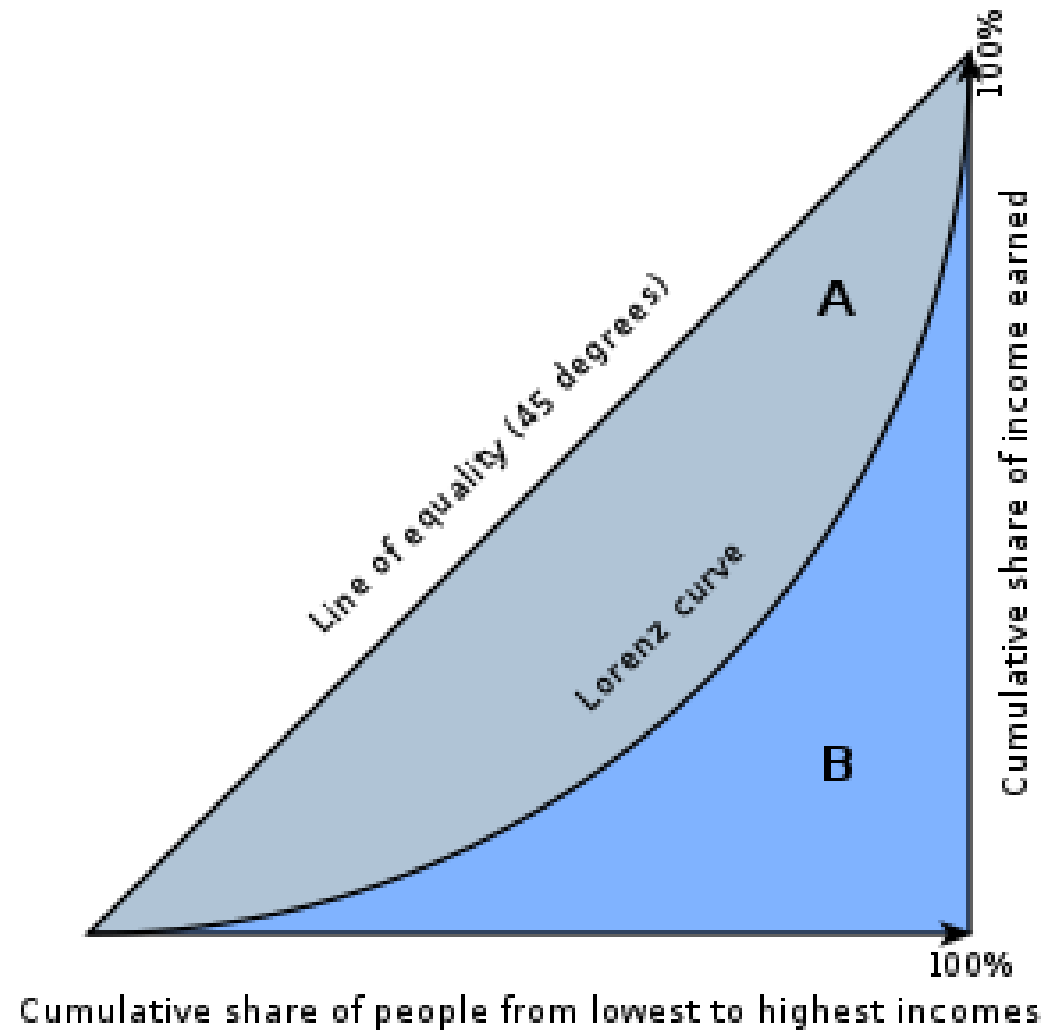
- lower-income countries use often consumption measures, while higher-income countries use income measures
- High inequality countries, many show significant decrease (under the diagonal)
- Low-medium inequality countries have seen stability or some significant increase
- China, large increase in inequality, much larger than Western countries
- Nordic countries still hold lowest inequality

Fig. 9.2. Gini index for about 2015 plotted against that for about 1990, including both income and consumption survey data. Only countries for which estimates of the Gini index were based on broadly comparable surveys for the two reference years were included. The closest survey to the reference year was selected, up to a maximum of 5 years difference. The size of the circles is in proportion to population size. Data for China are from Kanbur et al. (2017 [Table 1.B]). Source: compiled from Atkinson et al. (2017), Kanbur et al. (2017), and World Bank (2018).



Gini Index (Coefficient)

- Measure of overall inequality
- $A / (A+B)$
- 0 (perfect equality) - 1 (one person takes everything)
- Can be measured with different indicators
 - Income, wealth, consumption



Trend

Time-series: *The Chartbook of Economic Inequality* (Atkinson et al., 2017).

Fig. 9.4. Gini index in selected Latin American countries for the period 1981–2012. Figures refer to equivalized household income, defined as market income plus transfers, less taxes on wage income. Source: SEDLAC (CEDLAS and the World Bank) (2018).

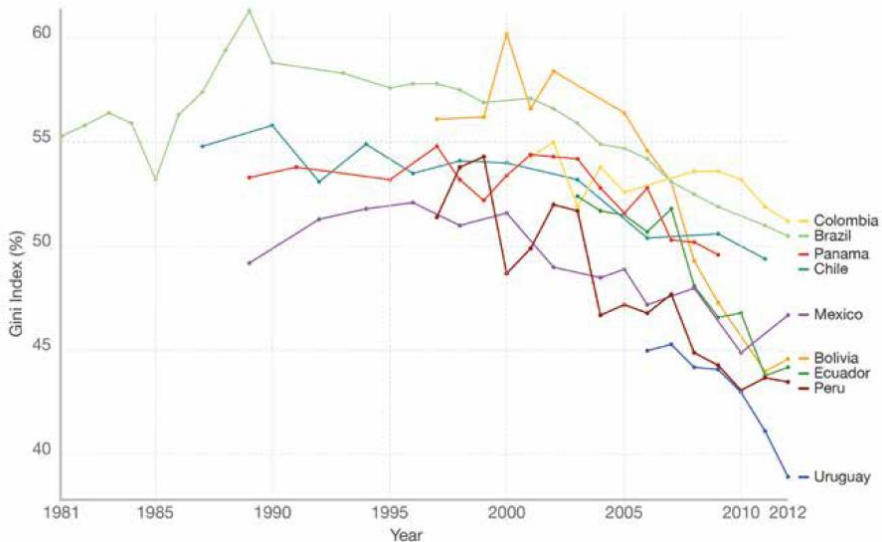
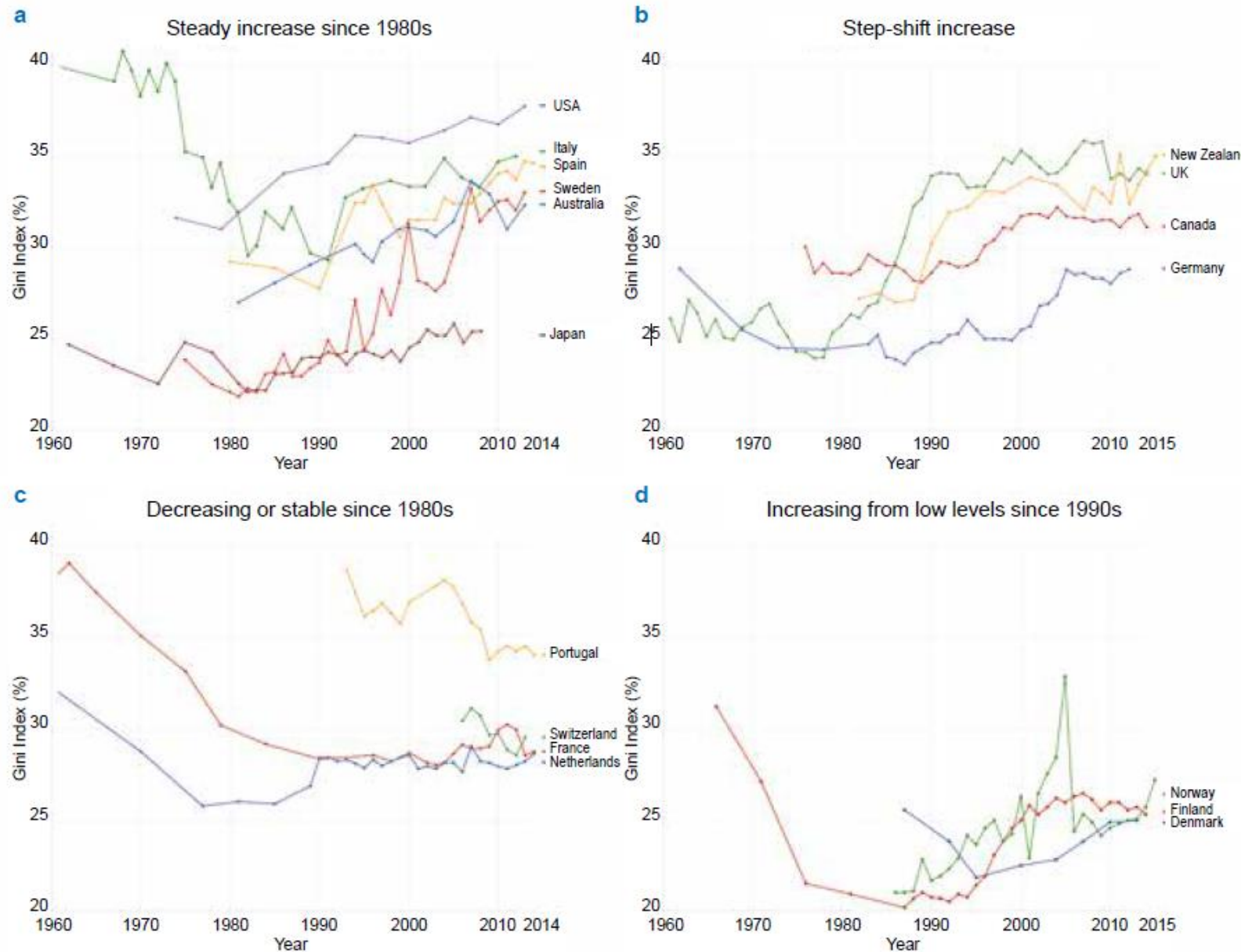


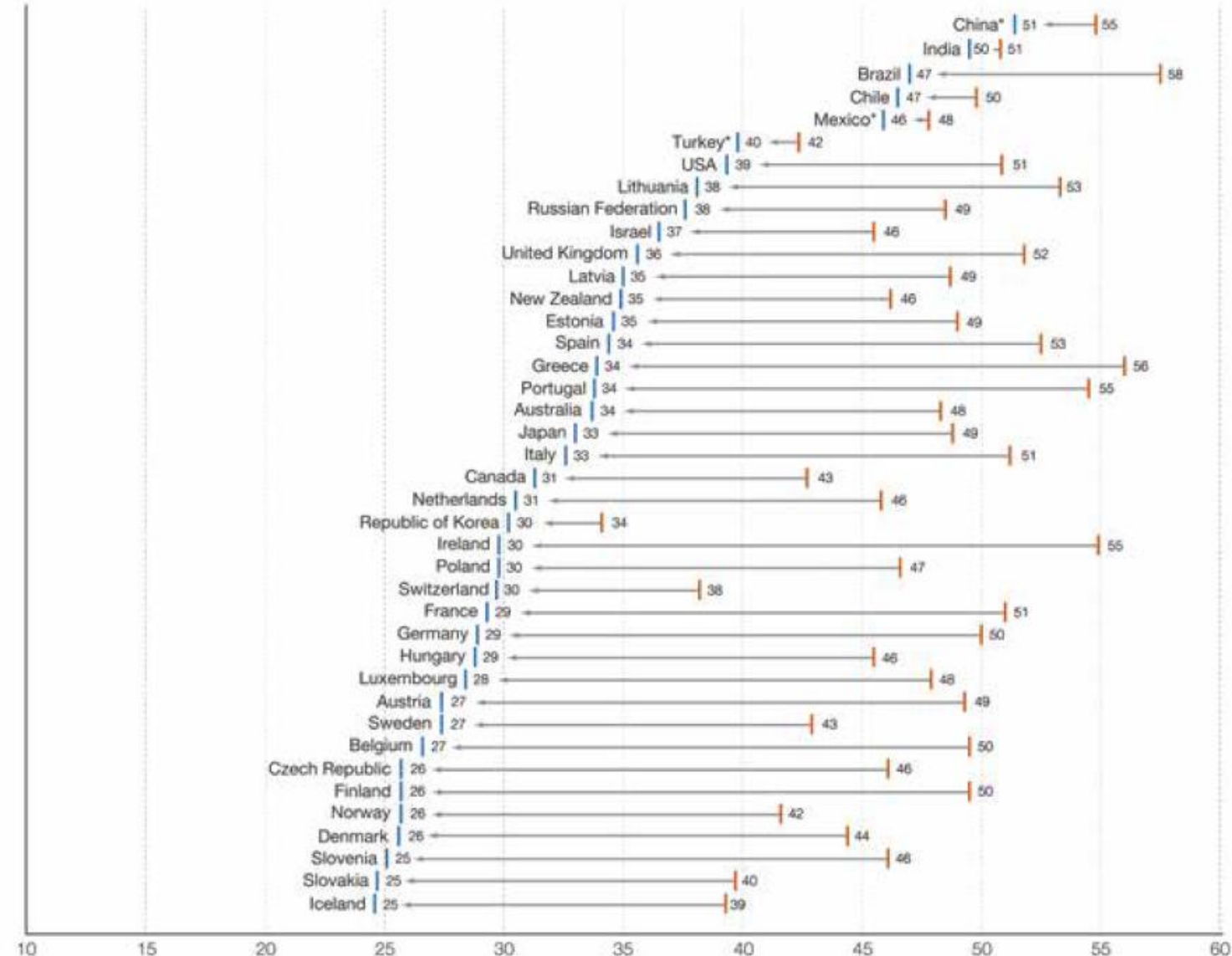
Fig. 9.5. Gini index in high-income countries for the period 1960–2015. In most cases figures refer to disposable (after taxes and transfers) household income, equivalized for household composition. For Canada, the unit of analysis is the family; for Italy, figures are per capita. Data for Denmark and the USA are from LIS (2018). Source: LIS (2018).



Redistribution

- Gini-index before and after redistribution
- Equivalized Disposable HH Income
- (right) | Market income
– taxes + social transfers
= disposable income | (left)
- “Equivalized” household income?
- Redistribution matters
 - Compare USA vs Europe!
- Welfare state matters in addition to wage bargaining
- How about pre-distribution?

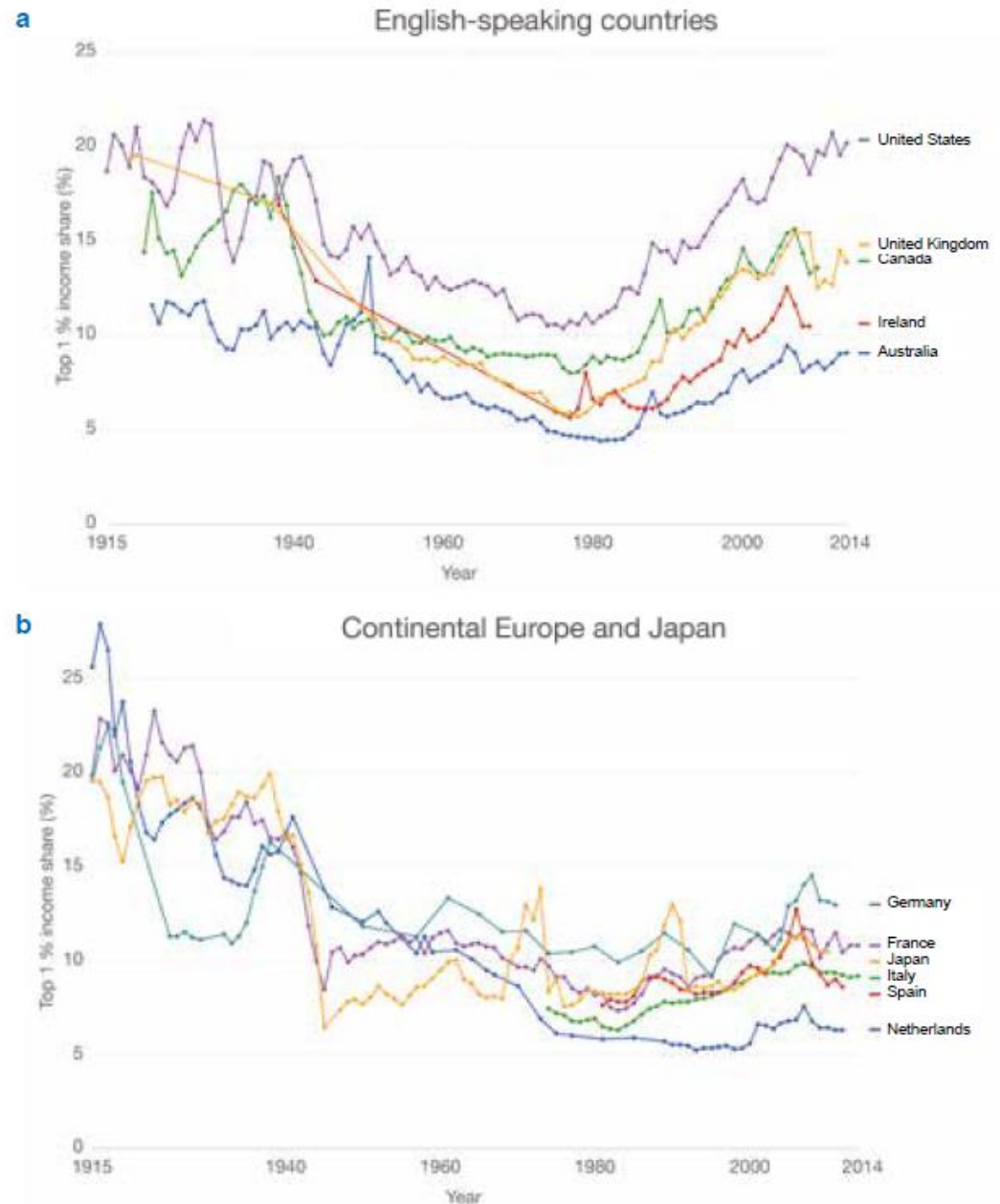
Fig. 9.6. Gini index of market and disposable income, where figures refer to equivalized household income. Most observations are from 2014, but if data from 2014 were not available earlier observations are shown (the earliest is 2011, for China, India, and the Russian Federation). Estimates for the Netherlands are provisional, according to the OECD. *, market income Gini index for China, Hungary, Mexico, and Turkey refers to income after taxes and before transfers. Source: OECD (2018).



Top income Share

- Top income share – why do we care about this?
- Limitation of Gini Coefficient
- Survey sampling issues
- Use of Administrative Tax Data

Fig. 9.7. Top 1% share of pre-tax income (all income received by individual owners of capital and labour, before tax/transfers but after pensions) in high-income countries for the period 1915–2014. The Italian series on top income share was extended to 2014 (provisional estimates) using adjusted council-level data on incomes reported in income tax returns, kindly provided by Demetrio Guzzanti. Source: WID (2018).



Top income share vs Gini Index

Fig. 9.8. Top 1% share of pre-tax income (defined as for Fig. 9.7) in BRICS countries for the period 1915-2015. BRICS, Brazil, the Russian Federation, India, China, and South Africa. Source: WID (2018).

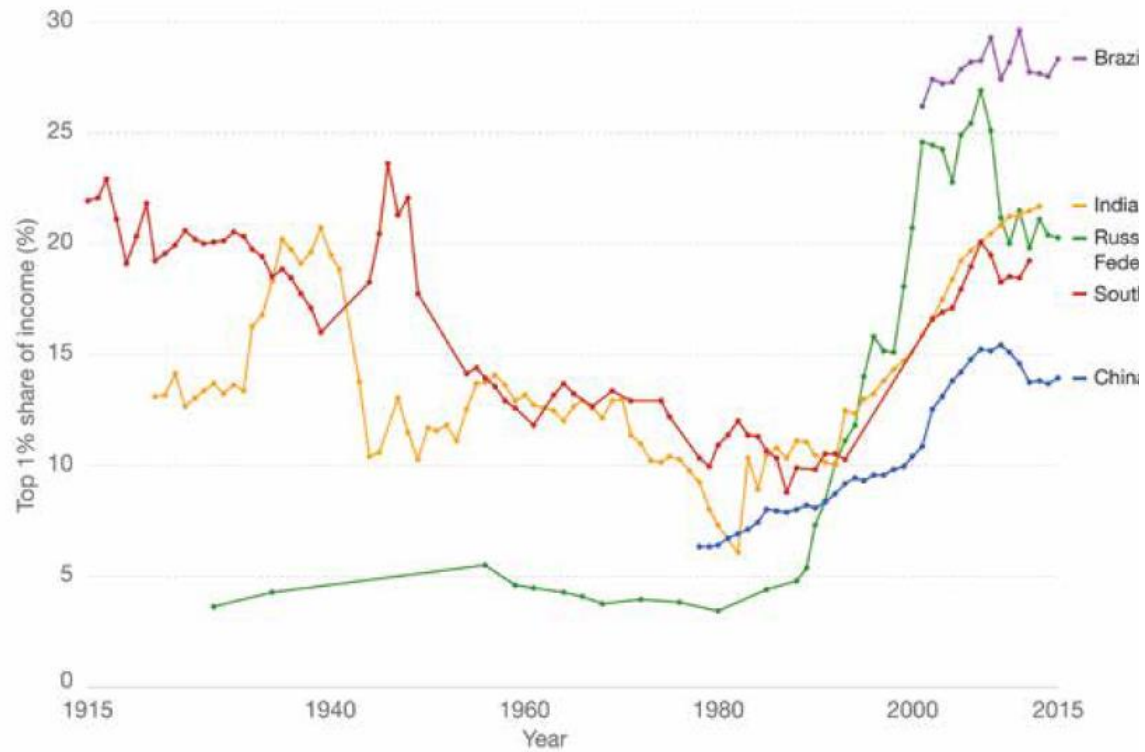
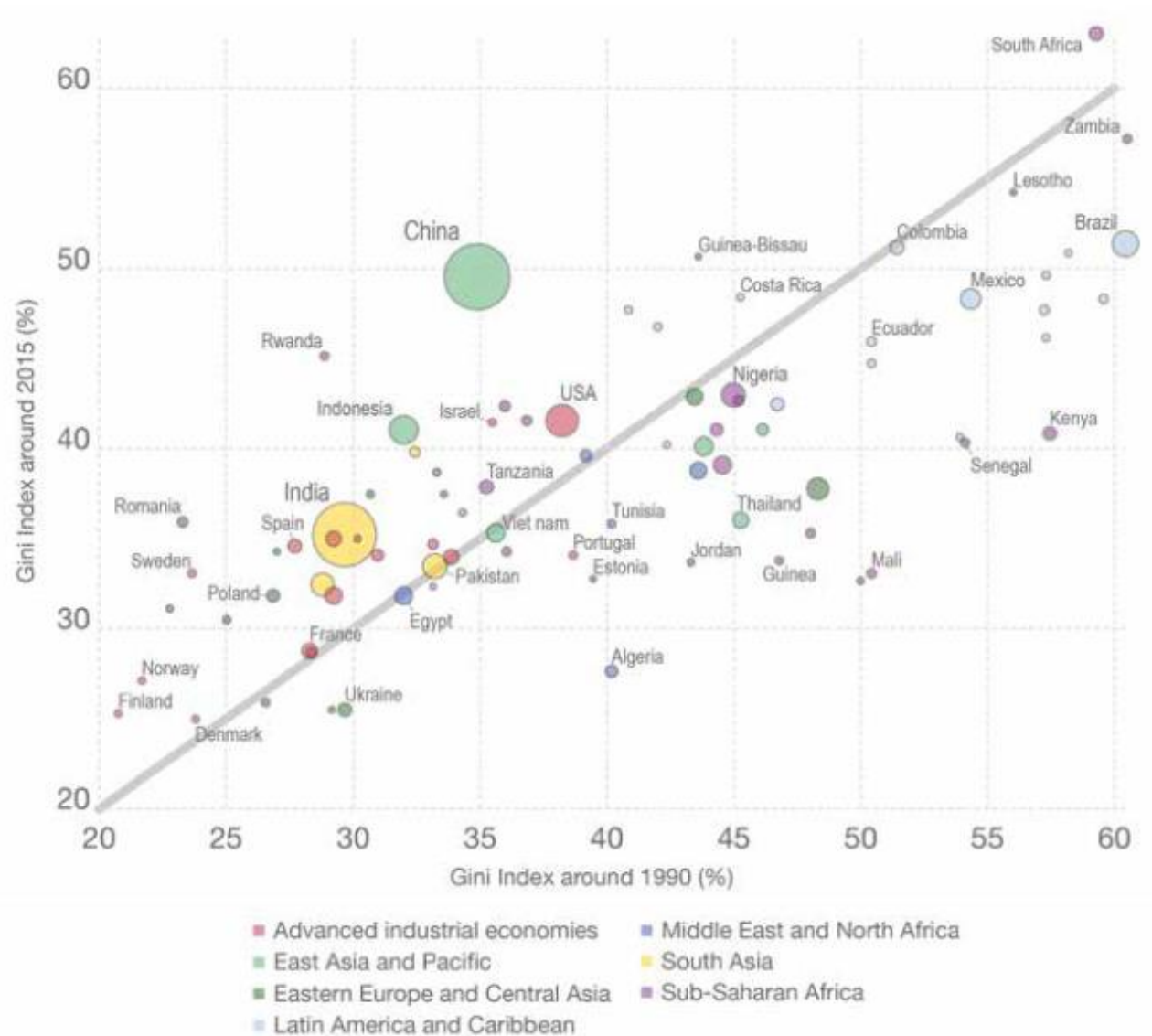


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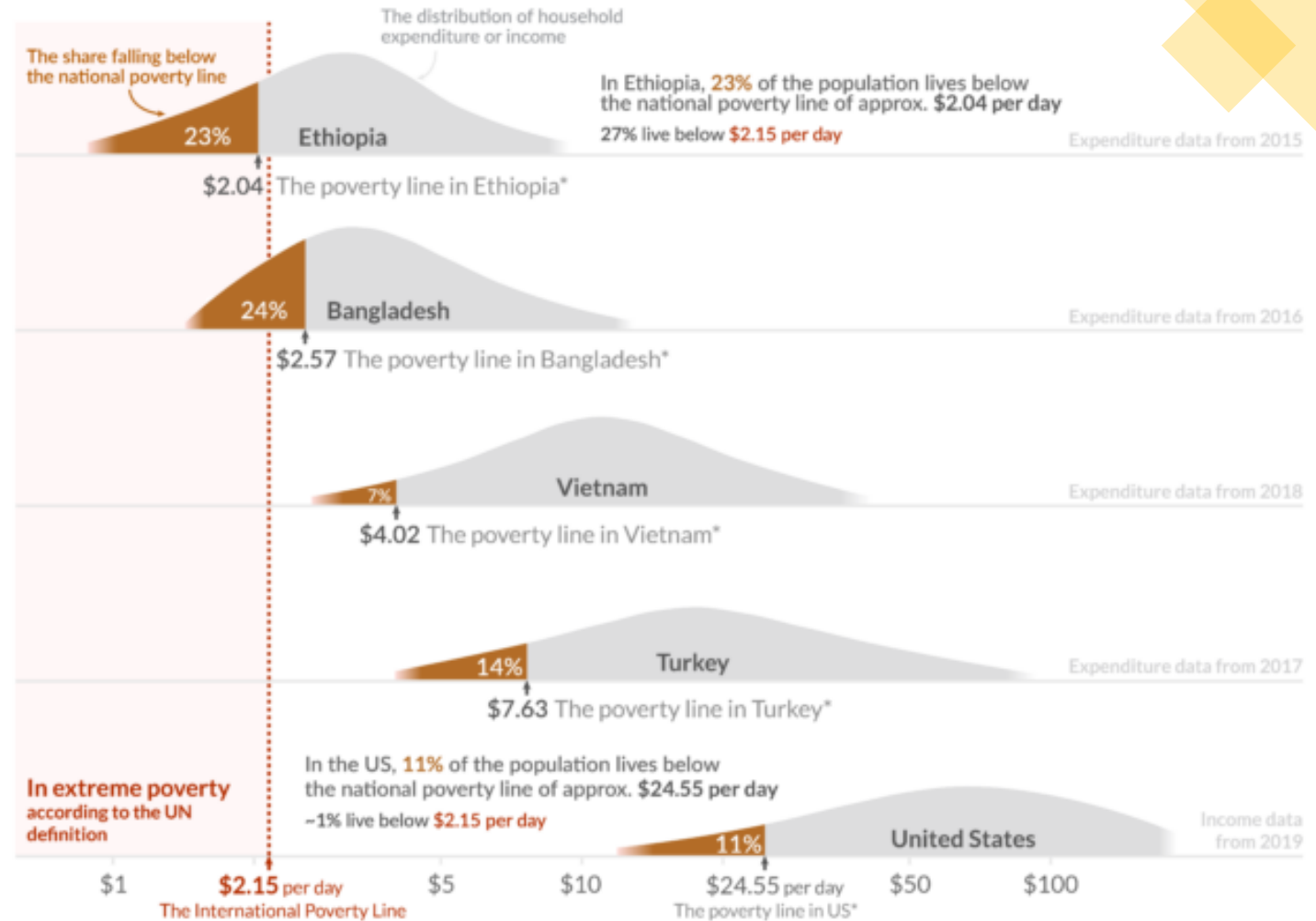
Poverty

- Absolute Poverty (National poverty lines)
- Relative poverty (50 or 60% of median equivalised HH income)

National poverty lines, poverty rates & incomes in five countries

Our World in Data

All figures are adjusted to account for differences in the cost of living across countries.



Note: All figures are expressed in 2017 international-\$. The tails of the distribution are not shown since they tend to be poorly captured by household surveys on which this data is based.

*Poverty lines are approximations of national definitions, harmonized to allow comparisons across countries. All poverty lines are from Jolliffe et al. (2022), except for US - which we calculate from the value that in the World Bank's poverty data yields the same rate as the official US Census Bureau poverty rate in 2019.

Source: Jolliffe et al. (2022); US Census Bureau; World Bank Poverty and Inequality Platform.

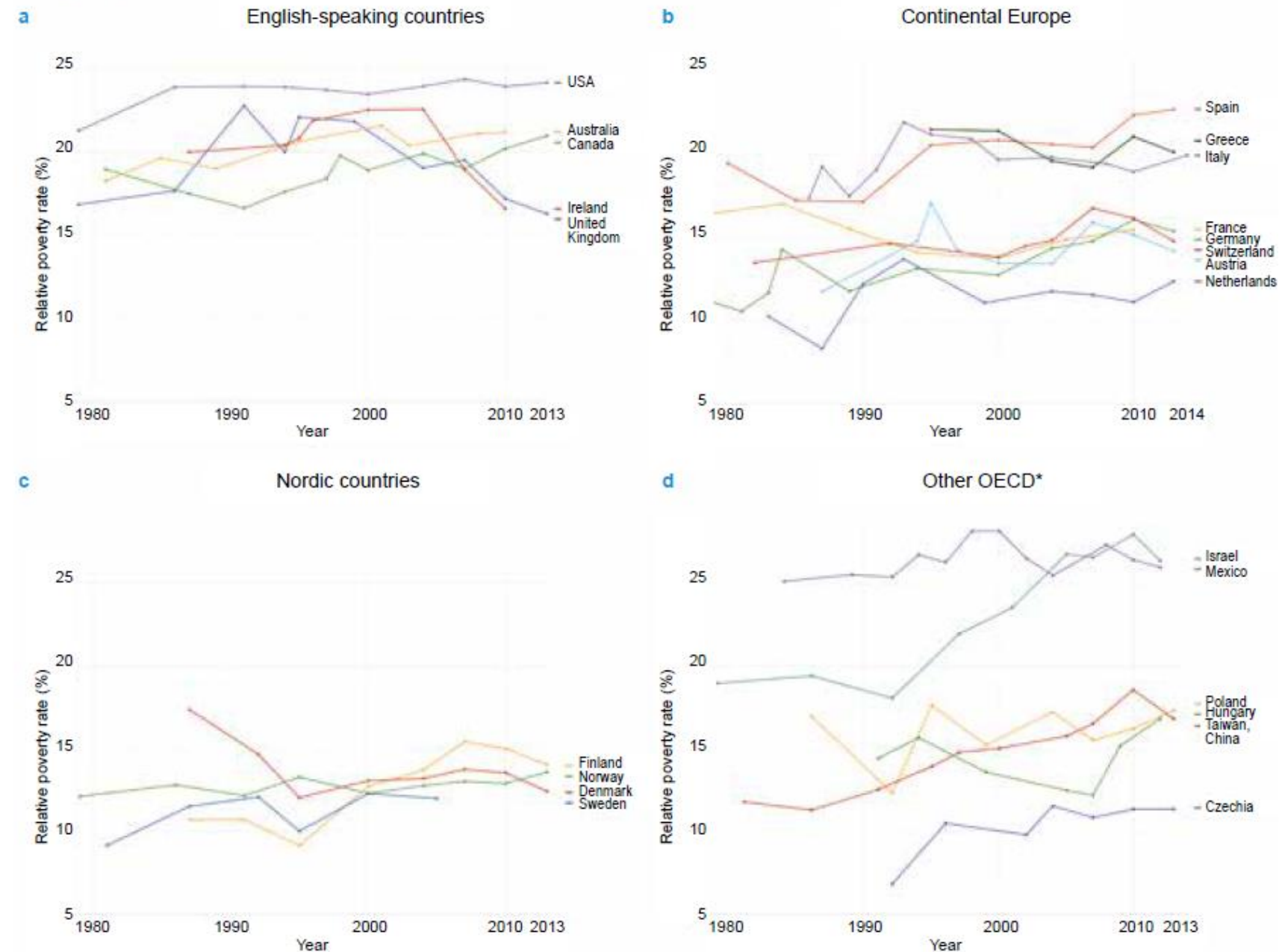
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Poverty Trends

- Relative Poverty
- LIS: Luxembourg Income Study (compiles HH surveys worldwide)
- Historical series before 1990s rare
- Long-term fluctuation, but rise in some countries

Fig. 9.10. Relative poverty rates (< 60% of the median) for the period 1978–2014. *, including Taiwan, China. Source: LIS (2018).





The Chartbook of Economic Inequality

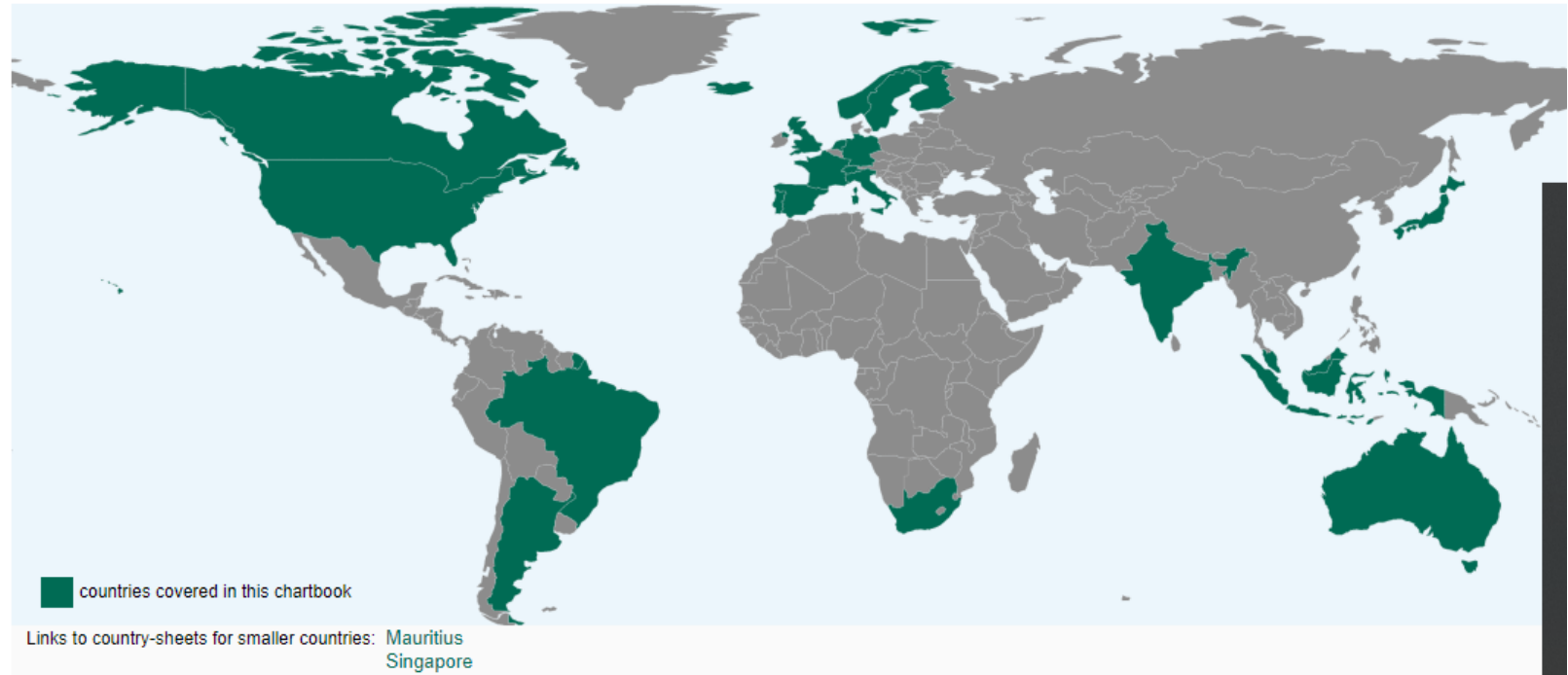
- Earnings Dispersion
- Overall Income Inequality
- Poverty
- Top Income Shares
- Wealth Inequality

This Chartbook presents the empirical evidence about long-run changes in economic inequality. The chartbook covers 25 countries – often over the course of more than one hundred years. For each country a chart shows how different dimensions of economic inequality have changed over time. A detailed description of the data sources is given for each country.

- Download the entire Chartbook of Economic Inequality as a .pdf book
- Download the entire database (including original sources and descriptions) as an Excel file
- Download the entire database in a format readily usable for statistical software

Share this:    

Click on a country to see how economic inequality has changed over the long run:



The chartbook covers the following 25 countries:

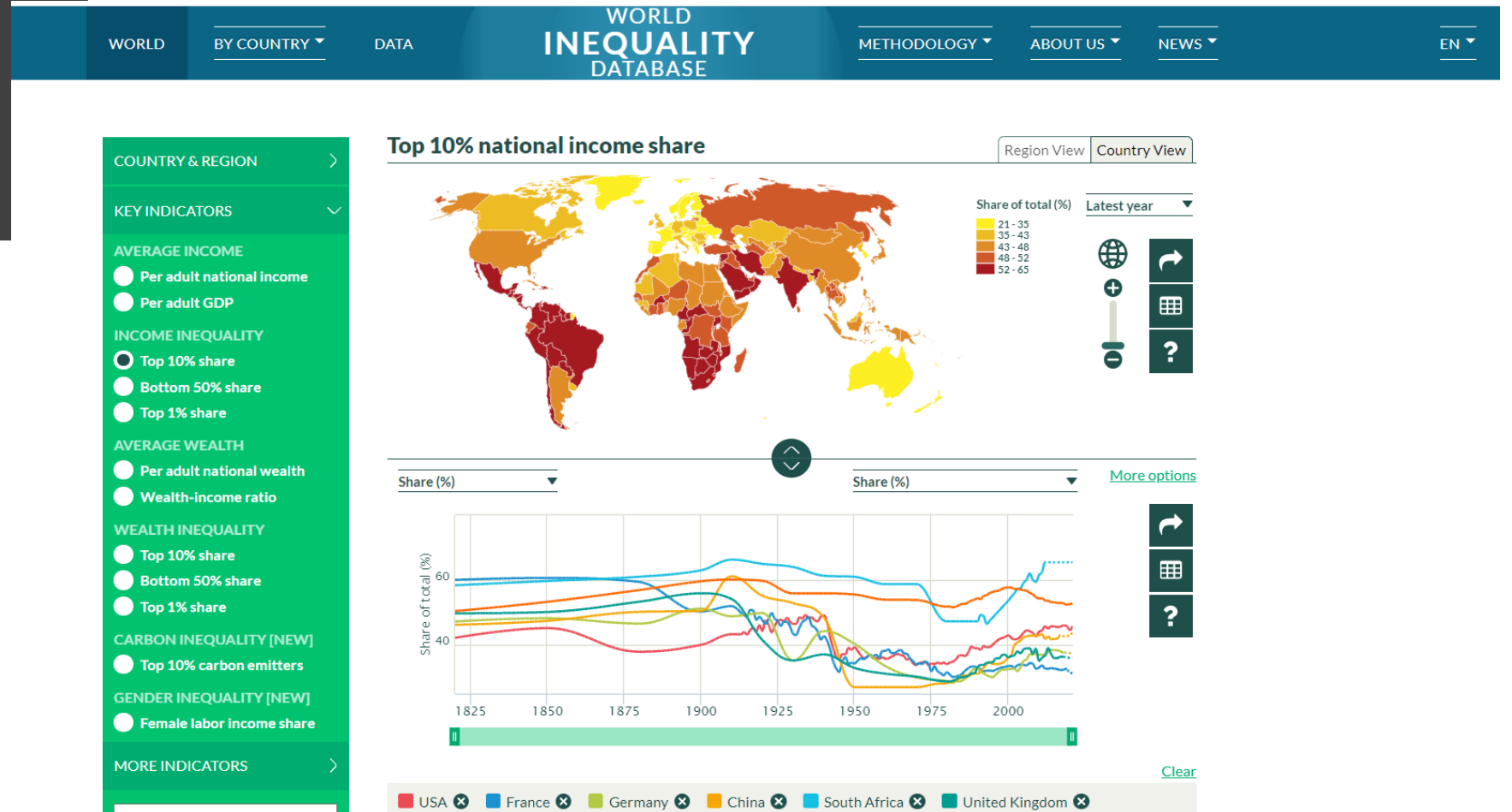
Chartbook

[The Chartbook of Economic Inequality – Data on Economic Inequality over the long-run](https://www.chartbookofeconomicinequality.com/)

<https://www.chartbookofeconomicinequality.com/>

World Inequality Database

- <https://wid.world/>
- Top income/wealth data based on National Accounts, Tax/Fiscal Data



4. Small group work (20 min) after short break 5min

The screenshot shows the homepage of the website 'Our World in Data'. The browser address bar displays 'https://ourworldindata.org'. The website header includes the logo 'Our World in Data', a search bar, and navigation links for 'Articles by topic', 'Latest', 'About', and 'Donate'. There are also logos for 'OXFORD MARTIN SCHOOL', 'UNIVERSITY OF OXFORD', and 'GC DL'. A yellow banner across the top of the main content area reads 'Updated daily' and 'View our work on COVID-19 vaccinations'. The main content area features a dark blue background with a world map and the text 'Research and data to make progress against the world's largest problems'. A yellow-bordered button with a dropdown arrow says 'Scroll to all our articles'. Below this, it states '3192 charts across 297 topics' and 'All free: open access and open source'. At the bottom, there are two sections: 'TRUSTED IN RESEARCH AND MEDIA' with logos for Science, nature, PNAS, Royal Statistical Society, BBC, The New York Times, CNN, FT, theguardian, THE WALL STREET JOURNAL, CNBC, The Washington Post, and Vox; and 'USED IN TEACHING' with logos for Harvard University, Stanford, Berkeley, University of Cambridge, University of Oxford, and MIT.

Group task (20 min.) & class discussion

- Please work together in small groups (3-5 students)
- Explore [Our World in Data](https://ourworldindata.org/) (OWID) <https://ourworldindata.org/>
- Who provides this data collection and what does open access mean?
- Which scope in terms of topics & reach does OWID have?
- Do select an indicator of interest and produce a map (save it)
- Do select also a time-series indicator & plot 4-5 countries to compare
- We will discuss your experience and some examples later in class