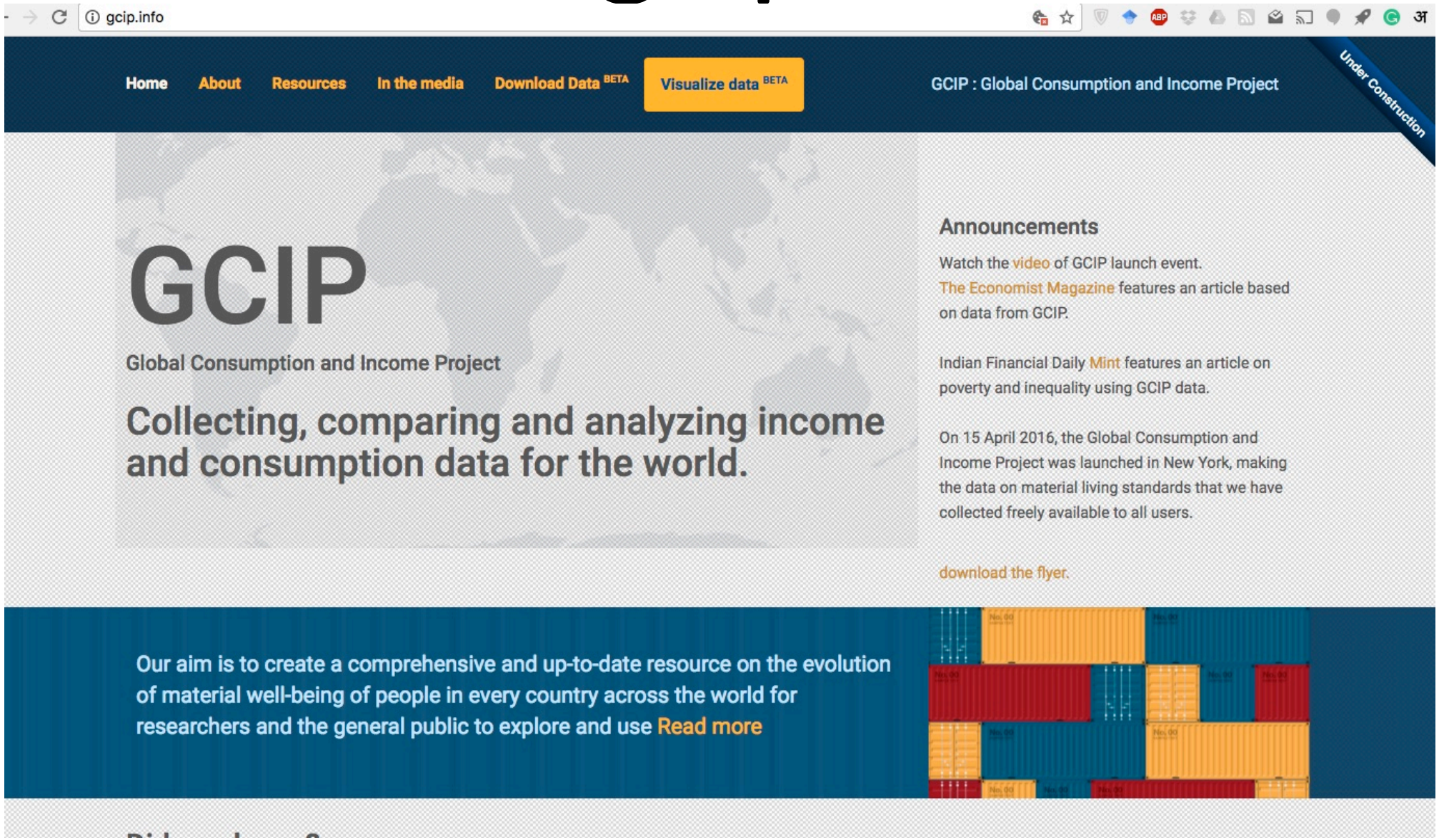
Who Gets What in the World?

Indian Statistical Institute, Bangalore

January 18th, 2018

www.gcip.info



DESCRIPTIVE STATISTICS ON GCIP

- (Not updated to reflect latest edition, being used in internal analyses but yet to be released)

	1960-69	1970-79	1980-89	1990-99	2000-09	2010-13	Total
Number of Surveys	79	82	288	496	716	285	1946
Number of Countries	44	44	98	133	151	111	161
% Consumption Surveys	14	12	24	48	54	41	43
% Surveys Covering all Areas in the Country	95	94	93	96	98	98	96
% Surveys with Mean Levels Information	41	49	65	90	96	100	86
Source of Surveys (%)							
EU-SILC	0	0	0	0	0	10	1
LIS	3	15	13	13	13	18	13
Povcalnet	0	0	15	35	61	59	42
Direct from Statistical Offices	0	0	0	0	0.4	0	0.1
SEDLAC	0	1	6	15	17	11	13
WYD	0	0	1	2	1	0	1
WIID	97	84	65	34	8	3	29
Regions (%)							
East Asia & Pacific	5	13	12	10	9	8	10
Europe & Central Asia	38	44	53	40	52	57	49
Latin America & Caribbean	23	20	19	28	22	20	23
Middle East & North Africa	5	6	3	4	3	2	3
North America	0	5	1	1	1	1	1
South Asia	19	7	4	3	3	2	4
Sub-Saharan Africa	10	5	8	14	11	9	11
Income Group (%)							
Low income	9	5	4	8	15	13	8
Lower middle income	31	16	23	23	13	7	22
Upper middle income	39	44	44	36	37	53	40
High income	21	34	28	33	35	27	30

Study:

- Living Standards
- Growth
- Inclusivity
- Poverty
- Inequality

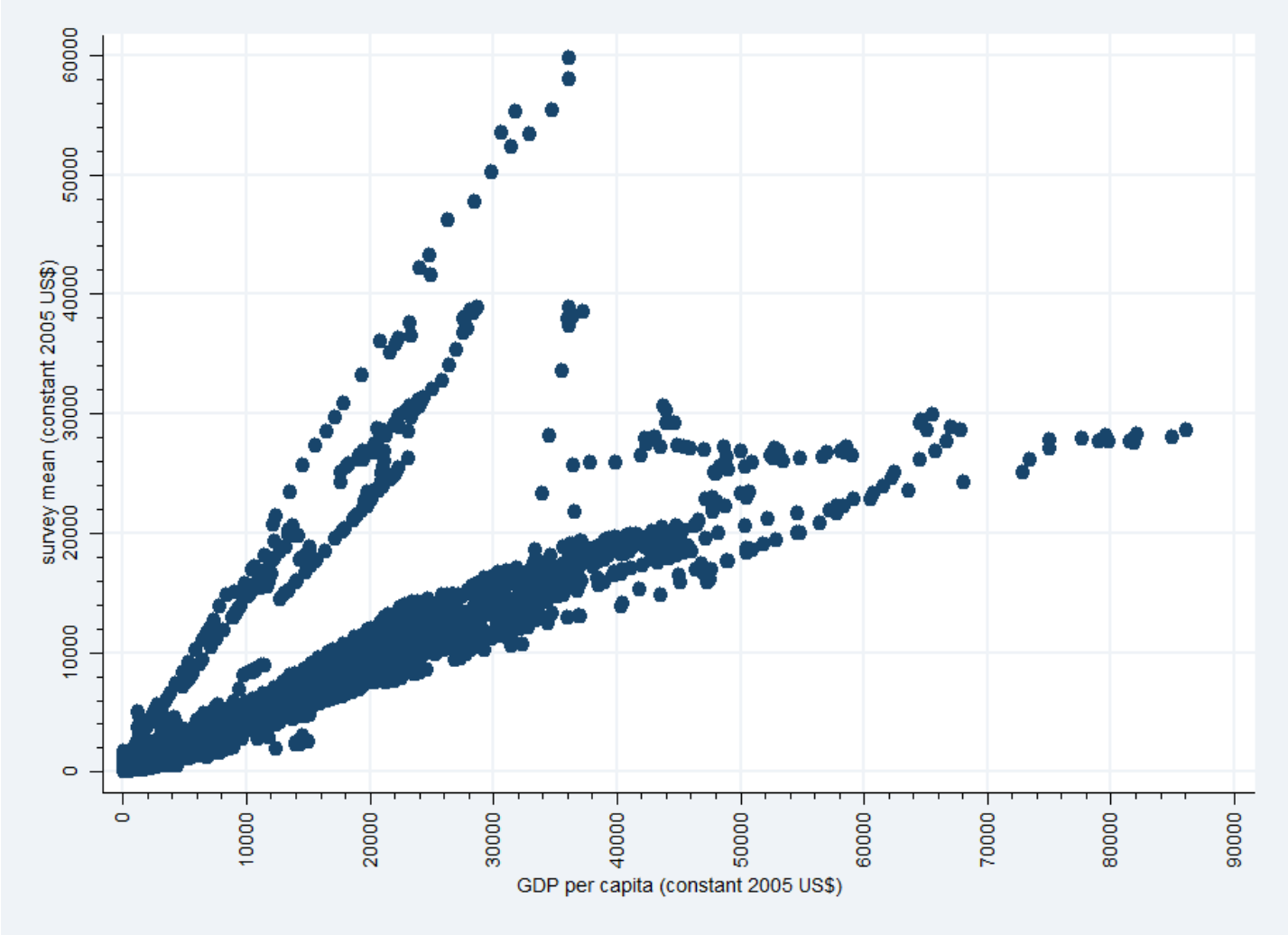
Caution regarding data

Just one example: Surveys vs. GDP per capita.

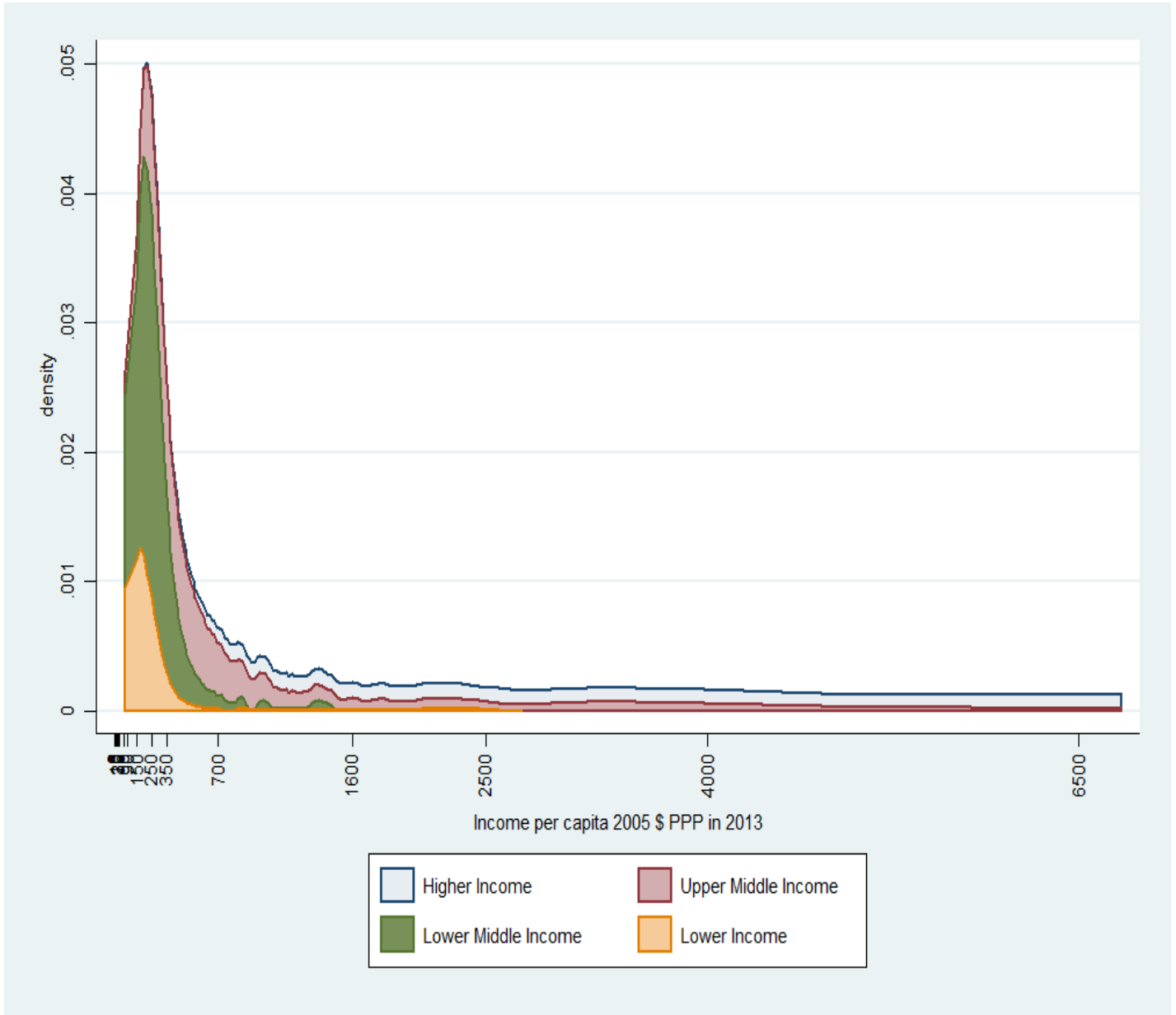
Other discrepancies:

- Variations in survey concepts (household definitions, pre- and post-tax, etc.)
- administrative source data (e.g. tax records) vs. surveys
- Private vs. public databases
- Income vs. wealth
- Income vs. non-income measures of social (dis-)advantage

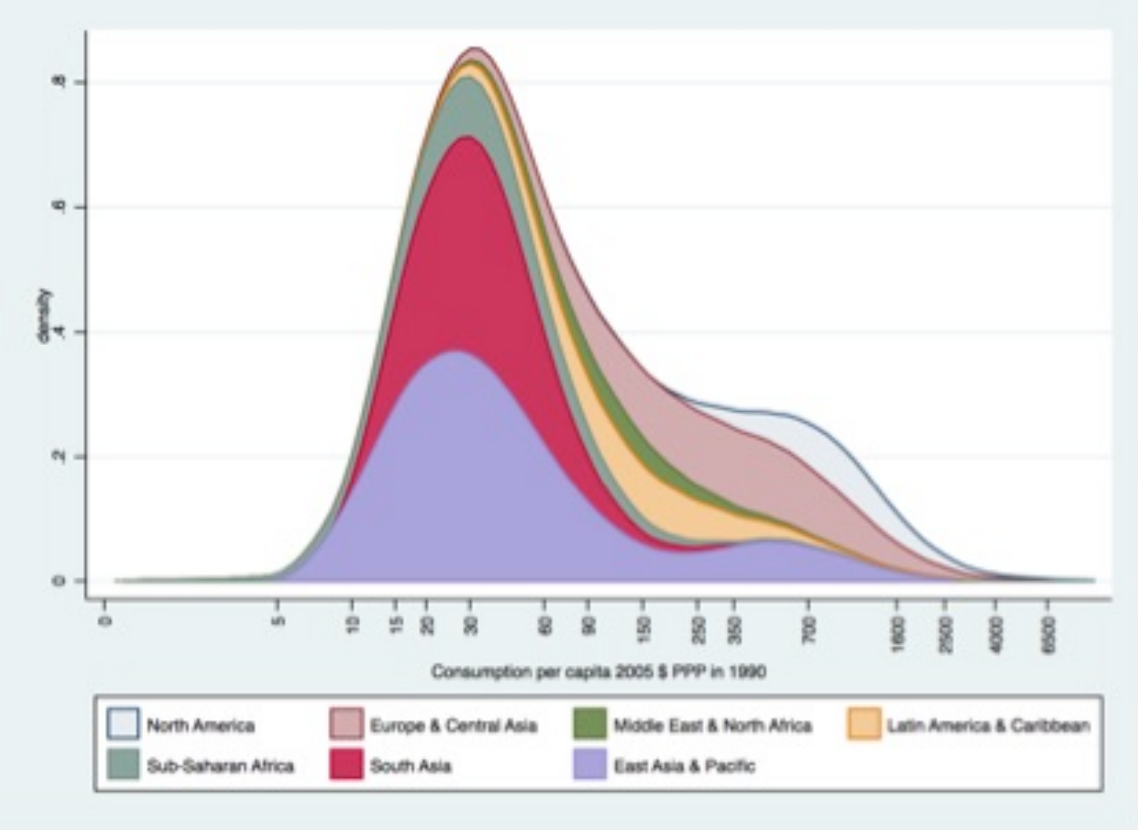
Survey Means vs. National Account Means

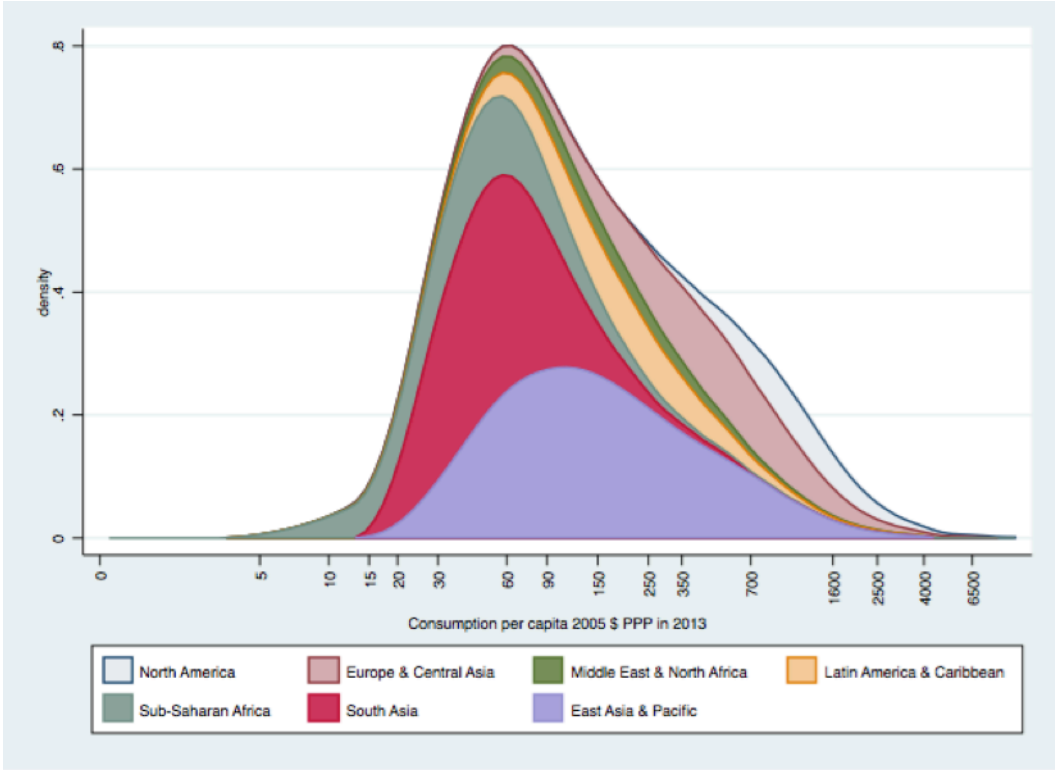


The Global Distribution: 2013

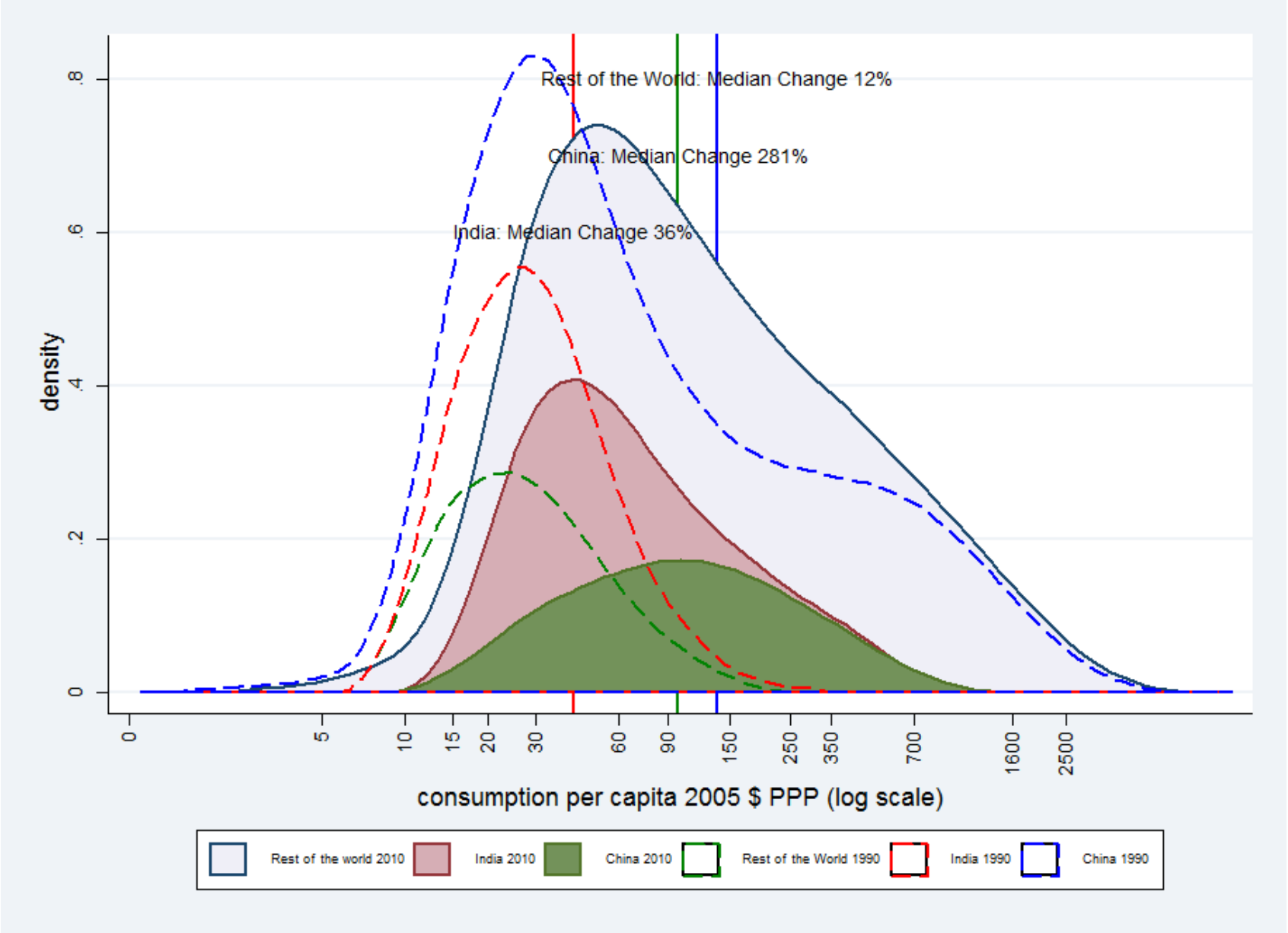


Changing Global Distribution: World Regions

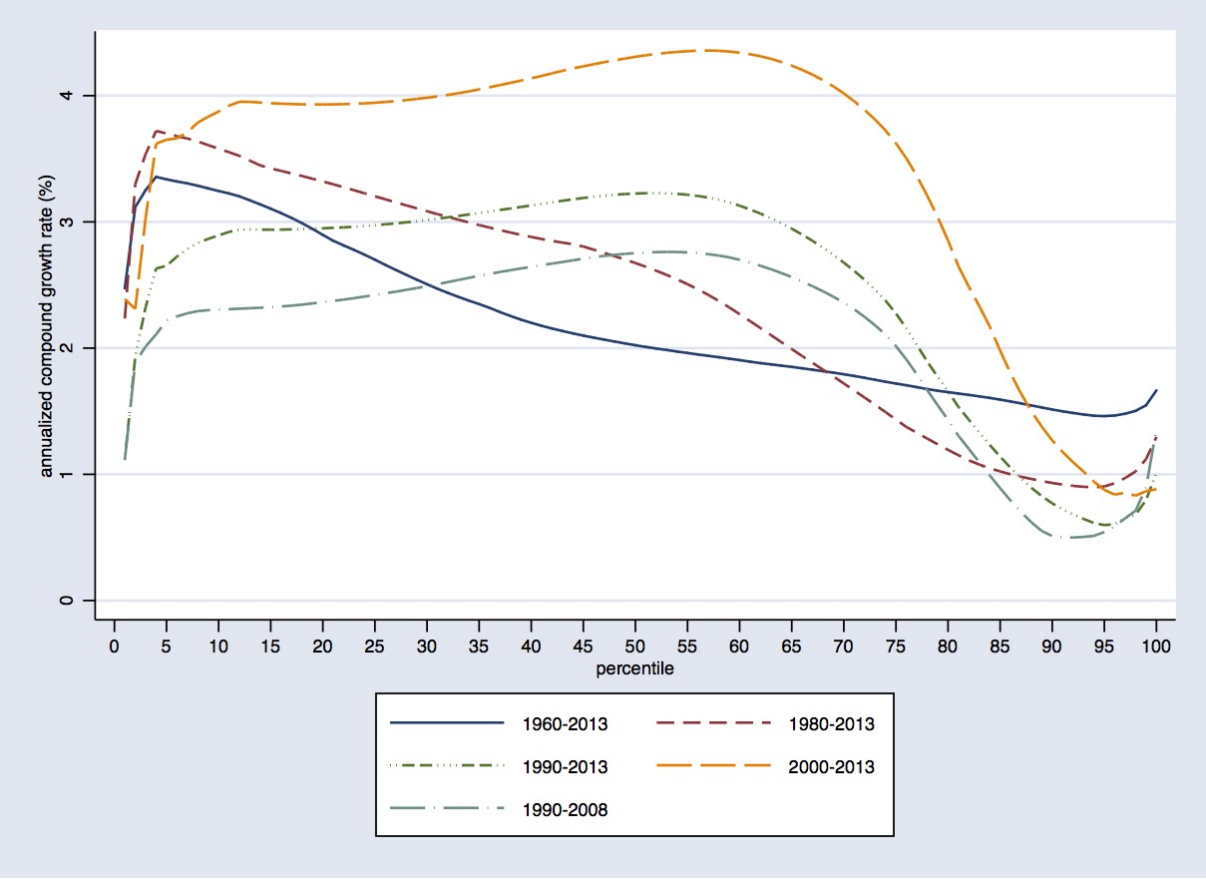


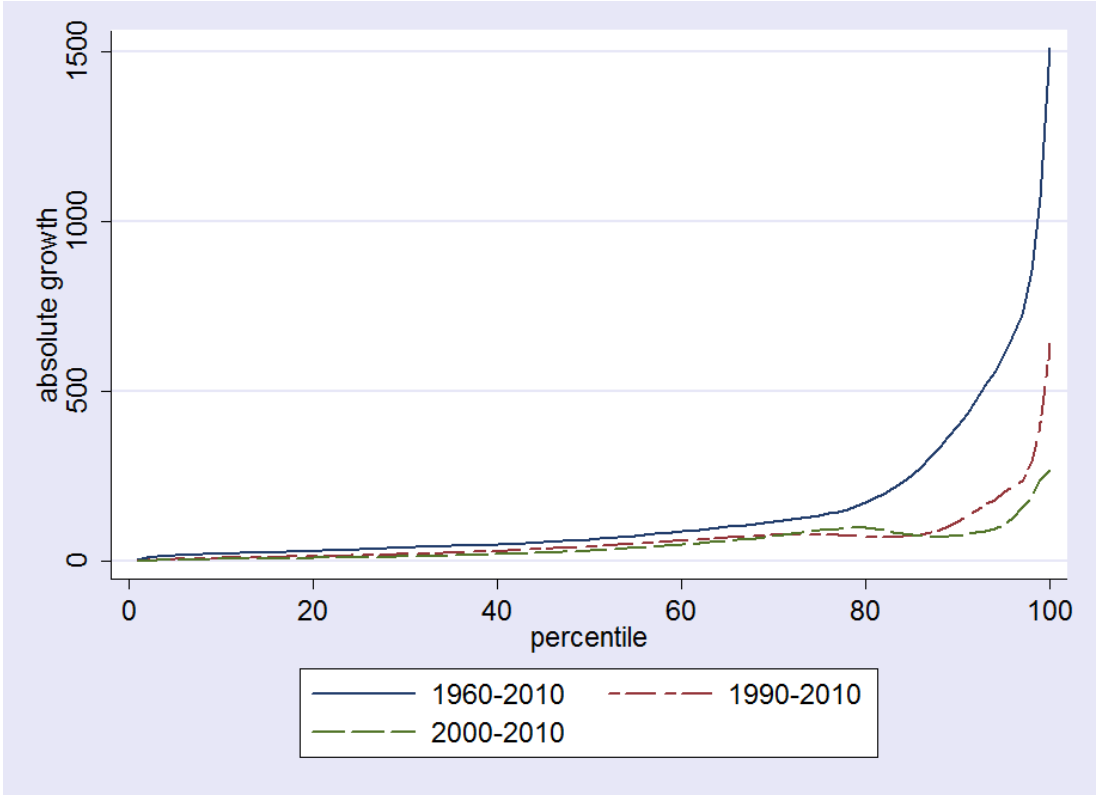


Changing Global Consumption Distribution – China, India, RoW

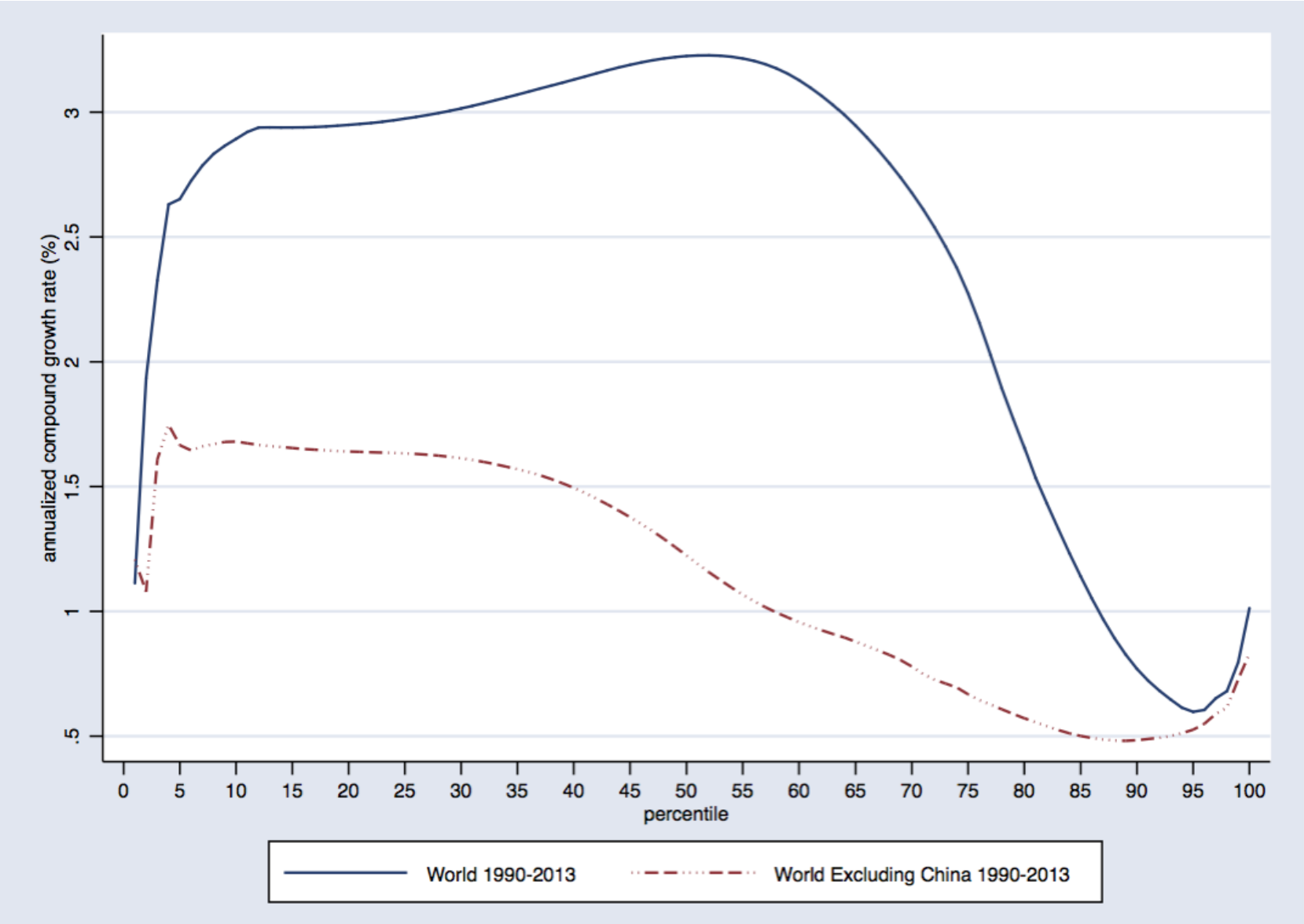


Global Consumption Growth Incidence Curves: Relative and Absolute

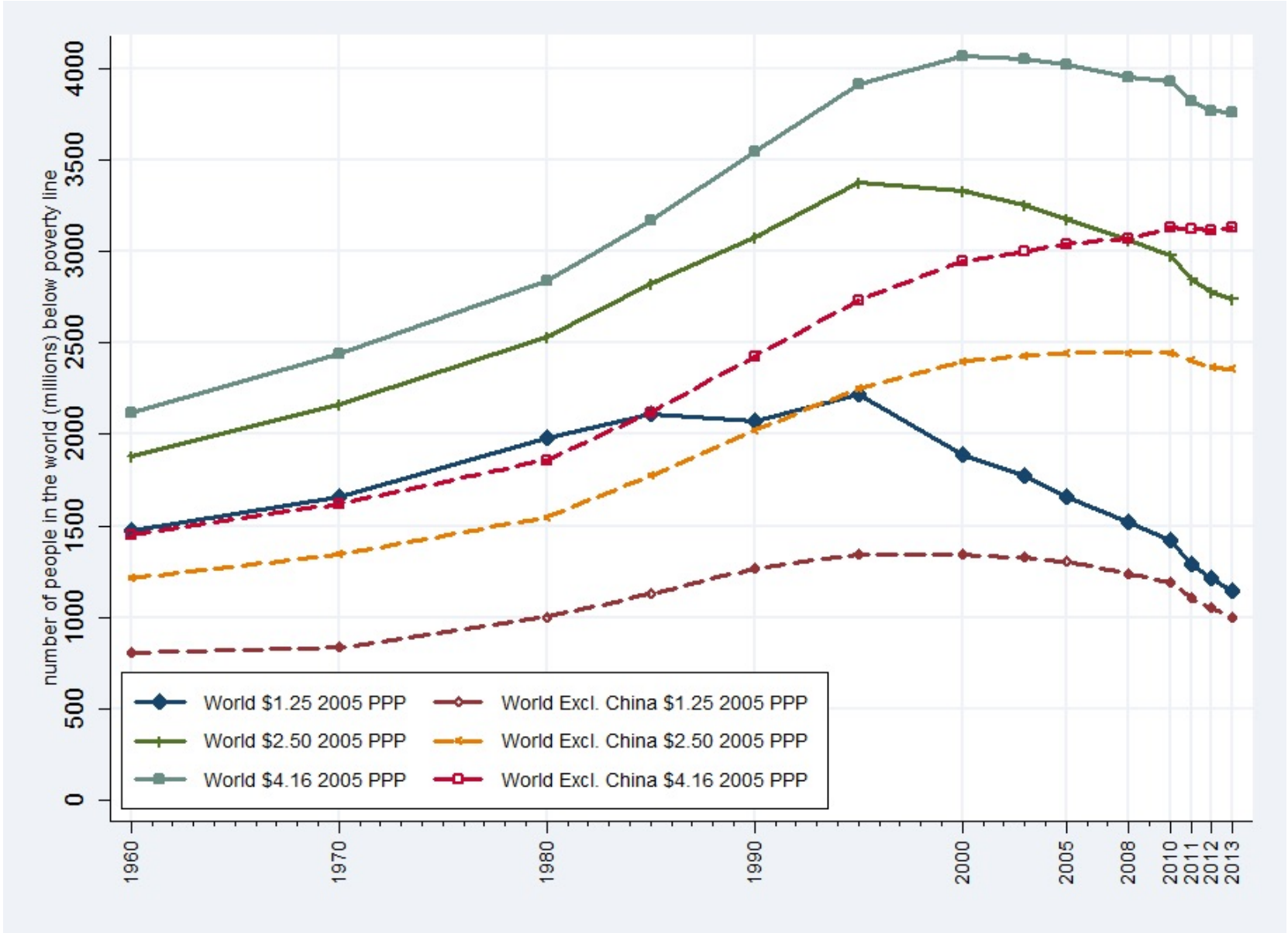




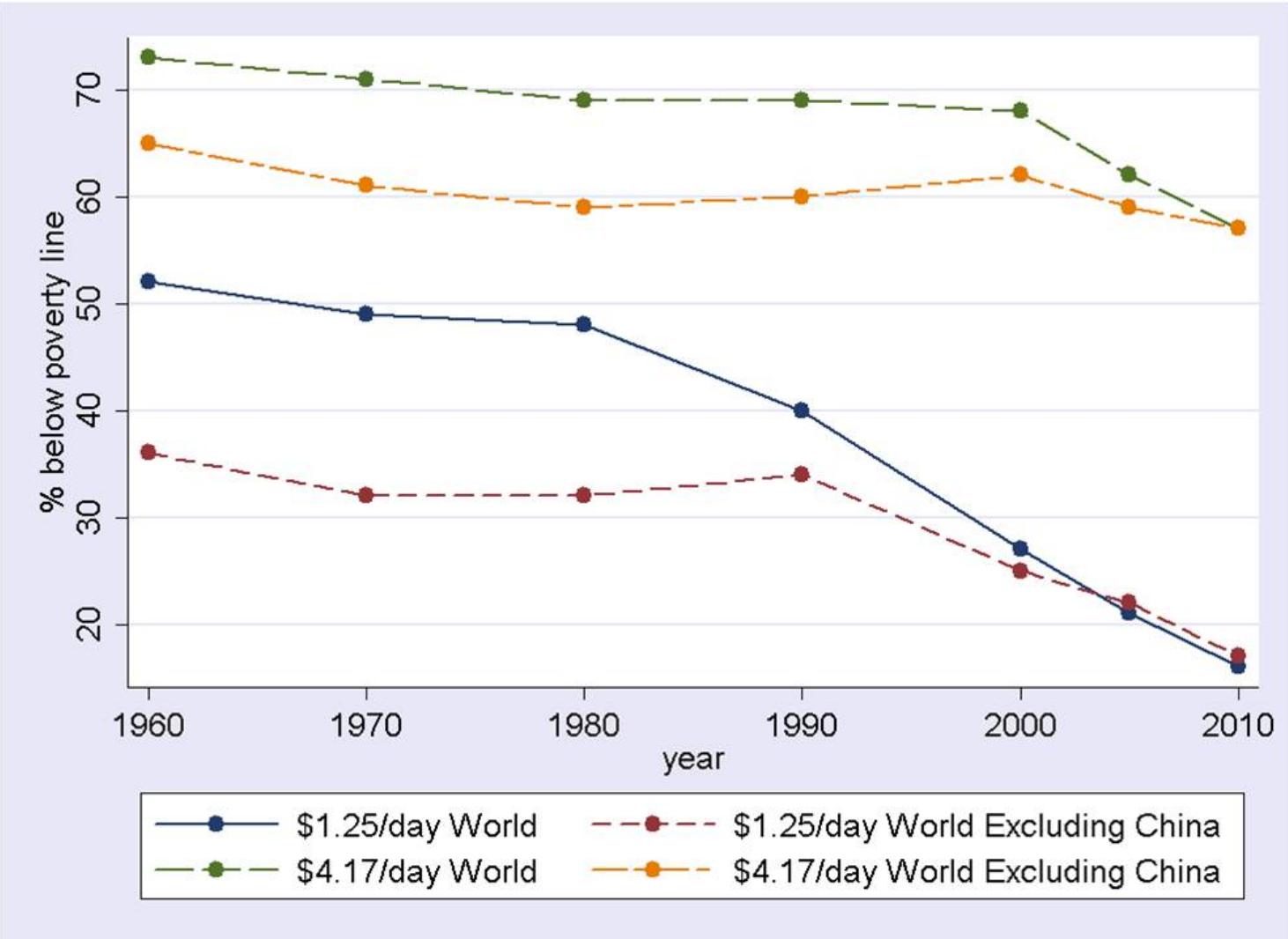
Global Consumption Growth Incidence Curves (1990-2013): Impact of China



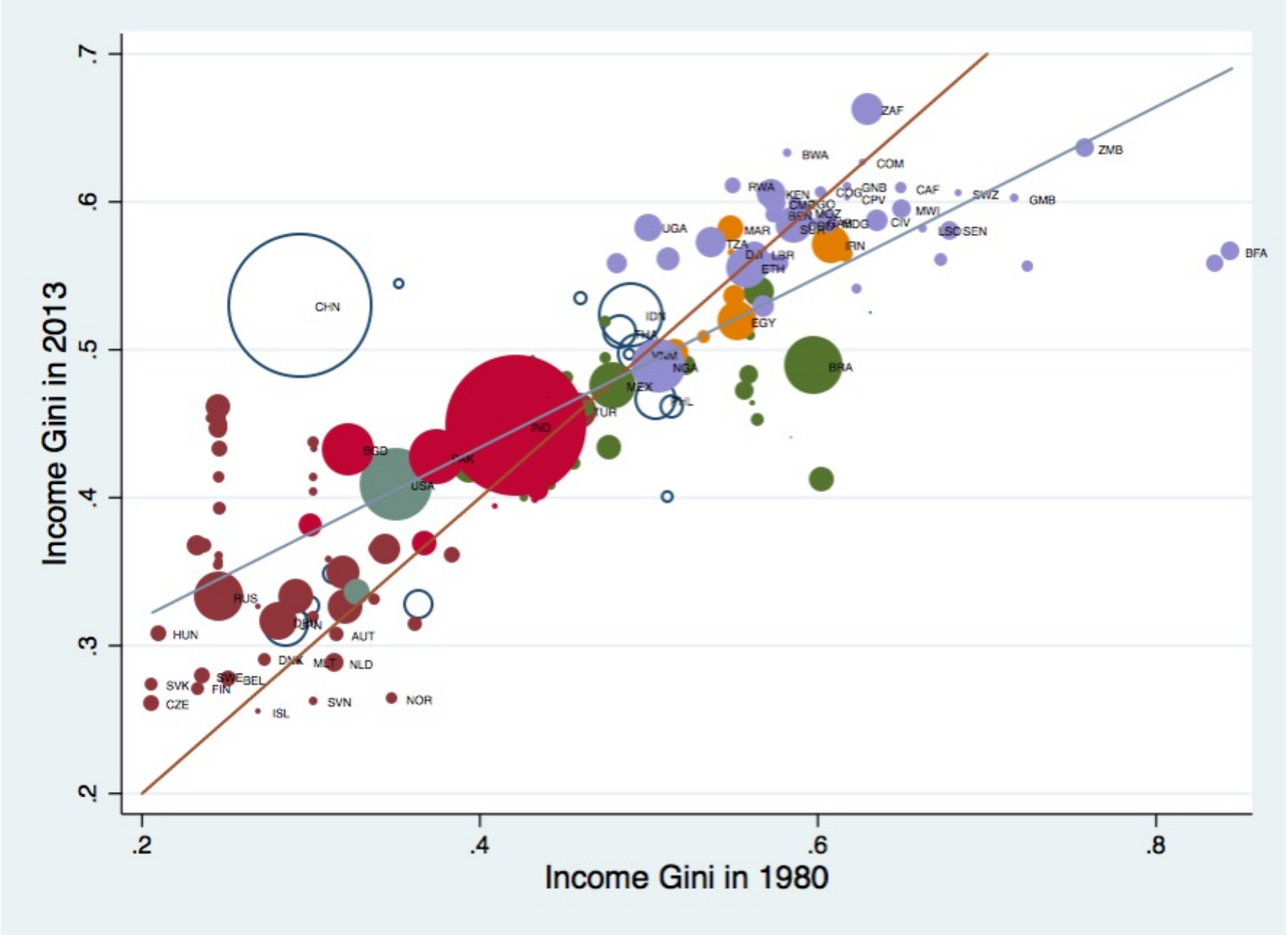
Global Poverty Headcount



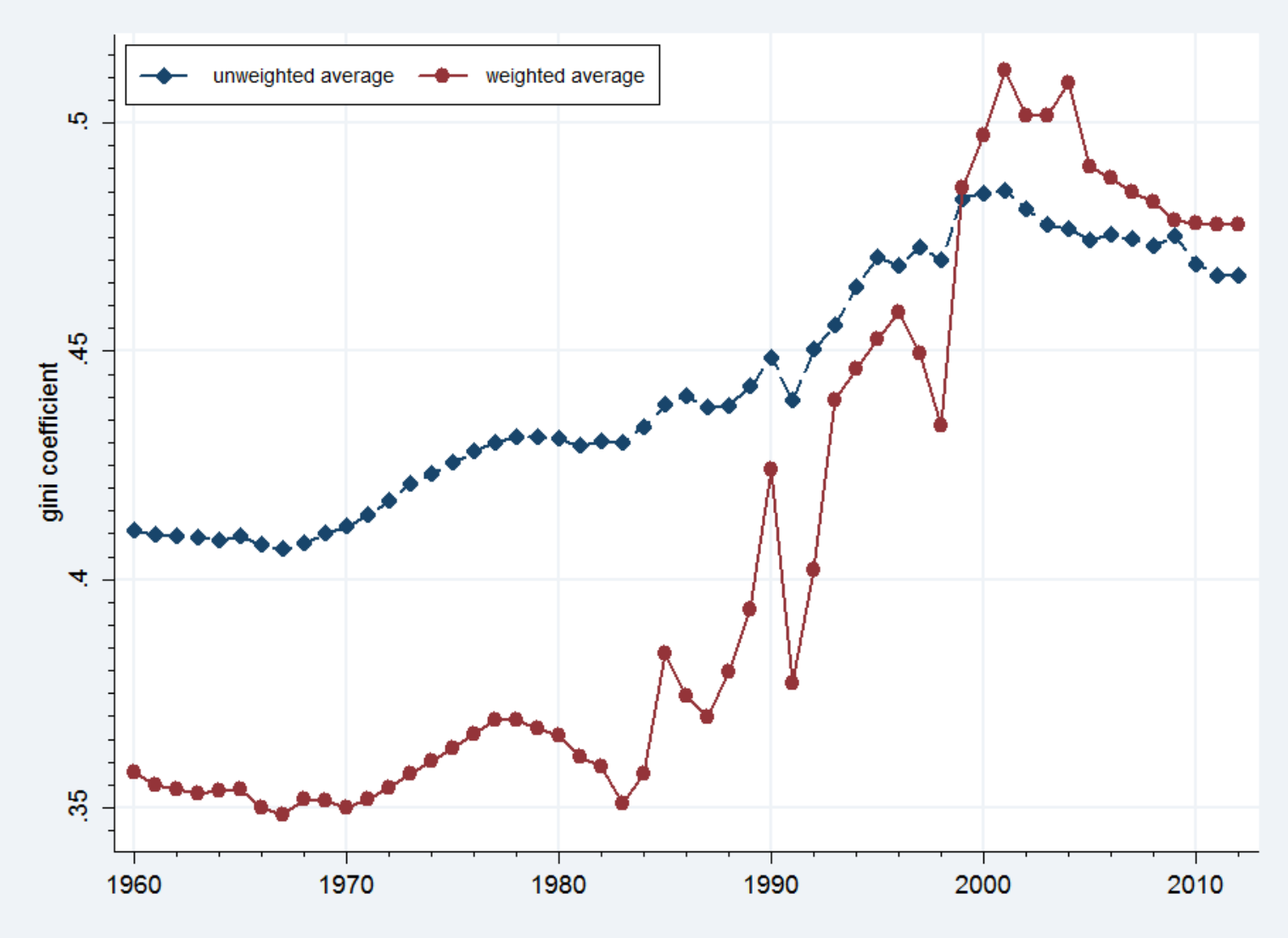
Global Poverty Headcount Ratio



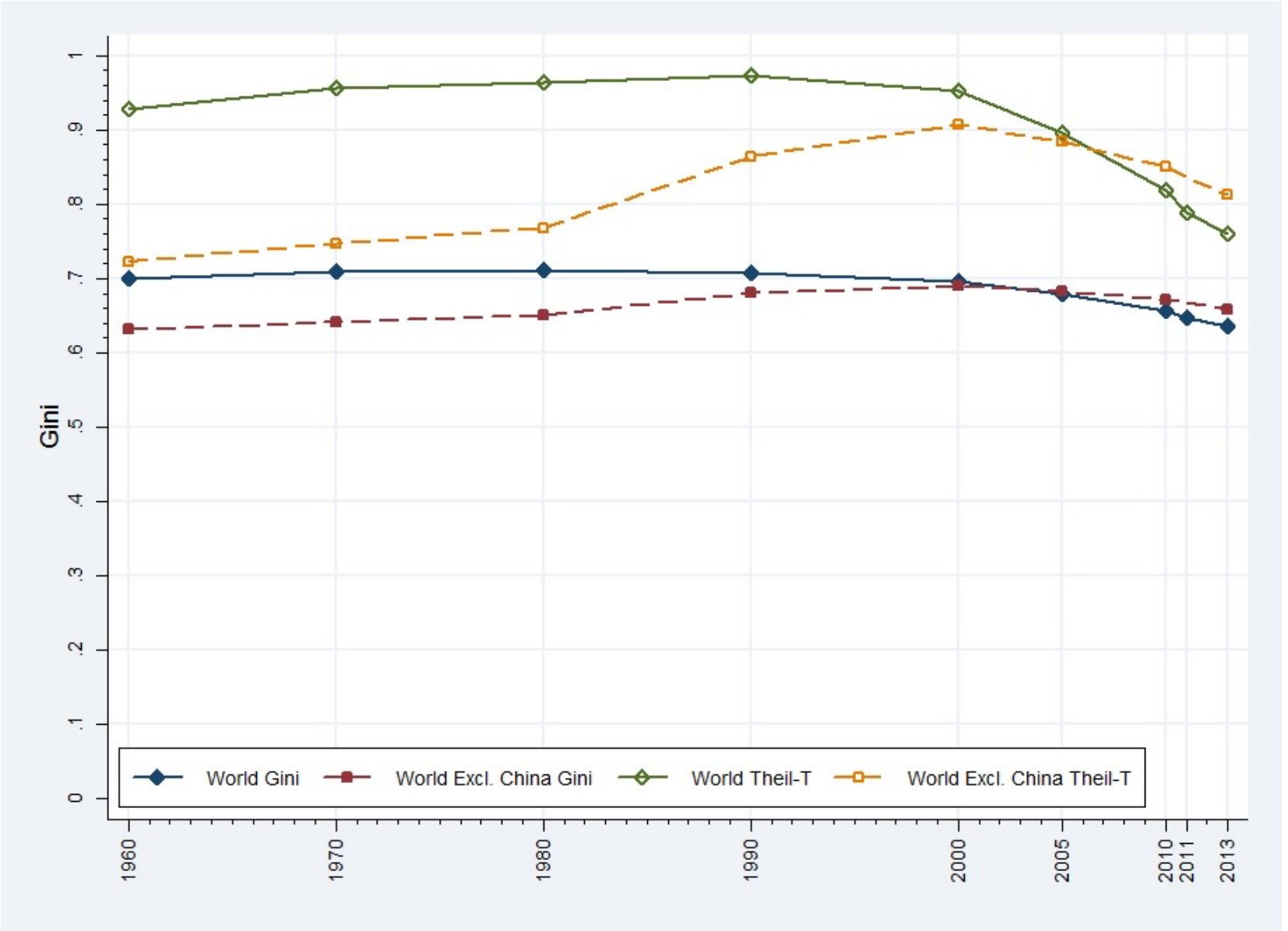
Within Country Income Inequality



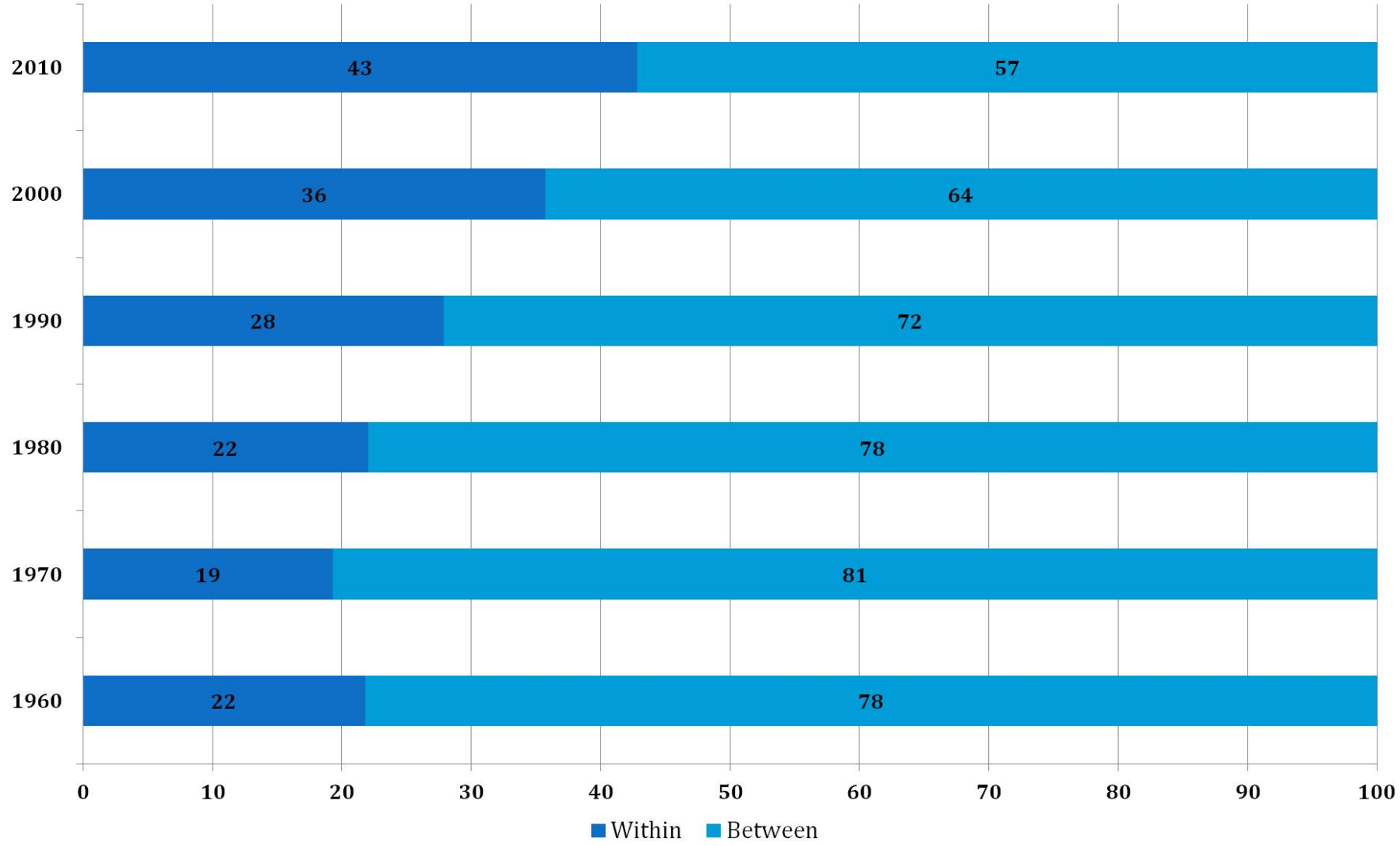
Average within-country inequality



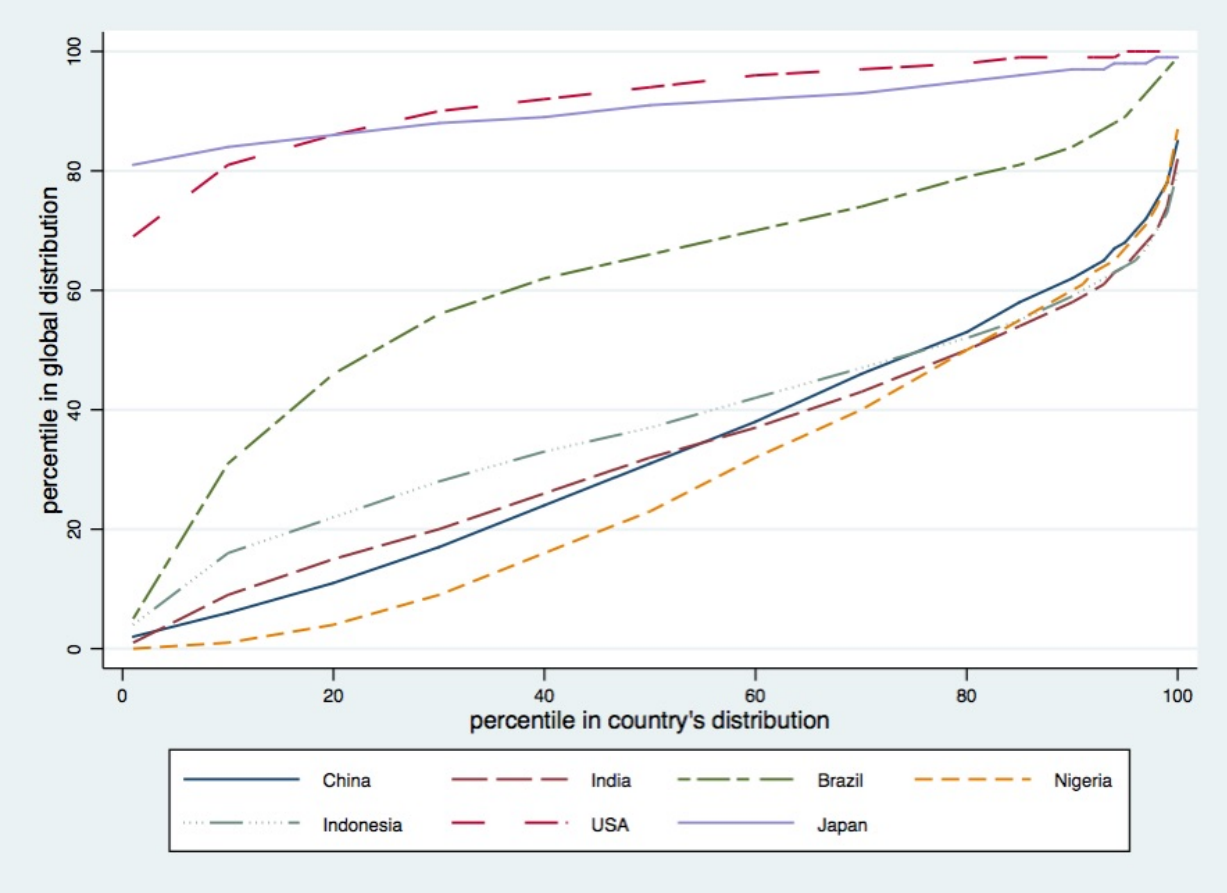
Trends in Global Inequality



Decomposition of Global Income Inequality

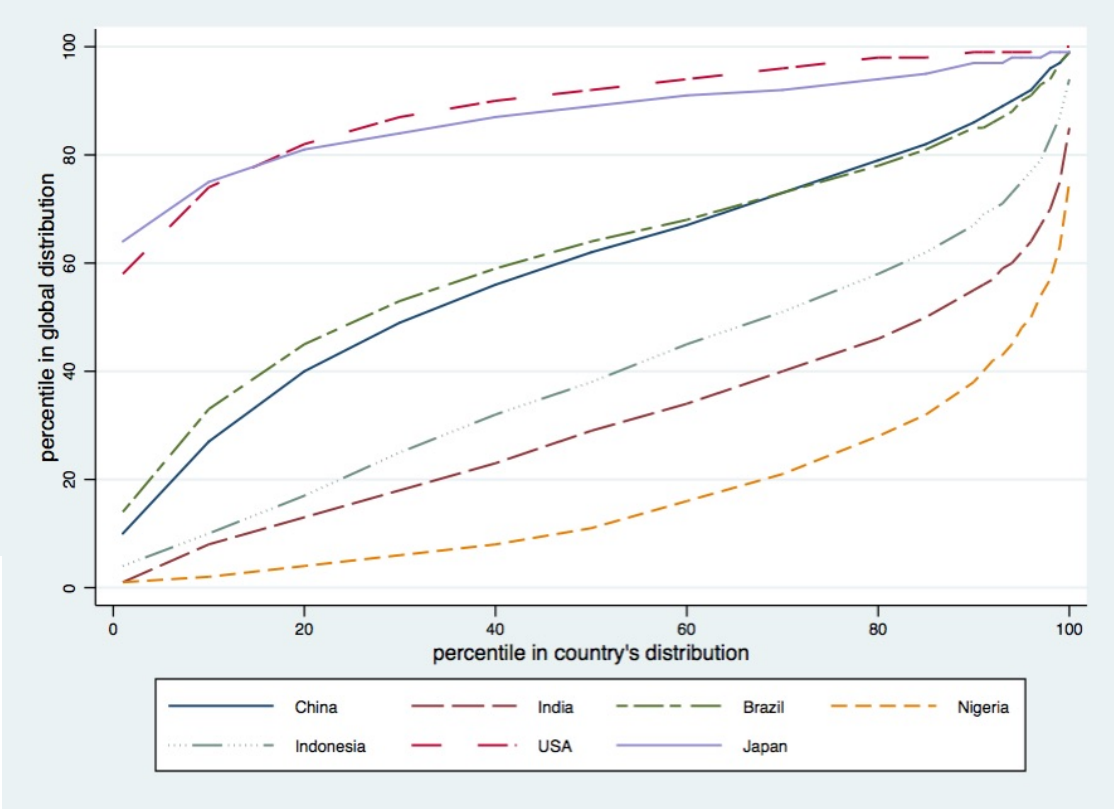


Relative Position of Countries (Income)

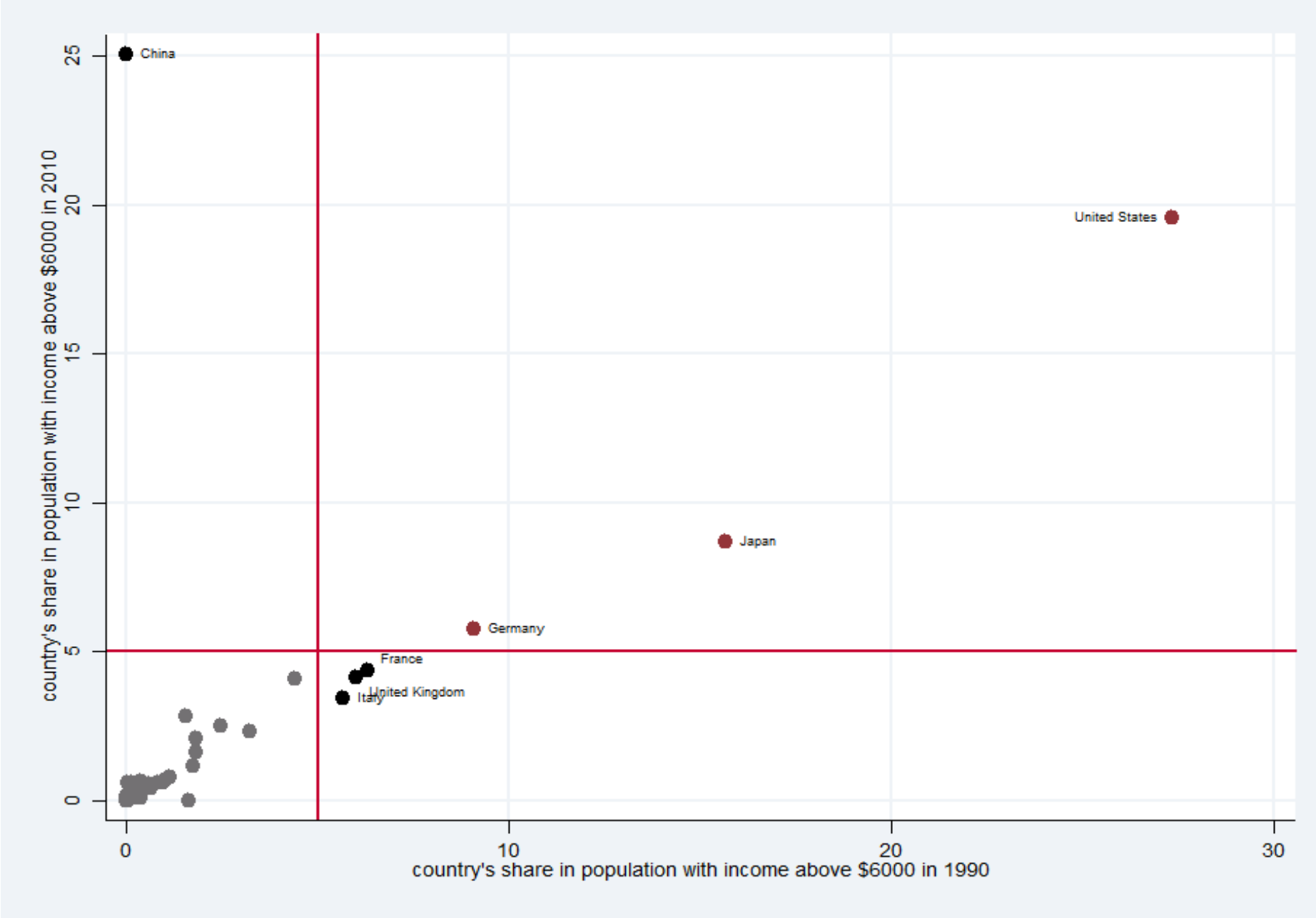


1990

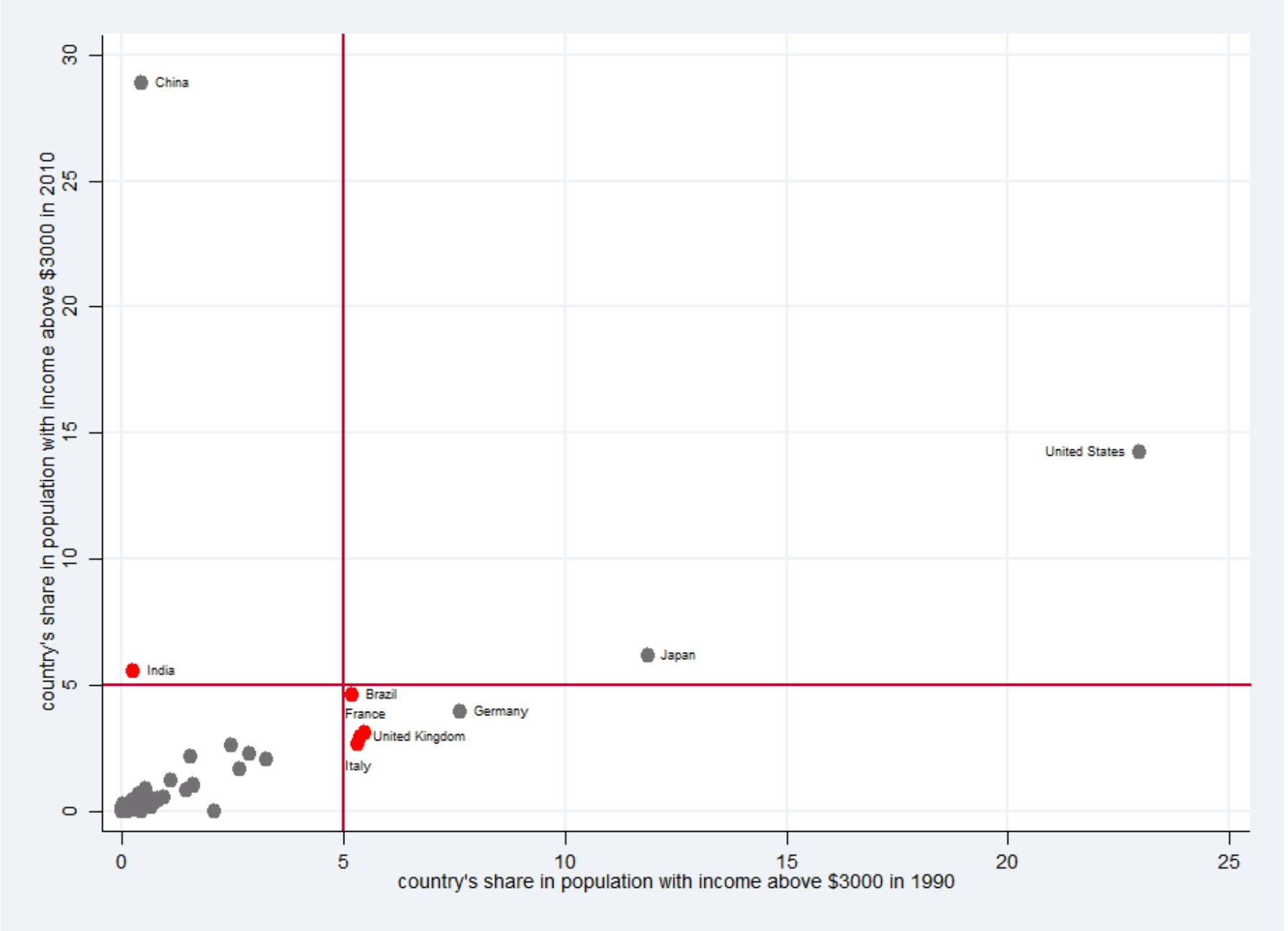
2013



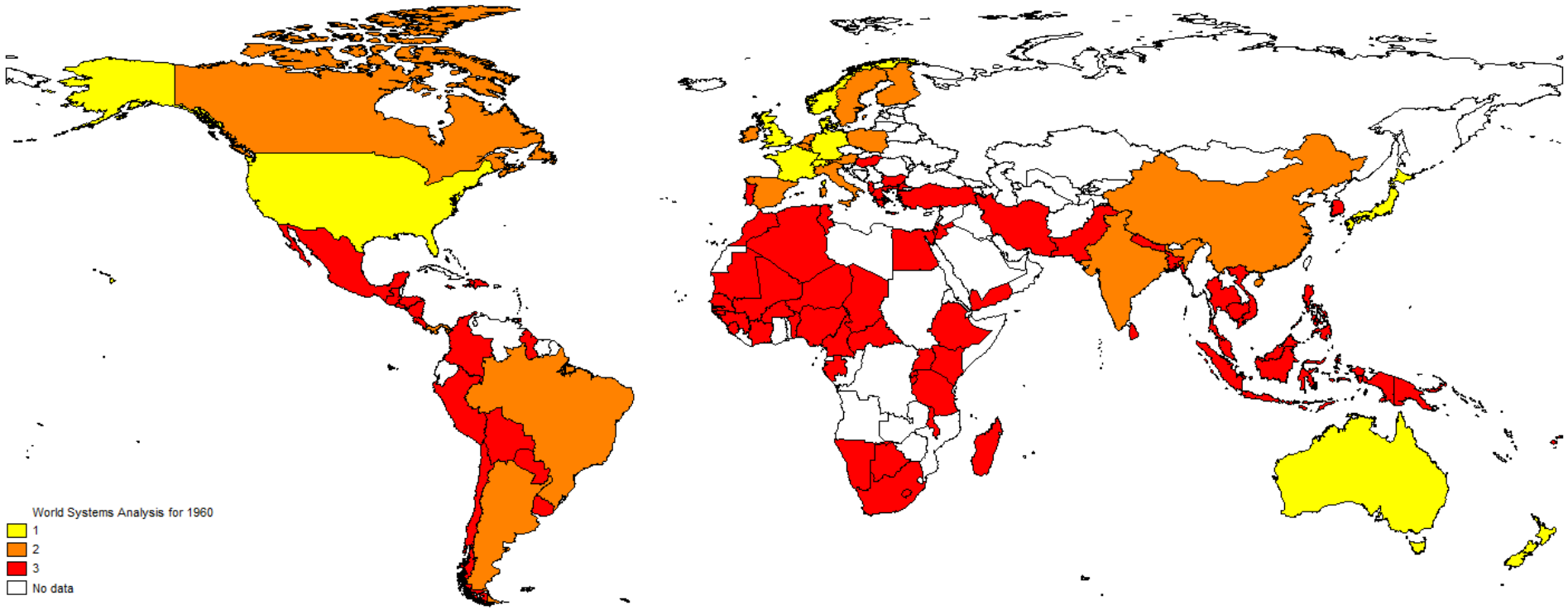
Share in World's Population with MktExchRate Survey Income Above $6,000 (2005 US$) 1990-2010



Share in World's Population with MktExchRate Survey Income Above $3,000 (2005 US$) 1990-2010

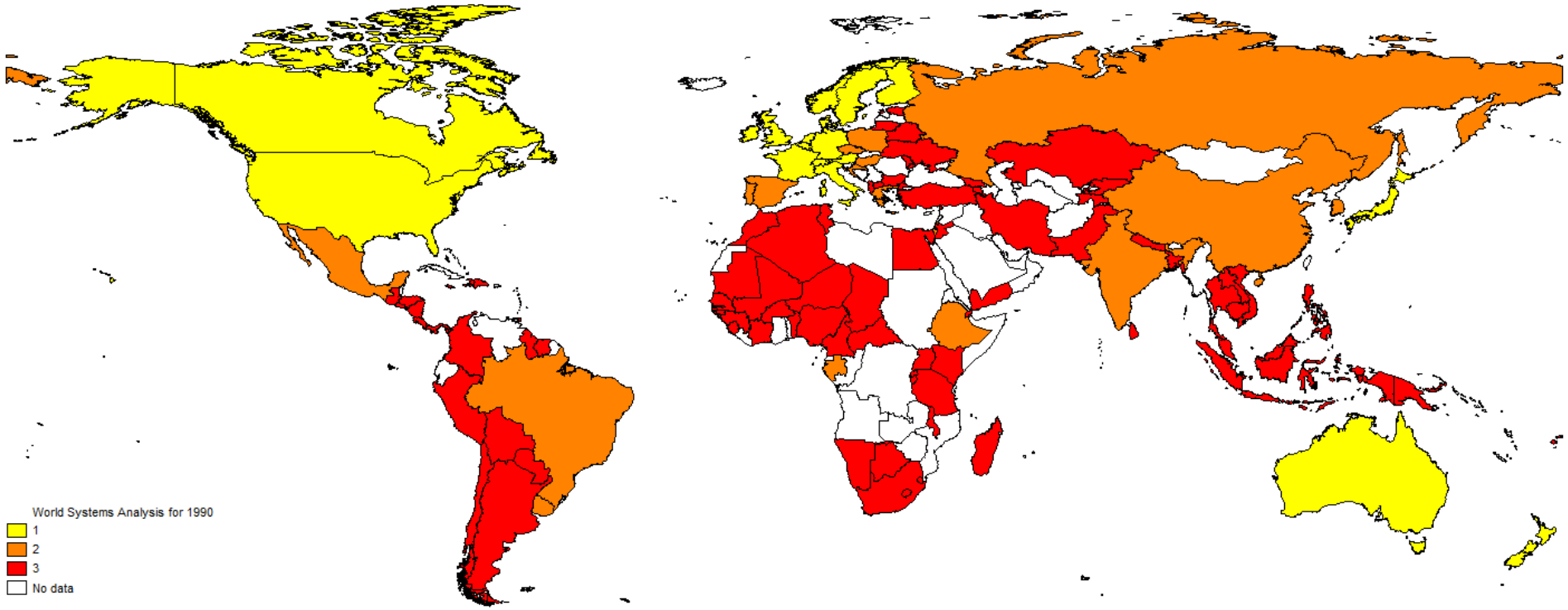


World System - 1960

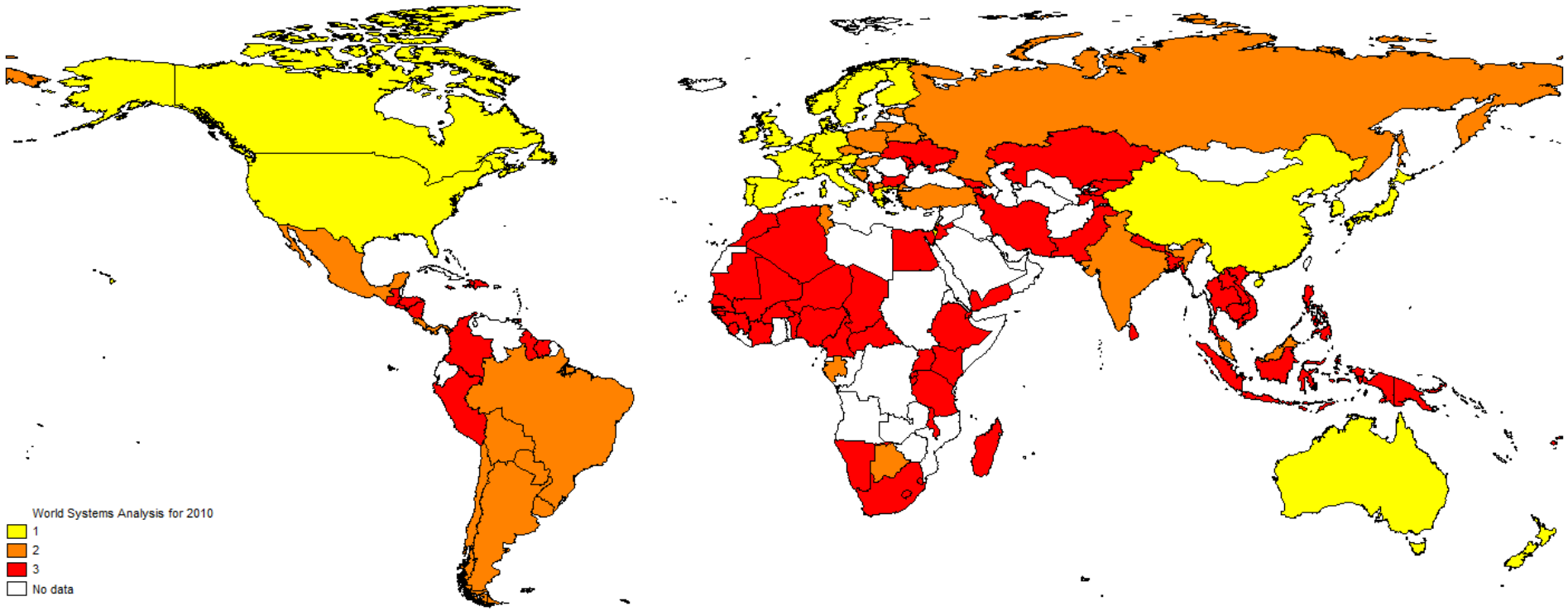


Core (Yellow) – Countries which satisfy any of the three non-per-capita income (w,x,y,z) criteria (5%, $6000, 50%, 5%)
Semi-Periphery (Orange) – Countries which satisfy any of the three non-per-capita-income criteria and are not part of the core (1%,$3000,30%,5%)

World System - 1990



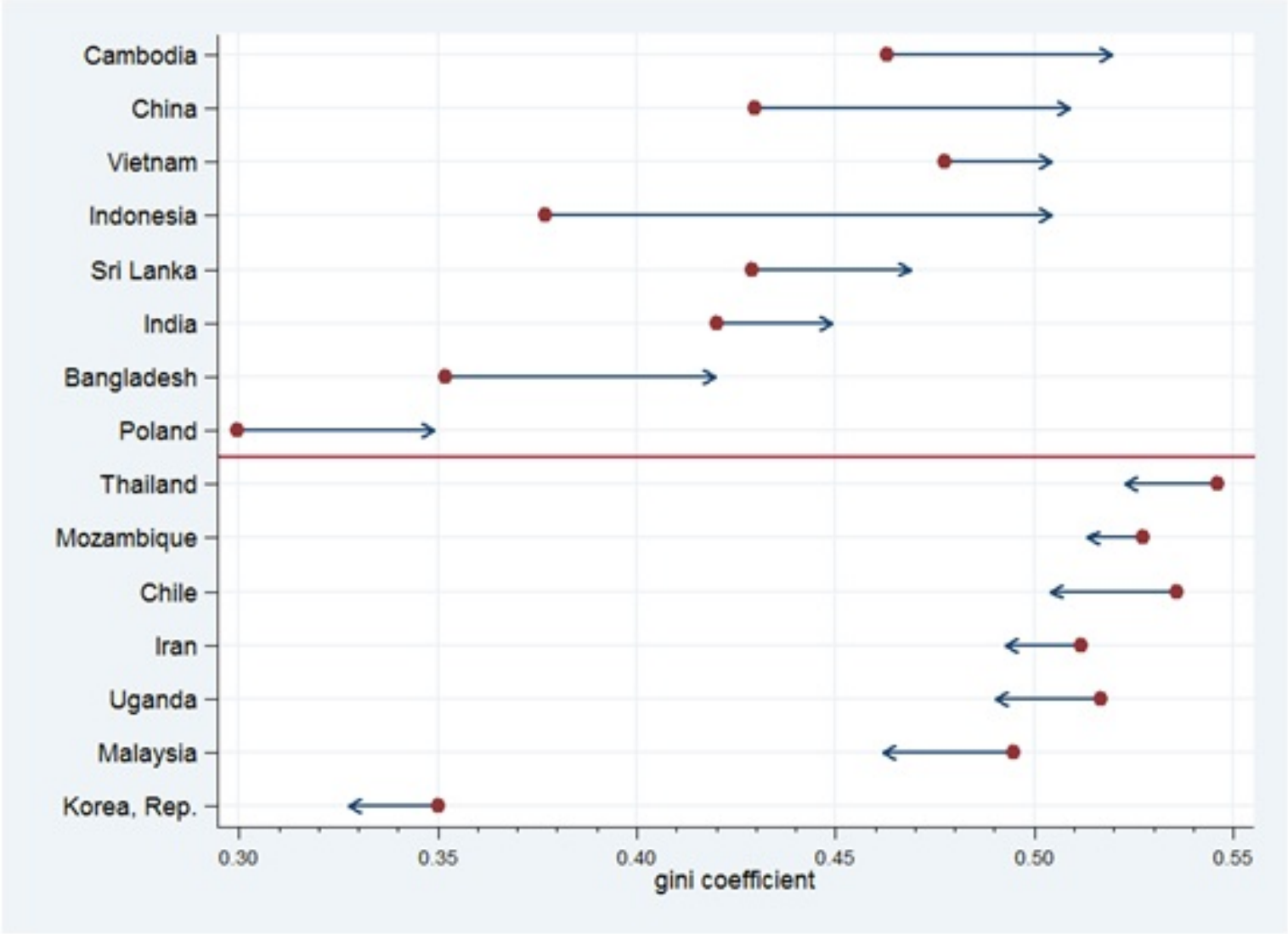
World System - 2010



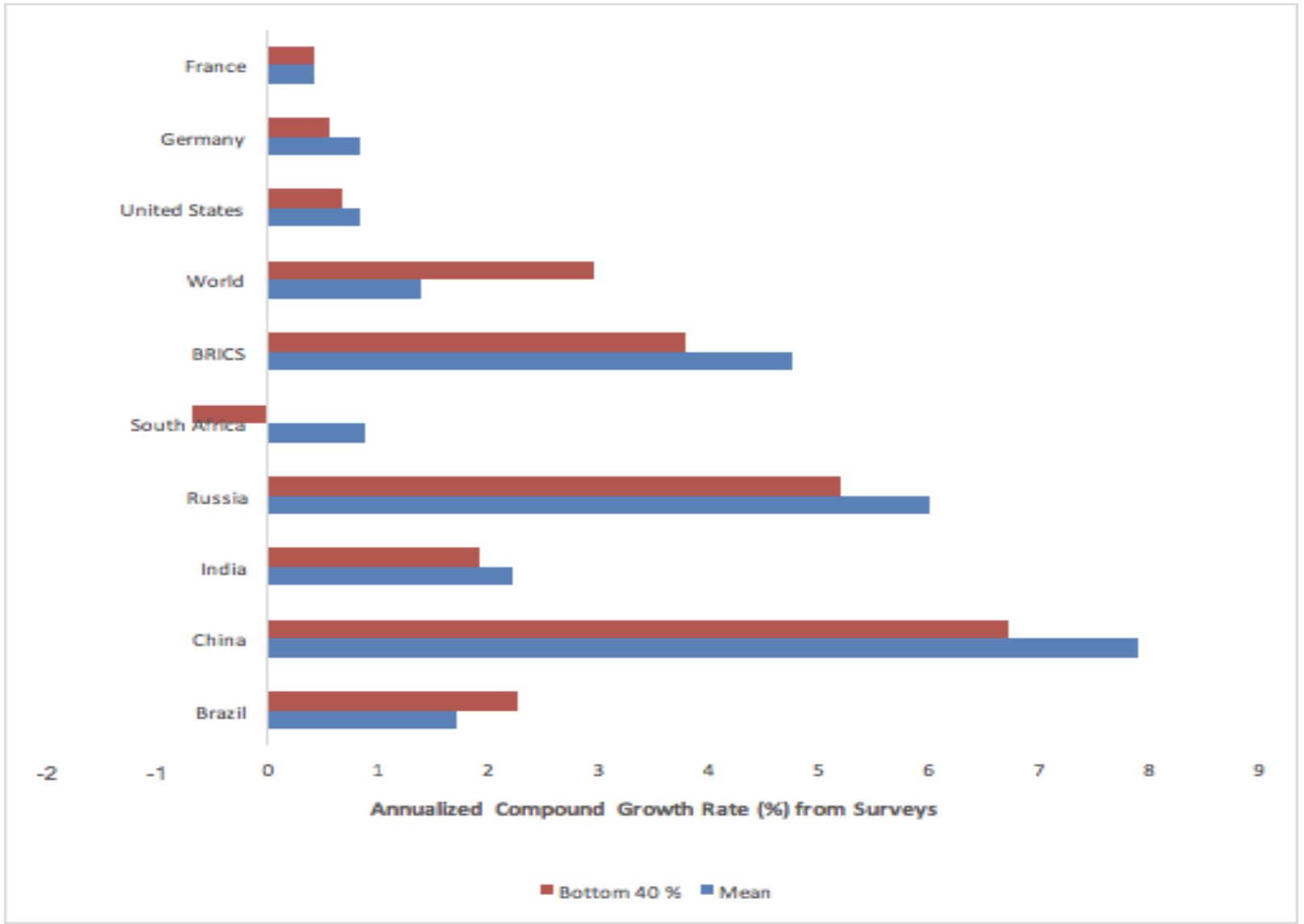
Inclusive Growth? Learning from Divergent Experiences

- Paretian Dominance?
- Not the same as focus on relative inequality.
- Both matter for social assessment, but in very different ways

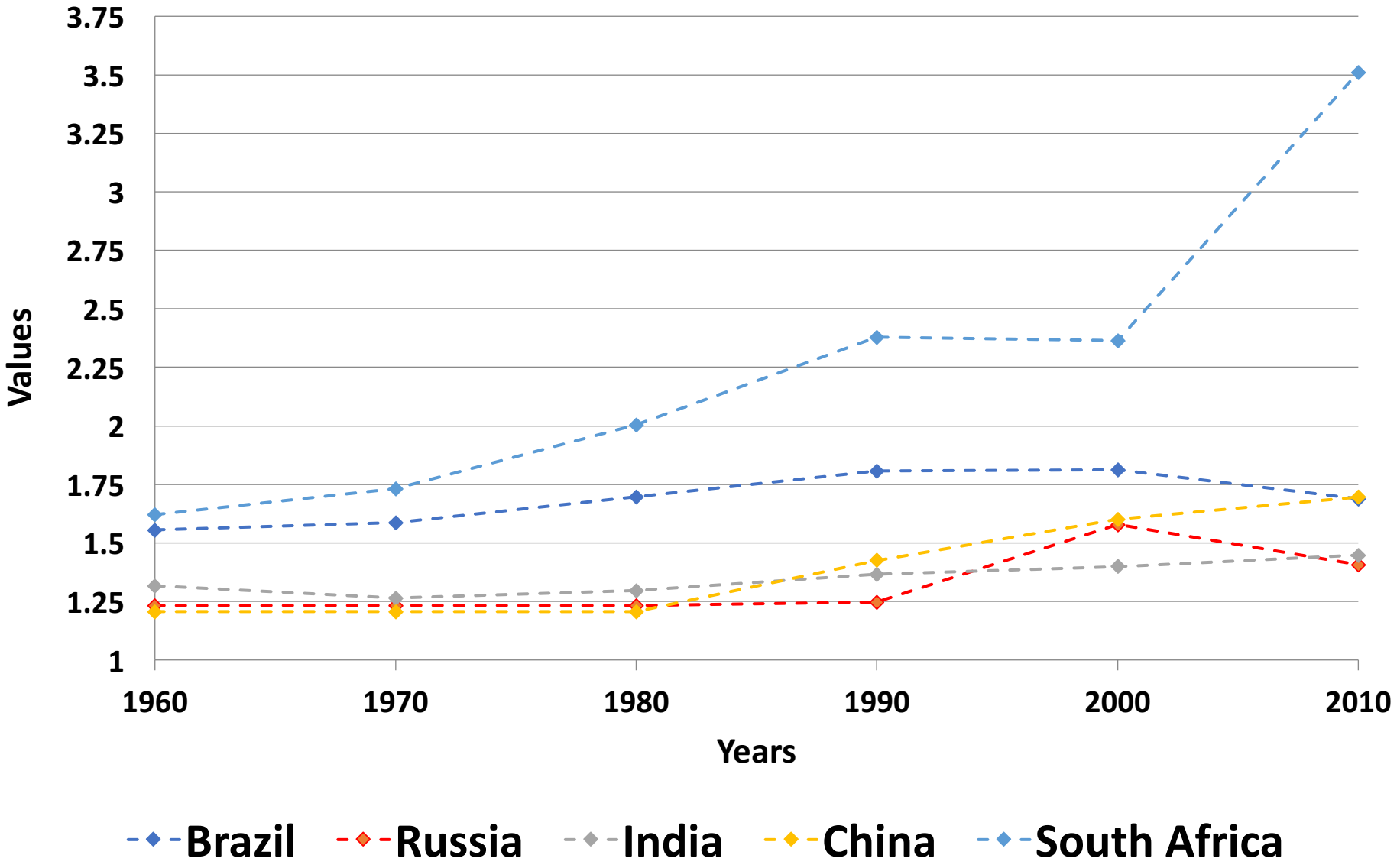
Fast Growing Countries (1990-2013) - Inequality



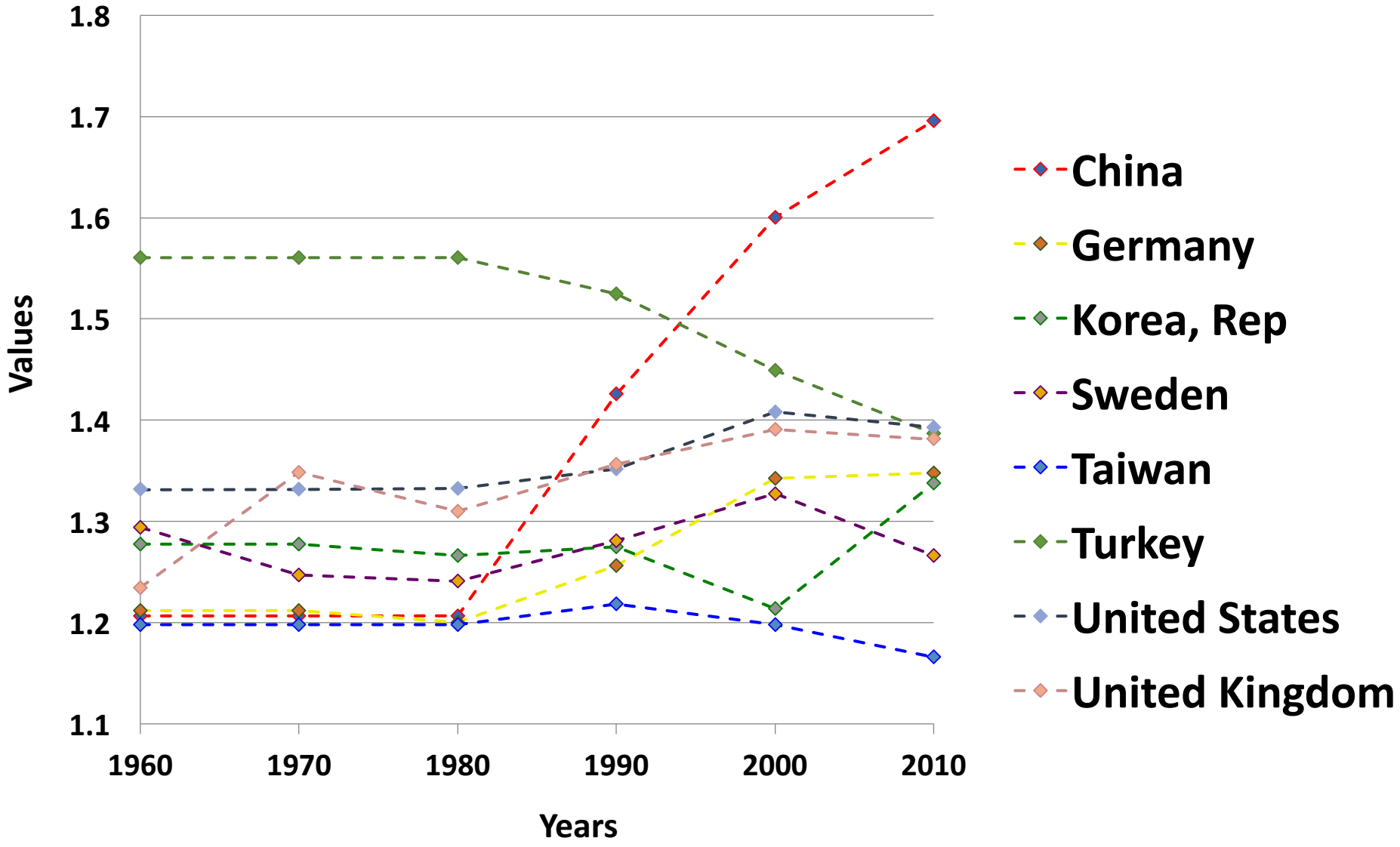
Bottom 40% vs. Mean Growth Rates (1990-2013)



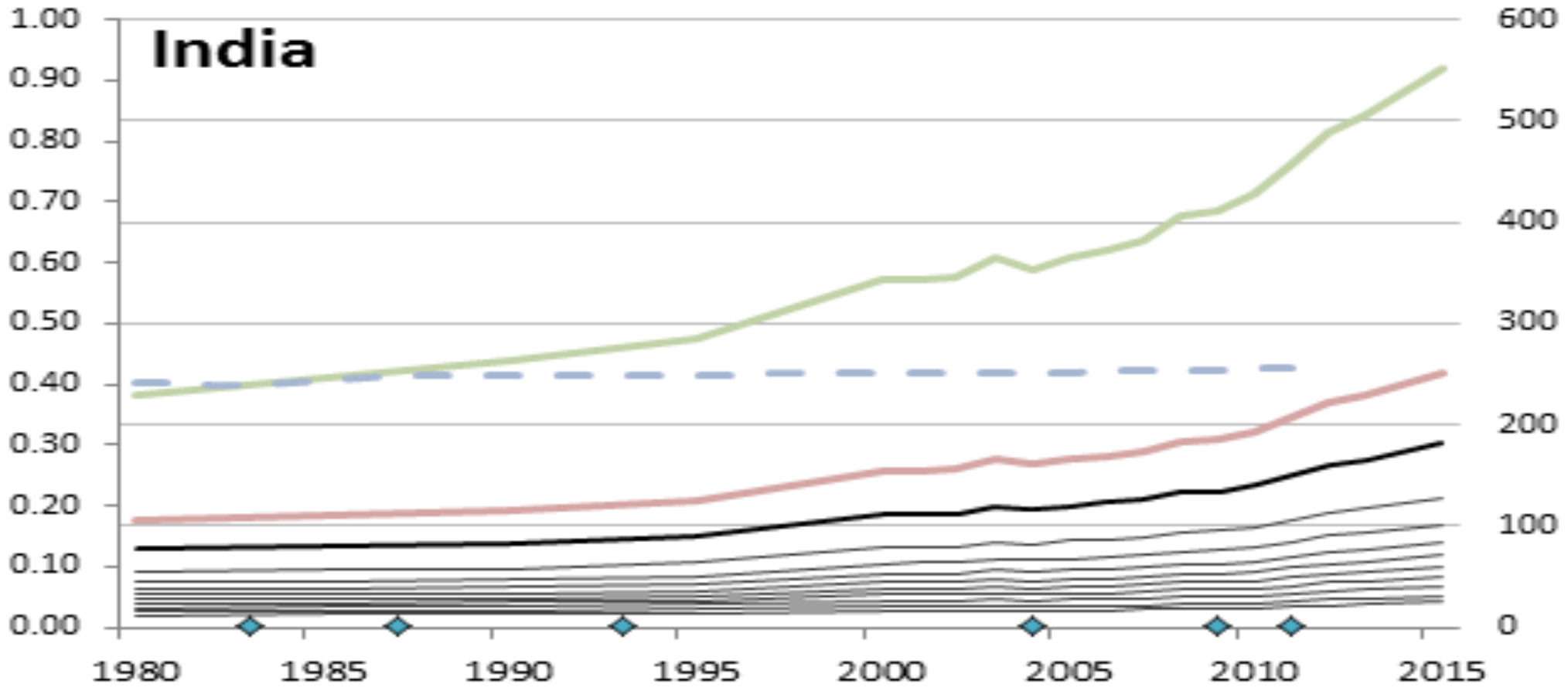
RATIO OF MEAN TO MEDIAN CONSUMPTION FOR BRICS NATIONS, INCLUDING INDIA, 1960-2010



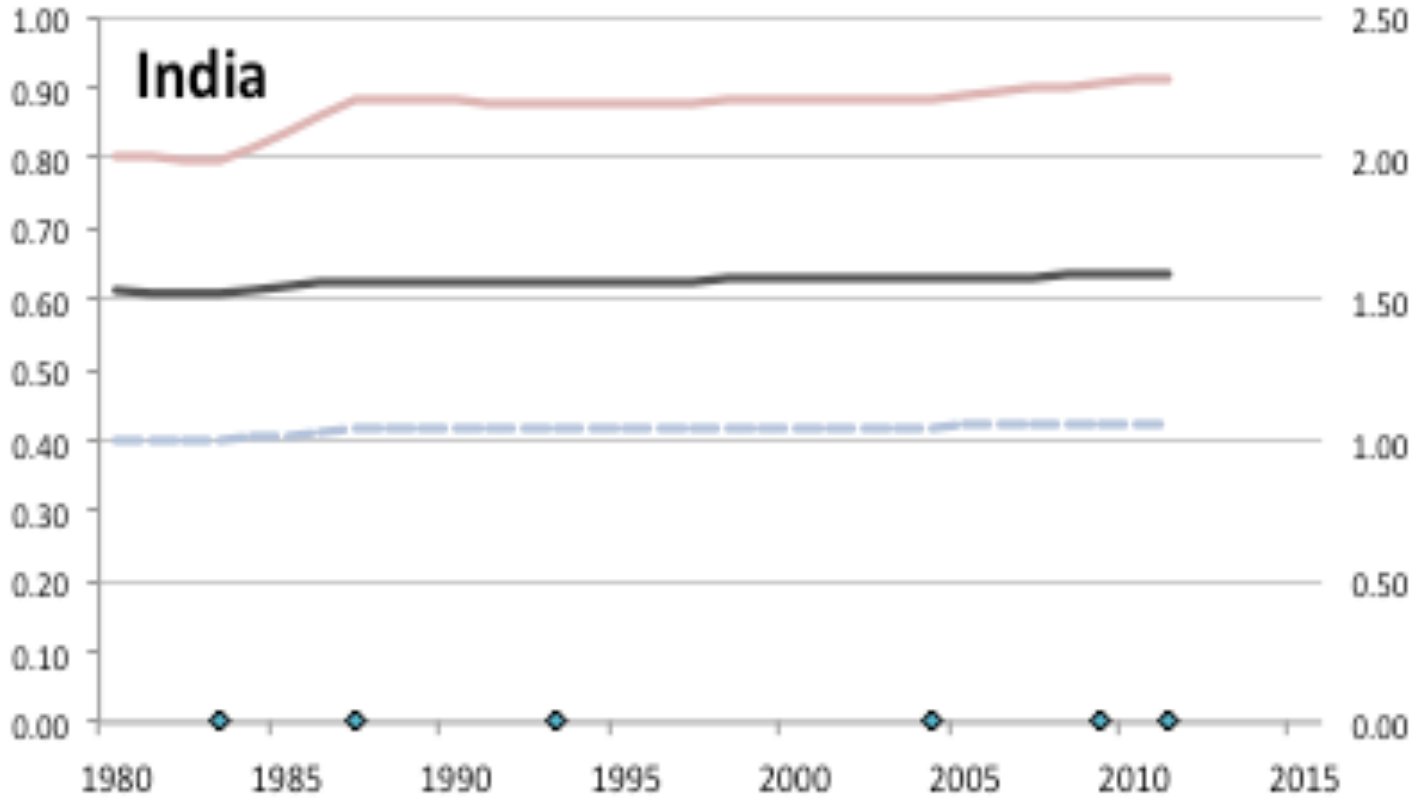
RATIO OF MEAN TO MEDIAN CONSUMPTION FOR SELECTED OTHER COUNTRIES , 1960-2010



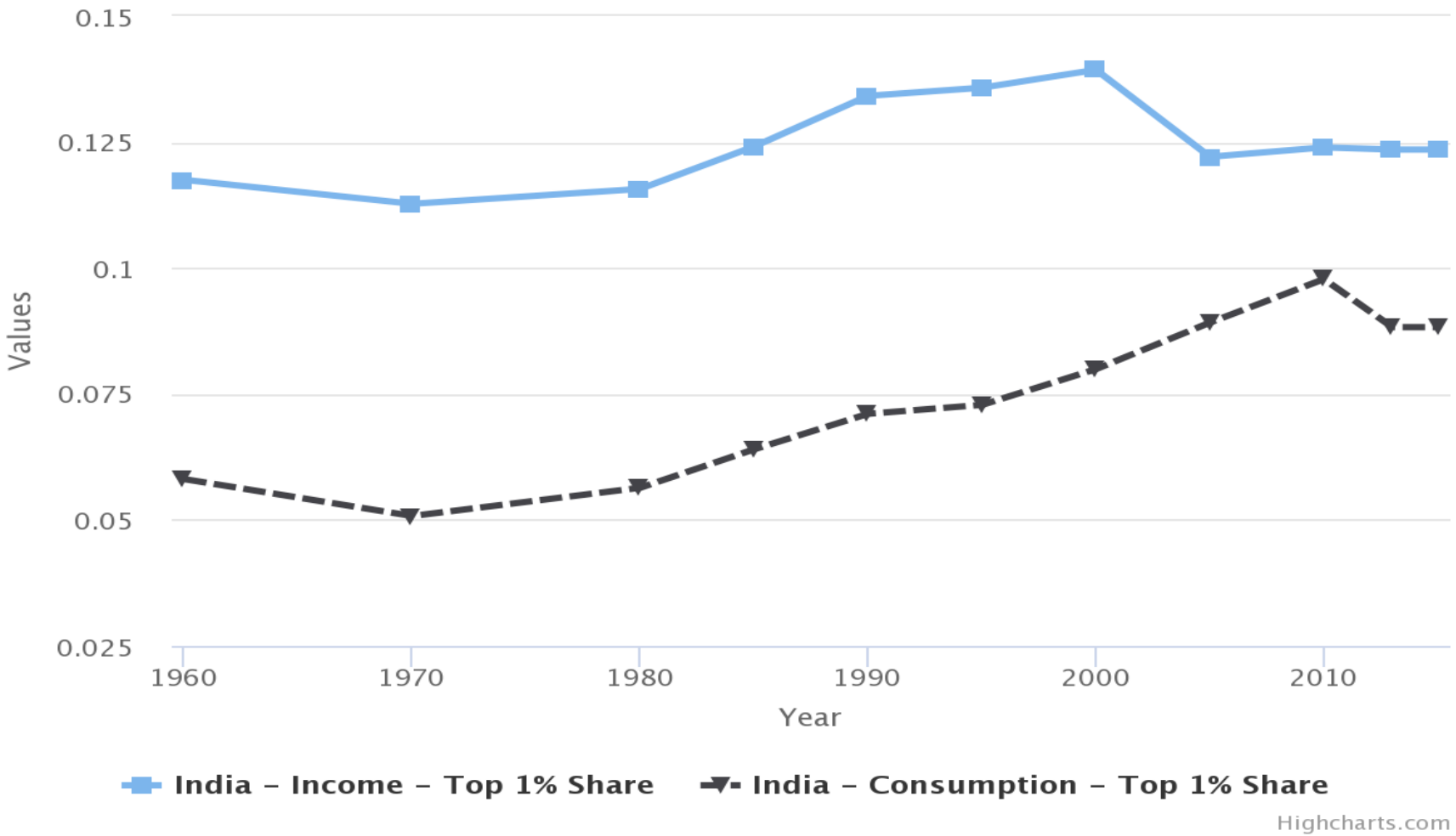
Inclusivity of Growth: India



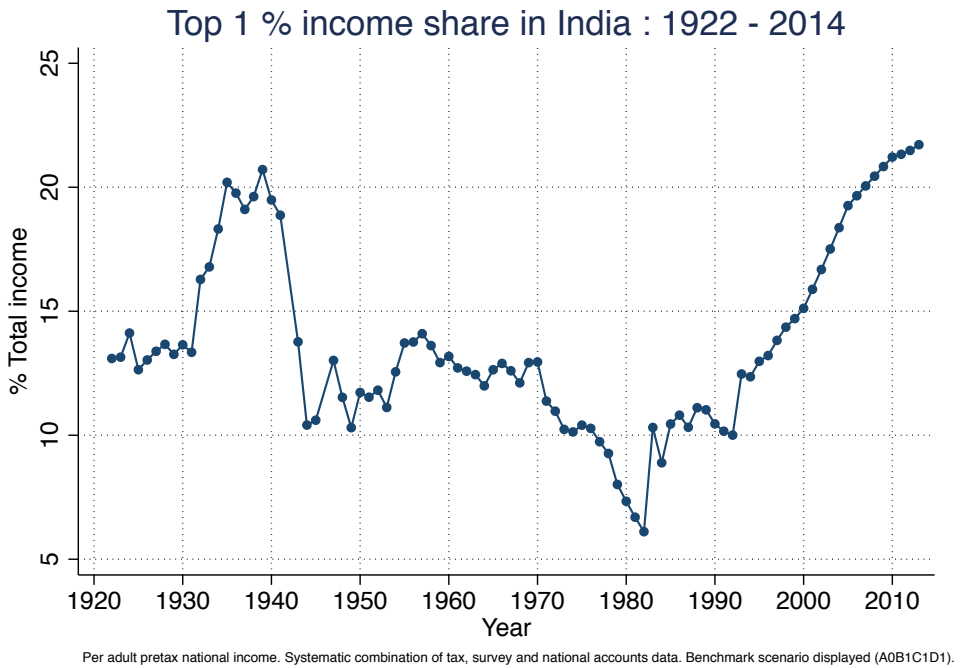
Black – Mean to Median Ratio
Red – Palma Ratio (top 10 to bottom 40 ratio)
Blue Dashed – Gini Coefficient



India top 1% shares from surveys



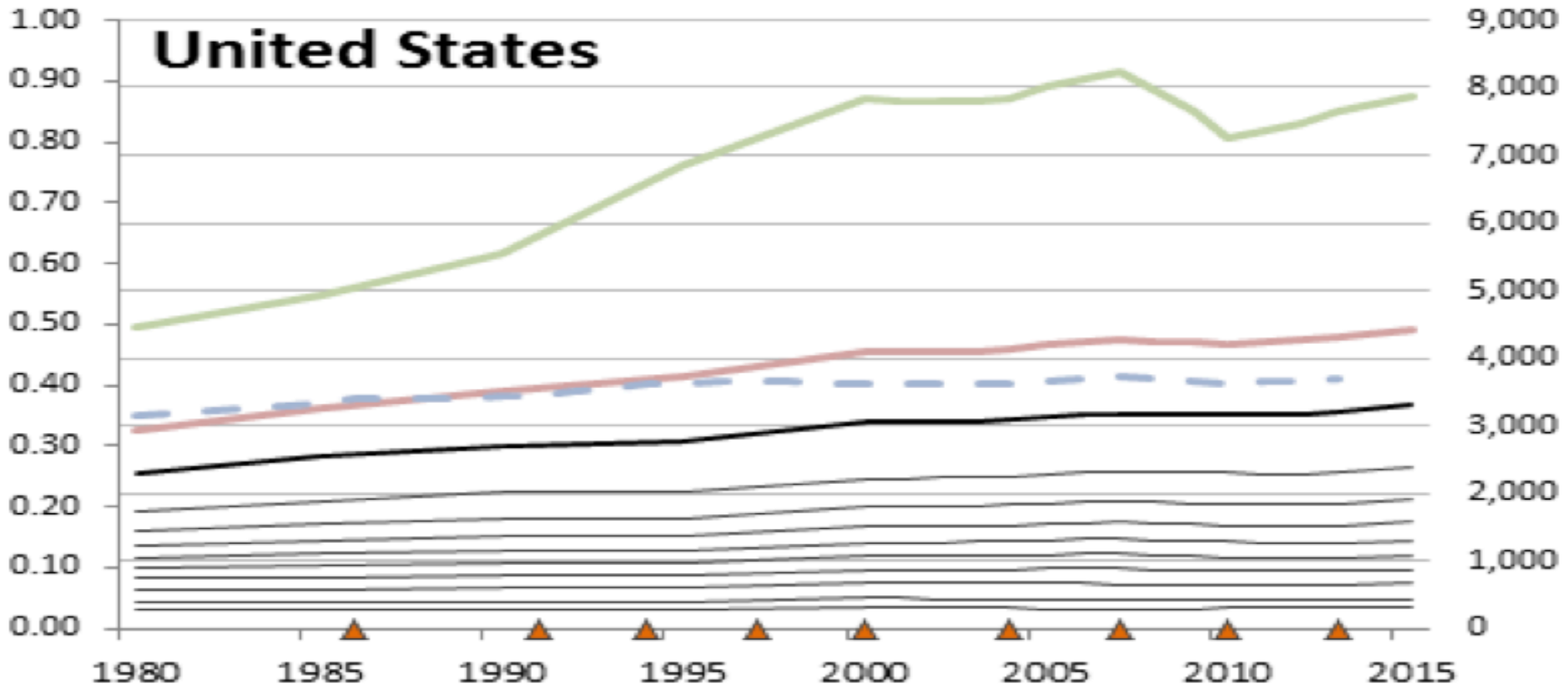
Chancel and Piketty India top 1% income share estimate



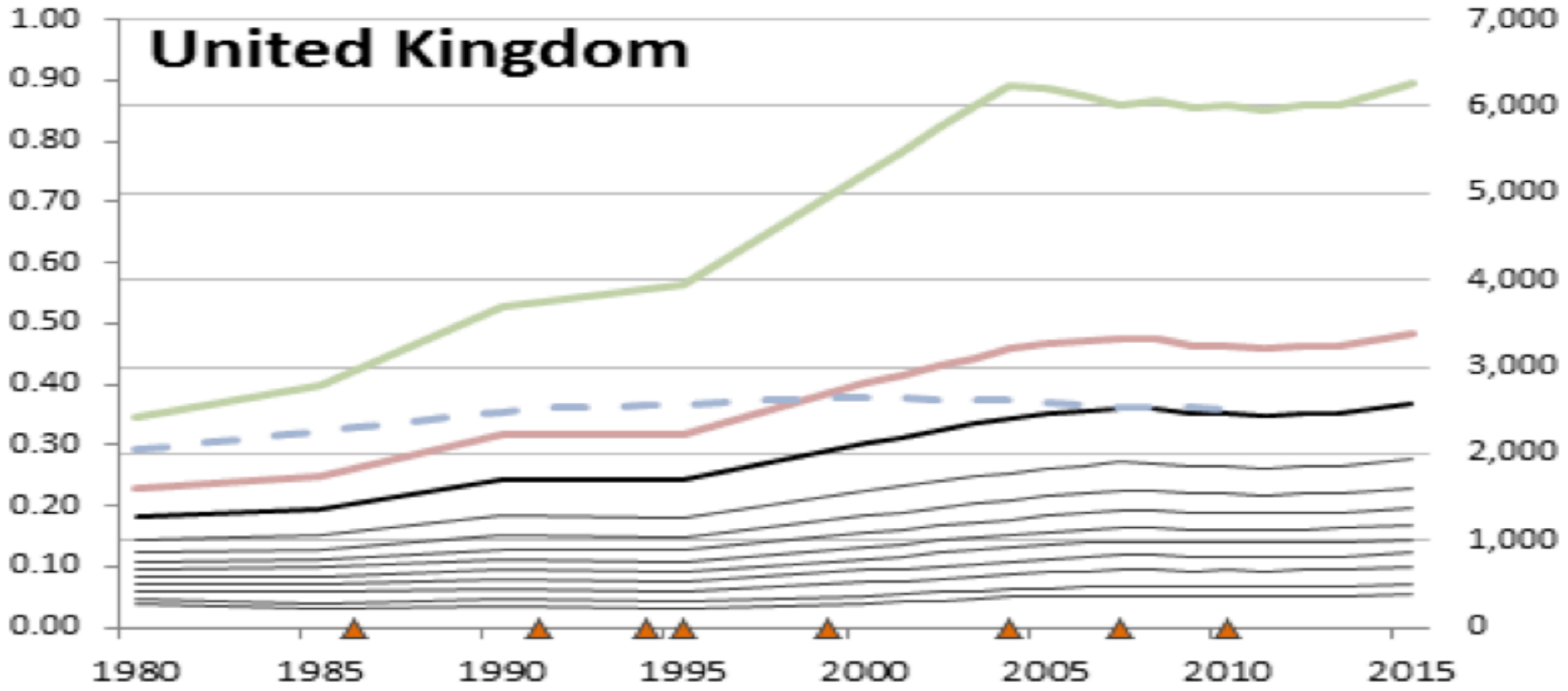
Source: Authors' computations using tax and survey data and national accounts.

Other Cases: Growth and Rising Inequalities

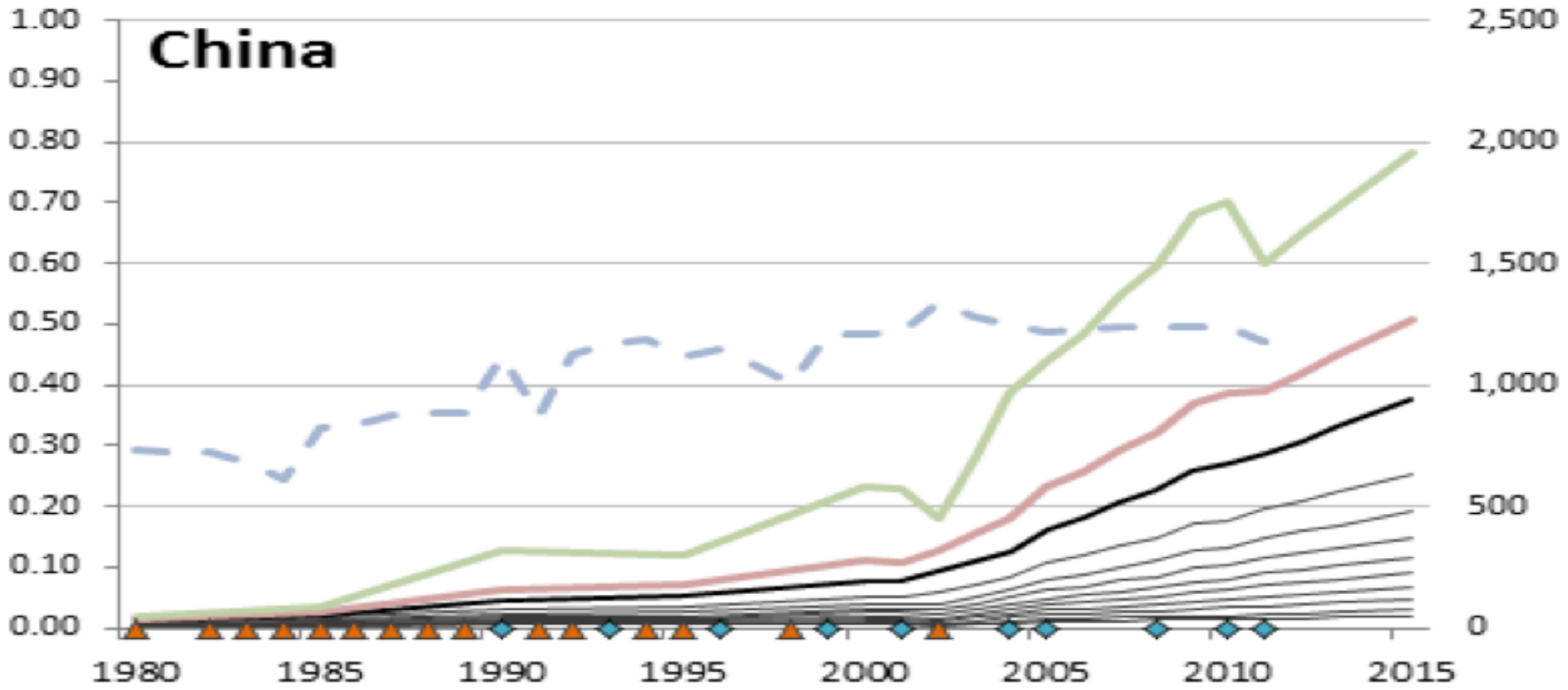
Inclusivity of Growth: US



Inclusivity of Growth: UK

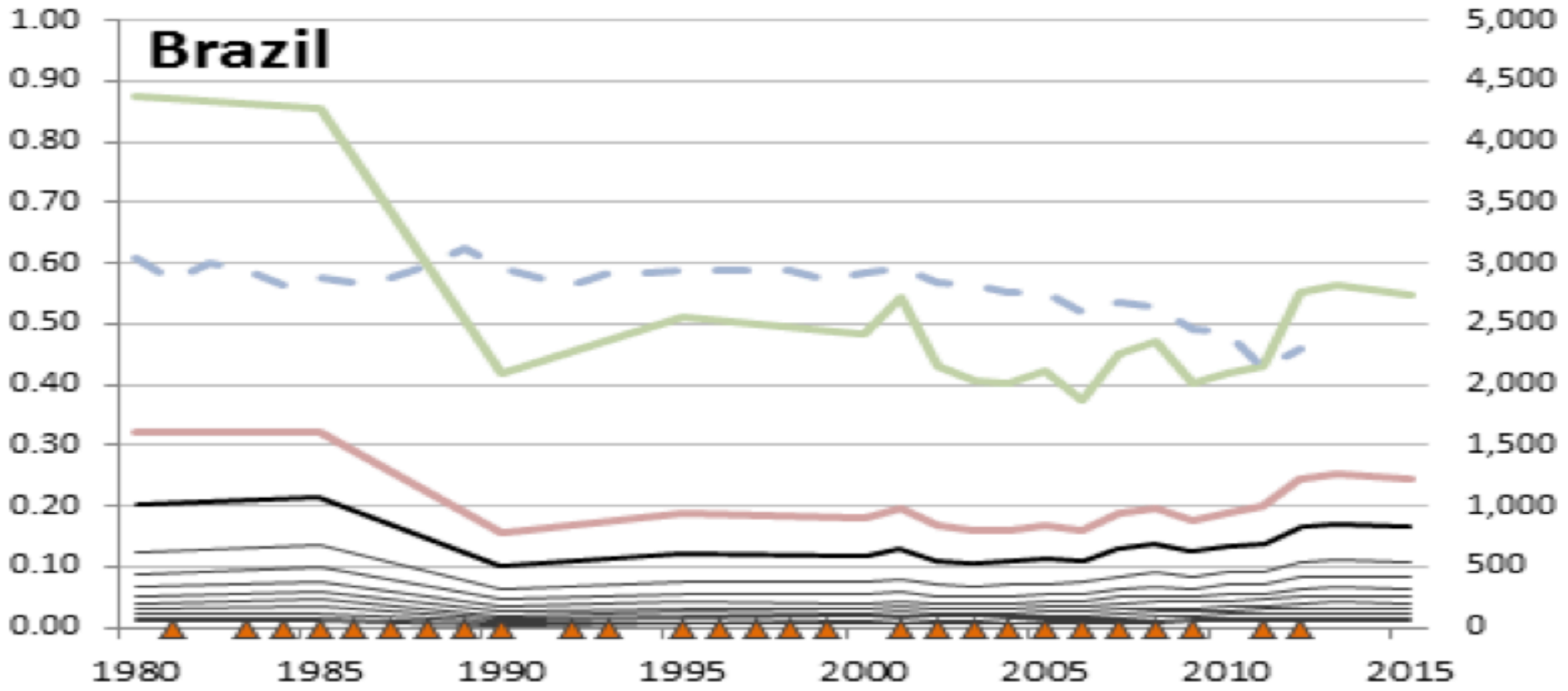


Inclusivity of Growth: China

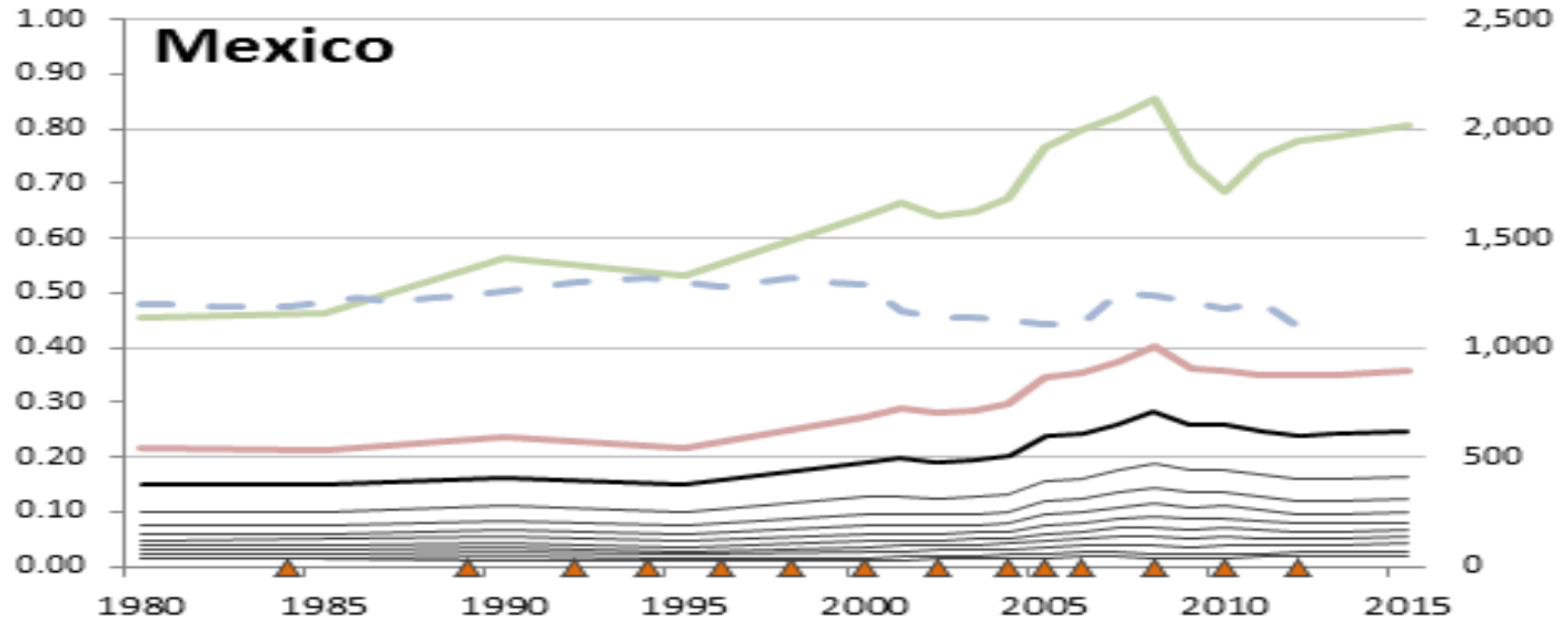


Other Cases: Growth and Falling inequalities

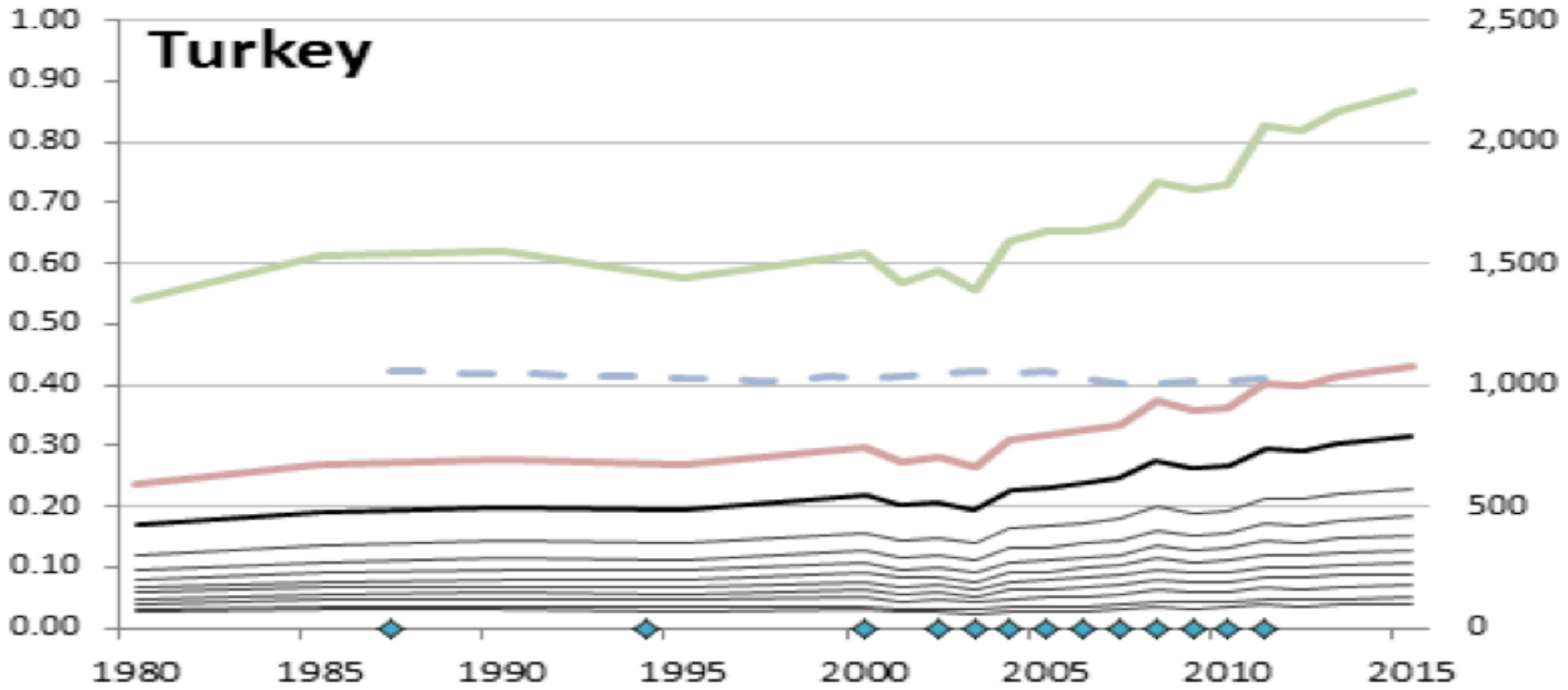
Inclusivity of Growth: Brazil



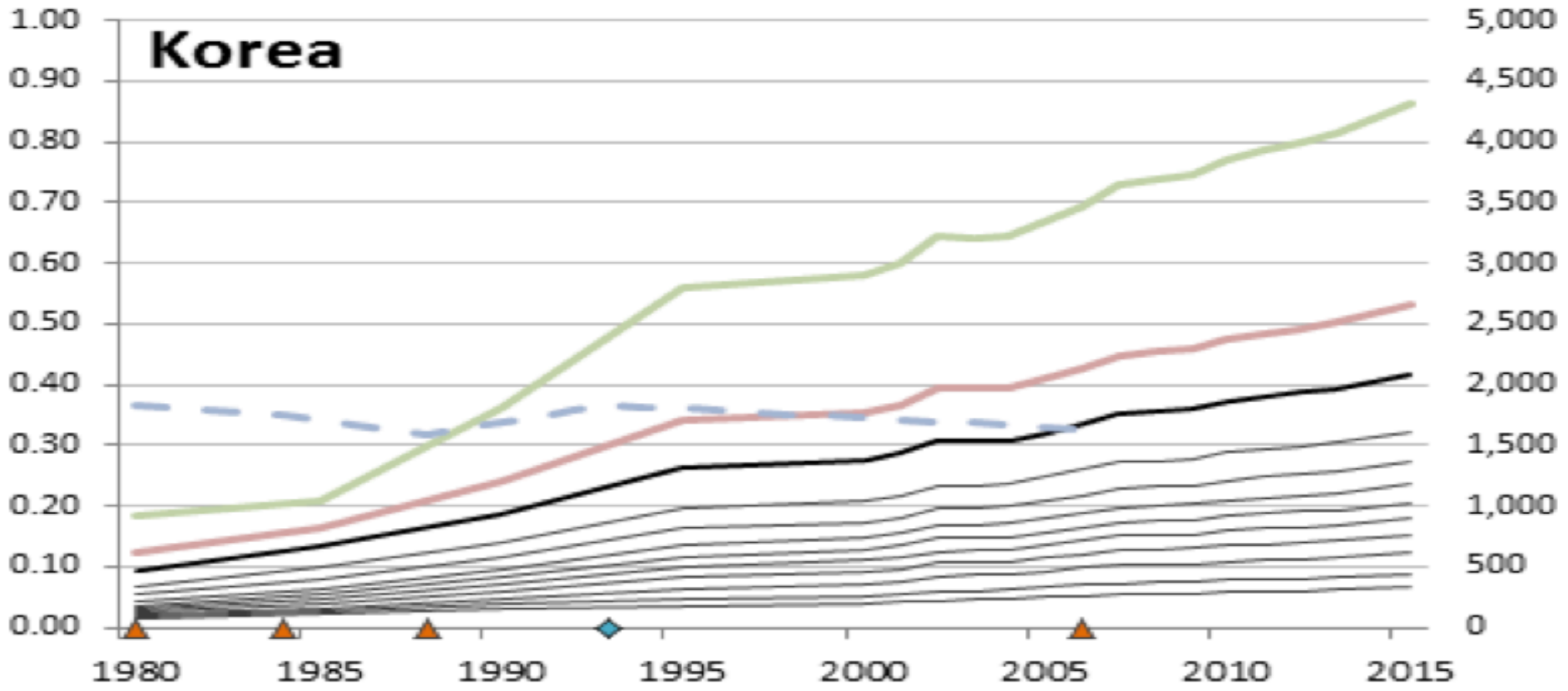
Inclusivity of Growth: Mexico



Inclusivity of Growth: Turkey



Inclusivity of Growth: South Korea



What makes the difference?

- Productive structures and the relations of people to them are crucial, though transfer policies may also play a role (e.g. Brazil)
- Institutions and policies that influence starting points, processes and outcomes: pre-market (e.g. education and asset ownership), In-market (e.g. bargaining power, equitable treatment and ease of participation) and post-market (e.g. social transfers) elements.
- Inclusive Growth requires both Growth and Inclusion!
- Equitable and effective access for individuals, regions and social groups: there can be conflicts between these
- Both opportunities and outcomes.
- Danger of permanently locking-in high inequalities, through political, social and economic mechanisms (e.g. China).

Thank you

Extra Slides on Methods

Union Approach

Step 1:

Collect data on relative distributions. Retain it all to make possible alternative assumptions, but specialize to per-capita surveys.

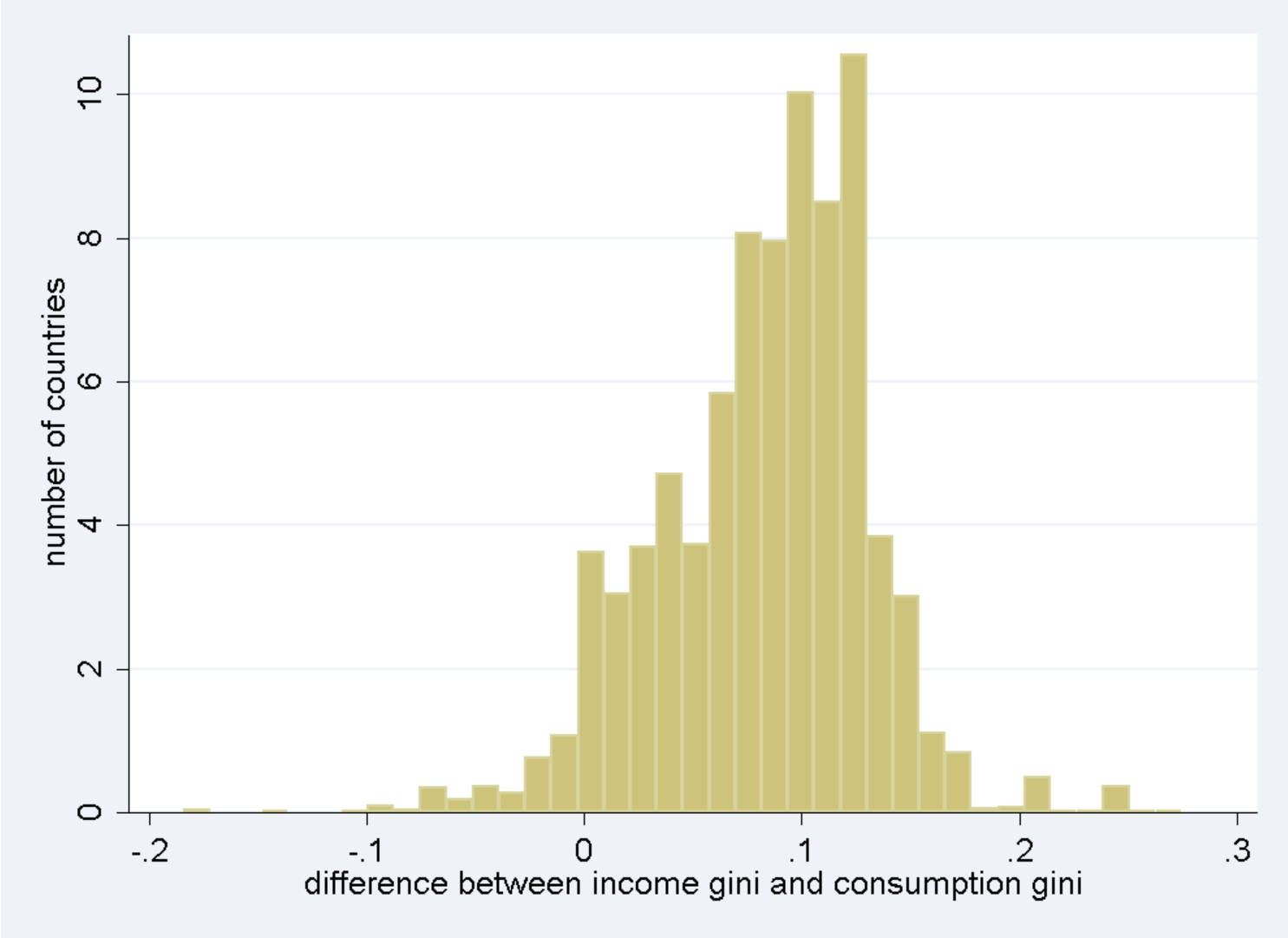
Step 2 : ‘Standardize’ the distributions by converting consumption into ‘equivalent’ income distributions or vice versa

Income to Consumption, Brazil

		Consumption Shares		
	Original Income Share	**Estimated from Regression**	**Adjusted for Adding-up Constraint**	**Difference between Income and Estimated Consumption Shares**
Q1	**2.5**	**4.67**	**4.67**	**2.17**
Q2	**5.8**	**8.04**	**8.04**	**2.24**
Q3	**10.1**	**12.18**	**12.19**	**2.09**
Q4	**18.2**	**18.98**	**18.99**	**.80**
Q5	**63.4**	**56.07**	**56.10**	**-7.30**
Total		**99.95**	**100**	
Gini Coeff.	**57.7**		**48.7**	

For India estimated income Gini coefficient for 2005 is 0.51 and from IHDS survey (not included in GCIP) is 0.48

Impact of Standardization



Step 3: Obtain mean levels from surveys or in very rare cases estimate from national accounts, and convert to common units

Step 4: Arrive at consumption/income profiles for non-survey years, using interpolation and extrapolation, and generate complete Lorenz curves for all years using (parametric) estimation. Create synthetic populations.

Outcome

A continuously evolving portrait of the world that draws on all available sources and extends over regions and years

Survey Means vs. National Account Means