Appraising Appraisals of World Income Inequality Databases

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The task at hand

To appraise the appraisals of global income inequality databases:

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<th>Author</th>
<th>Database</th>
<th>Coverage</th>
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<td>Brandolini</td>
<td>World Top Income Database</td>
<td>Rich countries (mostly)</td>
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<tr>
<td>Bourguignon</td>
<td>CEPALSTAT, SEDLAC</td>
<td>Latin America (mostly)</td>
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<td>Jenkins</td>
<td>WIID, SWIID</td>
<td>World</td>
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<td>Ravallion</td>
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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:


Closing remarks

