

From Dictatorship to Crisis:
The evolution of top income shares in Greece (1967-2013)
Presentation at the first WID.World Conference

Kostas Chrissis and Franciscos Koutentakis

Paris, December 2017

- Calculation of top income shares following the Pareto methodology, as developed by Kuznets (1953) and Piketty (2001)
- Series of richest 10 percent (top decile) decomposed to
 - Low ranks, top 10-6 percent
 - Middle ranks, top 5-2 percent
 - High ranks, top 1 percent
 - Ultra-rich, top 0.1 percent
- Period: 1967-2013
- Administrative tax data
- Unit of measurement: Individual
- Interpolation: Pareto distribution
- Control Total for Population: population over 18
- Control Total for Income: National Accounts (components, extrapolated 1967-87)

- Cover a 46-year long period of history, from 1967 (the seizure of power by the military dictatorship) until 2013 (the trough of the recession following the debt crisis)
- Discuss under the light of important moments of economic and political history that would in principle affect income distribution
- Dictatorship 1967-1974
- Democracy 1974-1981
- Social Democracy 1981-1991
- Stabilisation 1991-2002
- Eurozone 2002-2008
- Crisis 2008-2013

The top decile

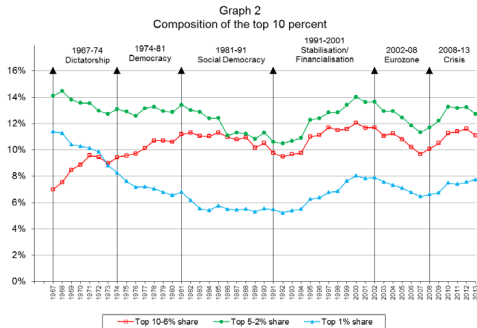
- An interesting finding is that the restoration of democracy (1974) did not trigger any major redistribution from the top decile to the rest of the population. Throughout the period 1967-1981 the top decile share stood around 30-33 percent of national income.
- It took a decade of social democratic government (elected in 1981) to generate a persistent decline of the top decile share: by 1989 their share stood at 26 percent which was close to the historical low of the whole period
- The subsequent stabilization/financialisation period allowed a full recovery of previous losses. By 2000 the top decile share reached a historical high of about 34 percent of national income
- This did not last long, the formal accession into the Eurozone (2002) resulted in a major drop of the top decile share. This is an uncommon observation
- Most of these losses were recovered during the first years of the crisis (2008), but after the initiation of the adjustment policies (2010) the top decile share stabilized around 32 percent.

Graph 1
Top 10 percent share



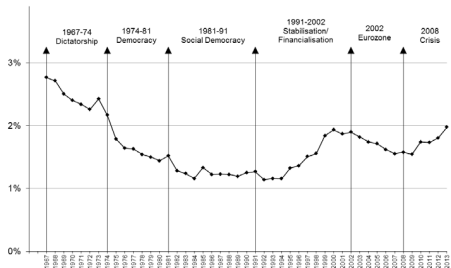
Composition of the top decile

- Evident the distributional rebalancing between the broadly defined rich population. In 1967 the low ranks of the rich received about half the income of the middle ranks. By 1986 their shares were equal
- This rise of the low ranks of the rich was already active from the beginning of the Dictatorship and lasted until the first half of Social Democracy
- In quantitative terms, the low ranks of the top decile (top 10-6 percent) gained about four percentage points of national income at the expense of the upper-half ranks. The latter lost five additional points that fell below the ten percent
- By the late 1980s the internal distribution between the rich reached some kind of equilibrium. The subsequent evolutions of the three ranks were more or less in line with each other



- The ultra rich experienced a continuous decline of their share throughout the Dictatorship, the restoration of Democracy and the early years of Social Democracy.
- Quantitatively, they lost more than half their income share (from 2.8 percent in 1967 to 1.2 percent in 1984)
- They remained around this level for almost a decade and recovered partially during the stabilization/financialisation period.
- Like the rest of the top decile, their share declined during the Eurozone period
- Unlike the low and middle ranks of the top decile, their share increased during the crisis, especially in the latest and most difficult years. It appears that the income sources of this economic elite are less sensitive to domestic economic conditions

Graph 3
Top 0.1 percent share



- Trying to read some political economy history behind the income shares of the rich
- Our main findings are that major political events had substantial impact on the income share of the rich, albeit not always what one may have expected nor to the same direction for all segments of the rich population
- Our study does not offer much of explanation regarding the mechanisms through which political and economic events affected the changes in the income distribution.
- This would require far more elaborate analysis concerning the details of the prevailing economic conditions, the implemented policies and the specific effects on different income sources.
- The ambition of this paper is to report the data and construct consistent historical time series that could inspire future research for interpretation