

2021 DINA Regional Update for Europe

Marc Morgan
Theresa Neef

September 2021



WID.WORLD
THE SOURCE FOR
GLOBAL INEQUALITY DATA



Regional DINA Update for Europe

Technical Note

Marc Morgan¹ and Theresa Neef²

This version: 14 September 2021

Overview

This update revises the Distributional National Accounts (DINA) series for 38 European countries up to 2020, following the method in Blanchet, Chancel and Gethin (2020) (hereafter BCG20). We hence revise and extend last year's update as described in Morgan and Neef (2020). In this note we explain the revisions made for both Western and Eastern European countries.

As before we classify Western Europe as comprising Austria, Belgium, Cyprus, Denmark, Finland, France, Greece, Germany, Iceland, Ireland, Italy, Luxemburg, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. Eastern Europe includes Albania, Bosnia and Herzegovina, Bulgaria, Czech Republic, Estonia, Croatia, Hungary, Kosovo, Lithuania, Latvia, Moldova, Montenegro, North Macedonia, Poland, Romania, Serbia, Slovenia, and Slovakia.

Data availability and quality

Table 1 presents the data used for the update.

Western Europe

For Western European countries we rely entirely on the EU-SILC for survey data. The survey covers EU countries as well as non-EU countries. The update utilises the latest

¹ Western Europe Coordinator (marc.morgan@psemail.eu).

² Eastern Europe Coordinator (theresa.neef@psemail.eu).

We gratefully acknowledge funding from the European Research Council (ERC Grant 856455) and from the French National Research Agency (EUR Grant ANR-17-EURE-0001).

release of the SILC micro data in 2021 for the wave year 2019, which provides information on incomes received in the previous calendar year, i.e. 2018, with the exception of Ireland, whose incomes correspond to the current calendar year, i.e. 2019. Only two countries did not have a 2019 data release: the UK (2018 release corresponding to 2018 incomes) and Iceland (2018 release corresponding to 2017 incomes). Thus, for Iceland the update includes two new years of survey income data (2016 and 2017), as last year's update only covered incomes up to 2015.

Tax data is available in the form of tabulations for all Western countries, with the exception of Malta, to varying degrees of annual coverage. This update incorporates new data from tax tabulations for Iceland (2017), Italy (2017, 2018) and Portugal (2018). It also incorporates new top income shares calculated by country authors for Germany (2014-2017), Greece (2018), Ireland (2016-2018), Norway (2012-2018) and the UK (1996-2017). Access to tax micro data is often not systematic and restricted to country-based researchers.

Some country-based researchers are currently working on producing distributional national accounts for their countries at a greater level of detail and precision than the estimates of this update. Austria, France and Italy are the only countries included in this update that have followed this strategy to date (see Table 1). The Italian case is the only new case included in this year's update. We expect that more countries will be added to this list over time. This is desirable as it will improve cross-country comparability.

As can be seen from Table 1, new tax data is available in raw form that hasn't been used in this update. The use of this new data is problematic given the harmonized methodology used to estimate the DINA series for European countries currently on WID.world. These tax tabulations are not straightforward to use either – many refer to “net taxable incomes”, requiring treatments to correct for deductions, and other items. They thus require more time and resources to process. Further collaboration with local researchers will help us overcome these data obstacles.

Eastern Europe

Eastern Europe is still heterogeneous concerning data quality. We use the EU-SILC survey micro data for EU-member states and Serbia. For many non-EU members, PovcalNet and heterogeneous national surveys are currently the only available survey data source. In this light, the integration of further countries into the EU-SILC, already realized for Serbia and currently under way for North Macedonia, Montenegro, and Albania is a positive development. Tax data in the form of tabulations is still sparse. An additional obstacle for the integration of tax information is that capital incomes are withheld at the source in many Eastern European countries. Therefore, a combination of personal income tax returns and a database on incomes for which tax was withheld at the source would be necessary. [Kump and Novokmet \(2018\)](#) can draw on such a

database for Slovenia. Access to tax micro data is even less systematic than in Western Europe.

The constituent republics of the former Federal Republic of Yugoslavia – Bosnia and Herzegovina, Croatia, Montenegro, Northern Macedonia, Serbia and Slovenia – are plotted since 1980 as separate entities. This data is taken from [Maddison Project Database \(2020\)](#) and based on extrapolations. The same applies for the Czech Republic and Slovakia forming late Czechoslovakia. Kosovo is considered since 1999 as a separate entity.

For National Accounts aggregates, we follow BCG20 by using EUROSTAT and OECD data as primary sources. UN SNA is used when the first two sources do not have information. Since detailed data on the composition of national income is sparse before 1995, we impute missing information by reinterpolation using exponential smoothing. As a last step, regional averages based on the regional classification by the [UN Statistics Division](#) are used to treat cases in which component information is missing for all years. This applies to subcomponents of national income for Albania, Bosnia and Herzegovina, former Czechoslovakia, the former German Democratic Republic, Kosovo, Moldova, Montenegro, and North Macedonia. Little is currently known about income redistribution in the South-eastern European countries including information on social benefits and health expenditures used to compute posttax incomes in particular. For several Eastern European countries we use National Accounts aggregates directly from WID.world. These aggregates are based on data from UN MADT, OECD, IMF BOPS (see [Blanchet et al. 2021](#), p. 88 for details).

Methodology

The procedure used in BCG20 involves various steps to distribute net national income within countries, sub-regions and the region of Europe as a whole. We provide a brief summary of the methodology, referring the readers to the published paper for further details. First, different household surveys are first harmonized at a conceptual level to obtain cross-country distributions of pre-tax and post-tax income.

Second, these surveys are then calibrated on top incomes from tax data, ensuring that top income shares calculated in previous research are maintained, while correcting for income under-coverage in surveys. The calibration is also done on top income shares from new tax data, which are estimated by using an internal control total for income from the survey, rather than an external control total from national accounts used in previous research on top incomes.

Third, missing income components are added to the calibrated survey from the national accounts following various distributional assumptions that utilize information from income surveys, consumption surveys and wealth surveys. These comprise imputed rents of households, the undistributed profits of corporations, product and production taxes, and in-kind government expenditure. Imputed rents are imputed to their

distribution in the surveys where they are recorded (EU-SILC). Undistributed profits (which includes the corporate tax) are imputed to the distribution of corporate stock holdings from wealth surveys (HFCS) calibrated on top income shares. Taxes on products and production are imputed proportionally to the distribution of pretax income. Lastly, in-kind government expenditures are imputed proportionally to the distribution of disposable income, except for public health spending, which is imputed in equal lump-sum shares to individuals.

We follow this routine to update the series up to 2018 with the new distributional and aggregate data (the survey microdata reaches 2015 in BCG20). Furthermore, we expand the distributional data by two more years to reach 2020, assuming a constant fiscal income (survey + tax data) distribution. We then add new macro data from national accounts that were updated this year on WID.world to 2020. In Table 1, “+ macro data 2017-2020 (constant fiscal income distribution 2018-2020)” means that we impute these macro incomes assuming that the fiscal distribution remains unchanged. The imputation of these missing macro incomes alters the final distribution, given that they are not all imputed proportionally to fiscal incomes. The benchmark unit of observation used in these inequality series is the adult individual aged 20 or older, with income of couples being divided equally.

A note on the differences with the OECD-Eurostat expert group on disparities in a national accounts framework (EG DNA).

The sole focus of the EG DNA is to distribute the disposable income of the household sector in the SNA. In contrast, the WID.world's DINA series distribute the entirety of national income among resident households (including all income flowing to corporations, the government, and to and from the foreign sector). In this way we account for 100% of macroeconomic growth coming from GDP statistics. We also present results for numerous concepts (e.g. pre-tax national income, post-tax disposable income and post-tax national income) across granular percentile groups reaching small fractiles at the very top of the distribution, with greater precision than the EG DINA, which primarily focuses on quintile groups.

For our harmonized European DINA series, we do not scale individual income components in the micro data to their macro equivalents in SNA. This is another difference with the EG DNA. However, for newly incorporated DINAs, like those for Austria, France and Italy, this component scaling to SNA is carried out by the authors.

A note on 2020 estimates in light of the COVID-19 pandemic

The new estimates included in this update go up to 2020. But they only partially account for the effects of the pandemic-induced economic crisis. Macro data (national income and its decompositions) cover 2020, but micro-level distributional data is not reflective of 2020 incomes, given that they end in 2018 for the most part. As explained above and in Table 1, between 2018 and 2020 we keep the micro-level distribution of income (i.e. the survey + tax distribution) constant. Therefore, we urge caution with the interpretation of the results for 2020, given the lack of readily usable distributional information. These results are by no means able to reflect the effects of the crisis on the distribution of income, nor on the role of government spending in affecting this distribution during 2020.

References

Advani, Arun and Summers, A. (2020). Capital Gains and UK Inequality. WID.world Working Paper No. 2020/09.

Andrei, T., Oancea, B., Richmond, P., Dhesi, G., and Herteliu, C. (2017). Decomposition of the Inequality of Income Distribution by Income Types—Application for Romania. *Entropy*, 19(9), 430.

Blanchet, T., Chancel, L. and Gethin, A. (2020). Why Is Europe More Equal Than the United States? WID.world Working Paper No. 2020/19.

Blanchet et al. (2021). Distributional National Accounts Guidelines. Methods and Concepts Used in the World Inequality Database. June 28, 2020.

Bozio, A., Garbinti, B., Goupille-Lebret, J., Guillot, M and Piketty, T. (2020). The Contribution of Redistribution to Long-Run Trends in Inequality: France vs the U.S. WID.world Working Paper (forthcoming).

Bukowski, P. and Novokmet, F. (2021). Between Communism and Capitalism: Long-Term Inequality in Poland, 1892-2015. *Journal of Economic Growth* 26, 187-239.

Chancel, L., and Piketty, T. (2020). Countries with Regional Imputations in WID.world: A Precautionary Note. October, 2020.

Christis, K. and Koutentakis, F. (2019). From dictatorship to crisis: The evolution of top income shares in Greece (1967-2017). WID.world Working Paper No. 2019/14.

Garbinti, B., Goupille-Lebret, J. and Piketty, T. (2018). Income Inequality in France, 1900-2014: Evidence from Distributional National Accounts (DINA). WID.world Working Paper No. 2017/4.

Guzzardi, D., Palagi, E., Roventini, A. and A. Santoro (2021). Income inequality, effective tax rates and the progressivity of the tax system: Evidence from Italian Distributional National Accounts. Working Paper.

Jestl, S. and List, E. (2020). Distributional National Accounts (DINA) for Austria, 2004-2016. INEQ Working Paper Series, 15. WU Vienna University of Economics and Business, Vienna.

Kump, N. and Novokmet, F. (2018). Top incomes in Croatia and Slovenia, from 1960s until today. WID.world Working Paper No. 2018/8.

Maddison Project Database (2020): Bolt, Jutta and Jan Luiten van Zanden (2020), "Maddison style estimates of the evolution of the world economy. A new 2020 update"

Mavridis, D. and Mosberger, P. (2017). Income Inequality and Incentives The Quasi-Natural Experiment of Hungary 1914-2008. WID.world Working Paper No. 2017/17.

Morgan, M. and Neef, T. (2020). [2020 Distributional National Accounts Update for Europe](#). World Inequality Lab Technical Note 2020/04.

OECD (2020). Handbook on Compiling Distributional Results on Household Income, Consumption and Saving Consistent with National Accounts. Paris: OECD.

Salverda, W. (2019). Top Incomes, Income and Wealth Inequality in the Netherlands: The first 100 Years 1914–2014 – what’s next? WID.World Working Paper No. 2019/02.

Table 1. Data sources and type of update by country

Western Europe							
Country	New years of survey data used	Survey data source and format	Last/new year(s) of tax data used	Latest year of tax data available	Tax data source and format	Macro data	Type of update
Austria	2018	EU-SILC, microdata	2017	2018	www.statistik.at , tabulations	EUROSTAT & OECD 1995-2020, UN SNA 1980-1994	2003-2017 from Jestl and List (2020) + extrapolations (1980-2002, 2018-2020) based on internal update
Belgium	2018	EU-SILC, microdata	2013	2018	www.statbel.fgov.be , tabulations	EUROSTAT & OECD 1995-2020, UN SNA 1980-1994	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Cyprus	2018	EU-SILC, microdata		2017	www.mof.gov.cy , tabulation	EUROSTAT & OECD 1995-2020, UN SNA 1980-1994	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Denmark	2018	EU-SILC, microdata	2010	2019	www.statbank.dk , tabulations	EUROSTAT & OECD 1995-2020, UN SNA 1980-1994	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Finland	2018	EU-SILC, microdata	2009	2019	www.vero2.stat.fi , tabulations	EUROSTAT & OECD 1980-2020	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)

Country	New years of survey data used	Survey data source and format	Last/new year(s) of tax data used	Latest year of tax data available	Tax data source and format	Macro data	Type of update
France	2018	EU-SILC, microdata	2018	2019	www.impots.gouv.fr , tabulations	EUROSTAT & OECD 1980-2020	External estimation by Garbinti, Goupille-Lebret and Piketty (2018) for 1900-2014; Bozio et al. (2020) for 2014-2018. 2019 and 2020 are extrapolated from 2018 distribution.
Germany	2018	EU-SILC, microdata	2014-2017 (new)	2017	www.destatis.de , tabulations	EUROSTAT & OECD 1995-2020, UN SNA 1980-1994	Survey microdata 2018 + tax data 2014-2017 + macro data 2020 (constant fiscal income distribution 2018-2020)
Greece	2018	EU-SILC, microdata	2018 (new)	2018	www.aade.gr , tabulations	EUROSTAT & OECD 1995-2020, UN SNA 1980-1994	Survey microdata 2018 + tax data 2018 from update to Chrissis and Koutentakis (2019) + macro data 2020 (constant fiscal income distribution 2018-2020)
Iceland	2016, 2017	EU-SILC, microdata	2017 (new)	2020	www.px.hagstofa.is , tabulations	EUROSTAT 1995-2020, 1980-1999 UN SNA	Survey microdata 2016-2017 + macro data 2020 (constant fiscal income distribution 2017-2020)
Ireland	2019	EU-SILC, microdata	2016-2018 (new)	2018	www.statbank.cso.ie , tabulations, updated top income shares for 2016-2018 provided by Brian Nolan.	EUROSTAT & OECD 1995-2020, UN SNA 1980-1994	Survey microdata 2019 + tax data 2016-2018 + macro data 2020 (constant fiscal income distribution 2019-2020)
Italy	2018	EU-SILC, microdata	2017, 2018 (new)	2019	www1.finanze.gov.it , tabulations	EUROSTAT & OECD 1995-2020, UN SNA 1980-1994	2004-2015 from Guzzardi et al. (2021) + extrapolations (1980-2003, 2016-2020) based on internal update

Country	New years of survey data used	Survey data source and format	Last/new year(s) of tax data used	Latest year of tax data available	Tax data source and format	Macro data	Type of update
Luxemburg	2018	EU-SILC, microdata	2012	2012	www.ces.public.lu , tabulations	EUROSTAT & OECD 1995-2020, UN SNA 1980-1994	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Malta	2018	EU-SILC, microdata				EUROSTAT 1997-2020, UN SNA 1980-2005	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Netherlands	2018	EU-SILC, microdata	2014	2014	Salverda (2019)	EUROSTAT & OECD 1995-2020, UN SNA 1980-1994	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Norway	2018	EU-SILC, microdata	2012-2018 (new)	2019	www.microdata.no , microdata (available to Norwegian-based researchers), www.ssb.no , tabulations	EUROSTAT & OECD 1980-2020	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Portugal	2018	EU-SILC, microdata	2018 (new)	2019	www.pordata.pt , tabulations	EUROSTAT & OECD 1995-2020, UN SNA 1980-1994	Survey microdata 2018 + tax data 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Spain	2018	EU-SILC, microdata	2012	2019	www.agenciatributaria.es , tabulations	EUROSTAT 1995-2020	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)

Country	New years of survey data used	Survey data source and format	Last/new year(s) of tax data used	Latest year of tax data available	Tax data source and format	Macro data	Type of update
Sweden	2018	EU-SILC, microdata	2013	2019	www.statistikdatabasen.scb.se , tabulations	EUROSTAT & OECD, 1980-2020	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Switzerland	2018	EU-SILC, microdata	2014	2016	www.estv.admin.ch , tabulations	EUROSTAT 1995-2020, UN SNA 1980-1994	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
United Kingdom	No survey data was collected during 2019, so last survey refers to 2018 incomes	EU- EU-SILC, microdata	1996-2017 (new)	2017	Advani and Summers (2020)	EUROSTAT 1995-2020, UN SNA 1980-1994	Tax data 1996-2017 + macro data 2020 (constant fiscal income distribution 2018-2020)
Eastern Europe							
Country	New years of survey data used	Survey data source and format	Last/new year(s) of tax data used	Latest year of tax data available	Tax data source and format	Macro data	Type of update
Albania		PovcalNet, tabulations				WID.world 1980-2020 (only GDP GNI, depreciation)	Macro data 2020 (constant fiscal income distribution 2018-2020)
Bosnia & Herzegovina	2015	PovcalNet, tabulations				WID.world 1980-2020 (only GDP GNI, depreciation)	Macro data 2020 (constant fiscal income distribution 2015-2020)

Country	New years of survey data used	Survey data source and format	Last/new year(s) of tax data used	Latest year of tax data available	Tax data source and format	Macro data	Type of update
Bulgaria	2018	EU-SILC, microdata				EUROSTAT 1999-2020	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Croatia	2018	EU-SILC, microdata	2013	2013	Kump and Novokmet (2018)	EUROSTAT 2002-2020, UN SNA 1996-2001	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Czech Republic	2018	EU-SILC, microdata	2015	2019	www.financnisprava.cz , tabulations	EUROSTAT 1995-2020	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Estonia	2018	EU-SILC, microdata	2018 (new)	2019	www.emta.ee , tabulations	EUROSTAT 1995-2020, UN SNA 1980-1994 (only GDP GNI, depreciation)	Survey microdata 2018 + tax data 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Hungary	2018	EU-SILC, microdata	2008	2008	Top shares by Mavridis and Mosberger (2017)	EUROSTAT & OECD 1995-2020, UN SNA 1991-1994 (only GDP GNI, depreciation)	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Kosovo		PovcalNet, tabulations				WID.world 1999-2020 (only GDP GNI, depreciation)	Macro data 2020 (constant fiscal income distribution 2017-2020)

Country	New years of survey data used	Survey data source and format	Last/new year(s) of tax data used	Latest year of tax data available	Tax data source and format	Macro data	Type of update
Lithuania	2018	EU-SILC, microdata				EUROSTAT & OECD 1995-2020, 1993-1994 UN SNA	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Latvia	2018	EU-SILC, microdata				EUROSTAT & OECD 1995-2020, UN SNA 1980-1994	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
North Macedonia	2018	PovcalNet, tabulations				WID.world 1980-2020, UN SNA 1990-1993, 1997-2011	Survey tabulations 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Moldova		PovcalNet, tabulations				WID.world 1980-2020	Macro data 2020 (constant fiscal income distribution 2018-2020)
Montenegro	2016	PovcalNet, tabulations				WID.world 1980-2020	Survey tabulations 2016 + macro data 2020 (constant fiscal income distribution 2016-2020)
Poland	2018	EU-SILC, microdata	2015	2017	Top shares provided by Bukowski and Novokmet (2021)	EUROSTAT & OECD 1996-2020	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)

Country	New years of survey data used	Survey data source and format	Last/new year(s) of tax data used	Latest year of tax data available	Tax data source and format	Macro data	Type of update
Romania	2018	EU-SILC, microdata	2014	2014	Shares by Andrei, et al. (2017)	EUROSTAT 1995-2020, UN SNA 1990-2017	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Serbia	2018	EU-SILC, microdata	2017	2018	Shares provided by Statistical Office of the Republic of Serbia	WID.world 1980-2020, EUROSTAT 2016-2017, UN SNA 1997-2011	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Slovenia	2018	EU-SILC, microdata	2012	2018	Shares 1991-2012 provided by Kump & Novokmet (2018) . further microdata access possible through Statistical Office of Slovenia	EUROSTAT & OECD 1995-2020	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)
Slovakia	2018	EU-SILC, microdata				EUROSTAT & OECD 1995-2020, UN SNA 1992-1994	Survey microdata 2018 + macro data 2020 (constant fiscal income distribution 2018-2020)