Update of global income inequality estimates on WID.world

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World Inequality Lab

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Technical Note

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0. Introduction

A first set of global income inequality estimates was produced in the context of the World Inequality Report 2018, for the period 1980-2016. The complete set of methodological notes, do-files and datasets used to produce these estimates can be accessed at wir2018.wid.world (see in particular Chancel and Gethin, 2018).

Since 2018, new tax, survey and national accounts data have been released by authorities and mobilized by the World Inequality Lab and its network of researchers. The systematic treatment of novel datasets, following the DINA Guidelines (see Alvaredo et al. 2020), makes it possible to update and improve our previous series. This note describes the basic methodology followed to update our estimates over the 1980-2019 period.

1. Method

1.1 Country estimates

- We use the latest round of regional updates on WID.world to obtain country distributions (see Chancel, 2020; Fisher-Post, 2020; Flores et al. 2020; Moshrif, 2020; Morgan and Neef, 2020; Robillard, 2020; Neef, 2020; Yang, 2020 for the country and regional details of these updates).

- In the specific case of countries without distributional series over the period, we assume that the distribution of income in these countries is similar to that of their neighbors (see Chancel and Piketty, 2020 for more details).

- In the specific case of countries with distributional over a certain period of time only over the 1980-2019 period, we assume that their distribution of income is unchanged before the last date available, and unchanged after the last date available. In such cases, income levels across the distribution vary at the rate of per adult national income, which is available on WID.world for all countries over the period considered (see Alvaredo et al., 2020 for a detailed explanation of the construction of National Accounts aggregates on WID.world).

1.2 Aggregation

- Country distributions are merged together year by year. Bracket averages are re-ranked and brackets were re-computed at the world level. An average of bracket averages was imputed at the bracket level to have a full distribution of g-percentiles each year from 1980 to 2019.
- Table 1 presents the share of global population and global income covered by our aggregation.
- Our estimates cover most of the global population and global income. For the detailed list of countries included in our global aggregates, and for the exact composition of WID regions, users should refer to this file[2].
- Our benchmark estimates are measured at Purchasing Power Parity, we also provide Market Exchange Rate series.

2. References

Alvaredo et al. (2020) DINA Guidelines. Concepts and Methods used on WID.World. WID.world

Chancel, L. (2020) Technical Note: Indian inequality series update, WID.World Technical Note

Chancel, L. and Gethin A. (2018) Building a Global Income Distribution Brick By Brick. Wid.World Technical Note

Fisher Post, M. (2020) Technical Note: US, Canada, Australia and New Zealand inequality series update, WID.World Technical Note

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[2] https://wid.world/wp-content/uploads/2020/10/wid-regions-list.xlsx

Flores Beale, I. et al. (2020) Technical Note: Latin America inequality series update, WID.World Technical Note

Robillard, A.-S. (2020) Technical Note: Africa inequality series update, WID.World Technical Note

Moshrif, R. (2020) Technical Note: Middle East inequality series update, WID.World Technical Note

Morgan, M. and Neef, T. (2020) Technical Note: European inequality series update, WID.World Technical Note

Neef, T. (2020) Technical Note: Russian inequality series update, WID.World Technical Note

Yang, L. (2020) Technical Note: Asian inequality series update, WID.World Technical Note

Table 1: Share of global population and global income covered by World aggregation

Year	Share of gobal income	Share of global population
1980	96%	98%
1981	95%	98%
1982	96%	98%
1983	96%	98%
1984	96%	97%
1985	96%	97%
1986	96%	97%
1987	96%	97%
1988	96%	97%
1989	96%	97%
1990	96%	97%
1991	97%	97%
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2012	97%	97%
2013	97%	97%
2014	97%	97%
2015	97%	97%
2016	97%	97%
2017	97%	97%
2018	97%	97%
2019	97%	97%

Source: World Inequality Database, (https://wid.world)