

Inequality in the Developing Giants (2021 Book)–

<https://library.open.org/viewer/web/viewer.html?file=/bitstream/handle/20.500.12657/48448/9780198863960.pdf?sequence=1&isAllowed=y>

What are the main drivers of Brazilian income distribution changes in the new millennium? – Brazil - Marcelo Neri FGV Social

https://www.cps.fgv.br/cps/bd/curso/Drivers_IncomeDistribution_Neri_Brazill_Updated_GMD.pdf

Objectives

Joint look at inequality, mean and social welfare. Measurement and analysis of the second moment of Brazilian income distribution without losing sight of the first moment.

The second general point in all contributions is to emphasize changes and not only levels of these dimensions in different points in time.

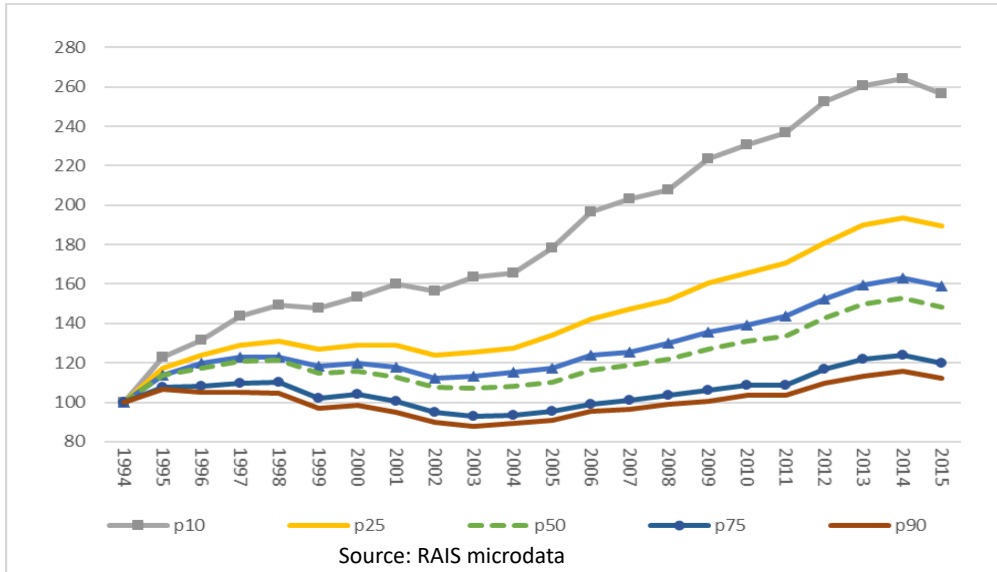
Measurement and causal issues that affect inequality should also have implications on the mean, and vice-versa. Furthermore, differences across time are a way to deal with measurement problems and to identify causality. It makes it easier to compare different data sets and periods of analysis

Overview (6 papers plus summing up) Focus Here on Top End

Inequality in Brazil by Topic, Technique, Dataset, Period of Time and Income Concept				
Inequality Topic	Technique	Dataset Used	Period of Time	Income Concept
1. Firms Effects	J-Divergence Decompositions	RAIS (matched employer-employee)	1994 – 2015	Individual Formal Earnings
2. Gender Gap	Regression Models	RAIS (matched employer-employee)	1994 – 2015	Individual Formal Earnings
3. Intergenerational Transmission of Education & Returns	Omitted Variables, Measurement Error and Markov Regressions	PNAD special supplements (household survey)	1996 & 2014	Individual Earnings
4. Missing Incomes Imputation	Combine Regressions and Stochastic Imputation	PNAD (household survey)	2001 - 2015	Per capita (All Sources)
5. Fiscal Policy Instruments	Microsimulation Dynamic	PNAD + POF + AR (income & expenditure surveys and adm e records)	2003 - 2015	Per capita (All Sources)
6. Top Incomes	Pareto Interpolation	PNAD + PIT (household survey and income tax records)	2007 - 2015	Individual (All Sources)

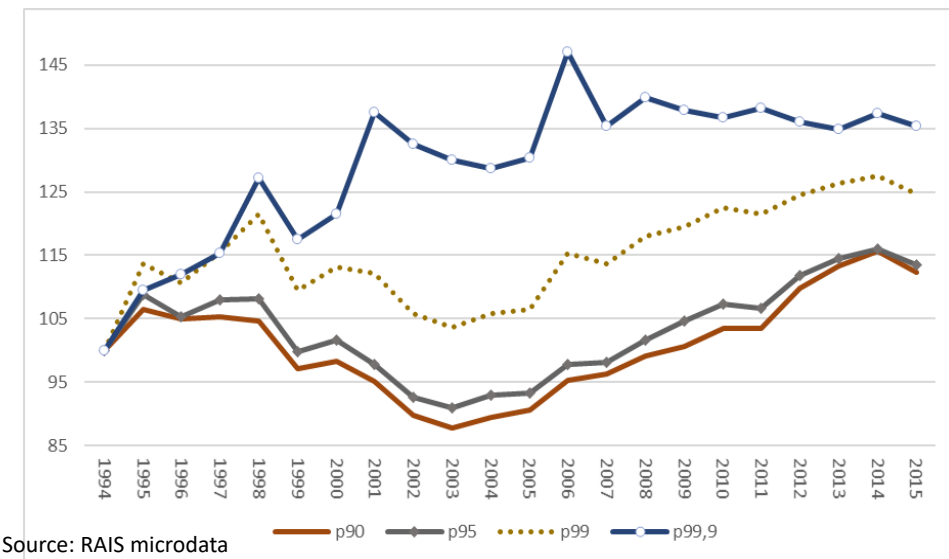
Formal Labour Market in Brazil: Cumulative Growth Curve 1994 – 2015

• Lower percentiles

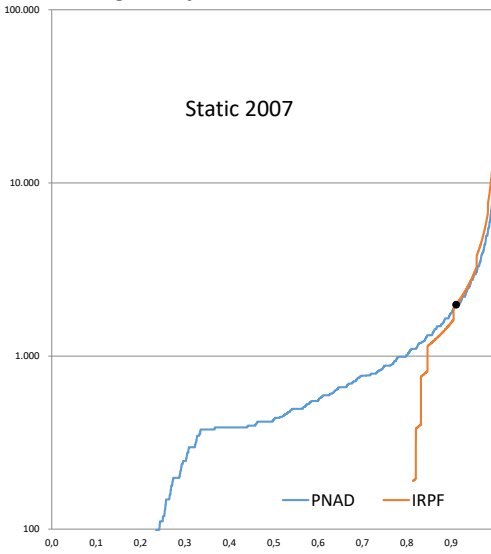


Formal Labour Market in Brazil: Cumulative Growth Curve 1994 – 2015

• Top percentiles

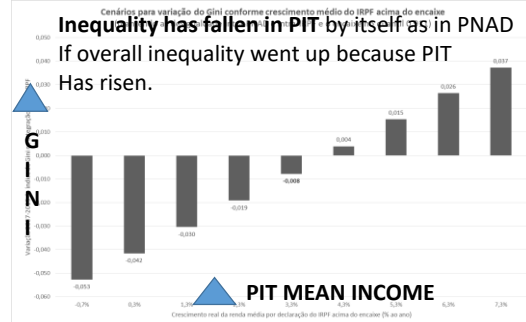
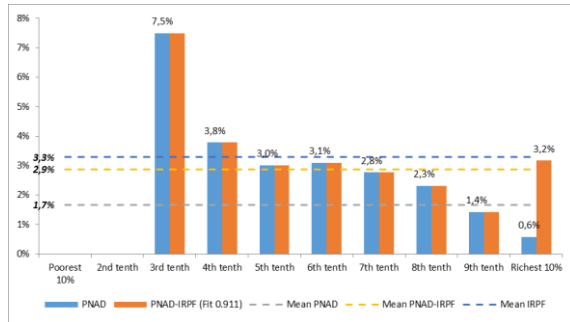


combining surveys and income tax data



If you declare you pay tax so we can use PIT (IRPF) for higher incomes.
How about exempt incomes?

Growth Rates 2007-15



Summarizing Top Incomes Results

combining surveys and income tax data

Mean income (constant R\$ at 2015 prices)

	2007	2015	Var. total	Var. anual
PNAD	1.316	1.521	15,56%	1,82%
PNAD-IRPF (PIT)	1.666	2.118	27,13%	3,05%

Inequality (Gini)

	2007	2015	Var. total	Var. anual
PNAD	0,625	0,582	-0,043	-0,005
PNAD-IRPF (PIT)	0,700	0,693	-0,008	-0,001

Social welfare Gini index based

	2007	2015	Var. total	Var. anual
PNAD	494	636	28,72%	3,21%
PNAD-IRPF (PIT)	499	651	30,48%	3,38%

Static - The level of inequality measure rises when higher top incomes replace previous lower estimates based on surveys, this same exercise also **increases by construction, the mean and the social welfare levels** associated with it.

Dynamic - The **movement** of these combined estimates present a **slower inequality trend fall** than pure household surveys, at the same time **income mean growth trends rose at a faster pace** which implies **higher social welfare growth rates than suggested by previous surveys estimates**. Inequality rise depends on how datasets are combined.

