

Global Structure Inequality: Income and Wealth

(1.03. 2019)

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Transformation and restratification

- Quasi egalitarian society in the USSR
- Difficult years 1987-1991 – slowdown, hidden inflation, shortages, uncertainty and debates.
- “500 days” in 1990, but vision of the Future troubles. And no debates on the structure of the society.
- Big transformation on the background of 10 years crisis with minus 43% GDP. Who was affected the most?
- Till now – no study on the social group navigation in the transformation. How old strata were moving into new ...
- The most of changes in 1993-1996...

Average and weighted average GDP per capita, PPP current prices (thousand USD and thousand int. dollars), 174 countries, 1992 and 2016

Cluster	Number of countries	Population, bil. people	Average		Weighted Average	
			PPP	Current	PPP	Current
<i>1992</i>						
1	26	1,06	41,7	24,1	34,6	25,2
2	16	0,23	19,7	9,6	18,7	6,6
3	22	0,45	12,1	4	11,7	3,8
4	37	0,60	7,1	1,8	6,8	1,3
5	31	0,46	3,2	0,8	3,3	0,6
6	24	2,40	1,7	0,4	1,8	0,3
7	18	0,19	0,9	0,2	0,8	0,2
Total	174	5,39	x	x	x	x
<i>2016</i>						
1	28	1,23	53,9	48,8	48,7	49,8
2	28	0,53	26,7	16,6	26,8	15,1
3	22	2,00	16,9	9,7	14,9	8
4	35	0,75	10,2	4,8	9,9	3,8
5	29	2,27	4,7	2,2	5,5	1,7
6	15	0,21	2,3	1,1	2,3	0,8
7	17	0,35	1,3	0,5	1,3	0,5
Total	174	x	x	x	x	x

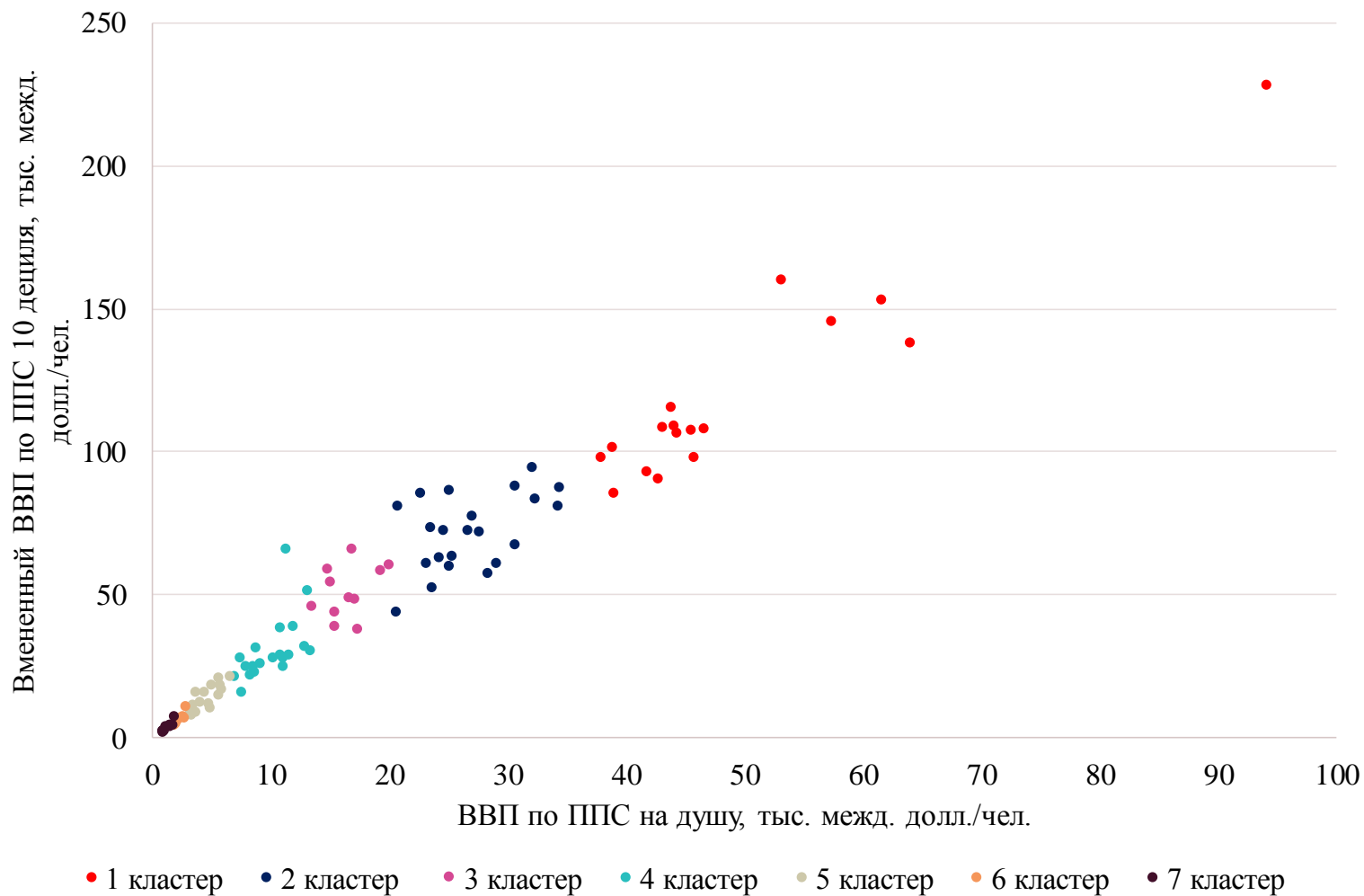
Source: authors' calculations on the World Bank data

Структура личного потребления и доля 10-го дециля в доходах, 2016 год* (в %)

№ кластера	Границы кластеров, тыс. межд. долл./человека		ТДП	Товары краткосрочного пользования	Услуги	Отдых и развлечения	На ТДП для культуры и рекреации	Доля 10-го дециля
	нижн.	верхн.						
1	35,1	–	14,4	25,8	52,4	8,5	0,35	24,3
2	21,1	35,1	8,9	40,4	43,5	6,4	0,09	27,2
3	14,0	21,1	10,0	43,8	39,2	4,8	0,11	31,7
4	7,0	14,0	7,8	46,8	39,6	3,3	0,04	29,5
5	3,2	7,0	7,6	54,8	31,6	1,5	0,05	31,4
6	1,8	3,2	8,2	57,8	27,1	1,5	0,04	30,1
7	–	1,8	4,8	62,8	28,3	1,0	0,02	32,5
США			8,8	17,8	66,6	9,2	0,46	30,2
Германия			11,2	27,3	52,3	8,7	0,26	24,9
Бразилия			10,2	39,3	43,0	4,2	0,04	40,5
Индия			3,3	41,2	47,2	0,9	0,02	29,8
Китай			7,3	34,7	48,5	5,5	0,08	31,8
Россия			12,1	49,1	31,8	4,9	0,02	29,7

* Или последний доступный год.

Вмененный ВВП по ППС 10-го дециля и ВВП на душу населения по ППС (тыс. межд. долл./человека), 106 стран, 2016 год



Средние арифметические значения расходов на НИОКР, Индекса Демократии, доли населения с доступом к Интернету, доли населения старше 25 лет с третичным образованием, ожидаемой продолжительности жизни при рождении, рождаемости, 2016 год

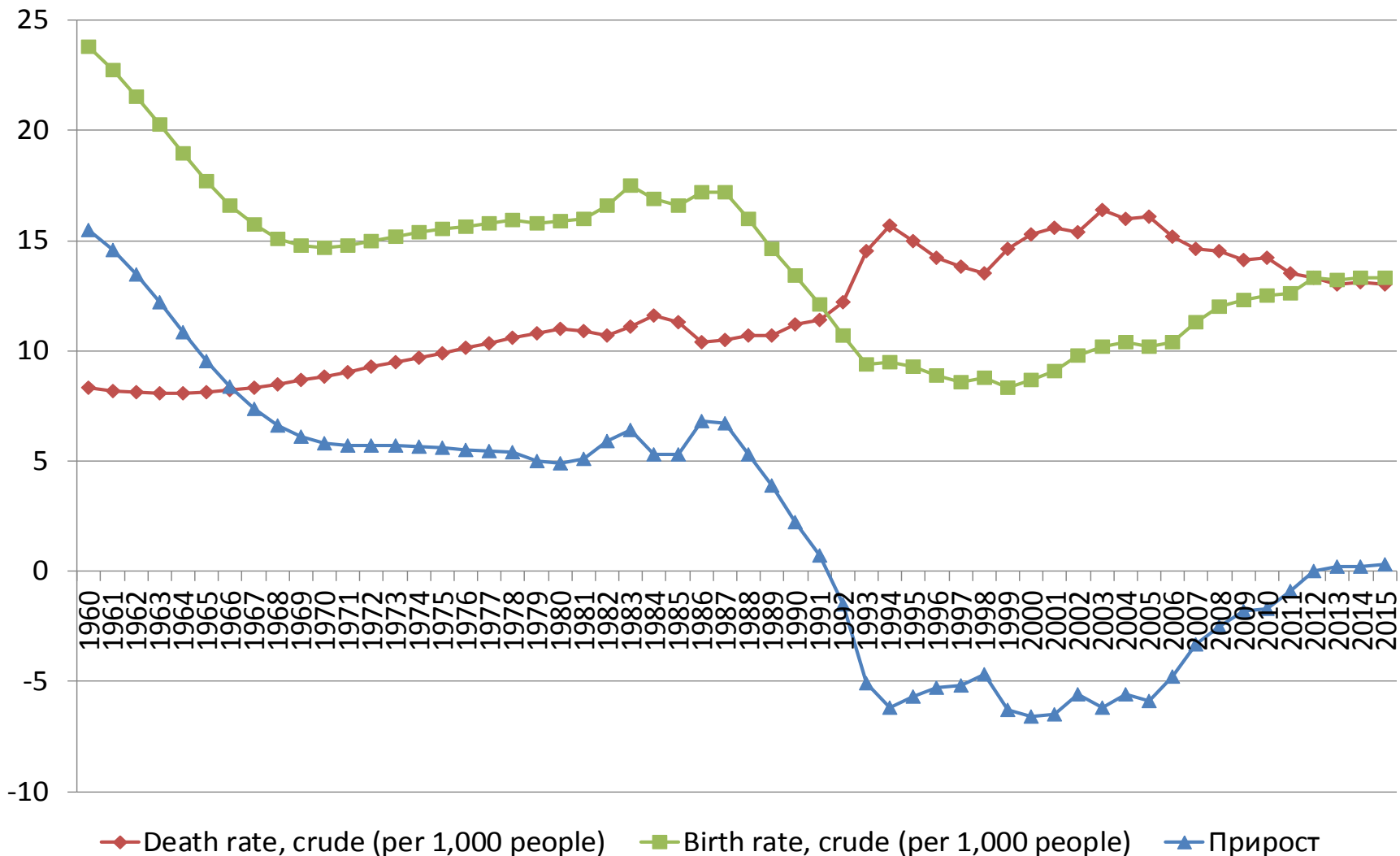
№ кластера	Расходы на НИОКР, % ВВП	Доля населения с доступом к Интернету, %	Индекс демократии	Доля населения старше 25 лет с третичным образованием, %	Ожидаемая продолжительность жизни при рождении, годы	Рождаемость (на 1000 человек)
1	2,1	88,0	7,9*	32,1	81,1	11,4
2	1,3	70,2	6,8	25,8	76,8	13,0
3	0,7	56,8	5,6	18,8	73,2	16,5
4	0,4	48,3	5,7	20,4	72,3	18,5
5	0,3	30,6	4,5	32,7**	67,7	26,6
6	0,1	17,3	4,5	2,1	67,5	32,5
7	0,3	10,6	3,8	–	59,1	37,3
США	2,8	76,0	8,0	42,3	78,7	12,4
Германия	2,9	89,6	8,6	25,4	81,1	9,3
Бразилия	–	60,9	6,9	–		14,2
Индия	0,6	29,5	7,2	–		19,0
Китай	2,1	53,2	3,1	–		12,0
Россия	1,1	73,0	–	–	70,9	12,9

* Без арабских стран.

** Особенность Турции.

РОССИЯ

Births, Deaths And Natural Increase Dynamics in Russia, 1960-2015



Re-stratification of the society

- I could not find a study of the “navigation” of social groups between 1990 and 2000,
- Yasin’s study indicate 5th quintile doubled its income (constant prices) by 2007. Warning: it’s NOT the same 5th quintile of 1990 but “mixture”.
- All people from the budget sector without skills for new market suffered probably the worst,
- Intellectuals were without big advantages in the SU, but respected and had interesting occupations which were lost,
- Length of the recession was another key issue: 10 years (1990-1999) V recession in the CEE (1989-1994).
- Here comes the fight for assets, corruption and banditry.

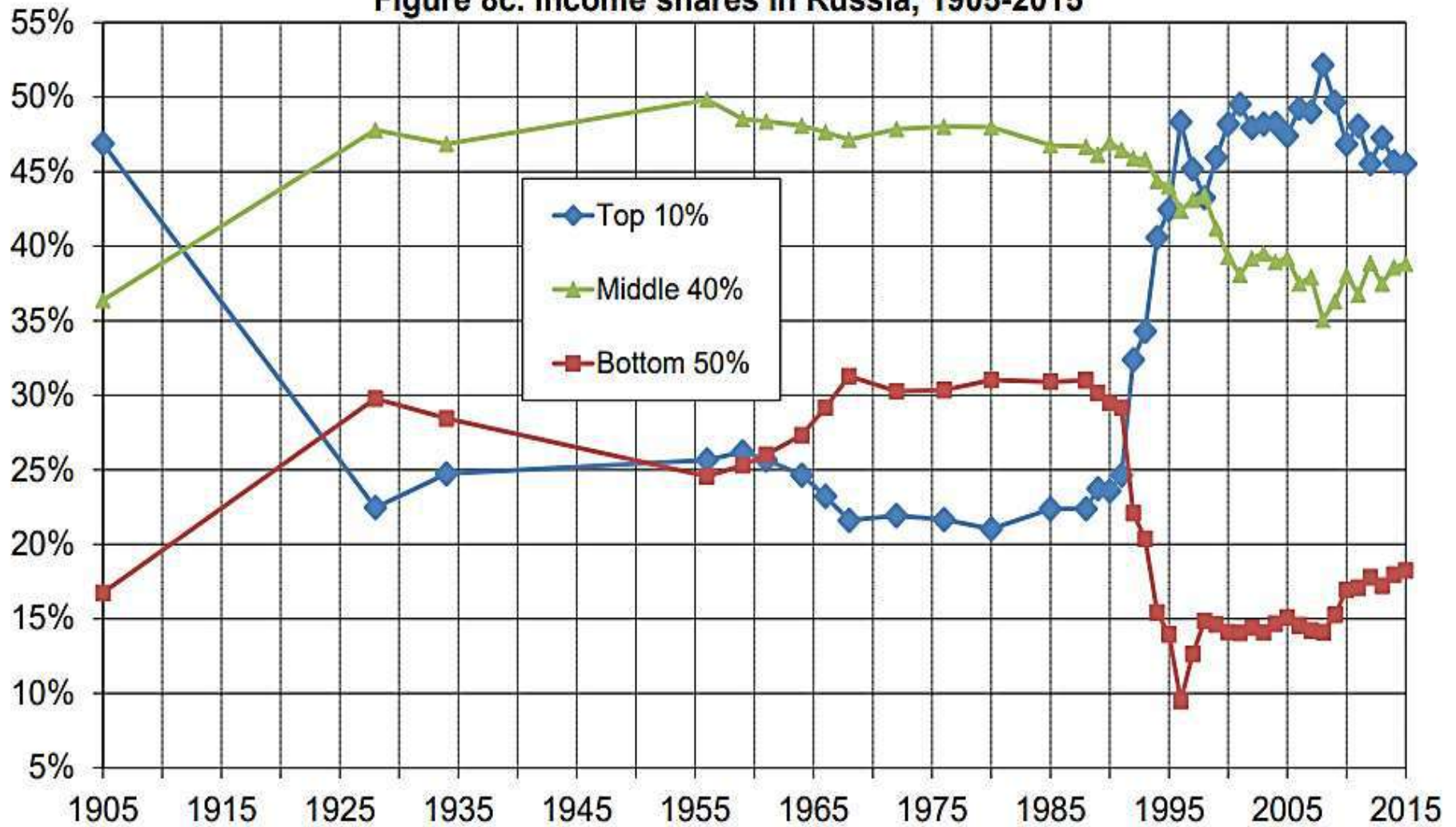
Poverty 1988 - 2018

By estimates of the World Bank between 1988–1989 и 1992–1993 number of poor in Russia grew from 2,2 to 74 mln and reached 50% of population.

Milanovic B. Income, Inequality, and Poverty during the Transition from Planned to Market Economy. At: <http://documents.worldbank.org/curated/en/229251468767984676/pdf/multi-page.pdf>.

2014 - 2018 = Poverty up from 10% to 13,3%

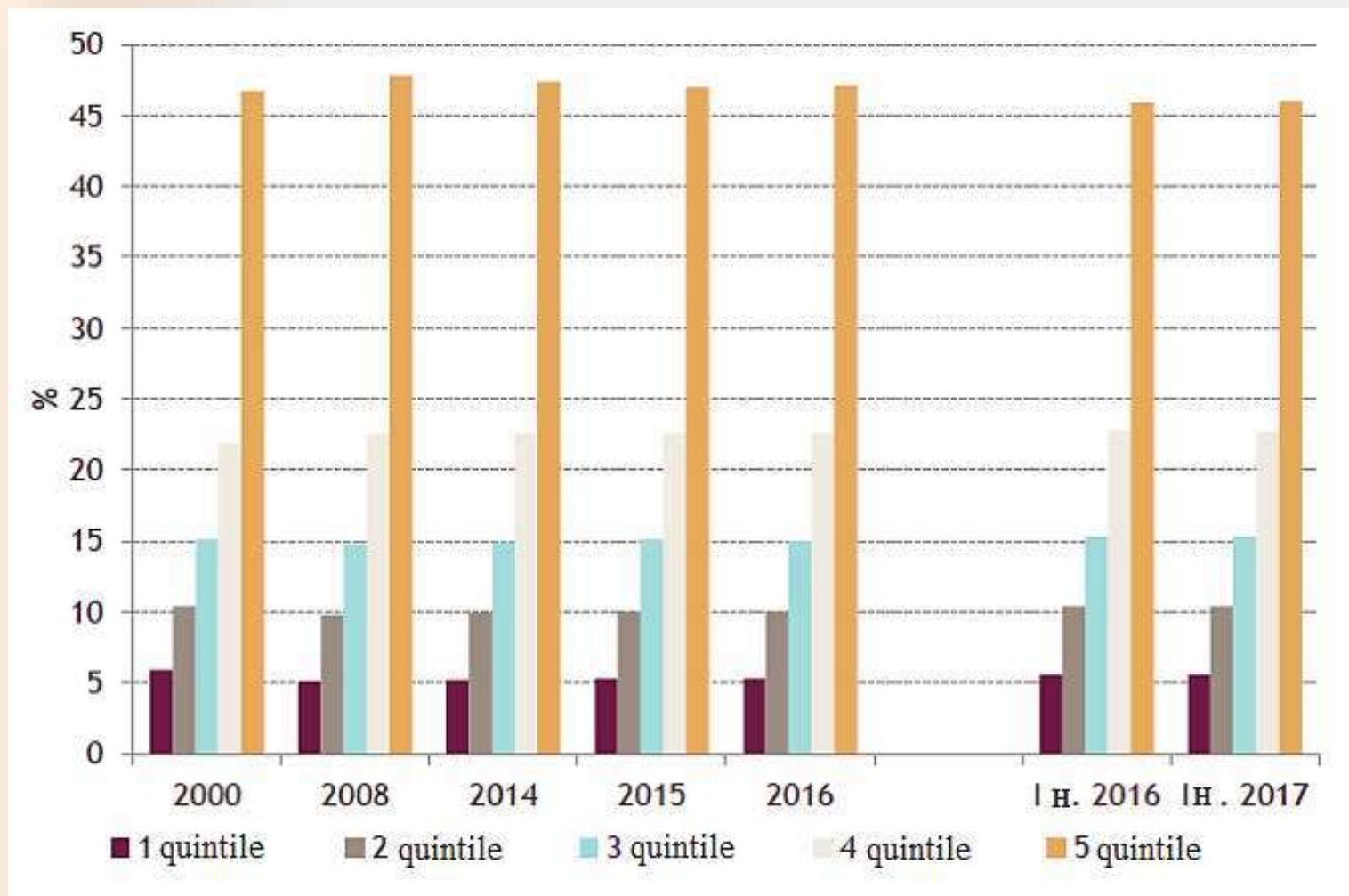
Figure 8c. Income shares in Russia, 1905-2015



Source: F. Novokmet, T. Piketty, G. Zucman. *From Soviets to Oligarchs: Inequality and Property in Russia 1905-2016*

Dynamics of inequality in Russia (2/2)

Share of income by 20-percent groups of population, %



Access to Internet, mobile phone and personal computer usage, % households, 2010, 2015

Country	Access to Internet, %		Mobile phone, %		Personal computer, %	
	2010	2015	2010	2015	2010	2015
Germany	72,9	85,6	93	99,1	80,8	88,3
Spain	59,1	77	94,6	96,6	69	79,1
Poland	63,4	76,8	91,8	96,4	68,7	75,2
Russia	41,3	72	85,8	96,2	55	72,8
Brazil	27,1	50,6	88,8	94,9	34,9	54,2
China	23,7	50,3	88,9	94	35,4	48,1
South Africa	10,1	39,5	89,8	93,9	18,3	29,7
India	4,2	17,1	55,7	76,2	6,1	14,2

Key points (1 / 2):

- **Inequality between countries changes, Clusters go apart.**
- **Global economic growth has not changed the key parameter – the share of 10th decil in the most of the developed and developing countries – 2014;**
- **Between 1992 and 2016 the global GDP (PPP) per capita had grown by 40%. But except for success of few countries (China etc.) the inequality by countries has not changed in many respects; China also got Inequality.**
- **Great Recession somewhat reduced top incomes in some countries, but in the upturns the Rich gets the Premium – not the Poor or the Middle.**

Key points (2/2):

- **Domestic inequality is rigid, Growth is not changing distances for deciles.**
- **As we know, a number of the Governments turned now on the Rich for better collection of taxes, and Public – for less rewards for Managers.**
- **High Inequality in Anglo-Saxon countries connected with strong Vertical lifts.**
- **Transitional Inequality appears quite stubborn.**
- **China has formatted high inequality in 30ty years of fast economic growth.**

Income Inequality - International Comparison, 2014 or latest available

Country	GDP per capita (PPP), 2011, 2016, thousand U.S. \$	GINI index, %	Income share held by						
			lowest 10%	lowest 20%	second 20%	third 20%	fourth 20%	highest 20%	highest 10%
Russian Federation	23,2	41,59	2,3	5,9	10,1	14,5	21,2	48,3	32,2
Mexico	17,9	48,21	1,9	5,1	8,8	12,7	18,9	54,5	39,7
Brazil	15,1	51,48	1,2	3,6	7,9	12,6	19,6	56,3	40,7
Argentina	19,9	42,67	1,6	4,8	9,6	14,9	22,9	47,8	30,8
Chile	24,0	50,45	1,7	4,6	8,3	12,1	18,3	56,7	41,5
United States	57,5	41,06	1,7	5,1	10,3	15,4	22,7	46,4	30,2
United Kingdom	42,6	32,57	2,9	7,5	12,3	17,0	23,1	40,1	24,7
Israel	37,9	42,78	1,7	4,6	9,6	15,5	22,9	47,4	31,3
Italy	38,2	35,16	1,9	6,2	12,3	17,0	22,8	41,7	26,3
Spain	36,3	35,89	1,7	5,8	11,9	17,0	23,5	41,8	25,9
Greece	26,8	36,68	1,7	5,6	11,7	17,2	23,3	42,3	26,7
Hungary	26,7	30,55	3,0	7,8	13,4	17,6	22,7	38,6	23,9
Poland	27,8	32,08	3,3	8,0	12,5	16,8	22,6	40,2	25,2
Bulgaria	19,2	36,01	2,0	6,2	12,2	16,6	22,4	42,7	27,4
Ukraine	8,3	24,09	4,5	10,5	14,6	18,0	22,4	34,7	20,6
France	41,5	33,1	3,1	7,8	12,6	16,5	21,8	41,2	26,8
Germany	48,7	30,13	3,4	8,4	13,1	17,2	22,7	38,6	23,7
Netherlands	50,9	27,99	3,4	8,9	13,9	17,6	22,5	37,1	22,6
Sweden	49,2	27,32	3,2	8,7	14,3	17,8	23,0	36,2	21,5
Czech Republic	34,7	26,13	3,9	9,6	14,5	17,9	21,9	36,1	22,2

Personal Consumption in Selected Countries, 2016

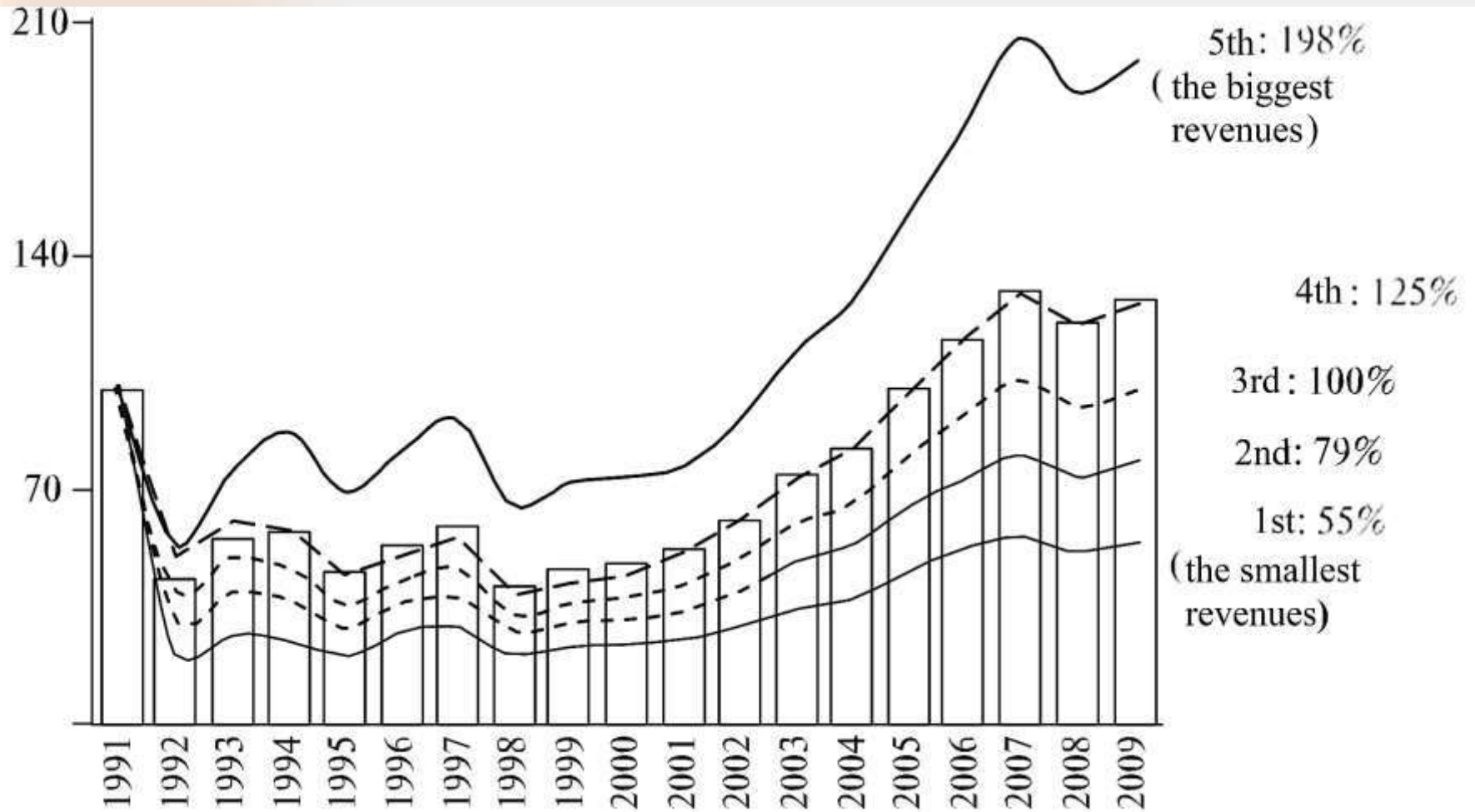
	Share of personal consumption in GDP, %	Share of different product types in consumption, %			
		Durable	Semi-durable	Non-durable	Services
World	56,7	9,2	7,4	28,9	54,5
Brazil	61,8	10,2	7,6	39,3	43,0
South Africa	61,1	8,2	8,4	39,9	43,4
Russia	49,1	12,1	7,0	49,1	31,8
China	38,6	7,3	9,5	34,7	48,5
India	59,1	3,3	8,3	41,0	47,4
Kazakhstan	53,4	5,9	12,1	53,9	28,1
Belarus	53,1	11,9	8,9	53,0	26,2
Turkey	62,9	18,3	5,7	38,3	37,6
Poland	58,5	10,5	7,5	43,2	38,8
Ukraine	64,8	8,0	6,6	56,8	28,6
Developed countries	59,3	9,5	7,2	23,0	60,3
Canada	56,2	12,9	7,3	23,9	55,9
Japan	54,8	8,2	5,6	27,3	59,0
USA	67,3	8,8	6,7	17,8	66,6
France	53,4	9,1	7,6	30,6	52,6
Germany	50	11,2	9,1	27,3	52,3
Italy	61,2	8,5	8,1	34,0	49,3
UK	61,3	10,1	10,8	21,5	57,7

Source: Euromonitor

Russia: from quasi egalitarian to?

- Yasin's work of 2010: only top 20% are better off to 1991; 4th quintal a bit better; 3d is "the same"; two other much lower.
- Please, mark: we do not have a systematic picture of re stratification. We definitely know that the most of surveys give the same response from the citizens – big privatization is not legitimized after quarter a century,
- But no political forces are claiming nationalization or any serious redistribution of the assets,
- Intellectuals are more concerned about lost generations for children, emigration and losses in arts and sciences.
- Relatively high growth in 2000-2014 came too late for compensation for long losses for the most of people.

Real cash income dynamics by 20% - income groups, 1991-2009 гг., %



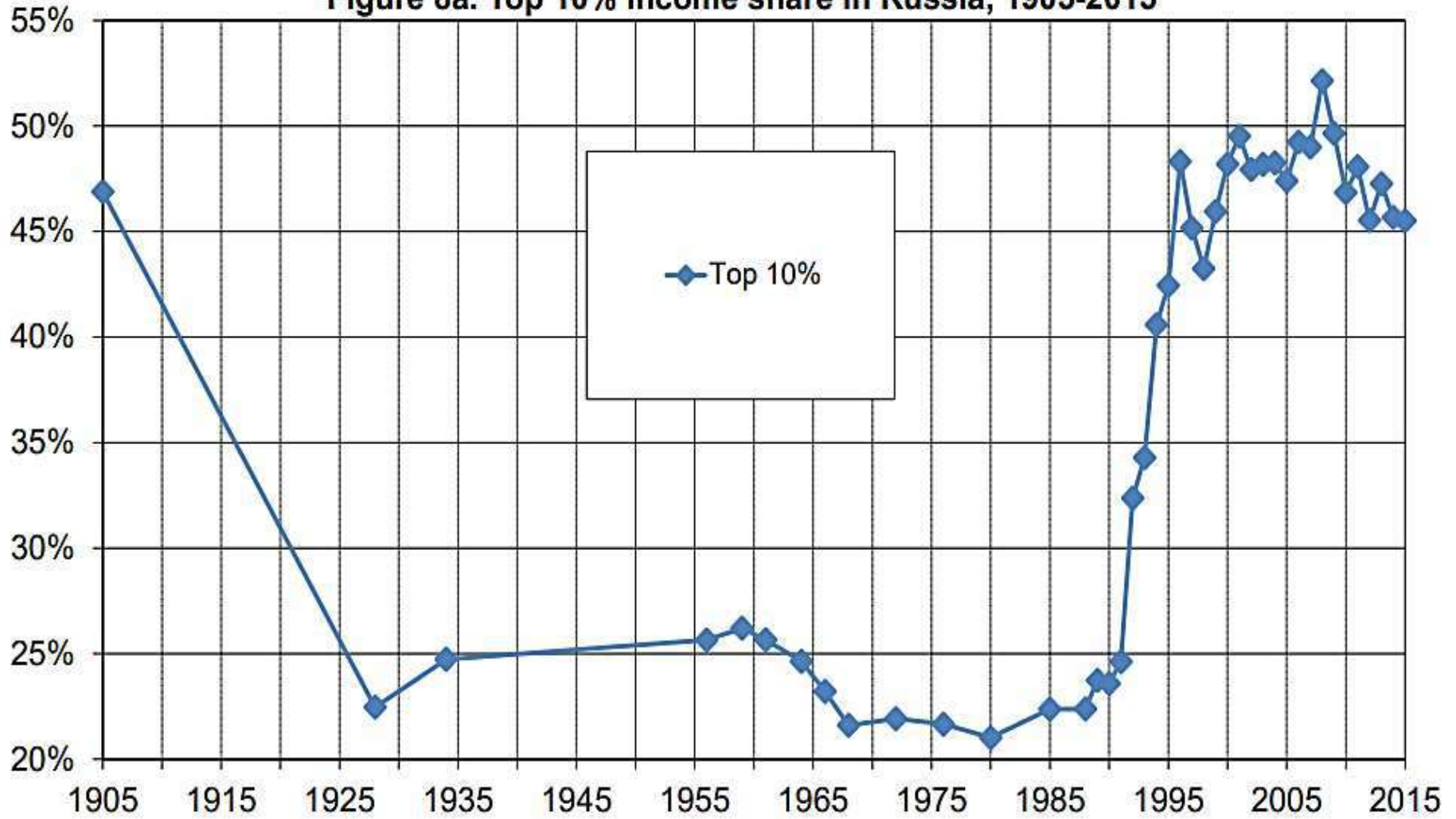
Income and Wealth Inequality

- **Inequality has a long history – in Europe and in Asia.
Estimated Gini=50% in XIX Century**
- **In 1920 – it goes down, after 1980 – soars**
- **Business cycles and trends – usual effects**
- **Gini is not the best, unlike the share of 10% (decile)**
- **Table on Income corresponds to Wealth inequality (mostly financial wealth)**
- **THE WEALTH REPORT – see for yourselves**
- **Share of Wealth of 10% = USA = 75%, China = 65%, Russia =85%, Italy= 52%, the Netherlands = 55%**

Wealth share of top decile by country, 2000-2014 (The World Bank Global Wealth Databook 2014 (Credit Suisse))

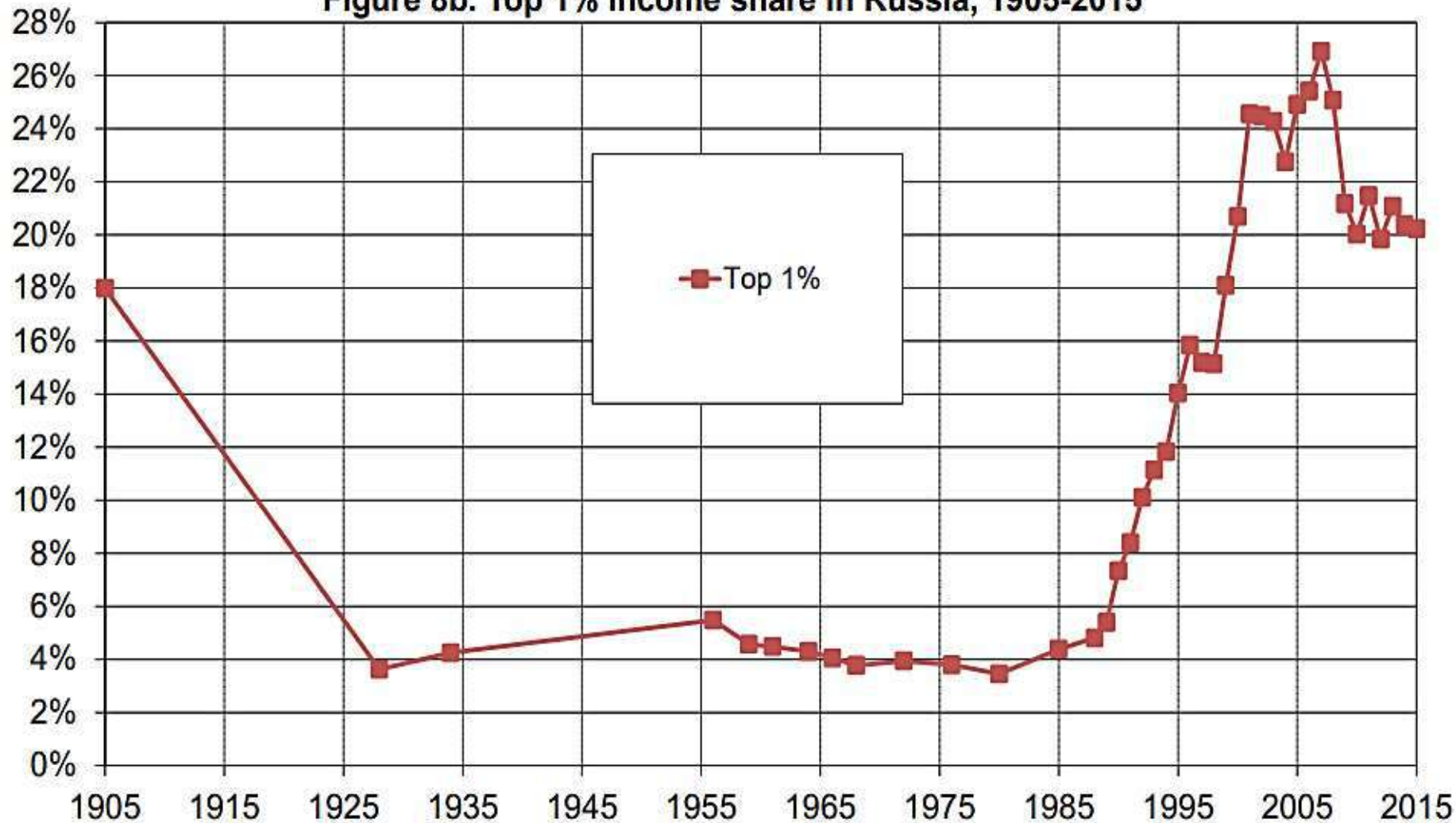
	Year				GDP (PPP) per capita, current, 2014	Income share held by highest 10%
	2000 (%)	2001 (%)	2014 (%)	2014-2000 (ppp)		
Russia	77,1	76,7	84,8	7,70	24 805	31
Latin America						
Mexico	68,9	63,2	64,4	-4,50	17 880	38,9
Argentina	63,1	61,3	71,8	8,70	22 582	31,8
Brazil	69,4	69,4	73,3	3,90	16 096	41,7
Chile	67,6	62,7	68,9	1,30	22 971	24,2
Anglo-Saxon and Israel						
United Kingdom	51,5	52,4	54,1	2,60	39 510	28,6
United States	74,6	74,7	74,6	0,00	54 596	29,6
Israel	62,4	65,4	67,3	4,90	32 691	31,3
South&East Europe						
Italy	52,6	47,9	51,5	-1,10	35 486	26,2
Spain	54,1	52,4	55,6	1,50	33 711	25,2
Greece	54,8	49	56,1	1,30	25 858	26,2
Poland	69,9	60,5	62,8	-7,10	25 105	25,9
Central&North Europe						
France	56,4	51	53,1	-3,30	40 374	24,7
Germany	63,9	61,5	61,7	-2,20	45 888	24,4
Netherlands	55,2	53,5	54,8	-0,40	47 354	22,9
Sweden	69,7	68,8	68,6	-1,10	45 986	21,4
Czech Republic	62,7	60,1	67,3	4,60	29 925	22,2
Switzerland	73,4	71,9	71,9	-1,50	58 087	
Africa						
South Africa	72,2	69,1	71,7	-0,50	13 046	53,8
Asia&...						
Japan	51	49,1	48,5	-2,50	37 389	24,8
India	65,9	73,6	74	8,10	5 855	28,8
China	48,6	58,7	64	15,40	12 879	30

Figure 8a. Top 10% income share in Russia, 1905-2015



Source: F. Novokmet, T. Piketty, G. Zucman. *From Soviets to Oligarchs: Inequality and Property in Russia 1905-2016*

Figure 8b. Top 1% income share in Russia, 1905-2015



Source: F. Novokmet, T. Piketty, G. Zucman. *From Soviets to Oligarchs: Inequality and Property in Russia 1905-2016*

Conclusion: Russia

- **Russia has made the detour from European income distribution to Latin American one. We recorded it in 2000 – now it's the stable result of transition.**
- **Inequality is similar to Anglo – Saxon, but Russia lacks the that vertical mobility and entrepreneurship.**
- **Financially sustainable middle class is within 30% of households, and little has changed in the upturn of 2000s.**
- **Distribution in Russia – judging by the income share of top 10% of population – is quite Latin American.**
- **The State has some degree of “independence” from tax-payers due to high oil-rent.**
- **Political system is based on the weak middle class and weak civil society**

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