

Is Life Getting Better?

A beginners guide to measuring the progress of societies:

Economic indicators
Inequality

Produced by

The Global Social Change Research Project
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This is the eight in a set of pamphlets about measuring well-being and progress of societies.

In this pamphlet, we discuss three sources of data for measuring inequality.

One source is obtained from conducting worldwide surveys, and using these to construct inequality indicators, for world-wide analysis or for multinational comparisons.

Another source is from national household surveys: each country collects income data through their own national surveys. These data could be used to determine inequality within each country, or could be compiled into unified or standardized data sets, for multinational comparisons.

A third source is from existing national data like average national income or average national wages, or GDP per capita. These data cannot measure inequality among individuals or within countries, but could be used to measure inequality among countries.

We list a number of organizations that collect such data, and briefly describe the data they have. A following pamphlet will describe some of the issues of these data.

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World wide surveys

One worldwide survey is the Gallup World Poll (WP).¹ This survey usually includes 1,000 people per country and covers about 150 countries. This survey has a variety of questions, many about life satisfaction or opinions. There are few demographic questions, at least on the most recent version. The most recent version has no questions about a person's income,² however, previous versions had a question asking for the monthly household income.^{3,4,5}

1. Gallup World Poll.

<http://www.gallup.com/consulting/worldpoll/24046/about.aspx>

2. Core worldwide questions. Retrieved on 4/23/10

http://www.gallup.com/consulting/worldpoll/File/125090/WP_Questions_WHITE.pdf

3. Gallup World Poll Master Questionnaire 2007, Latin America, May 21 2007 Version. Question d7. http://www.iadb.org/res/files/encuesta_gallup.pdf

4. Bianca Clausen, Aart Kraay, Zsolt Nyiri. Corruption and Confidence in Public Institutions: Evidence from a Global Survey. Refers to 2008 and 2009 questionnaire. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1527367

5. The Silatech Index: Voices of Young Arabs. Survey administered by Salitech and Gallup in 2009. http://www.gallup.com/poll/File/120758/Silatech_Report_Final.pdf

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Another international survey is the World Values Survey (WVS).⁶ The most recent wave of this survey (2005-2008) included 54 countries, including most of the OECD countries, many countries from Latin America, the Commonwealth of Independent States, and Asia, but few countries from North Africa and Sub-Saharan Africa.⁷

The previous wave (1999-2004) included 67 countries.⁸ These included most of the countries in the later wave, and several additional countries from Africa.⁹

This survey has a number of demographic questions, including one about income. The survey presents the person with 10 categories of income from lowest to highest, and the person says which category their income is in.¹⁰

6. World Value Survey. <http://www.worldvaluessurvey.org/>

7. Documentation of the Values Surveys, 2005-2008 wave. <http://www.wvsevsdb.com/wvs/WVSDocumentation.jsp?Idioma=I>

8. Values Change the World, World Values Survey. Brochure about the World Values Survey. <http://www.worldvaluessurvey.org/> In the "organization" section.

9. Documentation of the Values Surveys, 1999-2004 wave. <http://www.wvsevsdb.com/wvs/WVSDocumentation.jsp?Idioma=I>

10. WVS 2005-2006 Wave, Root Version, <http://www.worldvaluessurvey.org/>

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National household surveys

A number of organizations use national household surveys to compile uniform or standardized indicators of inequality within countries.

The UN developed a data set of 162 countries,¹¹ based largely on national surveys.¹²

A 1996 data set,¹³ an original source for the first version of the database, was based on national representative household surveys from 108 countries. Asia and Europe were well represented but Africa was under represented. The data set was later supplemented by research papers, official statistical publications, and data on land distributions.¹⁴

11. World Income Inequality Database V2.0c May 2008. World Institute for Development Economics Research of the United Nations University (UNU-WIDER) http://www.wider.unu.edu/research/Database/en_GB/database/

12. WIID2C database. World Income Inequality Database V2.0c May 2008. World Institute for Development Economics Research of the United Nations University (UNU-WIDER) http://www.wider.unu.edu/research/Database/en_GB/wiid/

13. Klaus Deininger and Lyn Squire, 1996, "A New Data Set Measuring Income Inequality," World Bank Economic Review, Vol. 10, # Number 3 # Pp. 565-591. <http://go.worldbank.org/V5K1176X10>
The data are available here <http://go.worldbank.org/NUMCJERM60>

14. Klaus Deininger and Lyn Squire. Economic Growth and Income Inequality: Reexamining the Links. Finance & Development. March 1997, Volume 34, Number 1. <http://www.imf.org/external/pubs/ft/fandd/1997/03/index.htm>

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OECD also developed a data set covering 30 countries.¹⁵ The sources are household surveys, plus national registers for several countries.¹⁶

The Center for Distributive, Labor and Social Studies, from the Universidad Nacional de la Plata, along with the World Bank's LAC poverty group, compiled a data set covering poverty, inequality and other social variables from 25 Latin American and Caribbean countries, based on national household surveys.¹⁷

An extended search did not identify any comparable organizations which currently compiles national income survey data for Africa or Asia. However, data from many of those countries are included in the UN data set.

15. : Growing Unequal? Income Distribution and Poverty in OECD Countries. The Organization for Economic Co-operation and Development <http://www.oecd.org/els/social/inequality/GU>

16. Growing Unequal data set, Annex 1.A1. <http://www.oecd.org/els/social/inequality/GU>

17. "Source: Socio-Economic Database for Latin America and the Caribbean (CEDLAS and The World Bank)". Website accessed 19 April 2010. <http://www.depeco.econo.unlp.edu.ar/sedlac/eng/>

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Existing national data: Income, wages, GDP per capita

The third approach is to use national data such as the national average income, or GDP per capita.

When country is the unit of analysis, inequality within countries or worldwide inequality among individuals cannot be calculated. However, these data can be used to describe inequality among countries, to look at whether some countries are, on average, wealthier than are other countries, and whether the differences in average wealth is increasing or decreasing over time.

According to several papers, inequality among countries accounts for between two thirds and three quarters of world-wide inequality.^{18,19} Thus this approach is a useful complement to measuring inequality globally or within countries.

18. Glenn Firebaugh. The Trend in Between-Nation Income Inequality. Annual Review of Sociology. Vol. 26: 323-339 (Volume publication date August 2000). <http://arjournals.annualreviews.org/doi/abs/10.1146/annurev.soc.26.1.323>

19. Branko Milanovic. Global Income Inequality: What It Is And Why It Matters? DESA Working Paper No. 26, ST/ESA/2006/DWP/26, August 2006. United Nations Working Paper series. <http://www.un.org/esa/desa/papers/2006/>

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Organizations with national averages or totals in wages or income.

The World Bank has a project to help developing countries design living standards surveys.²⁰ This project provides documentation and data about the national surveys that they helped to develop. There does not appear to be a single data set, but visitors to this website can access data for individual countries. As of April 2010 there were 33 countries with documentation and data.

The International Labor Organization (ILO) has several sources which provide national income or wage data among the labor force.²¹ These data have income or wage data for about 90 countries. These data are generally from national surveys.

20. Living Standards Measurement Study. The WorldBank. <http://go.worldbank.org/IPLXWMCNJ0>

21. LABORSTA - database of labour statistics, and Labour Force Surveys, both at ILO Statistics and databases, http://www.ilo.org/global/What_we_do/Statistics/lang--en/index.htm

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Organization with GDP per capita data

US CIA World Factbook

<https://www.cia.gov/library/publications/the-world-factbook/fields/2004.html>

Public domain data for GDP (and per capita), and many other variables, for most countries of the world.

US Department of Agriculture, International Macroeconomic Data Set

<http://www.ers.usda.gov/Data/Macroeconomics/>

Public domain data for 1969 through 2020 for real GDP (and per capita), population, real exchange rates, and other variables for the 190 countries and 34 regions.

Center for International Comparisons at the University of Pennsylvania, Penn World Tables

<http://pwt.econ.upenn.edu/>

Had GDP per capita and a number of related data, such as government share in GDP, purchasing power parity values, and more. Generally the data are from 1970 through the present.

Groningen Growth and Development Centre <http://www.ggdcc.net/>
Includes Statistics on World Population, GDP and Per Capita GDP, 1-2008 AD. Data for around 190 countries, but most countries have data only from 1950 to 2008.

UN Statistics Division, National Accounts Aggregate Database, economic statistics

http://unstats.un.org/unsd/economic_main.htm

Data for GDP, and per capita, and a few related variables, for over 200 countries, 1970 to the present.

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Other international data sets.

The US government has inequality data, currently for 131 countries.²² Unfortunately, an extensive search could not identify any documents describing the data sources. However, as indicated in the previous pamphlet, these data have a high correlation (0.89) with the UN data.

The University of Texas Inequality Project also has two inequality data sets.²³ Both appear to primarily use UN Industrial Development Organization data to determine pay inequality. The data sets, however, are limited time data, one ending in 1999 and the other in 2003.

The Integrated Public Use Microdata Series-International combines and harmonizes multiple national census data sets. This has data for 55 countries, mostly before 2001. The data set has mostly household income rather than individual income.²⁴ A small proportion of research uses of this data set is on income inequality.²⁵

22. Distribution of Family Income, Gini Index. U.S. CIA, World Factbook <https://www.cia.gov/library/publications/the-world-factbook/fields/2172.html>

23. U of Texas Inequality Project, data sets. <http://utip.gov.utexas.edu/data.html>

24. Integrated Public Use Microdata Series International. University of Minnesota. <https://international.ipums.org/international/> Specific information from FAQ #26 and the sample description page.

25. R McCaa, A Esteve, S Ruggles and M Sobek. Using integrated census microdata for evidence-based policy making: the IPUMS-International global

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Conclusions

At present, more research is needed comparing the world-wide surveys to national household surveys.

One study shows that the correlation for inequality between the Gallup World Poll (WP) and national surveys is low (0.36), and that inequality in the WP is usually lower than is inequality in the national household surveys.²⁶ The authors of the study point out that the WP question misses some sources of income, which may be why there are differences.

An extensive search did not identify any studies comparing income inequality data on the World Value Survey to national household surveys.

Prudent research on inequality might, currently, use several different sources.

initiative. African Statistical Journal, 2:83-100 (May 2006).
<http://www.hist.umn.edu/~rmccaa/#Preprints>

26. Estimating income poverty and inequality from the Gallup World Poll. The case of Latin America and the Caribbean. Leonardo Gasparini and Pablo Gluzmann. 2009. Working paper 151. <http://www.ecineq.org/>

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