

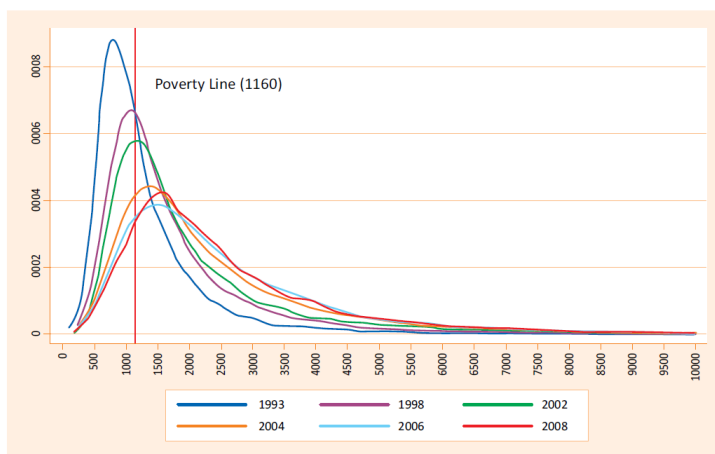
Development Policy

Lecture 8

Growth and Distribution



Vietnam: Expenditure distribution



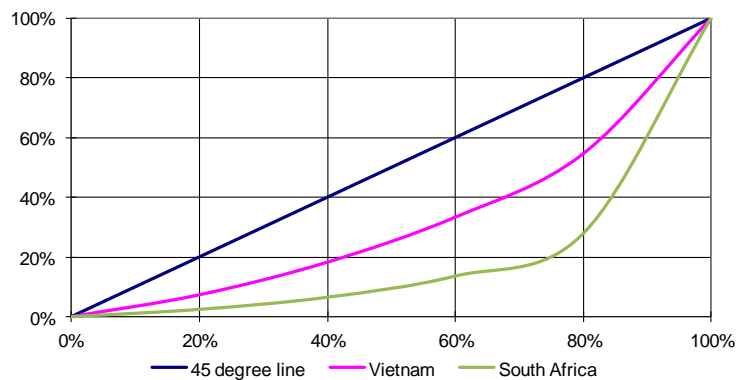
Source: Nguyen Thang et al. "Poverty Reduction in Vietnam: Achievements and Challenges" March 2011.

Cumulative share of income

	Bottom 20%	Bottom 40%	Bottom 60%	Bottom 80%	100%
Vietnam (2008)	7.33%	18.25%	33.32%	54.57%	100%
China (2005)	5.73%	15.53%	30.19%	52.19%	100%
South Africa (2006)	2.45%	6.51%	13.59%	27.49%	100%

Source: General Statistic Office

Lorenz Curves for Vietnam (2008) and South Africa (2006)




Gini coefficients

Country	Year	Gini
South Africa	2006	67
China	2005	42
India	2005	37
Indonesia	2009	37
Malaysia	2009	46
Philippines	2006	44
Thailand	2004	43
Vietnam	2008	38

Problems with inequality statistics

- Sampling frame: Is it up to date?
- Size of the sample: varies in the region from a few hundred to 15,000
- Measuring/comparing income and consumption
- Under-representation of the poor and rich
- Under-representation of mobile people
- Seasonality

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World Income Inequality Database V2.0c May 2008


The UNU-WIDER World Income Inequality Database (WIID) collects and stores information on income inequality for developed, developing, and transition countries. The database and its documentation are available on this website.

WIID2 consists of a checked and corrected WIID1, a new update of the Deininger & Squire database from the World Bank, new estimates from the Luxembourg Income Study and Transmonée, and other new sources as they have become available. WIID2a contains fewer points of data than WIID1 as some overlaps between the old Deininger & Squire data and estimates included by WIDER have been eliminated along with some low quality estimates adding no information. In addition to the Gini coefficient and quintile and decile shares, survey means and medians along with the income shares of the richest 5% and the poorest 5% have been included in the update. In addition to the Gini coefficient reported by the source, a Gini coefficient calculated using a new method developed by Tony Shorrocks and Guang Hua Wan is reported. The method estimates the Gini coefficient from decile data almost as accurately as if unit record data

http://www.wider.unu.edu/research/Database/en_GB/database/

Development Myth #6

Within country income distribution become more unequal as countries get richer.



www.expresso.pt

The "Kuznets curve"

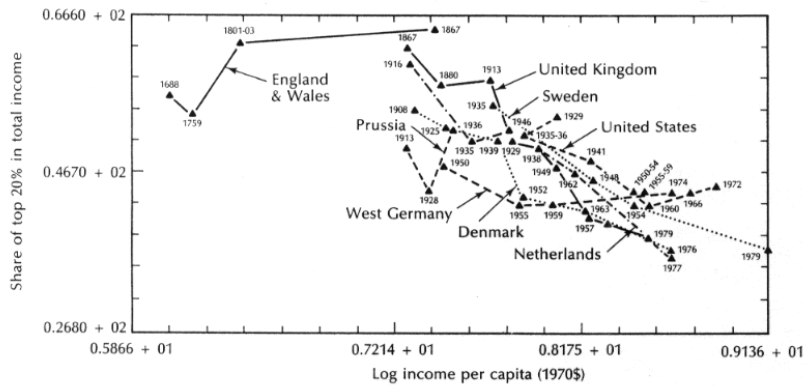
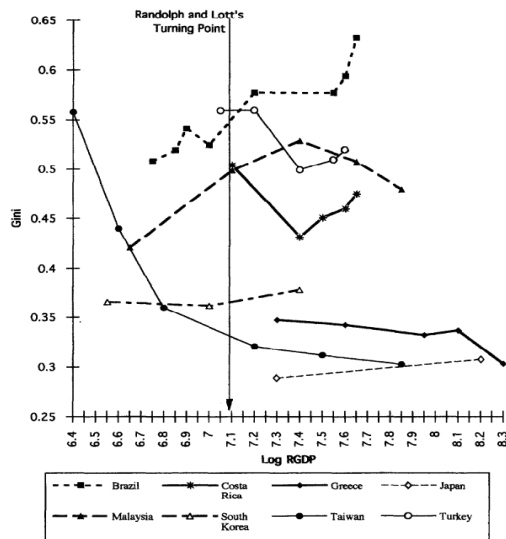
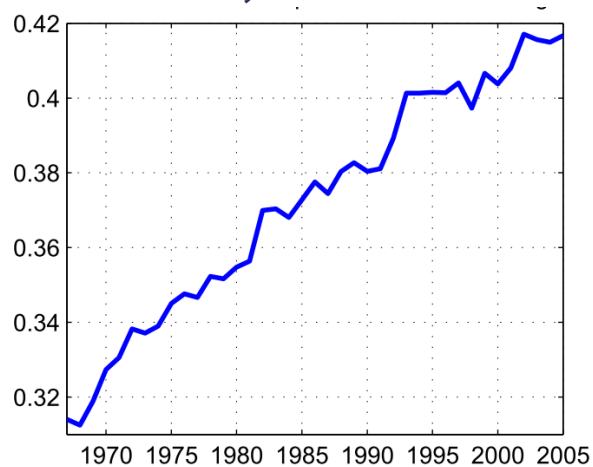


Figure 1.3 The Kuznets Curve: mostly the twentieth-century downswing.
Source: Lindert and Williamson (1985, Figure 2, p. 345)

Bowman 1997: Selection bias



Gini coefficient for US household income, 1970-2005



Gini coefficients for household income, China 1989-2004

	1989	2004
Total	0.35	0.48
Urban	0.25	0.45
Rural	0.40	0.49
Coastal province	0.37	0.50
Inland province	0.33	0.43

Source: Xubei Luo and Nong Zhu (2008)

<http://library1.nida.ac.th/worldbank/fulltext/wps04700.pdf>