

Top Incomes over the Twentieth Century

*A Contrast Between Continental European and
English-Speaking Countries*

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Preface

The origins of this volume, and the companion volume to follow, lie in the study of top incomes in France over the twentieth century published by one of us (TP) in 2001. The study used data from income tax and other sources to show the evolution of income inequality over a much longer continuous period than had previously been investigated (see Piketty 2001). This study, summarized in Chapter 3, inspired the other editor (ABA) to examine the same topic for the United Kingdom, and the results are presented in Chapter 4. Piketty and Emmanuel Saez extended the comparison further by making estimates for the United States (summarized in Chapter 5). Since then, the fruitfulness of income tax data in providing long run evidence about the top of the distribution has led to estimates being constructed for a sizeable number of countries (covered here in Chapters 6 to 12 and in a forthcoming second volume).

The aim of the project is to assemble in one place the studies of top incomes for a wide range of countries (ten in this volume). A number of the chapters are based on research that has already been published in journal articles (see the Bibliography, Chapters 1 and 2 in this volume), but the present versions contain more extensive accounts of the sources and methods as well as further and, in some cases, more recent results. Present journal editorial practice does not typically allow space for full documentation of methods, but we believe that it is important that these be recorded and discussed. The preparation of new economic data such as those presented here involves a large number of operations and recourse to a diversity of sources. Along the way, the data constructor has inevitably had to make assumptions and corrections; it is not simply a matter of copying tables. If this process is not documented in full, then the reader is unable to assess the validity of the final series. We have therefore encouraged authors to explain their methods in detail.

The volume is not intended to be a comparative study. Although a number of the chapters refer to evidence for other countries, it will be clear that each country studied has its own specificities with regard to systems of income taxation, to the ways in which data are collected, and to the wider processes of income determination. We cannot assume that the series are fully homogeneous across countries, and the literature on cross-country growth regressions warns us of the pitfalls in merging data without regard to the specificities of both data and reality. The emphasis is therefore on the historical experience of each of the ten countries. At the same time, as discussed in Chapter 1, the studies presented here represent a necessary first stage in any comparative analysis. The series were constructed by using the same raw data sources for all countries and applying the same methodology to derive the final series. Although fully homogenous, cross-country data sets do not exist, we have done our best to make our database as homogenous as possible, and to provide users with adequate guidance and

technical information. We have therefore, in the final chapter (Chapter 13), assembled the key series for the ten countries. In the second volume, we hope to cover the Nordic countries, countries from Southern Europe, India, China, Brazil, and Indonesia, which will extend considerably the range of experience.

The bibliographic references for the first two chapters are grouped together, but we have kept separate bibliographies for the individual country chapters (even though this means some duplication), on the grounds that some readers may only be interested in one country, and wish to see the sources for that country collected together.

A number of the chapters were presented at a conference organized as part of the CHANGEQUAL network meeting at Nuffield College, Oxford, in September 2003. Atkinson worked on the final preparation of the manuscript while holding a Chaire Blaise Pascal at ENS-PSE. The editors would like to thank Lin Sorrell and Cathy Douglas for their help at Nuffield, and the authors for their contributions and patience.

A.B. Atkinson and T. Piketty

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