

WORLD WEALTH & INCOME DATABASE
THE SOURCE FOR GLOBAL INEQUALITY DATA

Capital Accumulation, Private Property, and Inequality in China, 1978-2015

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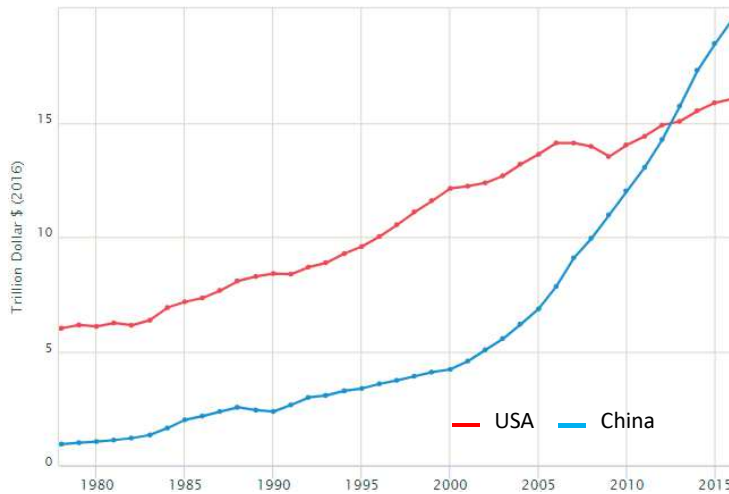
Gabriel Zucman
UC BERKELEY & NBER

Bangkok, 6th, October
UN ESCAP

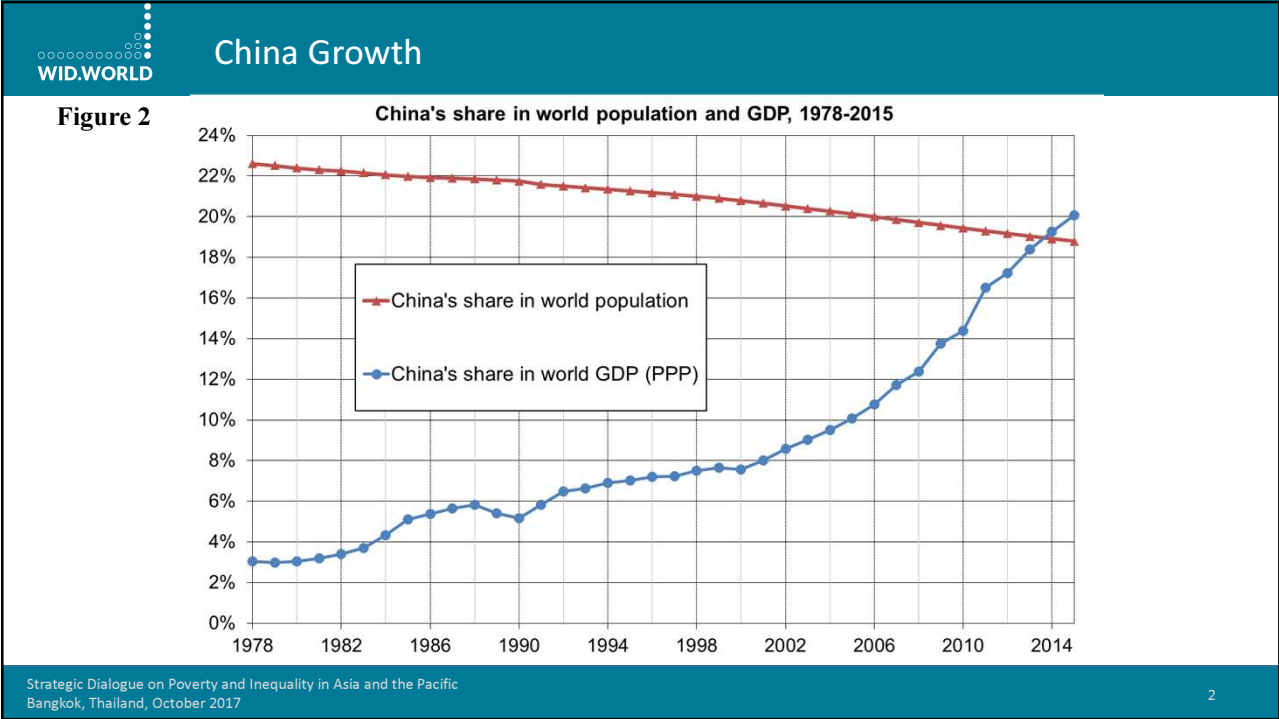
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China Growth

Figure 1 National Income (2016 PPP USD)



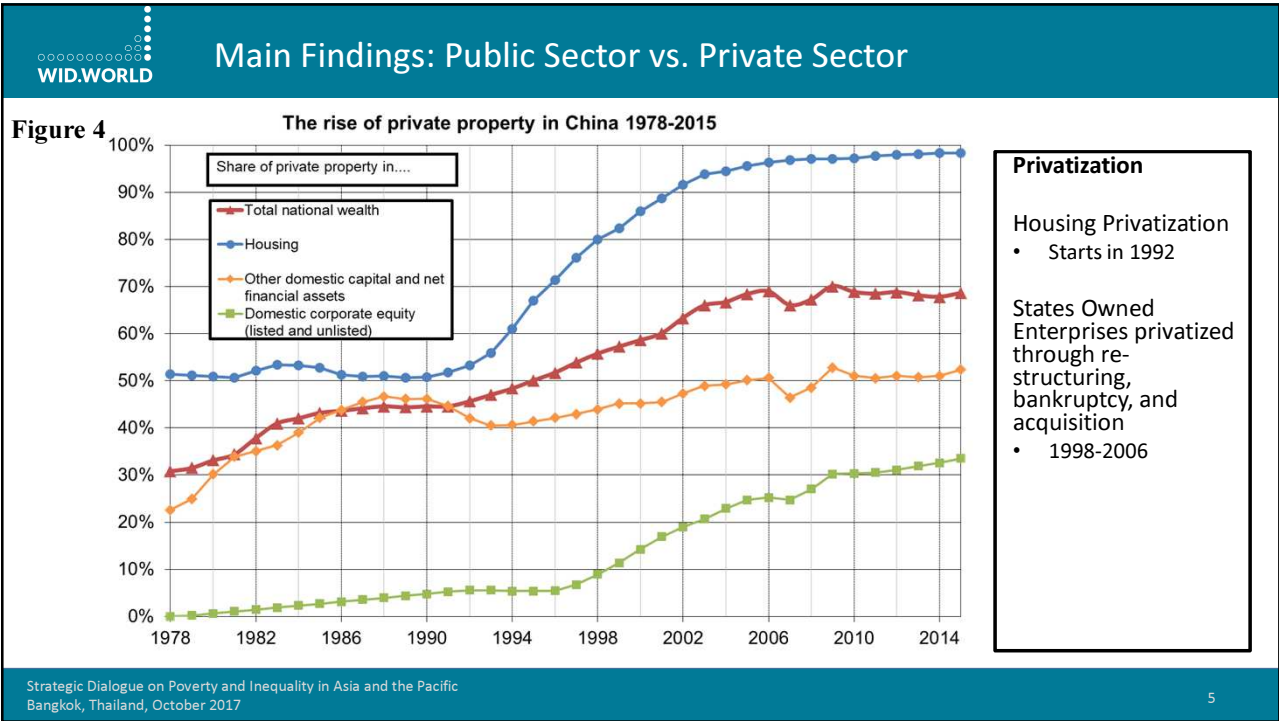
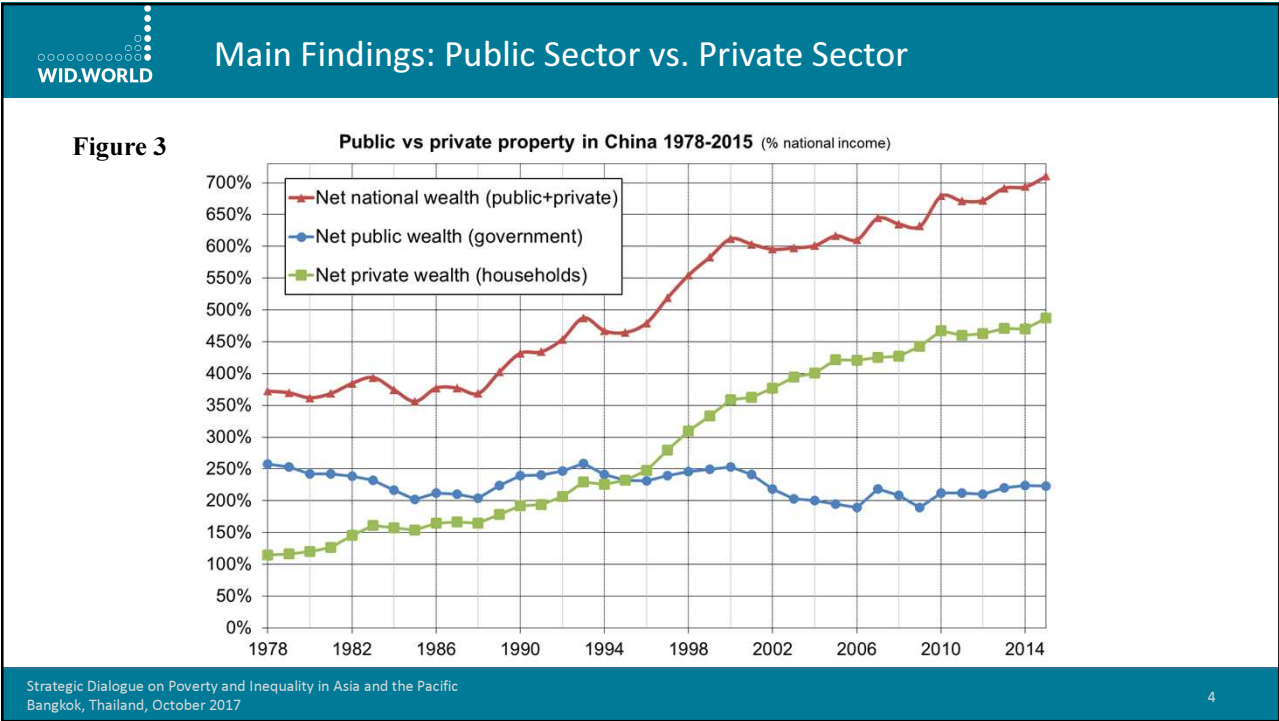
National Income		
Unit trillion USD (2016 PPP)		
	1978	2016
USA	6.00	16.05
China	0.94	19.55



Questions

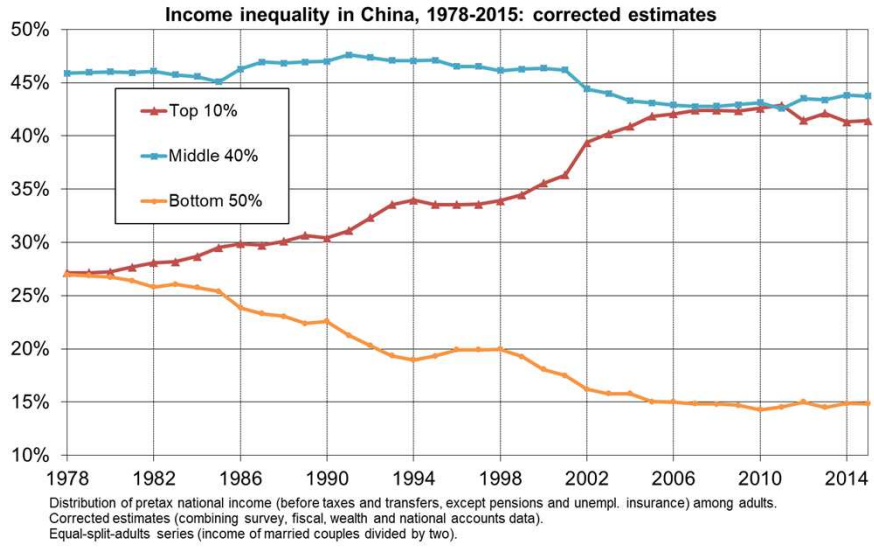
- What Matters: Who Benefits from the Growth?
 - Public Sector vs. Private Sector
 - Rich vs. Poor
- These are the fundamental questions which are not only relevant for China but for all the nations.

Strategic Dialogue on Poverty and Inequality in Asia and the Pacific
Bangkok, Thailand, October 2017



Main Findings: Rich vs. Poor

Figure 5



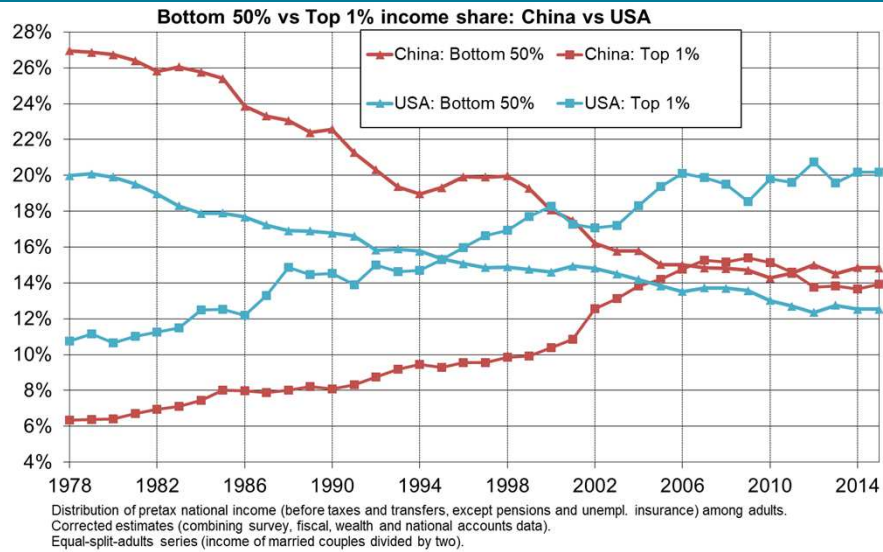
Privatization and Income Inequality

Income inequality increased dramatically during 1998-2006 SOEs privatizing and reforming periods.

It became stable since 2006 after SOEs finished restructuring.

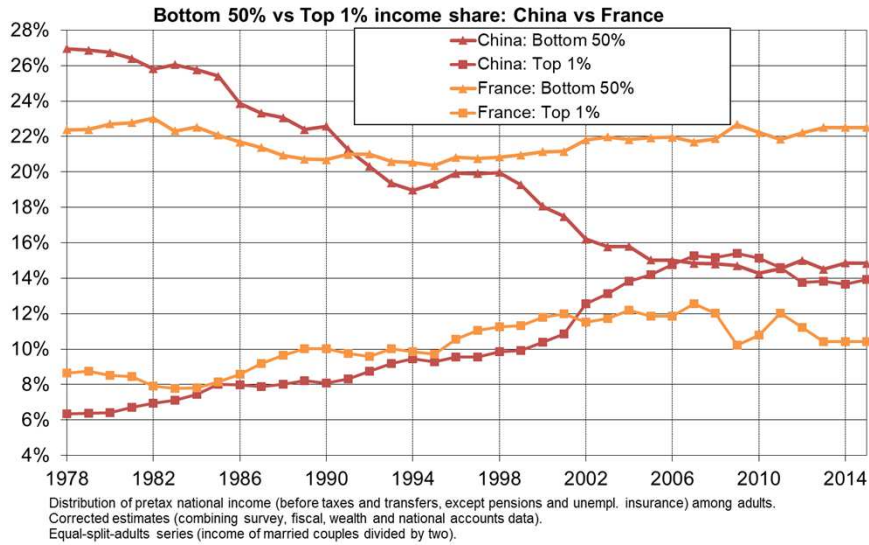
Main Findings: Rich vs. Poor

Figure 6



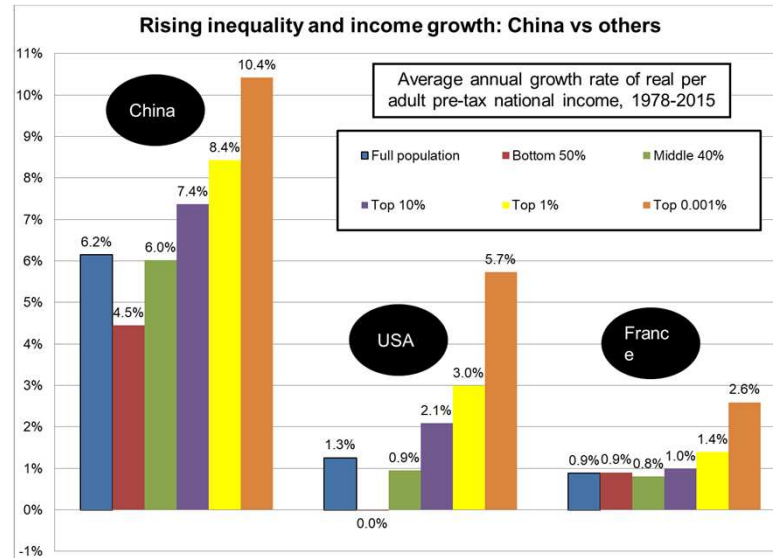
Main Findings: Rich vs. Poor

Figure 7



Main Findings: Rich vs. Poor

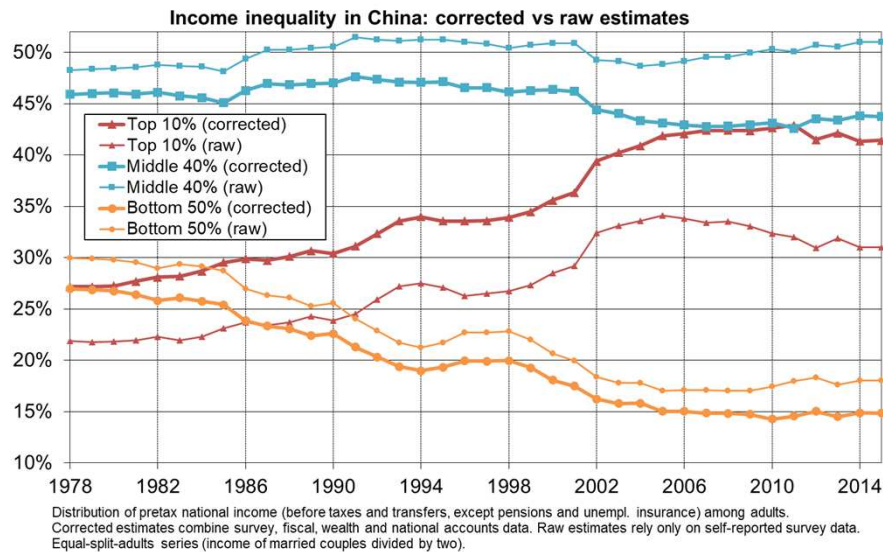
Figure 8



Estimating DINA Income Distribution

1. Estimating survey income distribution (y_s)
 - Income survey data
 - Generalized Pareto interpolation techniques (Blanchet-Fournier-Piketty, 2016)
2. Estimating fiscal income distribution (y_f)
 - Correcting survey income distribution using income tax data
3. Estimating distribution of total personal income (y_p)
 - $y_p = y_f + y_{nf}$
 - Correcting tax-exempt capital income y_{nf}
 - y_{nf} : private share of undistributed profits and imputed rent
4. Transform the distribution of personal income (y_p) into the distribution of national income y (normalize the distribution by national income)

Figure 9



Contribution

- First attempt to connect national accounts with research on distribution (inequality)
 - Possibility to revise, correct and improve estimates (new raw data sources, better methods)

- Provide the first systematic estimates of the level and structure of China's national wealth since the beginning of the market reform process
 - By combining official and non-official sources
 - Extending and improving national balance sheet of China for the period of 1978-2015

- First research to correct survey-based income inequality estimations using income tax data in China
 - providing sharp upward revision of official inequality estimates

Challenge-Data Availability for Measuring Inequality

- Income tax data in China is extremely limited
- Only available data: **Income tax data on high-income taxpayers**
 - In 2006, the Chinese tax administration issued a circular
 - All taxpayers with individual taxable income higher than **120 000 yuan (about 18 000 USD)** to file a special declaration
 - Release the total number and taxable income of these taxpayers (about 0.5% of urban adults)
 - At the **national level** annually for income years **2006 to 2010**
 - The publication at national level was **interrupted in 2011**, although the circular still applies
 - From **2011 to 2015** the publication of the data continued at **the provincial level** in a large number of provinces
 - ➔ We collected all these tabulations, which together provide useful information about top incomes in China

Challenge-Data Availability for Measuring National Wealth

- **No official National balance sheets published**
 - Official National Balance Sheets
 - NBS since 1997, never published (Shi, 2011)
 - Unofficial national balance sheets
 - 2002-2010 (Ma et al, 2012, PBC team)
 - 2007-2011, (Li et al 2013, CASS team)

- **Based on previous studies, we combined official and non-official sources and estimated national balance sheets for China for the period 1978-2015.**

Disseminating Findings

- **Our main findings have been**
 - presented in economic conferences, such as the American Economic Association Meeting, European Economic Association, etc.
 - reported by various major international media, such as Washington Post, the Economist, the Wall Street Journal, etc.
 - The research paper is available in [NBER working paper series](#).

- **Our main findings will also be included in the **World Inequality Report 2018****
 - Will be released by the World Inequality Lab In January 2018
 - will be translated into 9 different languages and be published by Harvard University Press.

Thank You

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