

Title : Has income growth in Britain been pro-poor or pro-rich?
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Abstract:

Drawing on British Household Panel Survey data, we examine whether income growth between one year and the next has favoured the poor rather than rich in Britain over the period 1991-2004. In particular we check if noticeable changes have occurred in the end of the 1990s when a number of redistributive programs (tax credits, child benefits, etc.) have been introduced by the government. These programs should have helped those at the bottom. Cross-section studies show that they have. But for the reasons explained above, they only capture the 'net' effect on the shape of the distribution. Building on (and extending) techniques recently developed in Jenkins & Van Kerm (2006) and Van Kerm (2006), we take a longitudinal view and quantify both (i) the 'gross' effect - what was the actual growth of the incomes of given individuals between time t and $t + 1$? - and (ii) the effect of associated reranking caused by differential income growth. We consider the overall population but also add special focus to people from family types of particular interest (families with children and pensioners).

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