Income inequality remains high in the face of weak recovery

COPE Centre for Opportunity and Equality

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http://oe.cd/idd

Key Facts

- Income inequality remains at record-high levels in many countries despite declining unemployment and improving employment rates.
- Persistent long-term unemployment and slow wage growth prevented recovery of labour incomes among poorer households in many countries.
- Higher-income households benefited more from the recovery than those with middle and lower incomes.
- Redistribution, which cushioned the impact of the crisis in early years, has been weakening during the recovery in a majority of countries

The OECD has updated its estimates on income inequality and poverty, shifting the benchmark year to 2013/14. Indicators are available at the OECD Income Distribution Database from OECD.Stat. This brief describes some of the key patterns from this update.

The fruits of the economic recovery have not been evenly shared

Since 2010, the year GDP and employment resumed growing in the OECD area, the economic recovery has gradually led to improvements in labour markets and household incomes. Nonetheless, the recovery has not yet delivered *inclusive* growth and not reversed the trend towards increasing income inequality observed over the past decades.

Economic recoveries, even when weak, reduce unemployment and create job opportunities that should *narrow* income inequality. At the same time, recoveries can *increase* inequality by fuelling capital incomes (which are concentrated at the top) and increasing jobs and wages more among better-off households. Moreover, the current recovery has often been associated with fiscal tightening to restore the sustainability of public finances, in some cases with stricter access to social transfers (which are concentrated at the bottom of the income distribution).

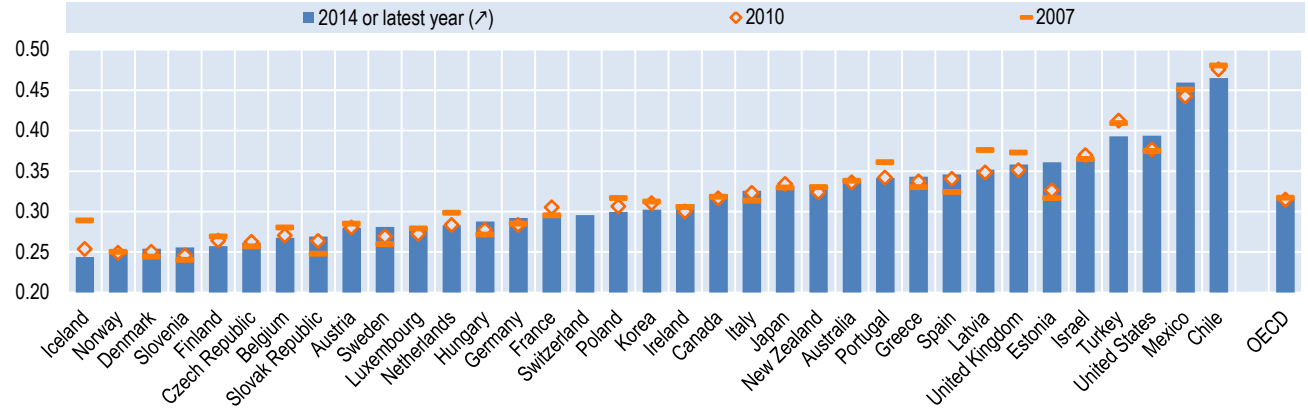
Over the past seven years, income inequality levels have remained at historical highs. Across OECD countries, the average Gini coefficient of disposable household income, a standard measure of inequality, which takes the value of 0 when everybody has the same income and 1 when one person has all the income, reached 0.318 in 2013/14 (Figure 1), only marginally higher than in 2007, but the highest value on record since the mid-1980s.

Since 2010, income inequality decreased by a significant amount (close to 2 points) in Turkey, mainly reflecting developments in labour incomes. It increased most significantly in Estonia (by more than 3 points). Changes in all other OECD countries were less pronounced during this recent period (though, for most countries, upwards).

Overall, looking at changes since 2007, inequality increased also by more than 2 points in the Slovak Republic, Spain and Sweden, while it fell in Iceland and Latvia.

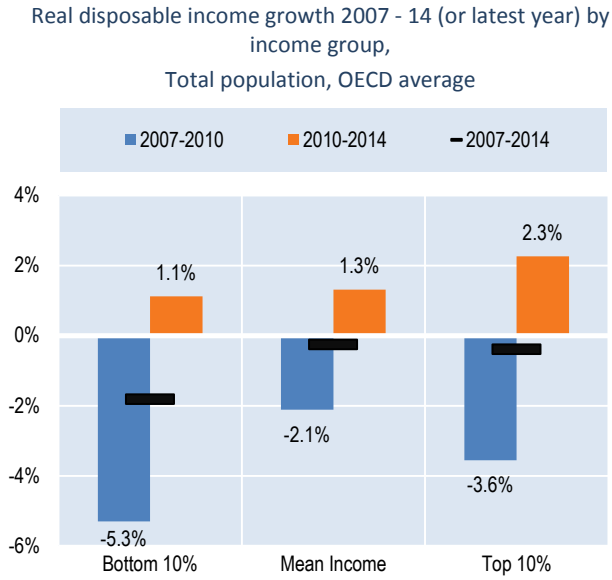
1 So far, the economic recovery has not reduced inequality

Gini coefficient of disposable income inequality in 2007 - 14 (or latest year), total population



Note: Income definitions and data years: see Table 1.

2 Household disposable incomes are still below pre-crisis levels, especially for the least well off



Note: Data years: see Table 1.

Between 2007 and 2010, average real income fell by 2.1% on average, with a stronger decline at the bottom (-5.3%) and the top (-3.6%, Figure 2). While the recovery since 2010 improved average incomes, more rapid growth of top incomes (2.3%) and weaker improvement at the bottom and at the middle (1.1% and 1.3%) increased inequality, although only marginally.

By 2013/14, incomes at the bottom of the distribution are still well below pre-crisis levels while top and middle incomes had recovered much of the ground lost during the crisis.

During the economic downturn, low- and high-income households lost the most. During the recovery, high-income households gained more due to unequal growth of labour incomes and changes in redistribution.

Labour market improvements have not benefited all households equally

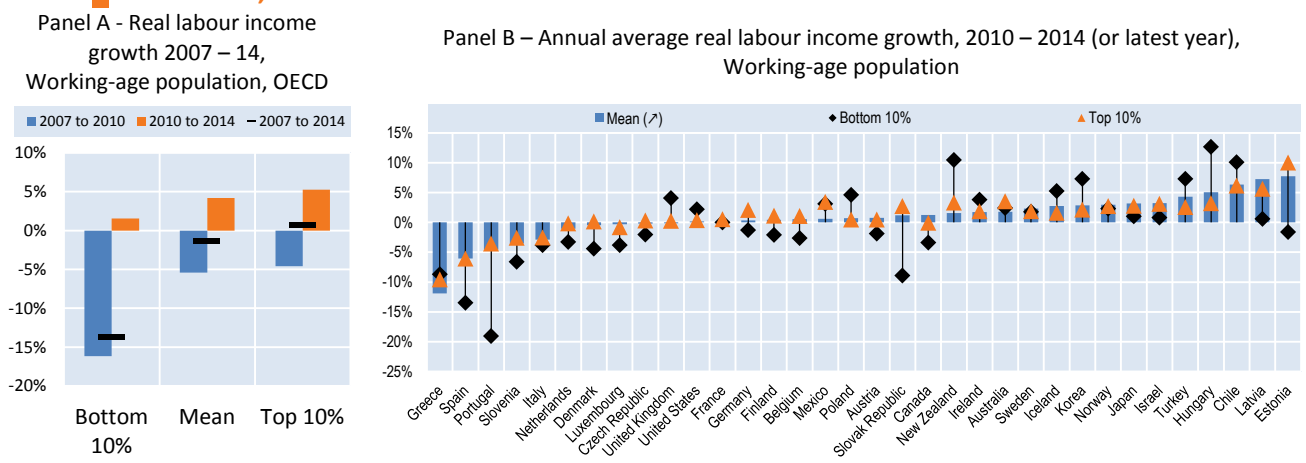
The labour market slack generated by the crisis is finally diminishing. Unemployment has been declining over the past few years, albeit often from very high levels, and most recently this has benefitted youth in particular. But long-term unemployment remains high and some groups (e.g. low-skilled youth) continue to experience high joblessness and inactivity. The crisis has not only heavily affected the number of jobs but also their quality (see the *OECD's Job Quality Framework*). Even in countries where labour market slack has been re-absorbed, low-quality jobs and high disparities among workers in terms of work contracts or job security weigh heavily on low-earning households and contribute to maintaining high levels of income inequality. Wages have stalled in most countries, including in those that were largely spared by the recession (e.g. Japan) and fallen in those hard hit (e.g. Greece, Portugal, Spain, and the United Kingdom) (*OECD Employment Outlook 2016*).

Between 2007 and 2010, labour incomes among working-age households decreased in a vast majority of countries. During the subsequent recovery, they increased in more than two-thirds of OECD countries. Overall, labour incomes have almost recovered to their pre-crisis levels on average (Figure 3, Panel A). However, this is not the case at the bottom of the income distribution, where between 2010 and 2013/14 the recovery has not translated into significant labour income growth.

In Estonia and Latvia, for instance, the considerable growth in average labour incomes since 2010 (7-8% per year) did not benefit the bottom 10% (Figure 3, Panel B).

Conversely, rapid growth of labour incomes in Chile, Hungary and Turkey (by 4-6% per year on average) mainly benefitted low-income households. This increase reflects rising employment

3 Since 2010, labour incomes increased less at the bottom of the income distribution



Notes: Labour incomes correspond to gross wages and salaries, and self-employment incomes. Data years: see Table 1.

in these countries, although employment rates are still below the OECD average. Further, strong labour market segmentation (in Chile) or high long-term unemployment (in Hungary) may dampen labour income growth at the bottom of the distribution.

In some of the OECD countries that have fully absorbed the labour market slack generated by the crisis, falling unemployment has helped to increase household incomes. In some cases however, weak wage growth has prevented incomes to fully bounce back. This was the case in the United Kingdom, where despite strong job creation (including among poorer households), falling real wages limited the increases in labour incomes. In the United States, sluggish wage growth, pre-dating the crisis, continued during the recovery, although rising minimum wages in several states boosted wages at the bottom of the distribution. Recently published data give some more grounds for optimism, as pre-tax household incomes at the bottom increased considerably in real terms for the first time since 2007 (US Census Bureau 2016).

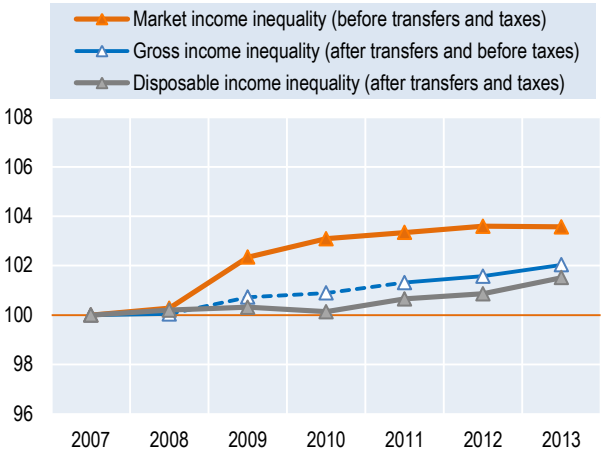
Labour incomes decreased sharply since 2007 in European countries facing sovereign debt crisis and implementing structural reforms in a context of sharp fiscal consolidation and weak demand. In Europe, the recovery started later than elsewhere, and labour incomes often decreased even further from 2010. In Greece, where unemployment soared and the minimum wage was cut by 20%, labour incomes fell by 12% on average between 2010 and 2013/14. In Spain, despite a prolonged period of strong job creation, stimulated by the 2012 reform, persistently high levels of long-term unemployment, falling real wages and persisting labour market segmentation translated into a sharp fall of labour incomes, especially at the bottom. In Portugal, labour income of the bottom 10% of the distribution fell even more, partly as a result of high long-term unemployment and a minimum wage freeze.

Redistribution dampened the increase in market income inequality but has weakened recently

Inequality among the working-age population is typically higher and changes are more pronounced than among the total population. Inequality of *market incomes* among this population – i.e. labour and capital incomes plus private transfers – has been increasing since 2008 and remains high despite the economic recovery (Figure 4).

4 Until recently, market income inequality rose faster than disposable income inequality

Inequality before and after redistribution though transfers and taxes, respectively, 2007=100,
Working-age population, OECD average

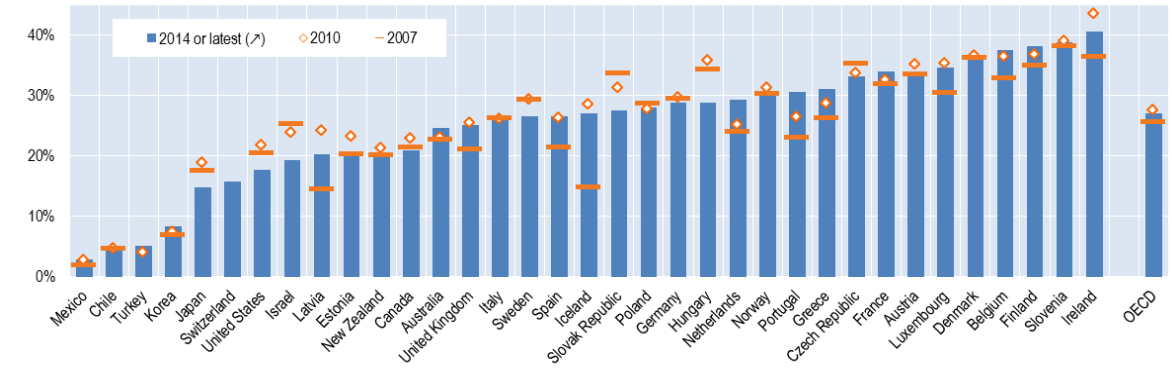


Notes: OECD average excludes Hungary, Korea, Mexico, Turkey and Switzerland. Secretariat estimates for gross income inequality prior to 2011.

Redistribution through income taxes and cash transfers, such as unemployment or other benefits, cushions income inequality - by about 27% on OECD average. This impact would even be larger taking into account non-cash transfers from governments, such as education and health-care. Most of this redistributive effect – around two thirds – reflects the impact of cash transfers (the distance between the orange and the blue line in Figure 4), with taxes accounting for the remaining third.

5 Redistribution decreased in a majority of countries since 2010

Percentage reduction of market income inequality due to transfers and taxes, 2007 - 14 (or latest year), working-age population



Notes: Redistribution is defined as the difference between market income and disposable income inequality, expressed as a percentage of market income inequality. Market incomes are net of taxes in Hungary, Mexico and Turkey. Data years: see Table 1.

In the earlier phase of the crisis, taxes and cash transfers largely off-set the increase in market income inequality. Since 2010, redistribution has weakened or stagnated in most OECD countries (Figure 5). This may be due to a softening of automatic stabilisers as the economy recovers in some countries (e.g. in Estonia or Latvia) or the phasing out of fiscal stimulus measures implemented in the early years of the crisis (e.g. in the United States, the extension of the duration of unemployment benefits, carried out in 2008/09, was rolled back in 2011).

Weaker redistribution may also reflect the introduction of fiscal consolidation measures. For instance, redistribution decreased in Hungary, where guaranteed minimum incomes and unemployment benefits were tightened and in Ireland, where direct taxation was reformed and several working-age social benefits were lowered.

In other countries, redistribution strengthened and contributed to hold back if not reverse the increase in income inequality. Examples are Iceland, partly due to tax reforms in 2010, and France, following an increase of the top income tax rate and revalorisation of social assistance benefits

Redistribution also increased in some of those European countries hardest hit by the crisis and despite implementation of fiscal consolidation. In Spain, redistribution increased during the initial phase of the crisis, but stalled as from 2010 despite greater market income inequality. Entitlement to long-term unemployment benefits was tightened in 2012 and a decrease in the coverage of unemployment benefits followed.

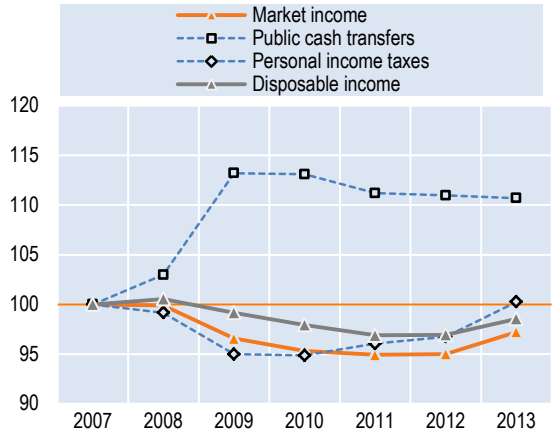
In Greece, the tax base was extended, and a solidarity contribution and new property tax were introduced in 2011, while the amounts of unemployment, family and other benefits were frozen. Redistribution increased nevertheless following the sharp rise of unemployment and market income inequality. In Portugal, while the overall share of benefits in income continued increasing, fiscal consolidation measures including reductions of family and unemployment benefits weighed more heavily on the lower-income groups. At the same time a sharp rise in unemployment together with implementation of a progressive tax reform boosted the cushioning effect of redistribution further.

By 2013, on average, disposable income levels among the working-age population were almost back to pre-crisis levels despite a continuing shortfall in market income. While in the early years, both taxes and transfers cushioned this shortfall, by 2013 taxes were back to 2007 levels, while transfers were still 10% higher, though slightly declining (Figure 6).

This lower redistribution constitutes a challenge for policy. Widening income gaps between rich and poor and high unemployment have raised awareness about the need to restore growth but also to make sure that all groups in society contribute to and benefit from greater prosperity. Policies that can deliver stronger growth and greater inclusiveness are needed, as outlined in the OECDs *Inclusive Growth Initiative*.

6 Taxes are back at their pre-crisis levels while transfers stagnate at high level in 2013

Change in real average market and disposable income, public cash transfers and taxes, 2007=100,
Working-age population, OECD average



Notes: The figures correspond to the changes in real terms of the mean of each component since 2007. OECD average excludes Hungary, Mexico, Switzerland and Turkey.

Contacts

Social Policy Division,
OECD Directorate for Employment, Labour and Social Affairs

Michael.Forster@oecd.org +33 1 45 24 92 80

Celine.Thevenot@oecd.org +33 1 45 24 92 85

Household Statistics and Progress Measurement Division,
OECD Statistics Directorate

Marco.Mira@oecd.org +33 1 45 24 87 48

Carlotta.Balestra@oecd.org +33 1 45 24 94 36

Further reading

OECD (2016), *OECD Employment Outlook* 2016, OECD Publishing, Paris. www.oecd.org/employment/outlook

OECD (2015), *In It Together: Why Less Inequality Benefits All*, OECD Publishing, Paris, http://oe.cd/init2015.

Notes

Throughout this document, (↗) (or ↘) in the legend relates to the variable for which countries are ranked from left to right in increasing (or decreasing) order.

The source for all figures above is the *OECD Income Distribution Database*: http://oe.cd/idd

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Useful links

This note as well as all figures can be downloaded at www.oecd.org/social/inequality-and-poverty.htm

OECD Centre for Opportunity and Equality http://oe.cd/cope

Source

OECD (2016), "Inequality Update - November 2016".

Box 1. The OECD Income Distribution Database (IDD - at http://oe.cd/idd)

To benchmark and monitor income inequality and poverty across countries, the OECD relies on a database based on national sources (household surveys and administrative records) and on common definitions. Indicators are based on the concept of "equivalised household disposable income", i.e. the total market income received by all household members (gross earnings, self-employment income, capital income), plus the current cash transfers they receive, less income and wealth taxes, social security contributions and current transfers that they pay to other households. Household income is adjusted with an equivalence scale that divides total household income by the square root of household size. Standard concepts and definitions of household incomes are provided by the *Canberra Group Handbook on Household Income Statistics* (United Nations, 2011).

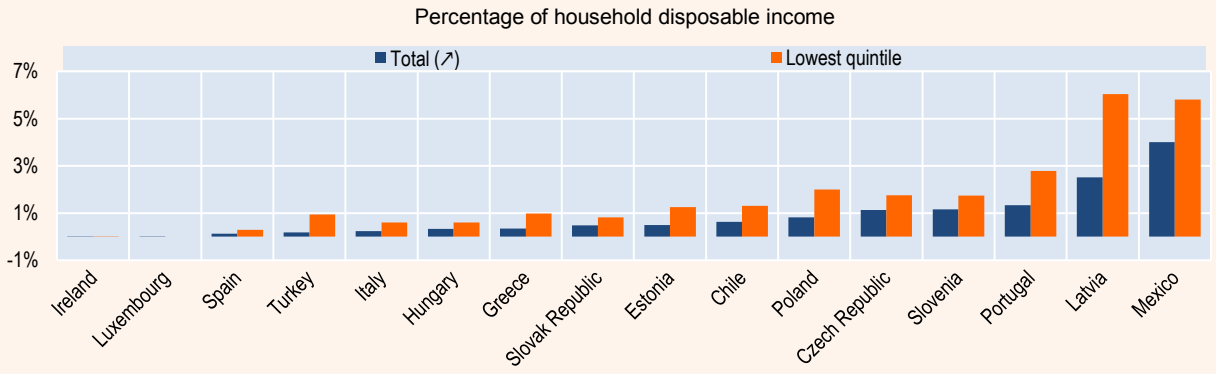
In 2015, the OECD changed its standard definition of household income. The revision goes in the direction of bringing the OECD income definition closer to the "operational definition" recommended by the *2011 Canberra Group Handbook*. Key changes in the new definition include: i) the inclusion of the value of goods produced by households for their own consumption, as an element of self-employed income; and ii) the deduction of current transfers *paid* by households to non-profit institutions and other households (e.g. alimonies). As a result, current transfers paid by households now distinguish among: i) taxes on income and wealth and social security contributions paid by workers; ii) contributions to employment-related occupational schemes; and iii) current transfers paid by households to non-profit institutions and other households.

In addition, a more detailed breakdown of current transfers received by households was implemented. This distinguishes among transfers received from: i) social security schemes; ii) employment-related occupational schemes; and iii) other households and non-profit institutions. This change allows more fine-grained measures of redistribution by distinguishing between "primary income" (income from work and capital and net transfers from other households), "market income"(primary income plus transfers received from employment-related schemes), "gross income" (market income, plus transfers received from social security schemes, less transfers paid to employment-related occupational schemes) and "disposable income" (gross income less taxes and other current transfers paid). Current transfers paid by households to non-profit institutions and other households, which were previously included in "capital income", are now separately identified as a component of "current transfers paid by households".

While the new income definition implies a break in OECD historical series (data based on both the old and new definition are shown separately in OECD.Stat), data are available for at least one common year (typically either 2011 or 2012) based on both definitions. The pre-2011 data described in this brief have been corrected for this break. The corrected values proved to be significantly different from original values only in a handful of countries (notably Chile and Israel) and very limited or insignificant in the others.

The inclusion of the value of goods produced by households for own consumption provides the basis for the progressive integration in the OECD database of estimates for selected middle-income countries, where subsistence agriculture accounts for a significant share of household economic resources. In most OECD countries for which information is available, the value of goods produced by households for own consumption is generally below 1% of household income but much higher in Mexico, where it accounts for 4% of household income (see Table 1). This income item is also more important for low-income households. The inclusion of goods produced by households for their own consumption lowers both income inequality and the proportion of people falling below the poverty-threshold. In Mexico, the ratio between the income received by people in the highest quintile to that received by those in the lowest one decreases from 13.7 to 11.5 in 2012; the Gini coefficient for disposable income falls from 0.482 to 0.457 and the share of people below the poverty line, from 21.4% to 18.9% (although these changes also reflect methodological changes introduced by the statistical office to measure income at the bottom of the income scale). The effect on inequality and poverty measures is smaller in all other countries.

7 Importance of goods produced by households for their own consumption among the entire population and the lowest quintile of the income distribution



Note: Data on the value of goods produced by households for their own consumption are not available for Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Iceland, Israel, Korea, Japan, the Netherlands, New Zealand, Norway, Sweden, Switzerland, the United Kingdom and the United States.

Database managers: Benoit.Arnaud@oecd.org, Maxime.Ladaique@oecd.org and Elena.Tosetto@oecd.org.

Table 1. Key indicators on the distribution of household disposable income and poverty, 2007, 2012 and 2014 or most recent year

	Gini coefficient			S80/S20 income share ratio			Income share in total income						Poverty rate (relative threshold)								Poverty rate (threshold "anchored" in 2005)		
							Bottom 10%	Bottom 20%	Bottom 40%	Top 40%	Top 20%	Top 10%	Total			By age group, 2014 or latest					Total		
	2007	2012	2014 or latest	2007	2012	2014 or latest	2014 or latest (%)						2007	2012	2014 or latest	Children (< 18)	Youth (18-25)	Adult (26-65)	Elderly (> 65)	Working poor	2007	2012	2014 or latest
Australia	0.338 e	0.326	0.337	5.8 e	5.5	5.7	2.8	7.2	19.4	63.7	40.9	26.1	14.9 e	14.0	12.8	13.0	8.0	10.6	25.7	4.8	..	8.2	7.1
Austria	0.285	0.276	0.280	4.4	4.3	4.2	3.3	8.7	22.6	59.5	36.7	22.5	9.8	9.6	9.0	10.2	10.4	8.1	9.7	7.3	9.8	9.3	8.4
Belgium	0.280	0.268	0.268	4.2	4.0	4.0	3.6	8.8	22.5	58.9	35.2	20.6	9.5	10.2	10.0	12.5	11.1	9.1	9.1	4.6	8.4	7.8	8.0
Canada	0.318	0.321	0.322	5.3	5.4	5.5	2.6	7.2	19.9	62.7	39.3	24.2	12.2	12.8	12.6	16.5	17.1	12.0	6.2	9.8	10.7	9.6	9.6
Chile	0.480	0.471	0.465	11.8	11.3	10.6	1.8	4.9	14.1	72.5	52.6	37.1	17.8	18.4	16.8	22.5	15.3	14.6	15.0	14.7	14.0	12.5	7.8
Czech Republic	0.257	0.256	0.262	3.6	3.6	3.7	4.0	9.7	24.1	58.3	36.1	22.2	5.5	5.3	6.0	10.3	4.9	5.7	3.0	3.7	3.4	3.7	3.8
Denmark	0.244 e	0.249	0.254	3.4 e	3.5	3.6	4.0	9.8	24.1	57.6	35.0	21.2	5.9 e	5.4	5.4	2.7	21.4	3.7	3.8	3.8	4.7 e	4.6	4.7
Estonia	0.316	0.338	0.361	5.3	5.8	6.7	2.3	6.3	17.6	66.0	42.4	26.3	14.0	12.3	16.3	14.3	12.8	15.3	23.5	10.5	4.3	6.0	6.0
Finland	0.269	0.262	0.257	3.9	3.8	3.7	4.0	9.5	23.8	58.0	35.3	21.2	7.8	7.1	6.8	3.6	20.6	5.5	6.6	4.0	6.4	4.6	4.6
France	0.295 e	0.308	0.294	4.4 e	4.7	4.4	3.5	8.7	22.2	60.5	38.5	24.2	7.6 e	8.5	8.0	11.3	12.6	7.2	3.5	7.1	..	7.7	7.2
Germany	0.285	0.289	0.292	4.3	4.3	4.4	3.5	8.6	22.0	60.5	37.9	23.5	9.0	8.4	9.1	9.8	13.2	8.4	8.5	3.5	8.8	7.9	8.6
Greece	0.330	0.340	0.343	5.6	6.3	6.3	2.2	6.5	18.8	64.1	40.9	25.4	13.3	15.1	15.1	18.7	21.5	15.4	8.6	13.6	11.4	32.3	35.2
Hungary	0.271 e	0.289	0.288	3.9 e	4.5	4.5	3.1	8.3	22.0	60.2	37.0	22.5	6.4 e	10.3	10.1	11.8	11.9	9.6	8.6	7.2	..	13.0	9.1
Iceland	0.289	0.256	0.244	4.2	3.6	3.4	4.1	10.1	24.7	57.0	34.5	20.6	7.0	6.3	4.6	5.6	6.4	4.1	3.0	4.2	3.6	6.9	4.6
Ireland	0.305	0.304	0.309	4.7	4.7	4.8	3.1	8.2	21.1	61.7	39.1	24.4	9.6	8.4	8.9	9.1	16.4	7.9	7.0	4.3	7.2	14.8	14.3
Israel	0.365 e	0.360	0.365	7.5 e	7.6	7.4	2.0	5.7	17.1	65.9	42.2	26.3	17.3 e	18.6	18.6	24.3	17.8	13.9	22.6	14.3	..	13.2	12.9
Italy	0.313	0.331	0.325	5.2	5.9	5.8	2.1	6.8	19.7	62.7	39.4	24.4	11.9	13.1	13.3	17.7	16.0	13.0	9.3	11.5	10.7	15.3	15.6
Japan	0.329 e	0.336	0.330	6.0 e	6.1	6.1	2.3	6.5	19.1	63.3	39.5	24.0	15.7 e	16.0	16.1	16.3	19.7	13.8	19.0	13.3	..	19.6	17.2
Korea	0.312 e	0.302	0.302	5.6 e	5.4	5.4	2.2	6.9	20.5	61.1	37.2	22.0	14.8 e	14.6	14.4	7.1	9.0	9.3	48.8	..	14.4 e	..	11.4
Latvia	0.376	0.347	0.352	7.4	6.2	6.3	2.4	6.6	18.3	65.0	41.9	26.1	18.6	13.2	14.1	15.4	8.7	13.0	19.6	8.6	5.3	7.2	5.9
Luxembourg	0.279	0.301	0.281	4.1	4.5	4.2	3.5	8.7	22.3	59.9	36.8	22.1	7.2	8.4	8.4	12.4	8.6	7.9	3.6	7.7	6.9	9.3	8.9
Mexico	0.450 e	0.457	0.459	10.8 e	11.5	10.4	1.7	5.0	14.3	72.0	51.7	36.4	18.4 e	18.9	16.7	19.7	12.0	14.4	25.6	15.3	13.3 e	16.0	14.7
Netherlands	0.298 e	0.280	0.283	4.4 e	4.2	4.3	3.3	8.6	22.4	59.7	37.0	22.7	6.6 e	7.9	8.4	11.2	22.8	6.5	2.2	6.9	6.1 e	7.0	7.3
New Zealand	0.330 e	0.323	0.333	5.3 e	5.3	5.3	3.1	7.6	19.7	63.8	40.7	25.7	11.0 e	9.8	9.9	12.8	10.4	8.9	8.2	4.7	5.5 e	6.8	5.7
Norway	0.250	0.253	0.252	3.7	3.8	3.8	3.4	9.1	24.1	57.3	34.5	20.6	7.8	8.1	7.8	6.8	24.4	5.9	4.3	6.2	5.1	5.0	4.4
Poland	0.316	0.298	0.300	5.0	4.7	4.7	3.1	8.1	21.4	61.1	38.2	23.4	9.6	10.2	10.5	13.4	12.2	10.0	7.4	8.8	5.1	3.9	3.6
Portugal	0.361	0.338	0.342	6.3	5.9	6.1	2.4	6.9	19.2	63.9	41.5	26.2	12.8	13.0	13.6	18.2	17.7	12.6	10.2	9.7	10.8	13.7	14.3
Slovak Republic	0.247	0.250	0.269	3.6	3.7	4.1	3.3	8.8	23.2	58.7	35.9	21.6	6.8	8.4	8.4	13.5	8.5	7.8	3.7	4.8	3.4	2.4	3.0
Slovenia	0.240	0.250	0.255	3.5	3.7	3.8	3.6	9.1	23.6	57.8	34.6	20.4	8.0	9.4	9.5	9.8	7.9	8.9	12.2	6.5	6.1	9.0	9.5
Spain	0.324	0.335	0.346	5.6	6.1	6.7	2.0	6.1	18.2	64.6	40.7	24.7	14.2	14.0	15.9	23.4	20.1	16.0	5.5	14.5	14.2	19.9	23.4
Sweden	0.259 e	0.274	0.281	3.9 e	4.1	4.2	3.5	8.7	22.5	59.5	36.7	22.6	8.4 e	9.0	8.8	8.5	17.0	7.8	7.6	5.7	..	4.8	4.6
Switzerland	0.298 e	0.285	0.295	4.6 e	4.3	4.4	3.4	8.6	22.1	60.6	38.3	24.1	9.7 e	9.1	8.6	7.1	7.1	6.2	19.7	5.7	8.1 e	6.1	6.9
Turkey	0.409 e	0.402	0.393	7.9 e	7.8	7.6	2.3	6.1	16.8	67.9	45.9	30.2	17.0 e	17.8	17.2	25.3	14.1	12.9	18.9	15.6	..	7.9	7.4
United Kingdom	0.373	0.351	0.358	6.6	5.9	6.0	2.7	7.2	19.1	65.0	43.1	28.6	12.8	10.5	10.4	9.9	10.5	9.7	13.5	5.8	12.5	11.8	11.9
United States	0.374 e	0.396	0.394	7.9 e	8.6	8.7	1.6	5.2	16.3	67.7	45.1	29.2	17.4 e	17.2	17.5	20.2	19.9	14.8	21.0	11.5	..	19.1	19.3
OECD	0.317	0.316	0.318	5.4	5.5	5.5	2.9	7.7	20.5	62.2	39.5	24.7	11.4	11.5	11.5	13.3	13.9	10.0	12.1	8.3	8.0	10.1	10.0

Notes: Income distribution data refer to the total population and are based on equivalised household disposable income, i.e. disposable income adjusted for household size. The Gini coefficient takes values between 0 (where every person has the same income), and 1 (where all income goes to one person). The S80/S20 income share ratio refers to the ratio of average income of the top 20% to the average income of the bottom 20% of the income distribution. The poverty threshold is 50% of median disposable income in each country. The income-based poverty rates exclude lump-sum payments which are frequent in the retirement schemes of some countries (e.g. Australia, Switzerland). Working poor are those with income below the poverty line, living in households with a working age head and at least one worker.

Latest available data refer to 2014 for Australia, Finland, Hungary, Israel, Korea, Mexico, the Netherlands and the United States; to 2012 for Japan and New Zealand; and to 2013 for all other countries. The data shown for 2012 refer to 2013 for Finland, Israel, Korea, the Netherlands and the United States; to 2011 for Chile and New Zealand; and to 2009 for Japan. The data shown for 2007 refer to 2008 for Australia, France, Germany, Israel, Mexico, New Zealand, Norway, Sweden and the United States; to 2006 for Japan; and to 2009 for Chile and Switzerland.

In the case of most countries, values for the three years are based on the same income definition (wave 7). In the case Australia, Denmark, France, Germany, Hungary, Israel, Japan, Korea, Mexico, the Netherlands, New Zealand, Norway, Sweden and Turkey, the values shown (marked with "e") are Secretariat estimates that correct for breaks in the series due to changes in the OECD income definition, changes in the survey-vehicle (Israel), and survey-improvements (France and the United States), through an adjustment factor based on different estimates for the same year. Vertical lines indicate breaks in the series that could not be corrected. Values for Japan are based on the Comprehensive Survey of Living Conditions; other surveys for Japan, such as the National Survey of Family Income and Expenditure, show lower levels of income inequality and poverty that those reported here. Values for the OECD average consider only countries for which data are available for all the years included in the table (34 OECD countries for all the indicators except anchored poverty, for which the OECD average is limited to 25 countries). The OECD average for income shares in total income and poverty rates by age group includes all 35 OECD countries, as comparable data referring to the latest available year are available for all OECD countries. Poverty rates are "anchored" in 2006 for Chile, Japan, Korea and Turkey; and 2007 for Austria and Spain.