

# Meeting of providers of the OECD Income distribution database

Thursday 21 February 2013, 09h30-09h40

- Good morning, I am Martine Durand, OECD Chief Statistician, and I am delighted to welcome you at the OECD for this meeting. The OECD has, in the past, relied heavily on your inputs to provide comparable indicators on income inequality and poverty but we have only rarely gathered the full group in a single place (the only time this happened was in early 1990s). So, I am very pleased by the initiative of my colleagues in ELS and STD to call this meeting, and very pleased to see so many of you around the table. Overall 26 countries plus Eurostat and LIS are represented in the room, which testifies of the interest that our member countries give to this area of work.
- Income distribution has a long tradition at the OECD, but this work has gained momentum over the last five years, in particular since the publication of *Growing Unequal?* in 2008, which for the first time put the issue of income inequality squarely on the radar screen of the organisation, and then through *Divided We Stand*, which goes deeper into the analysis of the factors driving the observed increase in income inequalities. *Growing Unequal?* was released when I still was Deputy Director at ELS; and I am very pleased, now as head of Statistics, that this data collection is now managed jointly by the two OECD Directorates. This implies that data collection is now more fully mainstreamed in the Statistical Agenda of the OECD through a more regular annual collection. This will imply more work for you and for my colleagues but also more visibility and use of the data whenever needed.
- Let me mention three elements that provide the broader context of our work on income inequality and poverty.

- First, this work on inequality and poverty is part of a broader OECD agenda on people's well being and measuring performance 'beyond GDP'. The OECD *Better Life initiative* was launched by the OECD SG at the margin of the OECD 50<sup>th</sup> Anniversary in 2011, with two main outputs: our *How's Life?* report, whose second issue will be released this September; and the *Your better Life Index*, a web-based interactive tool that allows users to compare countries' performance based on their own view about the relative importance of different aspects of people's life. Our *How's Life?* report describes current well-being in terms of 11 dimensions pertaining to both 'material conditions' (or economic well-being) and 'quality of life'. It focuses on the conditions of households, rather than on the economy as a whole, and emphasise the importance of looking at both average achievements and inequalities, as recommended by the SSF Commission. Household income is obviously only one component of household material conditions, but it is also the one where comparative information on inequalities is more widely available.
- Second, let me mention that, beyond our data work on income distribution, the OECD has also been leading a number of methodological initiatives over the past 2 years in the field of household economic resources; first, in the direction of integrating distributive information in the household appropriation account (you will hear something on this from my colleague Maryse Fesseau); second, by developing methodological guidance for the collection of data on the distribution of household wealth; thirdly, by developing a framework for the integrated analysis of the joint distribution of household income, consumption and wealth at the micro level. In all these areas, reports will be released in the first half of 2013. Further, the OECD Committee on Statistics gave one of its highest priority to our work on household economic resources over the coming biennium, and we plan to undertake empirical work in all of these dimensions.

- The last point that I wanted to make is that, because of the greater visibility of income distribution data in policy discussions, we attach much importance to improve their consistency and comparability. While several other international initiatives exist in this field – from the Luxembourg Income Study, to Eurostat, to the UNU-WIDER World Income Inequality Database, to the World Bank Living Standard Measurement Survey – , each with its strengths and weaknesses, distinctive features of the OECD data collection are that it covers all 34 OECD countries, that estimates are relatively up-to-date, and that we pay special attention to maximise the temporal consistency of our data. We will act in the future to further enhance these strengths, e.g. by extending its coverage to Brazil, South Africa, China, Indonesia and India. And we regard this meeting as an important milestone to further improve the coherence and comparability of our data, inter alia with respect to the new methodological guidance in this field provided by the 2011 Canberra Handbook.
- That’s all on my side. Unfortunately, I will not be able to be present during the 2 days of your meeting, but I leave you in the capable hands of my colleagues. I will be looking forward to the conclusion of this meeting, and to your advice on the steps that the OECD could take in the coming months (or years) to improve the quality of its work in this important field.