Income and wealth inequality, deprivation and wellbeing in Switzerland

PhD Proposal
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Main targets

Investigate which are the main economic, demographic and political drivers and effects of material and non-material deprivation for different social groups in Switzerland, both at a macro and at a micro level. Clarify the interactions of personal income, wealth, indebtedness and deprivation with the global economic cycle and with the most important social changes occurred between 1990 and 2013. Conduct an accurate longitudinal and panel data analysis of income and deprivation trajectories, as well as innovative measures of multidimensional deprivation and adaptive preferences.

Introduction and rationale

The set of possibilities among which an individual can choose from, are strongly dependent on the assets and on the wealth that this individual has accumulated during his lifetime. Especially in modern societies, this problem of inequality has raised particular attention of the welfare state. In the case of Switzerland, it appears evident that there are still gaps in the fragmented literature on this phenomenon. This proposal, linked to the FNS project of Professor Christian Suter of the University of Neuchatel, aims at constructing a comprehensive overview on the inequality evolution of the Swiss population during the latest twenty–three years, with particular attention on the shifts in social trends and their relationship with macroeconomic indicators.

Data

Among the eleven existing datasets that will be used, the Swiss Household Panel (SHP) is for sure the cornerstone on which the analysis will be built, allowing both a cross sectional and a longitudinal analysis. The Swiss Labour Force Survey (SLFS) and the Survey on Income and Living Conditions (SILC) are the two other most relevant datasets for the acquisition of the main variables. The vast majority of the databases are balanced panel, but there are some rotating panels.
Methodology

In order to compute dispersion of the income, some common indexes will be constructed and analysed (decile and quintile ratios, Gini Index and Lorenz curves, Atkinson and/or Theil indices). Whereas for the study on wealth, the model of Davies and Shorrocks (2000) will serve as a base for further refinements. This model connects the movements of different assets during a dynamic timespan, building a relationship between wealth, income \((E)\), consumption, gifts and heritages \((I)\): 

\[ W_t = W_{t-1} + r_t W_{t-1} - C_t + E_t + I_t. \]

The endogeneity issue of this model will be taken into account.

Differences among population groups and geographical areas play an important role in the research. For this purpose, micro simulations will be used to create counterfactuals highlighting the peculiarity of the diverse situations.

Moreover, the models theorised by Paris and Suter (2002) and Suter and Iglesias (2005) will provide multivariate measures of deprivation.

Dynamic models will be exploited to capture income inequality and deprivation, alongside with their interaction at a micro-level.

Furthermore, the effect of life events related to the personal or to the labour–market sphere to income inequality and material deprivation will also be quantitatively estimated.

References


