AN INTERNATIONAL COMPARISON OF LIFETIME INEQUALITY: HOW CONTINENTAL EUROPE RESEMBLES NORTH AMERICA

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Abstract
We compare earnings inequality and mobility across the U.S., Canada, France, Germany and the U.K. during the late 1990s. A flexible model of earnings dynamics that isolates positional mobility within a stable earnings distribution is estimated. Earnings trajectories are then simulated, and lifetime annuity value distributions are constructed. Earnings mobility and employment risk are found to be positively correlated with base-year inequality. Taken together they produce more equalization in countries with high cross-section inequality such that the countries in our sample have more similar lifetime inequality levels than cross-section measures suggest. (JEL: J60,J30,E24,O57)

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