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Heavy tails and upper-tail inequality: The case of Russia

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Abstract

© 2017 The Author(s) Motivated, in part, by the recent surge of interest in robust inequality measurement, cross-country inequality comparisons, applications of heavy-tailed distributions and the study of global and upper-tail inequality, this paper focuses on robust analysis of heavy-tailedness properties and inequality in the upper tails of income distribution in Russia, as measured, mainly, by its tail indices. The study is based on recently developed approaches to robust inference on the degree of heavy-tailedness and their implications for the analysis of upper-tail inequality discussed in the paper. Among other results, the paper provides robust estimates of heavy-tailedness parameters and tail indices for Russian income distribution and their comparisons with the benchmark values in developed economies reported in the previous literature. The estimates point out to important similarity between heavy-tailedness properties of income distribution and their implications for the analysis of upper-tail income inequality in Russia and those in developed markets.

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Keywords

Emerging economies, Global inequality, Heavy-tailedness, Income distribution, Inequality, Pareto distributions, Post-Soviet economies, Power laws, Russia, Transition economies, Upper tails, Upper-tail inequality