

INEQUALITY IN RUSSIA OVER TIME AND OVER THE LIFE CYCLE

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AUTHORS

Bryukhanov, Maksym
Hryshko, Dmytro

ABSTRACT

Using Russian longitudinal data for 1994-2018, we document a secular decline in consumption and income inequality. Although within-cohort inequality is also declining, the life-cycle inequality profiles of income and consumption are surprisingly flat. A calibrated life-cycle model with incomplete markets, high initial variance of the persistent income component, and moderately persistent income shocks is consistent with nearly flat life-cycle inequality profiles and the puzzlingly large insurance role of assets found in the Russian data. This is in contrast to the standard calibrations that fail to match the life-cycle inequality profiles and the panel-data evidence on consumption insurance.