
The distribution of wealth in Spain: Evidence from capitalized income tax data

Clara Martínez-Toledano Toledano*¹

¹PhD student – PARIS SCHOOL OF ECONOMICS – France

Abstract

In this paper we analyze wealth inequality in Spain throughout the economic expansion of the early 2000s and the subsequent recession. For that, we construct wealth shares for the period 2002 and 2011 using income tax micro-data and the investment income method. Our results reveal two striking facts. First, there was a generalized drop in wealth concentration between 2002 and 2006, the years of the boom, followed by a marked increase in wealth inequality in 2007, the year of the burst of the crisis, and a subsequent slight decline in concentration until 2011. Second, the increase in wealth inequality between 2002 and 2011 was a phenomenon concentrated within the top 10 to 0.5%. The main reason is that at the very top of the wealth distribution, the surge in stock prices was not enough to compensate for the dramatic increase in real estate prices, which benefits upper (but not very top) wealth holders. Surprisingly, we find that wealth is much more concentrated than in previous studies which use other data and methods. In fact, our series reveal that the level of wealth concentration in Spain is close to the one obtained by Saez and Zucman [2014] in the US.

Keywords: "empirics"

*Speaker