

# **Dynamics of individual income rank volatility: Evidence from West Germany and the US**

Louis Chauvel  
*University of Luxembourg*

Anne Hartung  
*University of Luxembourg*

Flaviana Palmisano  
*University of Rome LUMSA*

## **Abstract**

This paper presents a methodology for comparing income rank volatility profiles over time and across distributions. While most of the existing measures are affected by changes in marginal distributions, this paper proposes a framework that is based on individuals' relative positions in the distribution, and is neutral in relation to structural changes that occur in that distribution. Applying this approach to investigate rank volatility in West Germany and the US over three decades, we show that while poorer individuals within both countries are the most volatile their volatility trend in each of these countries differs.

**Keywords:** rank volatility, income, risk, inequality, middle class, West Germany, US.

**JEL codes:** D31, J6, I30.