

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

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## **Abstract**

This paper provides a methodology to compare profiles of income rank volatility over time and across distributions. While most of the existing measures are affected by changes in the marginal distributions, this paper proposes a framework that based on individuals' relative position in the distribution results to be neutral to the structural changes that occur in the economy. Applying this approach to investigate rank volatility in Germany and the US over three decades, we show that while poorer individuals are the most volatile in both countries, the volatility trend of the middle class marks the difference between these two countries.

**Keywords:** rank volatility, risk, inequality, middle-class.

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

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