

# Luxembourg Income Study NEWSLETTER

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## Director's Column

This issue of the Newsletter brings a plethora of information about LIS and our users! First, LIS will be moving soon—by the end of the year—to a new host institution somewhere in Europe. The move will be made with the idea of minimizing the disruption to our user community. We anticipate zero interruption of services during the change over. Up to date information on the move is included in this issue of the Newsletter and updates will be posted on our website at <http://www.lis.ceps.lu>.

Inside this issue you will also find 20 new working papers, information on new datasets (including Mexico!), and a host of interesting new projects and publications. See you soon from a new location!

*Tim*

## 2001 Biennial Meeting Summary

The Eighth LIS Biennial Meeting was held on June 28 and 29, 2001 in Differdange, Luxembourg. After welcoming the Member Country Representatives in attendance, Tim Smeeding passed the gavel to Robert Erikson, Chairman of the LIS Executive Board. Most significantly, the LIS Board of Member Countries voted to move the LIS Project from our current host, CEPS/INSTEAD in Differdange, Luxembourg by 31 December 2001 (the Resolution adopted by the Member Country Representatives is published in this newsletter). This decision is in accordance with the policy of CEPS/INSTEAD and was made with the best interests of the LIS Staff in Luxembourg and the international LIS User Community in mind. Accordingly, the LIS Project is currently seeking a new host and we are soliciting invitations from interested institutions. Please see the List of Host Requirements also published in the current newsletter. Finally, the following committees were created in order to review applications from prospective hosts and review the LIS Rules of Organization, Structure and Governance and the proposed LIS non-for-profit organization:

### Relocation Committee:

Robert Erikson (Chair)  
Lars Osberg  
Lee Rainwater  
Dan Newlon  
Tim Smeeding  
David Jesuit

### Regulation Committee:

Tim Smeeding (Chair)  
Hans Hansen  
Paul van der Laan  
Frank Cowell  
John Coder

In addition to the major resolution reported above, the following decisions were made:

## Data Issues and Lissification

- A new include file allowing users to include a standardized education variable for the LIS datasets will be made available.
- The length of time between Waves will be shortened where possible (currently at 5 years) especially for the datasets where demand is greatest.
- Data harmonization for Wave V will begin September 2001.
- Interest paid and inter-household transfers paid will be added to Wave V in order to come closer to the Canberra Group's definition of disposable income.
- LIS will also include a "wealth" variable for the limited number of datasets where this is available.
- Microsimulations will be used to estimate gross income for countries where it is not currently available (Belgium, Italy and Spain, for example).
- Integration of LIS and LES
- In order to stimulate greater use of LES, the decision to create LIS/LES integrated files where possible (such as US, UK, Germany, Denmark and Finland) was approved.
- The new "mega" file will not be comparable to actual Labor Force Surveys, but it will offer LIS users more detailed employment information.
- Andrea Brandolini will be starting a new project collecting various time-series studies and making them available from the LIS web page.

## Remote and On-site Data Access

- Latest version of remote access software (LISSY 5) returns statistical requests faster than previous versions and is platform independent.
- LIS will make the WebTabulator (a more convenient means of accessing cross-tabulations with LIS data) available to users after further testing of the beta version and receiving permission from each of the participating countries.
- LIS will be asking member countries individually if they would be willing to allow on-site visitors direct access to the microdata. This would involve altering the contracts with the member countries that choose to allow such access.
- Possible solutions to allow direct access include swearing-in visitors and/or allowing visitors to work with LIS staff members as supervisors (modeled on the data safe centers in Canada and the U.S.)

## Nonpaying countries/international organizations

The LIS Board of Member Countries notes that some countries are taking advantage of LIS as "free-riders" and unfortunately our only alternative is to sanction them.

- Membership dues for France have not been received for the past several years despite efforts by LIS to find a sponsor.

*(con't page 2)*

## Biennial Meeting Summary (con't)

- French users will lose their access privileges after September 30, 2001 unless this is resolved.
- Final warning to French institutions will be delivered before actions are taken.
- Spain's membership has recently been reinstated although they are only contributing a partial amount. Similar letters to Spanish agencies will be drafted.
- International organizations such as the OECD and the World Bank use LIS data but are not contributing members. Letters to these organizations asking for either monetary or non-monetary contributions will be drafted and their access privileges will be suspended unless progress towards membership is made.

### Nomination of the Executive Board

The Executive Board now consists of Robert Erikson (Sweden-Chair), Lea Achdut (Israel), Frank Cowell (UK), Hans Hansen (Denmark), Bjorn Henrichsen (Norway), Peter Farago (Switzerland), Daniel Newlon (US), Leif Nordberg (Finland), Lars Osberg (Canada), and Paul van der Laan (Netherlands).

## Resolution of the LIS Board of Member Countries and Institutions

1. The LIS Board of Member Countries and Institutions notes that the conditions for the LIS Project to continue as a separate division of CEPS/INSTEAD no longer exist.
2. The LIS Board resolves that the LIS Project is an independent entity.
3. The LIS Board decides to transfer residual responsibility for the LIS Project to a non-profit organization should circumstances require. The purpose of the non-profit organization will be to continue the scientific aims and objectives of the LIS Project, to ensure the continued effective management of the Project and to protect the interests of staff associated with the project.
4. The non-profit organization shall have the power to establish the LIS Project within another scientific institution.
5. The LIS Board gives authority to Robert Erikson, Richard Hauser and Timothy Smeeding:
  - a. To reach agreement with the representatives of the Conseil d'Administration of CEPS/INSTEAD about the arrangements for the separation of the LIS Project from CEPS/INSTEAD. This shall include transfer of the rights to all financial interest, equipment and intellectual property associated with the LIS Project.
  - b. To invoke the residual responsibility of the non-profit organization should the need arise.
6. The LIS Board recommends that the separation of the LIS Project from CEPS/INSTEAD should be completed no later than 31 December 2001.
7. The LIS Board appoints a Regulation Committee and a Relocation Committee:
  - a. The Regulation Committee is responsible for the rules of the non-profit organization and consultation with member countries. It will produce a draft of the rules for adoption by an extraordinary meeting of the LIS Board.
  - b. The Relocation Committee will invite proposals from scientific institutions to host the LIS Project. Proposals should be received by 15 September 2001 and the final decision taken by an extraordinary meeting of the LIS Board by 30 September 2001.

## Host Requirements for LIS Relocation

We are announcing that the Luxembourg Income Study (LIS) Project, now located in Differdange, Luxembourg is seeking a new long-term European location for its headquarters. The LIS is a cooperative international infrastructure project promoting comparative research on income inequality, poverty and social policy. The project is governed by a board composed of persons from the countries participating in the project (list follows). Founded in 1983, the LIS membership currently includes over 100 datasets from 25 countries around the world. National science and social science research foundations and other public institutions of its member countries fund the project. National statistical offices and research institutions of the member countries also on the data forming the basis of the LIS project.

In return for hosting the project, the selected organization will benefit from interaction with the LIS staff, which has developed outstanding expertise in the management of large databases containing microeconomic information and research using this data. The LIS project will also provide access to a worldwide network of projects, centers and researchers (economists, sociologists, social scientists and statisticians) engaged in comparative analyses of income distribution, poverty, social exclusion, immigration, fertility, globalization, gender and related economic, social demographic and labor market issues.

We are looking for a new host organization that can provide office space and other infrastructure required by a staff of five persons (see main office staff list below) and accompanying computer hardware. The cost of this space and infrastructure would be paid largely by the host organization. An ideal list of resources and facilities to be made available to the project is attached. The prospective host organization should be able to provide the majority of these items. Additional contributions to the development of the LIS project are welcome and will be given proper consideration. The LIS project currently pays salaries, social insurance charges, travel expenses of the staff and most hardware and software costs. The ideal site would be located at or near an academic or research institute with easy access to public transportation (airports, trains).

Our current schedule calls for a move from our present site by the end of December 2001. In order to assure worldwide users uninterrupted access to the LIS database, we would prefer a host organization that could provide the required facilities by the end of the year. However, we are prepared to examine special short-term arrangements should the need arise.

The proposal should contain four parts:

- (a) how the requirements specified in the attachment will be met;
- (b) how the data confidentiality will be safeguarded in conformity with the relevant national data protection legislation (see following);
- (c) the possibility that additional resources will be made available by the hosting organization for the development of the LIS project;
- (d) all further relevant information about the organization and its main research activities.

**Organizations interested in hosting the LIS project should electronically send a proposal by 19 September 2001 (or earlier) to:**

Professor Robert Erikson	Professor Timothy Smeeding
Chairman, LIS Executive Board	LIS Project Director
Robert.Erikson@fas.forskning.se	tmsmeed@maxwell.syr.edu

**Early notice of intention to submit a proposal would be appreciated. A decision on a new site will be made on or before October 12, 2001.**

Please direct all inquiries to:

Timothy Smeeding	David Jesuit	Lee Rainwater
Project Director	Project Manager	Research Director
Syracuse University	Differdange, LX	Paris, France
Tel. 315-443-9042	Tel. 352-585855-519	Tel. 33-14-6339936
tmsmeed@maxwell.syr.edu	jesuit@lissy.ceps.lu	lr@wjh.harvard.edu

## The People of The Luxembourg Income Study

- A. Directors:**  
 Project Director Timothy Smeeding, Maxwell School, Syracuse University  
 Technical Director John Coder, Annapolis, Maryland  
 Research Director Lee Rainwater, Cambridge, Mass. and Paris, France
- B. Staff of Main Office** (Currently housed at CEPS, Differdange, LX):  
 Project Manager/Sr. Research Associate David Jesuit  
 Administrative Asst. Caroline de Tombeur  
 Microdata Expert/Statistician Paul Alkemade  
 User Support Coord./Research Assoc. Ann Morissens  
 Asst. Microdata Expert/Documt.Specialist Anne Villeret
- C. Long Term Consultants**  
 Senior Consultant Marc Cigrang/HAL, Luxembourg  
 Workshop/Education Consultant Dennis Sullivan, Miami University

## Summary List Board of Member Countries/Institutions

AUSTRIA	Herta Rack, Statistician, Ministry of Social Security and Generations
AUSTRALIA	Peter Saunders, Director, Social Policy Research Center University of New South Wales
AUSTRALIA	Tim Skinner, Deputy Statistician - Population Statistics Australian Bureau of Statistics
BELGIUM	Rob Renier, Fed. Office for Scientific, Technical & Cultural Affairs
CANADA	Michael Sheridan, Director General, Labour and Household Surveys, Statistics Canada
CZECH REP.	Jiri Vecernik, Senior Researcher, Institute of Sociology, Czech Academy of Sciences
FRANCE	Christophe Starzec, Centre National de la Recherche Scientifique
GERMANY	Peter Mohler, Director, Zentrum für Umfragen, Methoden und Analysen
HUNGARY	Istvan Toth, Social Research Center (TARKI)
IRELAND	Brian Nolan, Economic and Social Research Institute
ITALY	Andrea Brandolini, Research Department, Banca d'Italia
ITALY	Giuseppe Gesano, Director, Consiglio Nazionale delle ricerche/ Istituto di Ricerche sulla Popolazione
MEXICO	Pilar Garcia, Instituto Nacional de Estadística Geografía e Informática
SPAIN	Carmen Alcaide Guindo, President, El Instituto Nacional de Estadística (INE)
SPAIN	Jesus Ruiz-Huerta, Facultad de Derecho, Universidad Complutense
SWEDEN	Johan Fritzell, Research Fellow, Institute for Social Research
UNITED KINGDOM	Gordon Harris, Analytical Services Div., Dept. of Social Security
UNITED KINGDOM	Andrew King, HM Treasury
UNITED KINGDOM	Caroline Lakin, HM Office of National Statistics

## LIS Executive Board

(term expires in July of year noted)

SWEDEN/Chair	Robert Erikson, Secretary-General, Council for Working Life and Social Research (2003)
CANADA	Lars Osberg, McCulloch Professor of Economics, Dalhousie University (2003)
DENMARK	Hans Hansen, National Institute of Social Research (2005)
FINLAND	Leif Nordberg, Professor, Department of Economics and Statistics, Abo Akademi University (2003)
ISRAEL	Lea Achdut, National Insurance Institute (2005)
NETHERLANDS	Paul van der Laan, Centraal Bureau voor de Statistiek (2005)
NORWAY	Bjorn Henrichsen, Director, Social Science Data Services (2005)
SWITZERLAND	Peter Farago, Landert, Farago, Davatz & Partner (2003)
UNITED KINGDOM	Frank Cowell, Professor of Economics, London School of Economics (2005)
UNITED STATES	Daniel Newlon, National Science Foundation (2003)
EX-OFFICIO	Lee Rainwater, Research Director, LIS
EX-OFFICIO	Gaston Schaber, President, CEPS/INSTEAD
EX-OFFICIO	Tim Smeeding, Director, LIS

## Resources/Facilities to be Provided by the Host for the LIS Project

### Office Space

- Approximately 200 square meters total (space for five permanent staff, computer room, and space for 1 to 2 visiting researchers).

### Telecommunications

- Office telephone system
- High Speed Internet Connection
- Mail Server for Email Access

### Office Furniture

- Basic desks, chairs, tables, cabinets and other common items associated with office space

### Computing and Networking

- Networking of staff computers and LIS remote access system computers
- Accommodate existing project computer configurations and software or provide alternatives that meet requirements of the host's IT rules and standards
- Access to computer "classrooms" to provide computing resources for periodic workshops and training sessions (once or twice a year for up to 30 persons)
- Network Security (firewall, etc.)
- Host the project's website

### Conference Rooms

- Access to conference rooms and facilities for periodic meetings, research conferences, symposiums, etc.

### Accommodations for Visitors

- Availability nearby of lodging facilities for visiting researchers and workshop participants (cost paid by LIS project)

### Data Security

- The data in the LIS archive are provided as loans from the member countries. In many cases, these loans are only given if the highest level of protection of the integrity of the data can be assured by the host institution. Some data providers will expect that an official body like the National Government, the National Statistical Institute, The National Data Inspection Board or similar institution should provide regulations or guarantees of the integrity of the data protection system. For instance, if a letter from the relevant Agency or Board could be sent to LIS member countries by LIS and by the new host institution, assuring the integrity of data protection within the nation and within the institution which holds the LIS data, the data transfer from the current Luxembourg to the new site could be arranged much more easily.

Please visit our current WWW home page at <http://www.lis.ceps.lu> for further information on the current status of the LIS project.

## Recent LIS Working Papers

### **No. 246. Educational Attainment and Family Gaps in Women's Wages: Evidence from Five Industrialized Countries, by Erin L. Todd, January 2001.**

"This paper employs Luxembourg Income Study data for women in five industrialized countries to answer the following questions: Do family gaps in women's wage vary across levels of education? Does educational attainment help to "insure" a woman against child wage penalties? Cross-national analysis of "family gaps" in women's wages provides clear evidence that wage penalties to motherhood vary significantly in magnitude across countries. Harkness and Waldfogel (1999) estimate these differentials between the wages of mothers and non-mothers for seven industrialized countries. They find that family gaps appear to be largest in Anglo-Saxon countries. The character of our research is primarily exploratory, but some basic conclusions can be drawn from our results. In Canada and the United States, we find that a high educational attainment acts as a "shock absorber," almost eliminating the large negative effects of children on a woman's wages; results for Germany are similar. We find these results to be robust to the inclusion of part-time workers in the sample. We conclude that educational attainment does help to offset the family gaps faced by mothers in some countries."

### **No. 247. User Services and Data Management in the Luxembourg Income Study, by John Coder, September 2000.**

"A major goal of the Luxembourg Income Study (LIS) has been to provide researchers with access to information about the social and economic characteristics of households and families for countries throughout the world. Since this information is in the form of data files containing actual observations from household surveys, the researcher does not need to rely on statistical summaries that others have previously created. They can create tabulations and statistical analyses from the survey data that precisely fit their needs and update them easily when new data become available. Further, a system to access these data has been developed which permits researchers to generate statistics from remote locations using email as a mechanism to transmit requests and forward results. Access

to these data is, in fact, restricted to this system of remote access because much of the data available through the project has been provided by the member countries with the restriction that they not be redistributed or otherwise copied. The introduction describes the evolution of the techniques and methods used to maintain the databases of household microdata and to provide remote access services to users throughout the world. The discussion begins with an overview of the system. The final chapter presents results of a recent survey of LIS users."

### **No. 248. For Better or For Worse: Economic Positions of the Rich and the Poor: 1985-1995, by Olli Kangas, January 2001.**

"In the first section of the study, we analyze the cross-sectional relationship between poverty rates and the income level of the poor. Thereafter, we take a close look at changes in time: how poverty and "richness" rates and changes in the income of the poor and the rich are related to each other. The second part of the paper illustrates how the economic tide has improved the lot of the middle-income earners, the worse-off and the best-off. Have the rich taken all the money and run? Is there anything left for the poor? The last section of the paper discusses the fairness of income distribution and presents some tasks for future research on the topics."

### **No. 249. Gender Agency at the Intersection of State, Market and Family: Changes in Fertility and Maternal Labor Supply in Eight Countries, by Lynn Prince Cooke, January 2001.**

"Current debates on the welfare state entail two intertwined questions. First, does a nation have sufficient active labor force participation to maintain the benefits for non-participants? Second, do social provisions exacerbate or attenuate class, ethnic and other distinctions within society? As predominantly structural or institutional debates, these discussions tend to exclude the impact social provisions have on facilitating individual agency among members of social groups. Yet the institutions of state, market and family interact to shape a gender order which specifies the types of social or civil claims that can be made by individuals. The gender order yields the societal boundaries within which agency can be exercised. This paper will present comparative evidence of how the package of social provisions in combination with market factors manifests in women's agency regarding family choices in eight countries.

This, in turn, provides material evidence of whether the institutionally-framed gender order encourages gender difference or equity in terms of paid and unpaid work."

### **No. 250. Procuring Microdata Files for the LIS Project Databank: Progress and Promise by Timothy M. Smeeding, February 2001.**

"The Luxembourg Income Study (LIS) project is one of the oldest and best known examples of crossnational social science infrastructure. Some 25 nations and 20 sponsors team together to provide internet accessible, privacy-protected, household income microdata to over 400 users in 30 nations. The project is financed by annual contributions by 16 nations' National Science Foundations and/or National Statistical Offices. One of the most crucial pieces of the LIS structure is the source and type of data that it offers to its users. This paper describes these data, how they are obtained, harmonized, and made available. It presents a critical discussion of where the project is today and where and how international data collection efforts can improve upon both the quality of income data and its dissemination to qualified researchers."

### **No. 251. Gender Equality in Earnings at Work and at Home, by Annemette Soerensen, January 2001.**

"This paper examines how far Denmark, Finland, Norway and Sweden have achieved gender equality in earnings. These Nordic countries are contrasted with Germany, the Netherlands and the United Kingdom in the mid-1990s, and include some comparisons to the situation in the 1980s. While all these countries have experienced the same general changes in women's roles and positions, when these began and how fast they have progressed vary greatly. There is every reason to expect substantial country differences at the end of the 20th century, and that the four Nordic countries as a group have moved closer to realizing the political goals of gender equality in the labour market and a lessening of women's economic independence on men. There are three parts to the empirical analysis. The first is an examination of the gender differences in earnings for adults aged between 18 and 60. The second part concerns women's economic dependence on the men they live with and how much having small children increases that dependence. The third part of the analysis takes up the question of how more equality between spouses affects their dependence on each other and the inequality of economic risks."

**No. 252. Changing Income Inequality in OECD Countries: Updated Results from the Luxembourg Income Study (LIS), by Timothy M. Smeeding with assistance from Andrzej Grodner, March 2000.** “The purpose of this study is to update the results first presented in 1995 in the OECD Monograph, “Income Distribution in OECD Countries: Evidence from the Luxembourg Income Study” by Atkinson, Rainwater, and Smeeding (1995). Though only five years have passed since the publication of this volume, we are now able to compare the level of disposable income inequality across 20 nations, including Germany, in three separate periods using LIS. Moreover, we are now able to use several sets of national data to assess the changes in inequality that have taken place in recent years. The brief results are that the ranking of nations by the level of inequality at a point in time are more or less the same regardless of the year of comparison from roughly 1980-1997. But large changes in the distribution of income have taken place within many nations, with most finding a higher level of inequality in the mid-to-late 1990s than in the 1980s, and with Western Germany being no exception. Inequality, however, has not risen in Denmark or in Canada over this period, while its rise has slowed in several nations. This suggests that rising economic inequality is not inevitable. Strategies for improving these estimates are also discussed.”

**No. 253. Hours of Paid Work in Dual Earner Couples: The U.S. in Cross-National Perspective, by Jerry A. Jacobs and Janet C. Gornick, March 2001.** “In this paper we examine the hours of paid work of husbands and wives in ten industrialized countries, using data from the Luxembourg Income Study. We present results on the average hours of paid work put in jointly by couples, on the proportion working very long weekly hours, and on gender equality in working time within families. The United States ranks at or near the top on most indicators of working time for couples, because of 1) a high proportion of dual-earner couples; 2) long average work weeks, especially among women; and 3) a high proportion of individuals who work very long hours. In terms of gender equality, the U.S. ranks above average in paid working time among dual-earner couples with no children, but fares less well among working parents. Finally, we discuss policies and institutions that may help explain the distinctive U.S.

results—namely the long hours and moderate levels of gender equality—including the regulation of maximum hours, the demand for part-time work, and the public provision of child care”.

**No. 254. Household Structure and Income Inequality by Andrea Brandolini and Giovanni D’Alessio, March 2001.** “This paper examines the effects of demographic structure on the evolution of inequality in Italy from 1977 to 1995, and on its inequality ranking relative to 11 of the other 14 European Union countries in the mid-1990s. The composition of Italian households was substantially different in 1995 both from that observed in the two preceding decades, and from that recorded in other EU countries. The distance between mean equivalent disposable household incomes in various demographic groups varied significantly over time and between countries. Nevertheless, demographic effects on inequality appear on the whole to be secondary. The following results hold, irrespective of the correction for demographic differences: (1) inequality in the distribution of equivalent disposable incomes between persons showed considerable fluctuations but no particular medium-term tendency in Italy; (2) in the mid-1990s Italy was, together with the United Kingdom, the EU country with the highest inequality, a result which is only partly explained by the regional dualism of the Italian economy”.

**No. 255. To What Extent Do Family Policy and Social Assistance Transfers Equitably Reduce the Intensity of Child Poverty? A Comparison between the US, France, Great Britain and Luxembourg, by Bruno Jeandier and EtienneAlbiser, January 2001.** “Children do not control their socio-economic situation; they benefit or suffer from their parents’ situation. In north European countries major social transfer schemes, depending on the presence of dependent children, answer to multiple objectives (birth rate support, reduced inequality in the standard of living of families, compensation towards the cost of the child, aid towards reconciling the family and professional lives of the parents, etc.), while in fact these contribute towards improving the standard of living of the family and therefore of the children. In parallel, social assistance transfers, not specifically targeted towards children, try to ensure a minimum guaranteed income for the most deprived households and can be situated more

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explicitly and strictly in terms of assistance to poorest families. To what extent do these schemes allow children to escape from poverty? This is the question we try to answer in this comparative study. The objective is therefore not so much to carry out a diagnosis of the financial poverty of children as to evaluate the effect, in terms of support towards the standard of monetary living, of the social transfer systems for the benefit of the children in the four countries of analysis: France, Luxembourg, Great Britain, and the United States”.

**No. 256. The Median Voter Hypothesis, Income Inequality and Income Redistribution: An Empirical Test with the Required Data, by Branko Milanovic, January 2000.** “The median voter hypothesis has been central to an extensive literature on consequences of income distribution. For example, it has been proposed that greater inequality is associated with lower growth, because of the greater redistribution that is sought by the median voter when income distribution is less equal. There have however been no proper tests of the median-voter hypothesis concerning redistribution, because of previous absence of data on factor income distribution (that is, incomes before taxes and transfers) across households, and thus on the gains by poorer households from redistribution. This study is based on the required data, with 79 observations drawn from household budget surveys from 24 democracies. The results strongly support the conclusion that countries with greater inequality of factor income redistribute more to the poor. This is so even when we control for the share of the elderly in the population and for pension transfers. The evidence that

the median-voter hypothesis adequately describes the collective-choice mechanism is however considerably weaker. Although middle-income groups gain more/or lose less through redistribution in countries where initial (factor) income distribution is more unequal, this regularity is all but lost when, by excluding pensions, we look only at explicit redistributive social transfers from which the middle classes contemporaneously gain little. This leaves us searching for alternative explanations: do middle-classes gain from transfers in the long-run even if not contemporaneously, or is the median voter hypothesis, based on direct democracy, a proper representation of the mechanisms of collective decision making in representative democracy?"

**No. 257. The Effects of Children on Household Income Packages: A Cross-National Analysis, by Dennis H. Sullivan and Erin L. Todd, May 2001.** "This paper presents stylized facts about the effect of children on household disposable income and its components (the "income package") in nine OECD countries, employing data from the Luxembourg Income Study database. We find that cross-national differences in the impact of children on household disposable income are substantial and systematic. Speaking generally, we find that cross-national differences in the impact of children on disposable income are determined largely by the differences in the impact of children on household earnings, particularly women's earnings. We also find that countries with a generous fiscal treatment of households with children are also countries in which the effect of children on earnings is most negative."

**No. 258. Is There Income Poverty in Western Europe? Methodological Pitfalls in the Measurement of Poverty in a Comparative Perspective, by Christina Behrendt, December 2000.** "Comparative poverty research flourishes, especially since comparable income data are easily available through the Luxembourg Income Study. However, a number of methodological pitfalls in comparative poverty research are often overlooked. There is a vast amount of literature on sensitivity of measured results to the choice of income definitions, poverty lines, and equivalence scales, but other effects have been rather neglected in comparative poverty research. How does the underlying survey design affect results and cross-national comparability? Are low-income strata

adequately represented in those surveys, is there a systematic bias of response rates among those groups, and how does it vary across countries? In addition, some types of income - such as means-tested benefits, being particularly relevant for poverty research - tend to be under-reported in some surveys. This paper uses the data available in the Luxembourg Income Study for three countries - Germany, Sweden and the United Kingdom - to exemplify the limited comparability of widely used income data used in poverty research. In a first step, the paper summarizes the available evidence on methodological problems caused by differing data sources and survey designs, household definitions, and flawed reporting of some income components. Especially means-tested benefits tend to be under-reported in income surveys; so income for poverty-prone groups of the population may be underestimated, and, by this token, income poverty may possibly be overestimated. In a second step, this issue is illustrated by a simple simulation exercise: Entitlements to means-tested benefits are imputed for each household in the sample, based on the institutional regulations in each country. Compared to actual poverty rates in the original sample, imputed poverty rates are markedly smaller, if not reduced to zero. Even if one accounts for an incomplete take-up of benefits, a large gap between actual and simulated poverty rates still remains, largely caused by problems in survey design. The paper concludes with a number of recommendations for improving income surveys from the perspective of comparative poverty research."

**No. 259. Holes in the Safety Net? Social Security and the Alleviation of Poverty in a Comparative Perspective, by Christina Behrendt, December 2000.** "Although highly-developed welfare states in the industrialised world spend a large share of their income on social security, poverty and social exclusion have not been eradicated. The persistence of income poverty in industrialised welfare states casts serious doubt on the effectiveness of social security schemes in alleviating poverty. This paper explores the poverty-alleviating power of social security in a comparative perspective on the basis of household micro-data from the Luxembourg Income Study. Do higher levels of social spending necessarily lead to a lower level of poverty, or does the effectiveness of poverty alleviation rather depend on how the money is spent? Special

emphasis is placed on minimum income schemes. Which institutional structures have proved to guarantee an effective alleviation of poverty, and which ones are rather ineffective in this respect? What can be learned for future reforms?"

**No. 260. SOR Models and Ethnicity Data in LIS and LES: Country by Country Report, by Paul Lambert and Roger Penn, April 2001.** "This research considers the idea that a single metric expressing distance between social groups may be an adequate tool for investigating the relationship between ethnic/nationality minority group membership and social stratification. A Stereotyped Ordered Regression (SOR) model is proposed as a methodology for deriving this metric, and this paper considers the role of SOR models for the variety of countries with appropriate data made available by the Luxembourg Income and Employment studies (LIS and LES). In particular, by making the referents of this metric relatively consistent between different countries, it is suggested that a cross-nationally comparable representation of ethnic/nationality group membership can be derived which reduces the difficulties of international comparative research on ethnicity. Section one of this paper deals with three introductory issues: the clarification of the proposed methodology; the possibilities for ethnicity analyses as available from the LIS/LES datasets; and the theoretical framework used to draw substantive cross-national comparisons. Section two comprises a summary of the descriptive patterns observed for selected indicators of social stratification by ethnic / nationality groups for each country, and the presentation of the SOR orderings derived from them. In section three, the possibilities for using those SOR orderings in analytical human capital style models of social stratification are considered. Lastly in section four some of the more prominent conclusions are drawn together."

**No. 261. Yet the Poorest, Relatively Speaking: Italian Poverty Rates in International Perspective, by Kristian R. D. Orsini, March 2001.** "Few works more than Esping-Andersen's 'Three Worlds of Welfare Capitalism' have drawn researchers' attention on institutional features that characterise the diverse typologies of welfare regimes; yet the impact of the different institutional settings on income distribution has mostly been taken for granted. This paper uses cross nationally comparable data from

the Luxembourg Income Study (LIS) to assess the performance of Italian Welfare against that of other countries of the “conservative” cluster (Germany, France and the Netherlands), as well as countries of the “liberal” (United Kingdom) and “social-democratic” (Sweden) regime. The results reveal that the institutional setting is strongly correlated with the antipoverty efficiency of social transfers (indeed in the direction one would expect), with the significant exception of Italy, whose performance approaches that of the United Kingdom. The reason for such deviation must be found within the structure of social transfers. Italy’s extremely generous pension system has in fact crowded out any form of support directed to younger families, both in child support or means-tested assistance. While two-earners-households find a good hedge against poverty risks in market income, one earner household shaped around the “single male breadwinner model” face considerable poverty risks, which increase linearly by a factor of 10% according to the number of children in the household. As a consequence of the greater diffusion of such family model in Italy, child poverty rates tend to be twice those of other conservative regimes and almost ten times higher than the Swedish ones, approaching the British standard (almost 20%). Evidence also shows that what prevents a greater diffusion of the double income household is probably not as much related to cultural inheritance as to concrete difficulties encountered by women in young households combining parental and working responsibilities. In higher quintiles of disposable income, where services to families may be easily acquired on the market, female employment rate tend to be almost 3 times the average rate, approaching the Swedish rate. With respect to the foreseen tendencies towards higher wage dispersion (concentrated in the bottom part of the distribution), Italian welfare system (with its strong bias on old age pensions and the total lack of services to families) appear particularly unstable, as increased wage flexibility may only be acquired at the cost of falling deeper in the “fertility trap”, a problem shared by most of Europe’s continental countries, but which has taken a dramatic relevance in the case of Italy.”

**No. 262. Are Children in Growing Danger of Social Exclusion? Evidence from Italy and Spain, by Conchita D’Ambrosio and Carlos Gradin, September 2000.** “In this

paper, we claim that children are in danger of social exclusion both in Italy and in Spain since social distance between age groups has increased over time. We use as a measure of social exclusion an index of polarization since neither the Lorenz-consistent inequality indices nor the measures of poverty are suited to this task. We look for the causes of this phenomenon by grouping children according to some characteristics of the household to which they belong. Our last aim is to measure the effects that government intervention has had on this phenomenon. We focus on public provisions of education and health care. One of the main findings is that public intervention was not at all successful in fighting this phenomenon, since welfare state institutions of the two countries were designed to combat risks associated with old age and not with childhood”.

**No. 263. Income Maintenance in Old Age: What Can be Learned from Cross-National Comparisons, by Timothy M. Smeeding with assistance from James Williamson, May 2001.**

“The purpose of this paper is to review the recent evidence on the antipoverty effectiveness and other characteristics of income maintenance systems for the elderly in the rich nations of the world. As we move toward Social Security reform in the United States, we do so knowing that a comparatively high fraction of our older population experience, income poverty compared to their counterparts in other nations. Strategies to reduce the future Social Security deficit need to take into account the way that program changes affect poverty and benefit adequacy as well as fiscal soundness. Other nations offer approaches which would help us to achieve lower poverty rates while also providing fiscally responsible solutions to the future public costs of an aging society through reforms to the Social Security system”.

### **New LES Working Paper**

**No. 21. SOR Models and Ethnicity Data in LIS and LES: Country by Country Report, by Paul Lambert and Roger Penn, April 2001.** “This research considers the idea that a single metric expressing distance between social groups may be an adequate tool for investigating the relationship between ethnic/nationality minority group membership and social stratification. A Stereotyped Ordered Regression (SOR)

model is proposed as a methodology for deriving this metric, and this paper considers the role of SOR models for the variety of countries with appropriate data made available by the Luxembourg Income and Employment studies (LIS and LES). In particular, by making the referents of this metric relatively consistent between different countries, it is suggested that a cross-nationally comparable representation of ethnic/nationality group membership can be derived which reduces the difficulties of international comparative research on ethnicity. Section one of this paper deals with three introductory issues: the clarification of the proposed methodology; the possibilities for ethnicity analyses as available from the LIS/LES datasets; and the theoretical framework used to draw substantive cross-national comparisons. Section two comprises a summary of the descriptive patterns observed for selected indicators of social stratification by ethnic / nationality groups for each country, and the presentation of the SOR orderings derived from them. In section three, the possibilities for using those SOR orderings in analytical human capital style models of social stratification are considered. Lastly in section four some of the more prominent conclusions are drawn together.”

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Most recent Working Papers and all abstracts are available electronically at <http://www.lis.ceps.lu>. Hard copies may be ordered from Caroline de Tombeur (European addresses) or Kati Foley (all other addresses) for US\$10 or 400 LUF.

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### *Did You Know...*

*the LIS website now has*

*a*

***SEARCH  
FUNCTION***

*to help locate  
HTML, PDF and  
.DOC files?*

## Data Additions/ Revisions - LIS

**Austria 1995 Now Available** The 1995 Microcensus data has been added to the LIS database. *Please be warned*—the country code for Austria has been changed from OS to AT.

**Czech Republic 1996 Now Available** The 1996 Microcensus data have been added to the LIS database.

**Israel 1997 Now Available** The 1997 Family Expenditure Survey data was added to the LIS database in February.

**Belgium - Minor Revision of 1992 Dataset** The Belgium 1992 dataset was revised recalculating age in decimals to integers.

**Canada - Minor Revisions of 1971 and 1975 Datasets** All income amounts have been multiplied by ten, making them correct annual amounts.

**France - Minor Revision of 1979 Dataset** The person file was recreated because of an error in the file structure. Household variables num6574 and numge75 were corrected.

**France - Minor Revision of 1994 Dataset** The variable “married” has been extended with code for cohabiting couples.

**Germany - Minor Revisions of 1973 and 1978 Datasets** All income amounts have been multiplied by ten, making them correct annual amounts.

**Israel - Minor Revision of 1979 Dataset** A minor revision was made to adjust the ethnicity variable PETHNAT, D8, and ETHNATSP.

**Luxembourg - Minor Revisions of 1991 and 1994 Dataset** Missing and zero weights have been adjusted. Labels for ethnicity have been corrected. The country code for LX94KD has been corrected and changed to 78.

**Spain - Minor Revision of 1980 Dataset** The contents of D7 and D20 were interchanged.

**United Kingdom - Minor Revisions of 1969 and 1974 Datasets** All income amounts have been divided by two, making them correct annual amounts.

**United States - Minor Revisions of 1991 and 1994 Datasets** Labels for occupation and industry were added. Codes 3 and 4 for ethnicity were interchanged. Also, the default age of youngest child (D28) was recoded from zero to missing.

**Minor Revisions of Australia 1981, Canada 1981, France 1981, Germany 1981, Ireland 1987, Israel 1979, Netherlands 1983, Norway 1979, Taiwan 1981, Spain 1980, Sweden 1981, Switzerland 1982, United States 1979** Two variables were calculated: NUM6574 and NUMGE75. For households without children, the value for age of youngest child (D28) has been adjusted from 0,99 or -1 into missing (to meet the standard default).

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## LIS: In the Press...

“Altos índices de pobreza infantil en países ricos.” 2001. *Granma Internacional Digital* (Cuba), February 23.

Behrendt, Christina. 2000. “Die Luxembourg Income Study: eine Zwischenbilanz,” *Zeitschrift für Sozialreform* 46 (10): 909-931.

“Child Poverty ‘High in the UK.’” 2001. *BBC News Online*, February 23.

Duckworth, Lorna. 2001. “Richest Nations Rank High in Child Poverty League,” *The Independent* (London), February 23.

Jakes, Lara. 2001. “Poverty study rates state worst,” *The Times Union* (Albany, NY), February 23, p. A1.

Kates, William. 2001. “New York Ranks Last in Industrialized World in Child Poverty,” *The Associated Press State & Local Wire*, February 23.

Libbon, Mark. 2001. “Child Poverty for State Highest: International Report Finds New York Worst in Nation, Canada and Europe,” *The Post-Standard* (Syracuse, NY), P. A1.

Navarro, Vicenc. 2001. “El Deficit Social,” *El Pais Internacional*, February 13, p. 11.

“New York Ranks Last in Child Poverty.” 2001. *The Associated Press State & Local Wire*, February 23.

Schoetzau, Barbara. 2001. “New Study: High Poverty Rates for US Children,” *VOA News*, February 24.

“Study in Shame: U.S., New York Child Poverty Rates a Scandal I Affluent Society.” 2001. *The Post-Standard* (Syracuse), February 28, p. A8

“Study says 26% of kids live in poverty in N.Y.” 2001. *San Antonio Express-News*, February 23, p. 8A.

“25% of State’s Kids I Poverty, Study Says.” 2001. *San Francisco Chronicle*, February 24.

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**If you have a LIS working paper that has been recently published, please let us know!**

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## Mexico Newest LIS Member!

Six harmonized datasets from Mexico were recently added to the LIS database: MX84, MX89, MX92, MX94, MX96 and MX98. These datasets complete Waves II, III, and IV. A special thanks to El Instituto Nacional de Estadística, Geografía e Informática (INEGI) for providing the datasets.

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## CEE Project

LIS is in negotiations to add eight datasets from Central and Eastern European countries with support from a grant from the Ford Foundation (for 2001-2002). We hope to have the first of these datasets available for users by the end of 2001.

## Recent Staff Presentations

**Chicago, IL, USA** - David Jesuit organized a panel at the *Annual Meeting of the Midwest Political Science Association* April 19, 2001. The panel was devoted exclusively to LIS and was entitled “Income Distribution and Redistribution in Cross-National Perspective: New Insights from the Luxembourg Income Study.” David also presented a paper, as did LIS staff member Ann Morissens.

## Where They’ve “Turned Up”

Forthcoming and/or recently published papers include:

The German version of **(220) Private Pensions - A Viable Alternative? Distributive Effects of Private Pensions in a Comparative Perspective**, by Christina Behrendt, December 1999, has been reprinted under the title “Bieten private Renten eine gangbare Alternative? Ihre Verteilungswirkungen in einer vergleichenden Perspektive” in *Betriebliche Altersversorgung*, 56(2): 103-110 (2001).

**(243) Explaining the Gender Poverty Gap in Developed and Transitional Economies**, by Stephen Pressman, September 2000. Revised version forthcoming in *Journal of Economic Issues*, March 2002.

**(251) Gender Equality in Earnings at Work and at Home**, by Annemette Soerensen, January 2001. Forthcoming in Mikko Kauto et al. (eds.) *Nordic Welfare States in the European Context*, Routledge, 2001.

**(258) Is there Income Poverty in Western Europe? Methodological Pitfalls in the Measurement of Poverty in a Comparative Perspective** **Gender Equality in Earnings at Work and at Home**, by Christina Behrendt, December 2000, will be published in shortened form as “Research Note: Do Income Surveys Overestimate Poverty in Western Europe? Evidence from a Comparison with Institutional Frameworks,” *Social Indicators Research*, special issue edited by Michael Hagerty and Joachim Vogel, forthcoming.

## 2001 APSA Short Course

This introduction to using LIS will be held at the Annual meeting of the American Political Science Association, in San Francisco, CA on Wednesday, August 29th. Please register for the Short Course using the 2001 Short Course Registration Form on page 389 in the recent issue of *PS: Political Science & Politics* or fax your name and contact information to: Kati Foley, LIS Administrative Assistant, Fax: 315-443-1081. You can register to use LIS before the short course by completing the LIS User Request Form (<http://lisweb.ceps.lu/introduction/userform.htm>) and follow the instructions for faxing and mailing the form to us. Alternatively, you may register to use LIS at the APSA course. If you have any questions, please contact David Jesuit, LIS Project Manager and Senior Research Associate at [Jesuit@lissy.ceps.lu](mailto:Jesuit@lissy.ceps.lu).

**Course Description.** This short course offers political scientists an introduction to the LIS Project and several key theoretical and methodological concepts associated with the measurement of income inequality and poverty. It will be adapted from the weeklong LIS Summer Workshop, which has been held annually for the past 15 years, and is similar to other "mini-workshops" that the LIS Staff has offered from time to time around the world. Participants will also be registered to use the database and instructed on how to submit statistical requests in SPSS, SAS and STATA.

The LIS Project promotes comparative research on poverty, income inequality and social policy by harmonizing social and economic household survey data from 25 countries spanning almost 30 years. Significantly, these data include pre- and post-tax and -transfer income and demographic information at the individual and household levels. Researchers from around the world use these harmonized data through a remote access system that maintains confidentiality, which is required in order to meet restrictions imposed on the release of data by some of the member countries of LIS. The LIS Working Paper Series currently includes over 250 papers examining such topics as child and elderly poverty, globalization, the anti-poverty effectiveness of policies directed towards solo-mothers and returns to education from a comparative perspective. Numerous articles in refereed academic journals, books, dissertations and chapters in edited volumes use LIS harmonized data in their analyses.

This short course complements the panel entitled "Income Distribution and Redistribution in Cross-National Perspective: New Insights from the Luxembourg Income Study." The papers on this panel, sponsored by Division 14: Comparative Politics of Advanced Industrial Societies, address such questions as the convergence of social policy among advanced capitalist democracies, the political determinants of income redistribution and the individual social and political consequences associated with varying levels of social protection. Political scientists from the following sections may also be interested in participating: International Political Economy, Comparative Politics, Comparative Politics of Developing Countries, the Politics of Communist and Former Communist Countries, Public Policy, Politics and Society in Western Europe and Women and Politics.

## Wave V

The next wave of LIS data will focus on the year 2000. In light of recommendations from the Canberra Report, LIS will make the following changes:

*Unit of analysis:* we will limit ourselves to households and thus abandon other units like "family within multifamily household" (US), "economic family" (CN), "benefit unit" (UK), etc.

*New variables:* we will add "interest paid" (V8x) and "transfers paid" (V35x) to the household files. In the person files, we will add a variable for income for self-employment (pself).

*Under consideration:* we are thinking about a variable for financial "wealth" and offering a disaggregation of "non-cash income" into its parts.

## Canberra Group: Final Report

After holding its fourth and final meeting at the LIS offices in Differdange during May 2000, the Canberra Group is pleased to announce that its Final Report was released in Spring 2001. The report is available electronically from the LIS website at <http://lisweb.ceps.lu/links/canberra/finalreport.pdf>. Hard copies can be requested from either of the LIS offices. The Canberra group has worked long and hard to improve the quality and crossnational comparability of household income microdata. LIS is committed to working with the guidelines present in the Report to improve the quality and comparability of the LIS data.

## LIS Web Tabulator in Beta-testing

The LIS Web Tabulator is currently in testing. This system is "user-friendly" and does not require the user to have expertise in one of the statistical packages we support to retrieve basic indicators from the LIS database. Perhaps more importantly, LIS can provide even greater control over the information released to users for countries having the strictest confidentiality requirements. This will allow additional countries to become members of LIS and until changes in national statutes allowing full participation can be made. It is anticipated that the Web Tabulator will be made available for users by the end of 2001.

## IRISS Program Call for Research Grants

at **CEPS/INSTEAD (Differdange, Luxembourg)**

*Funded by the European Commission, DG XII, TMR, and the US NSF*

CALLS ARE LAUNCHED AT REGULAR INTERVALS. Please refer to the IRISS website at <http://www.ceps.lu/iriss/iriss.htm> for more information. Proposals should deal with comparative socio-economic European research based on the international micro-databases available at CEPS/INSTEAD: - the Luxembourg Income Study (LIS), - the Luxembourg Employment Study (LES), - the Household Panel Comparability Project and Database (PACO), and - the European Community Household Panel Study (ECHP user database). IRISS-C/I promotes problem-oriented socio-economic analyses based on international micro-data. It aims at bringing together individual researchers from different countries and disciplines in an informed socio-economic research environment. Researchers who are nationals of an EU member state or an associated state and conducting research in a research team working inside the member states of the EU or associated states may apply for the TMR funding. US Researchers may receive funding for participation in IRISS sponsored by the US National Science Foundation. IRISS particularly encourages joint US-EC research team proposals that involve joint stays at CEPS/INSTEAD. For further information contact **Antoine Haag**, IRISS-C/I Coordinator, IRISS at CEPS/INSTEAD, Rue Emile Mark 44, B.P. 48, L-4501 Differdange, Tel: 352-58-58-55-512, Fax: 352-58-55-88, e-mail: [iriss@ceps.lu](mailto:iriss@ceps.lu) or **Kati Foley**, Luxembourg Income Study, 426 Eggers Hall, Syracuse University, Syracuse, NY 13244-1020, Tel: 315-443-4526; Fax: 315-443-1081, e-mail: [lisaa@maxwell.syr.edu](mailto:lisaa@maxwell.syr.edu).

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