Luxembourg Income Study asbl

NEWSLETTER

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Director's Column

Dear Colleagues:

We are now moved and settling in to our new home in Luxembourg. With the strong support of the Centre Universitaire and the Ministry of Higher Education, with the continued support of the member countries, and with the new local Luxembourg Advisory Committee, we are ready to move forward again after a year of treading water.

In fact, Summer 2003 marks the 20th (!) anniversary of LIS. We are planning for a small party on 15 July to commemorate the occasion. (More detail will be included in the next newsletter, but note the call for papers for younger scholars on page 3.)

We also have a new visitors program (page 4), two new staff: Teresa Munzi, who joined us in March, and Susanna Sandström, who will arrive in September. In addition, we expect two interns from the Syracuse University European Union Center to join us next month for a three-month stay. The new staff will speed the preparation of the 2000 and beyond wave of LIS data. Finally, please note that the LIS Summer Workshop also returns to Luxembourg in Summer 2003. The workshop is scheduled for 20-26 July. Complete details will be available from the LIS website in the coming months.

Remember: Work Hard, Play Hard!

Tim Smeeding

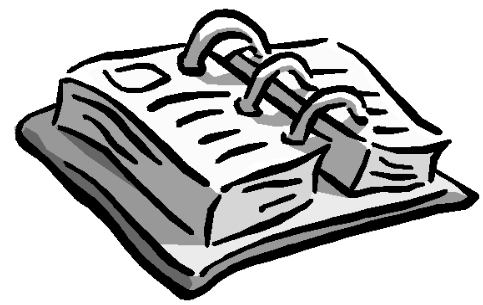
What's Inside

Member Countries Convene

A meeting of the LIS member countries was held 3-4 June 2002 at the Centre Universitaire de Luxembourg. What follows is a brief synopsis of the meeting. For those interested, official minutes of the meeting can be obtained from either LIS office.

The main objective of the group was the creation of durable and functional rules of governance for the LIS association sans but lucratif (non-profit organization), which after many hours of discussion, were formulated and presented to the LIS asbl for adoption. Further, the long-term goal for the asbl should be for paying member institutions to join the LIS asbl and for countries that support LIS to be in control of the organization. An official meeting of the asbl was held on 1 June 2002, whereby the position of Secretary General was created, and Timothy Smeeding was elected to fill this position. Robert Erikson was also elected President of the asbl at that time.

The current and future relationship with the Centre Universitaire de Luxembourg was discussed at the meeting. LIS hopes to solidify its relationship with CU and create an official affiliation between the two organizations.



SAVE THE DATE!

2003 Summer Workshop
July 20-26 Luxembourg

Serge Allegrezza, chair of the LIS Local Advisory Committee, presented a report on recent activities in the development of the group. The purpose of the group is to increase international visibility, facilitate working relationships between Luxembourg agencies (i.e. Eurostat and the European Investment Bank), promote working papers and conferences, and coordinate research between agencies. The Advisory Committee will hold their first meeting in October 2002.

LIS is investigating the possibility of holding a technical workshop in the fall of 2002. This workshop, a two- or three-day session, would be held specifically for those that supply the LIS data, including those working with original surveys. The idea is to give those suppliers an idea of how LIS is constructed; stressing that LIS is only as good as the original data. The goal is to reach a higher level of comparability, as stressed by the Canberra Group report.

The next meeting of the asbl will be scheduled for 14-15 July 2003. Every LIS sponsoring member organization should strive to have their organizations join the asbl over the next year. The first day (14th) of July 2003 will be for the asbl meeting; and the other (15th) for a 20th anniversary celebration conference for LIS. The Introductory Workshop will be held the following week in Luxembourg, beginning on Sunday, 20 July 2003.

Post Script: On 5 June 2002, the old asbl members met with Malou Weirich, LIS asbl attorney, and legally instituted the changes recommended at the meetings on 3-4 June. Twelve new members were elected to join the asbl, including: Andrea Brandolini, Robert Renier, Mike Sheridan, Hans Hansen, Leif Nordberg, Paul van der Laan, Ratislav Bednarik, Johan Fritzell, Frank Cowell, Jiri Vecernik, Norbert von Kunitzki, and Richard Hauser. Of the original asbl members, Cigrang, Coder, Jesuit and Rainwater resigned, with Erikson and Smeeding remaining members. A new executive committee consisting of Brandolini, Erikson (as President of the asbl), Hansen, Sheridan and Smeeding (as Secretary General) was elected. The French version of the new asbl laws has been translated to English for those persons interested.

Welcome to LIS

The Centre Universitaire is glad to henceforward offer its hospitality to the dynamic team of the Luxembourg Income Study. We sincerely hope that the new premises offered by the Centre Universitaire will allow the LIS team to continue and expand their work under the best conditions.

The new collaboration with the Centre Universitaire coincides with a decisive moment in the latter's transformation towards the nucleus of the University of Luxembourg, to be born in 2003 with the objective of implementing an original synthesis of teaching and research efforts, of strengthening the existing post-secondary structures and of giving the local community a new impetus of innovation and creativity.

It is obvious that this quantum leap of excellence must be underpinned by fundamental and substantial background statistics in the economic and social areas such as those undertaken by LIS. They may help to solidify priority research areas and to open up inspiring perspectives for common future projects with the University of Luxembourg. This collaboration will certainly trigger interesting medium-term projects and arouse a wider interest with partners in the larger region as well as in the European Union and in the transatlantic community at large.

Norbert von Kunitzki
President
Centre Universitaire de Luxembourg

2002 Aldi Hagenaars Memorial Award

The winner of the 2002 Aldi J. Hagenaars Memorial Award is **David Brady** for LIS Working Paper No. 264. *Rethinking the Sociological Measurement of Poverty*. David has been invited to present his paper at the 2003 LIS Summer Workshop to be held in Luxembourg.

Aldi Hagenaars exhibited all of the qualities that the Luxembourg Income Study project participants hold dear. She was an excellent scholar and a wonderful role model. Aldi was one of the first female-chaired professors of economics in the Netherlands. She was a good and loyal friend who truly cared for others and was always cheerful and optimistic. Aldi worked hard and played hard with a zest for life matched by none, right until her untimely death on 30 June 1993. This award is dedicated to her memory and will be given annually to young researchers, under age 40, who best demonstrate qualities of good scholarship. The award will be granted to the writer of the best LIS Working Paper from the previous year. The award consists of a $500 cash prize and an invitation to present the winning paper and serve as a faculty member at the LIS Summer Workshop.

Visitors at LIS

Brian Gran of the University of Kentucky (US) and Katja Hoelsch from the University of Hohenheim (GE) visited LIS in March 2002. In July, Khassoum Diallo and Neeru Guptazn of the World Health Organization visited LIS, as did Jenny Church (UK), consultant to the UK Office of National Statistics and editor of the final Canberra Report.

LIS will sponsor two interns from the European Union Center at the Maxwell School of Syracuse University (US) this fall. Jennifer Reynolds (US) and Stella Samillan Aguilar (Peru) will arrive in Luxembourg at the end of August for a three month stay, and will conduct research on international immigration.

Where They've Turned Up

Long Run Trends in Economic Inequality in Five Countries (No. 222) by Lars Osberg will appear in J.K. Galbraith (ed.) *The Macro Dynamics of Inequality in the Advanced and Developing Countries*, MacMillan/St. Martin's Press, forthcoming.

Children and Household Income Packages: A Cross-National Analysis (No. 257) by Erin Todd and Dennis Sullivan was published in *American Economic Review*, v 92 n 2 p 359-362.

Poverty among Senior Citizens: a Canadian Success Story in International Perspective (No. 274) by Lars Osberg appeared in P. Grady and A. Sharpe (eds.) *The State of Economics in Canada: Festschrift in Honour of David Slater*, John Deutsch Institute for the Study of Economic Policy, Queen's University, Kingston (2001), p 151-182.

Welfare State Regimes and Mothers' Poverty (No. 286) by Karen Christopher appeared in *Social Politics* v. 9 n. 1 (2002), p. 60-86.

Exploring the Subnational Dimension of Income Inequality: An Analysis of the Relationship between Inequality and Electoral Turnout in the Developed Countries (No. 292) by Vincent Mahler was published in *International Studies Quarterly*, v. 46 n. 1 (March 2002).

Poverty and Income Distribution (No. 293) by David Jesuit and Timothy Smeeding is forthcoming in *Encyclopedia of Population* to be published by MacMillian Library Reference, March 2003.

Producing Time Series Data for Income Distribution: Sources, Methods and Techniques (No. 295) by Anthony Atkinson, Andrea Brandolini, and Timothy Smeeding appeared in I. Becker, N. Ott and G. Rolf (eds.) *Soziale Sicherung in einer dynamischen Gesellschaft*, New York and Frankfurt: Campus Verlang, p. 377-403.

The Age-Orientation of Social Policy Regimes in OECD Countries (No. 308) by Julia Lynch appeared in *Journal of Social Policy*, v. 30 n. 3, p. 411.

Luxembourg Income Study International Conference

Twenty Years of Research on Income Inequality, Poverty and Fiscal Redistribution in the Developed World

Young Scholars Competition

Call for Papers

An international conference will be held in Luxembourg July 15, 2003 in recognition of the 20th Anniversary of the LIS. In the spirit of the Aldi Hagenaars Memorial Award for the Best LIS Working Paper by a young scholar, this call for papers and competition is limited to authors less than 40 years of age (see http://www.lisproject.org/workshop/aldiaward.htm).

The conference will comprise an invited panel of experts who have furthered the scientific aims of the project, including a keynote lecture by Tony Atkinson. A separate panel featuring three (3) selected papers is envisioned. The author[s] of each paper, to be chosen by the conference's scientific committee, will receive a 500 Euro grant as well as travel, room and board for one author per paper to present their research at the conference.

The competition will be highly competitive and selective. Selected authors will be notified in January 2003. Final papers will be due in June 2003 and these will be published in a conference volume or in a special issue of a leading journal.

The preliminary conference program will be posted on the LIS website in October/November 2002, once the invited speakers confirm (see http://www.lisproject.org for updates).

Abstracts of not more than 1000 words on any topic in the LIS general research program should be sent to:

Young Scholars Competition
Luxembourg Income Study
17 rue des Pommiers
L-2343 Luxembourg
LUXEMBOURG
Fax: +352 26 00 30 30
Email: caroline@lisproject.org

Welcome New Staff

LIS is pleased to welcome Teresa Munzi and Susanna Sandström to the team. Teresa studied economics at the University of Rome and earned an MSc in Economics from the London School of Economics. She spent three years as a research assistant for various research projects in the area of public finance at the Economic Service of the Directorate General for Economic and Financial Affairs of the European Commission. Teresa then worked for the Office of the Chief Economist of the European Bank of Reconstruction and Development. Teresa recently relocated with her family to Luxembourg and began working for LIS in March as our new User Support Coordinator and Research Associate.

Susanna Sandström will join the LIS team in September, as our new Microdata Expert. Susanna comes to LIS from Statistics Finland where she has been working as a project manager and researcher for the European Community Household Panel Survey. Susanna holds a master's degree in political science (economics) from Åbo Akademi University.

Staff Presentations

Atlanta, GA, USA - Tim Smeeding presented "Returns on Investments? Public Expenditures on Children and Child Outcomes Across the Fifty U.S. States" (with J. Bainbridge, N. Fobre, I. Garfinkel, and K. Harknett.) at the Annual Meeting of the Population Association of America held on May 3, 2002.

London, UK - David Jesuit presented "Regional Poverty and Income Inequality in Central and Eastern Europe: Evidence from the Luxembourg Income Study," (with Michael Forster and Timothy Smeeding) at the Cornell University/London School of Economics/U.N. World Institute for Development Economics Research (WIDER) Conference on Spatial Inequality and Development, June 2002.

Milan, Italy - "Real Standards of Living and Public Support for Children: A Cross-National Comparison" was presented at the Bocconi Workshop on May 30, 2002 by Tim Smeeding.

Oxford, UK - David Jesuit presented "Electoral Demobilization (and Mobilization) in Western European Regions," at the International Sociological Association Research Committee on Social Stratification (RC28), Oxford, U.K., April 2002. David also chaired the panel entitled "Income Inequality" at the conference.

Rome, Italy - Teresa Munzi presented "Luxembourg Income Study and its experience with contextual analysis" at the meeting of the UNECE "Generations and Gender Programme Contextual Database Group" held on the 13-14 June, 2002.

While on sabbatical during the spring of 2002, Tim Smeeding made several LIS-related presentations:

Canberra, Australia

- "Public Supports for Children and Old Folks: Who Benefits, Who Pays, Why Do We Care?" was presented to the Department of Family and Community Services on February 13, 2002.
- "Comparing Living Standards Cross-Nationally" was presented at the Workshop on Social Welfare, Social and Political Theory and Economics Programs at the Research School of Social Science, Australian National University on February 15, 2002.
- "Comparing Living Standards across Nations: Real Incomes at the Top, the Bottom, and the Middle (with L. Rainwater)" was presented at the Economics Department Seminar, Australian National University-Economics-Research School of Social Science Workshop, Australian National University on February 19, 2002.
- "The Future Costs of Health Care in Aging Societies: Is the Glass Half Full or Half Empty? (with D. Freund)" was presented at the Distinguished Speakers Seminar held at the National Centre for Epidemiology and Population Health, Australian National University on February 20, 2002. Tim also presented the paper to the Social Policy Research Centre Seminar: Aging Societies held at the University of New South Wales on April 8, 2002.
- "The Luxembourg Income Study: Overview and Recent Developments" was presented to the Australian Bureau of Statistics on February 22, 2002.

Sydney, Australia

- "The Gap Between Rich and Poor: A Cross-National Perspective for Why Inequality Matters and What Policy Can Do to Alleviate It" was presented to the Social Policy Research Centre Seminar, University of New South Wales on March 19, 2002.
- "Globalization, Inequality, and the Rich Countries of the G-20: Updated Results from the Luxembourg Income Study (LIS) and Other Places" was presented at the G-20 Meeting held on May 26-28, 2002.
- "The Role of Micro-level Panel Data in Policy Research" (with R.V. Burkhauser) was presented at the Labour Economics Seminar, University of Melbourne, Melbourne Institute on March 27, 2002. This paper was also presented to the Research Department, Reserve Bank of Australia on June 12, 2002.

LUXEMBOURG INCOME STUDY

GRANTS FOR VISITING RESEARCHERS

CALL FOR PROPOSALS

This 1st semi-annual Call for Proposals is supported by the Ministry for Culture, Higher Education and Research of Luxembourg, the United States National Science Foundation, the Ford Foundation, and the Maxwell European Union Center at Syracuse University, and is conducted in cooperation with the University Center of Luxembourg.

WHAT IS OFFERED

The grants cover economy class travel expenses, reasonable accommodation, and include a stipend of up to 35 EURO/day for living expenses. If secondary funding is available, it is expected that costs will be shared. Research grants may be provided either to individual researchers or to groups of several researchers working on a joint project. Collaborative projects with resident LIS researchers are also welcome.

The duration of the fellowships may vary between one and six weeks, depending on the nature of the research project. During their stay, visitors are granted free remote access to the LIS and LES archive of micro-data and to the relevant data documentation. Furthermore, according to a recent initiative, direct on-site access will be allowed for datasets whose providers have given us their consent for such access. Note that there are special conditions for use of these datasets and it will be the fellows' responsibility to meet these conditions before direct access will be allowed. (See http://www.lisproject.org/fellowships/directaccess.htm).

Visiting researchers will be assigned office space and have access to a personal computer for office applications and statistical software packages including STATA, SPSS and SAS. The LIS Staff will also be available for consultation, assistance and possible collaboration. Fellows may be invited to present their research results at the University Center, if they so desire, and will be expected to present an informal seminar at LIS. The results of any research carried out either wholly or in part during the fellowship should appear in the LIS Working Papers Series before publication.

TOPICS

LIS promotes the comparative study of income inequality, poverty and social policy and any topic in the LIS general research program is encouraged. For each call, we will also focus on specific topics in addition to general subjects. For this 1st call we are especially encouraging projects having a focus on issues of using LIS to explore immigration and/or on the level and trend of inequality and poverty in Central and Eastern Europe (and related topics).

HOW TO APPLY

Interested candidates are invited to submit their applications by e-mail to Caroline de Tombeur, LIS Administrative Assistant: caroline@lisproject.org. An application form is available on-line at http://www.lisproject.org/fellowships/firstcall.htm. A brief curriculum vita and the description of the research project must be provided, preferably in PDF or DOC format.

DEADLINE

Research proposals are accepted all year round without any deadline restriction.

WHO MAY APPLY?

The LIS visitor's program is open to researchers of all nationalities. However, preference will be given to researchers from LIS member countries. Applications from experienced doctoral students, post-docs, academics, and/or sabbaticants are encouraged.

REVIEW AND SELECTION PROCEDURES

The Proposal Selection Committee will evaluate each proposal based on the scientific and technical quality of the project (scientific/technical interest, originality, methodological approach, cohesion/structure/clarity, and potential for academic publication) and on the benefit to the proposal from a visit to LIS.

FEEDBACK TO APPLICANTS

Applicants are informed of the result of the evaluation within 4-8 weeks after the submission of their proposal. If the Proposal Selection Committee rejects a proposal, it will indicate the reasons for the rejection and possibly make suggestions for a revised proposal.

FOR FURTHER INFORMATION CONTACT:

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Integrated Datasets

Beginning with new Wave V datasets, all LIS files will be extended with information on labor market characteristics. These characteristics will be extracted from income surveys, socio-economic panel studies, etc. being used to construct the LIS files. In the past, the LES files were based on Labor Force Surveys only. Since these surveys were fully distinct in sample, the labor information in LES could therefore not be linked to the income information in LIS on micro-level. From now on, one-and-the-same survey received from our data suppliers will be used to construct both the LIS and the LES files. This will enable users to link the labor variables directly to the detailed income variables per individual or household, and we think that this is a big step forward in opening a whole new area of research based on the Luxembourg Income Study.

Naturally, we have put all our efforts in making the labor variables resemble the existing LES variables as close as possible, ideally a one-to-one fit. However, we want to stress that it will be impossible to reach the same quality as a real Labor Force Survey, taking as example the fact that income surveys never reach the sample size of a real LFS. Secondly, the number of labor variables that we are able to construct will vary, depending on their availability within the original income surveys. We estimate that we will be able to extract most of the variables when it concerns socio-economic panels or population surveys, but in the case of a pure tax survey, the 'harvest' may be minimal.

To express the origin of the labor variables being different from a LFS, the file has to be referred to by using the letter "L", instead of the letter "E" for traditional LES datasets. The "L" file with labor characteristics can easily be linked to the households, or individuals, by matching the records on the variables CASENUM as well as PPNUM. For more detailed information on this, please have a look at the job submission instructions at http://www.lisproject.org/dataccess/jobsubNT.pdf.

Secondly, we took advantage of the launching of the Wave V to make several further changes and refinements to the LIS/LES files. The changes mainly involve adding new variables, improving the reporting of missing data, or result from changes to the definitions and concepts underlying the LIS variables. As such, many of the changes in income variables are based on the "Final Report and Recommendations" of the Canberra Group; an Expert Group on Household Income Statistics, whereas the change of definitions from ILO had an impact on LES.

NEW WAVE V VARIABLES

Name	Description	Name	Description
PSELF	personal self-employment income	PUNEMPR	person other unemployment benefits
PSOCRET1	person basic old age pension	PPRVPEN1	person occupational pensions
PSOCRET2	person supplementary old age benefit	PPRVPEN2	person opting out pensions
PSOCRET3	person early retirement benefit	PPRVPENR	person other private pension income
PSOCRET4	person survivors pension	V8X	Interest paid
PSOCRETR	person other social retirement income	V35X	regular transfers paid to relatives
PUNEMP1	person unemployment insurance	LSLOT1	country specific labor data 1
PUNEMP2	person training or retraining allowance	LSLOT2	country specific labor data 2
PUNEMP3	person placement or resettlement benefits		

The new income variables on personal level will allow users a greater insight in the income shares within the household. Only those benefits have been added that are meaningful at the individual level. For this reason, variables like detailed family allowances have been left out. The two new household variables for amounts paid are created to balance against the received interests and transfers. Finally the two spare slot variables are introduced to be able to store information on the labor force that may only be rarely available.

New approach for missing values

With Wave V, we introduce a new code: –1 for "not applicable". This applies to all situations where the information not only is absent, but could not have been collected. For all such cases the negative one will now be used. Examples would include the instance of the occupation of the spouse when the spouse is not working or the age of the youngest child in a household without children. Through Wave IV, this age was recorded as system missing, where we now restrict this code for only situations when a respondent does not know the answer, or does not want to answer.

Moreover, through Wave IV, all income sources not received by the household (or individual) were recorded at the value zero. Also for the income variables we make the switch to negative one for all situations where:

a) the benefit does not exist in that country;
b) the benefit exists, but the original survey does not include such question;
c) the question was included, but not asked to that specific respondent because of the routing in the questionnaire (for instance questions about old-age pensions are asked only to retired persons).

The zero value only stays when a real zero was reported by the interviewed.

New concepts / definitions

The Canberra Group has made a set of recommendations on how to improve income statistics. LIS has decided to follow those definitions whenever possible. This has the following result: As unit of analyses, we will focus on the household, thus abandoning other levels such as family nucleus, benefit unit, or tax unit. The ILO recently changec their definition of underemployment. If the original survey contains the necessary information, the LES variable will reflect this new definition.

New Datasets

Poland 1999 was added to the LIS databank in May 2002. LIS would like to thank the Uniwesytet Warszawski for providing the data. As a Wave V dataset, Poland 1999 is an extended file including labor market characteristics.

United Kingdom 1994 and United Kingdom 1999 have recently been added to the LIS databank. Both are based on the new Family Resource Survey. The 1994 dataset can be used as a "bridge" to compare FES with FRS. Detailed documentation is available at http://www.lisproject.org/techdoc/uk/ukindex.htm. The 1999 file has been extended to include labor market characteristics.

LIS Key Figures

Gini Coefficients, Decile Ratios and Child, Elder and overall Poverty Rates

http://www.lisproject.org/keyfigures.htm

Data Revision Notes

BELGIUM 1997 (Socio Economic Panel) (July 2002)

Two minor changes have led to a further improvement of the Belgium 1997 dataset.

1. We have discovered a small error in the lissification of variable v8. Income from capital (V8) is a.o. derived from :

   a. original var = yrggez "netto intresten en dividenden gemeenschappelijk".

   b. original var = yrgpez "netto intresten en dividenden persoonlijk".

   So V8 contains both the interests and dividends received for the total household unit, as well as for the household members individually. Due to a typing error, the variable yrggez was used twice: old was: compute v8 = ynetawjz + ((yrggez+yrggez)*12). This has been corrected into: compute v8 = ynetawjz + ((yrggez+yrgpez)*12). As a result, the mean income from capital is slightly lower.

2. The microsimulation model is grouped by block of same-type benefits. This grouping did not take into account that some of the benefits are means-tested. As a result, some pension or invalidity allowances had landed in V19 or V18. They have now been shifted to V25. In detail, the following benefits are concerned:

   a. guaranteed income for elderly moved from V19sr to v25s2

   b. supplement to guaranteed income for elderly moved from V19s2 to v25s2.

   c. supplement for invalid persons moved from V18 to v25sr.

   d. supplement to social assistance moved from V25sr to v25s1.

   Apart from the slight decrease of v8, these shifts have no influence on DPI.

IN SHORT THIS WAS A MINOR REVISION AND ONLY PERSONS USING THESE VARIABLES ARE ADVISED TO RERUN THEIR PROGRAMS TO CHECK THE EFFECT ON THEIR RESULTS.

International Conference on Population Ageing and Health: Modelling Our Future

Canberra, Australia, 8-12 December 2003

Proudly sponsored by NATSEM, University of Canberra; the Australian Bureau of Statistics; the Applied Research and Analysis Directorate, Health Canada, Canada Customs and Revenue Agency and Statistics Canada

Call for Papers and Expressions of Interest Researchers are invited to submit a short abstract (up to 200 words) for a paper to be given at the above conference. The primary focus of the conference is microsimulation models and their applications, but those using other modelling approaches to examine these issues are also very welcome.

8-9 December: The first two days of the conference are expected to be devoted to applied analyses of the implications of population ageing and health, with papers invited in the following general areas: Economic Resources; Health and Aged Care; Intergenerational and Fiscal Issues; Changing Lifestyles and their Economic Implications; and Data Issues.

11-12 December: The final two days of the conference are intended primarily for modellers to share experiences and techniques and discuss common issues of interest. 11 December: *Symposium on Modelling and Data Issues* and 12 December: *Technical Workshops*.

Those wishing to present papers at the first two days of the conference or at the Symposium, please submit a title and short abstract to conference@natsem.canberra.edu.au by 31 October 2002. Those wishing to participate in the technical workshops please submit the name of your model and a one-paragraph description of the model, to conference@natsem.canberra.edu.au by 31 October 2002. Those who would potentially like to attend the conference but do not want to give a paper are asked to also email conference@natsem.canberra.edu.au to notify us of their interest. Sselected papers are expected to be published in a refereed form after the conference.

An expanded conference description is available at http://www.lisproject.org/whatsnew/natsemcall.pdf.

NOW AVAILABLE

Cambridge Social Interaction and Stratification Scale
(CAMSIS)
files for use with selected LIS and LES data sets.

http://www.cf.ac.uk/socsi/CAMSIS/lisles.html

Data Release Annoucement

The Fragile Families and Child Wellbeing Study, also called *The Survey of New Parents*, follows a birth cohort of (mostly) unwed parents and their children over a four-year period. The study is designed to provide new information on the capabilities and relationships of unwed parents, as well as the effects of policies on family formation and child wellbeing. The Fragile Families and Child Wellbeing Study is a joint effort by Princeton University's Center for Research on Child Wellbeing (http://crcw.princeton.edu) and Columbia University's Social Indicators Survey Center (http://www.siscenter.org). More information is available from their website at http://crcw.princeton.edu/fragilefamilies/index.htm.

Recent LIS Working Papers and Abstracts

No. 288. Universalism and Targeting: An International Comparison using the LIS database, by Aya K. Abe, December 2001. "In combating poverty, whether or not to design a universal program or a targeted program has been a perpetual dilemma. The objective of this paper is to conduct an international comparison of the "universality" and "targeting" of social security systems. The paper presents an outline of methodologies used in assessing the universality and categorical targeting of the poor. Two methodologies are employed. The first builds on the work of Beckerman and examines how positive and negative net transfers are distributed using micro-data from eleven countries; the second employs a logistic regression method to estimate the effects of the initial poverty gap and categorical status of a household on its poverty outcome. The data used are drawn from the Luxembourg Income Study (LIS) database and a micro-data from the Ministry of Health, Labor and Welfare of Japan."

No. 289. Low Incomes in Agriculture in OECD Countries, by Yasuhiko Kurashige and Bong Hwan Cho, December 2001. "This study examines low income in agriculture. It uses microeconomic data and provides an analysis of the incidence of low incomes in farm households compared to other households. Social security policies as they affect agricultural households are described and the impact of taxes and transfers are examined for both farm and non-farm households by comparing incomes before and after tax and social transfers."

No. 290. Family Policy Models and Family Policy Outcomes - A Nordic Perspective, by Heikki Hiilamo, January 2002. "Constructing typologies or categories of welfare states characterised social policy research during the last decade. Esping-Andersen's Three Worlds of Welfare Capitalism (1990) launched an avalanche of typologies. Interest in cross-national comparisons has been facilitated by several attempts to construct theoretical models that could capture or summarise the similarities and differences in contemporary family policies employed in Western industrial countries. However, contrary to welfare state classifications, there is so far very little — if any — empirical evidence at the institutional or the individual level to support any family policy typology. This analysis tries to validate the characteristics of the ideal Nordic family policy model at the outcome level by using micro-data comparisons between countries representing different family policy models. The micro datasets are used to describe the outcomes of family policy models. The unique characteristics of Nordic family policy are based on the country-specific features suggested by earlier research. These characteristics are summarised into six indicators on outcome level, which, in turn, are operationalised and calculated for micro datasets on example countries of different family policy models. We have as our point of reference a limited number of countries with different family policy traditions."

No. 291. Family Policy Changes at the Micro-Level in Sweden and Finland During the 1990s, by Heikki Hiilamo, January 2002. "Up to the 1990s the development of family policy was an integral part of the success story of the Nordic welfare state. This article aims to evaluate the impact of legislative amendments to family policy at the micro-level in Sweden and Finland during the 1990s. We follow the micro-level development of family policy and assess whether the changes in family policy during the 1990s led Finland and Sweden away from the Nordic model."

No. 292. Exploring the Subnational Dimension of Income Inequality: An Analysis of the Relationship Between Inequality and Electoral Turnout in the Developed Countries, by Vincent A. Mahler, January 2002. "This paper offers an exploratory analysis of the subnational dimension of income inequality, using data from the Luxembourg Income Study. The paper undertakes two basic tasks. First, it describes the results of calculations on household-level income data that produce indicators of intra- and inter-household inequality for 191 regions in 12 developed countries for the late 1980s and early 1990s, and for 149 regions in 8 countries for the mid-1990s. Second, the paper demonstrates the value of regional analysis by re-examining the relationship between electoral turnout and income inequality, an important substantive issue which has heretofore been explored almost entirely at the national or individual level but upon which regional-level analysis can shed valuable light."

No. 293. Poverty and Income Distribution, by David Jesuit and Timothy Smeeding, January 2002. This paper provides a brief overview of the basic concepts and measures used to estimate income inequality and poverty in the developed world. A summary assessment of the available comparative databases is included in our discussion. We also examine the relative merits of absolute and relative measures of poverty in detail and review alternative measures of income inequality. Finally, we present the most recent figures on income inequality and poverty, including for children and the elderly, for twenty-two countries using data from the Luxembourg Income Study.

No. 294. The LIS/LES Project: Overview and Recent Developments, by Timothy Smeeding, January 2002. "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, both for income (LIS) and labor force data (LES), where 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. The paper also explains the benefits to countries such as Japan for joining the LIS project."

No. 295. Producing Time Series Data for Income Distribution: Sources, Methods and Techniques, by Tony Atkinson, Andrea Brandolini, and Timothy M. Smeeding, January 2001. "This chapter addresses the important issue of the quality of time series data on income distribution. We hope to suggest both standards and practice patterns that will improve the production and use of time series data on inequality. Thus, we address three groups: primary data producers; secondary data producers (who assemble databanks from primary data sources), and users. We consider measurement error in both theory and practice. Along the way we include a number of practical suggestions for improving the comparability of time series data and trend analyses for income distribution."

No 296. Cross-Country Inequality Trends, by Daron Acemoglu, March 2002. "The economics profession has made considerable progress in understanding the increase in wage inequality in the U.S. and the UK over the past several decades, but currently lacks a consensus on why inequality did not increase, or increased much less, in (continental) Europe over the same time period. I review the two most popular explanations for these differential trends: that relative supply of skills increased faster in Europe, and that European labor market institutions prevented inequality from increasing. I argue that these two explanations go some way towards accounting for the differential cross-country inequality trends, but do not provide an entirely satisfactory explanation. In addition, it appears that relative demand for skills increased differentially across countries. Motivated by this reasoning, I develop a simple theory where labor market institutions creating wage compression in Europe also encourage more investment in technologies increasing the productivity of lessskilled workers, thus implying less skill-biased technical change in Europe than in the U.S."

No. 297. Intra-industry Trade between European Union and Transition Economies: Does Income Distribution Matter?, by Hubert Gabrisch and Maria Luigia Segana, March 2002. "EU-TE trade is increasingly characterised by intra-industry trade. For some countries (Czech Republic), the share of intra-industry trade in total trade with the EU approaches 60 percent. The decomposition of intra-industry trade into horizontal and vertical shares reveals overwhelming vertical structures with strong quality advantages for the EU and shrinking quality advantages for TE countries wherever trade has been liberalised. Empirical research on factors determining this structure in an EU-TE framework has lagged theoretical and empirical research on horizontal trade and vertical trade in other regions of the world. The main objective of this paper is, therefore, to contribute to the ongoing debate over EU-TE trade structures, by offering an explanation of intra-industry trade. We utilize a cross-country approach in which relative wage differences and country size play a leading role. In addition, as implied by a model of the product-quality cycle, we examine income distribution factors as determinates of the emerging EU-TE structure of trade flows. Using OLS regressions, we find first, that relative differences in wages (per capita income) and country size explain intra-industry trade, when trade is vertical and completely liberalized and second, that cross country differences in income distribution play no explanatory role. We conclude that if increasing wage differences resulted from an increasing productivity gap between high-quality and low-quality industries, then vertical structures will, over the long-term create significant barriers for the increase in TE incomes and lowering EU-TE income differentials."

No. 298. Helping Mothers Escape Poverty: As European Policy Shows, Better Wages and Generous Supports are a Better Cure than Promoting Marriage, by Karen Christopher, April 2002. "The belief that single motherhood is the pre-eminent cause of poverty in America has become a bipartisan cliché. The welfare reform enacted in 1996 was designed, among other things, to discourage single parenthood and to promote marriage. Yet a look at the experiences and policies of other nations suggests a more complex story of the causes and cure of poverty. Evidence from Europe shows that the remedy is increasing the economic resources available to low-income families-through better paying jobs that relieve poverty directly and social supports that reconcile paid employment with reliable parenting."

No. 299. (Re-)Distribution of Personal Incomes, Education and Economic Performance Across Countries, by Günther Rehme, March 2002. "In many OECD countries income inequality has risen, but surprisingly re-distribution as well. The theory attributes this partly to the redistributive effect of education spending. In the model income inequality and growth depend in an inverted U-shaped way on education. To maintain a given level of human capital it is shown that a less efficient schooling technology requires more resources, which lowers pre-tax and post-tax income inequality as well as growth. Using consistently defined income data from the Luxembourg Income Study suggests that there is a negative relationship between growth and income inequality in rich countries. It is argued that using some unadjusted inequality measures in growth regressions may yield estimates that are biased upwards. The evidence suggests that a rich country would raise growth with lower pre-tax and post-tax inequality if it spent more on education."

No. 300. Education, Economic Growth and Personal Income Inequality Across (Rich) Countries, by Günther Rehme, April 2002. "This paper offers a supply-side explanation of the variation in long-run growth and inequality across countries. In the model education simultaneously affects growth and income inequality. More human capital may increase or decrease growth but also measured inequality. In contrast to some recent contributions the paper uses consistently defined data showing that higher (within-country) inequality is associated with lower growth in rich countries, even when controlling for initial income, education or fertility. Furthermore, (rich) countries that have a more productive education sector appear to have lower inequality. It is argued that institutions and policies which generate more high-skilled people or enhance the productivity of the education sector may affect long-run income equality and growth in a positive way."

No. 301. Strong Families or Patriarchal Economies? "Familial" Labor Markets and Welfare States in Comparative Perspective, by Mary C. King, January 2002. "Strong family networks in Southern Europe are often credited with protecting people from poverty in circumstances where both employment and social benefits are limited. However it may well be that the economies frequently described as "familial" are more strongly patriarchal than other market economies, concentrating income in the hands of older, married men through both the labor market and welfare state, and creating the combination of weak welfare states, strong family networks, low female labor force participation, and the concentration of unemployment among young men. This paper uses Luxembourg Income Study micro-data to assess the degree to which the "familial" economies of Italy and Taiwan may be said to be more patriarchal than those of OECD countries with liberal, conservative and social democratic welfare regimes. A picture of two types of patriarchal economies emerges. The first is the familial economy and the second is the liberal, American economy where weak social welfare programs are combined with low wages for women and worsening market prospects of the young."

No. 302. Understanding Growth and Inequality Trends: The Role of Labour Supply in the U.S.A. and Germany, by Lars Osberg, April 2002. "Within the OECD, there are significant differences in the trend and level of average work hours. [For example, from 1980 to 2000, average working hours per adult (ages 15-64) rose by 234 hours in the USA to 1476 while falling by 170 hours in Germany, to 973]. Since these trends appear to be continuing (Merz, 2000) growth in per capita GDP may be a poor indicator of trends in average economic well-being. To the extent that rising inequality in money income is driven by changes in the distribution of working hours, trends in money income inequality may misrepresent trends in the inequality of economic well-being. Recently Bell and Freeman (2000) have argued that greater inequality in the USA provides the incentive that motivates greater work effort by Americans. However, changes in working hours, and differentials in working hours across countries, have been quite concentrated in particular demographic groups and largely arise from differences in labour force participation. [For example, the paid working hours of women in the USA have risen significantly, while German men aged 55 to 64 have reduced their labour force participation.] Except for the extreme lower tail, the distribution of working hours of prime age males is essentially identical and constant in Germany and the US. - which implies that the greater inequality of earnings in the USA has no noticeable incentive effect on the labour supply of workers."

No. 303. Measuring Well-Being and Exclusion in Europe's Regions, by Kitty Stewart, March 2002. "The Lisbon summit of the European Council in March 2000 declared the number of people living in poverty and social exclusion in the European Union to be unacceptable, and called for steps to tackle the issue, beginning with the setting of targets for particular indicators. The targets suggested have been broad in nature but have largely concentrated on national averages. This paper seeks to marry this approach with the EU's traditional focus on regional cohesion, by developing regional indicators of well-being and exclusion for EU countries. It draws on a range of sources to put together indicators in five dimensions of well-being: material well-being, health, education and participation in two spheres - productive and social. It explores, first, how far national indicators disguise geographical inequalities in these different dimensions; and second, the extent to which regional performance differs according to which dimension is being examined. At the same time, the paper draws attention to the limits of currently available data, in light of the fact that one key aspect of the Lisbon summit conclusions was a commitment to the collection of better data on poverty and social exclusion in the EU."

No. 304. Children, Social Assistance and Outcomes: Cross National Comparisons, by Roderic Beaujot and Jianye Liu, June 2002. "The prevalence of low income for children, especially for children in lone-parent families, varies considerably across countries. This paper considers five sets of hypotheses that may explain this cross-national variability of child poverty. The tentative conclusion from this analysis in 20 countries is that reducing child poverty, and in lone-parent families in particular, requires several approaches. Provisions that would discourage teenage childbearing would have their importance, as would opportunities for lone mothers to work. More important is the generosity of social expenditure applying to individuals and especially to families. The present analysis also shows the advantages of encouraging joint custody, along with special provisions for lone parents, and child support through advance maintenance payments."

No. 305. A Comparison of Parametric Models of Income Distribution Across Countries and Over Time, by Ripsy Bandourian, James B. McDonald, and Robert S. Turley, June 2002. "The five-parameter generalized beta distribution and ten of its special cases are considered as models fore the size distribution of income. The models are fit to income data for 23 countries and various years - a total of 82 datasets. Of the models considered, the Weibull, Daagum and generalized beta of the second kind are best fitting of the models with two, three and four parameters for 62 percent, 84 percent, and 96 percent of the data sets, respectively. Increasing inequality with respect to pre-tax income is observed in most of the countries considered."

No. 306. The Economic Well-being of Older People in International Perspective: A Critical Review, by Richard Disney and Edward Whitehouse, June 2002. "This paper surveys a dozen international comparative studies of poverty, income distribution and older people in industrialized countries using data up to the mid-1990s. It addresses a series of questions. At what level are the incomes of the elderly relative to the population as a whole? How has this changed over the past two decades? How many of the old are poor? How many of the poor are old? Are the oldest of the old poorer than younger pensioners are? The results show that the incomes of older people are typically around 80 per cent of incomes of the whole population. This ratio has been increasing over the past two decades in most countries. Although there remain pockets of poverty among the elderly, the old are generally represented proportionally or under-represented among the poor."

No. 307. European Anti-Poverty Policies in the 1990s: Toward a Common Safety Net? by Diane Sainsbury and Ann Morissens, June 2002. "Using the notion of the poverty regime as a heuristic device, this paper examines the safety nets of several members of the European Union and three candidate countries: Belgium, France, Germany, the Netherlands, Italy, Spain, the United Kingdom, Denmark, Finland, Sweden, the Czech Republic, Hungary and Poland. It addresses two board issues: 1) Has there been a convergence in the safety nets of these member countries of the European Union during the 1990s? 2) What are the implications of enlargement of the European Union for the creation of a common safety net? Initially several dimensions of the poverty regime are employed to compare the safety nets. Subsequently we analyse the incidence of poverty and poverty reduction for the entire population and vulnerable groups-the unemployed, solo mothers and large families, and the elderly-in the countries using data from the Luxembourg Income Study. In analysing poverty reduction effectiveness we utilise both relative and absolute measures to gauge the impact of income maintenance policies, distinguishing between the safety net and other transfers. The analysis reveals that during the 1990s the poverty rate increased in most countries and in many instances for vulnerable groups; an exception was the elderly. Means tested benefits assumed growing importance in alleviating poverty, but reforms also produced diversity in the safety nets across Europe. Contrary to earlier theorising that means tested benefits are marginalized in the social democratic welfare state regime, we find that the safety nets in these countries often equalled or surpassed that of the UK in reducing poverty. Finally, apart from impressive poverty reduction, the policies of the three candidate countries did not form a distinctive poverty regime. Instead they tended to cluster with other member countries."

No. 308. The Age-Orientation of Social Policy Regimes in OECD Countries, by Julia Lynch, September 2001. "This article presents a series of measures of the extent to which social policies in twenty-one OECD countries are oriented towards the support of elderly (over 65 or in formal retirement) and non-elderly (under 65 and not retired) population groups. Employing breakdowns by age in spending on social insurance, education and health, tax expenditures on welfare substituting goods, and housing policy outcomes, this article shows that countries tend to demonstrate a consistent age-orientation across a variety of policy areas and instruments. After correcting for the demographic structure of the population, Greece, Japan, Italy, Spain and the United States have the most elderly-oriented social policy regimes, while the Netherlands, Ireland, Canada and the Nordic countries have a more age-neutral repertoire of social policies. In identifying the age orientation of social policy as a dimension of distributive politics that is not captured by other welfare state typologies, this article suggests the need to develop new accounts of the development of welfare states that include the dimension of age."

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In the Press...

LIS research has been quoted in the following international press:

United Nations Development Programme. 2002. *Human Development Report 2002*. (July) contains statistics supplied by the Luxembourg Income Study.

Goldberg, Gertrude S. 2002. "More than Reluctant: The Unites States of American," *in G. Goldberg and M. Rosenthal (eds.) Diminishing Welfare: A Cross-National Study of Social Provision*. Westport, CT: Auburn House. This work utilizes statistics provided by the Luxembourg Income Study.

Tim Smeeding was quoted in Jeff Madrick's "Economic Scene: There have been Significant Changes in the Welfare System, Yet a Rise in Child Poverty Rates is now a Real Risk in the U.S." *NYTimes* June 13, 2002, p. 2.

Christopher Jencks cited statistics from the Luxembourg Income Study in "Does Inequality Matter?" *Daedalus*, Winter 2002, p. 49-65.

Peter Saunders quoted Luxembourg Income Study statistics in Paul Robinson's article "The Gulf Widens, the Myth of a Fair Society Shatters" published February 4, 2001 in *The Age* (Melbourne, AUS).

Tim Smeeding was quoted by Tim Colebatch in "Study Shatters Egalitarian Myth," *The Age* (Melbourne, AUS), February 25, 2002.

Steve Schifferes, *BBC News Online* Economics Reporter quoted Lars Osberg (Dalhousie University, CN) on June 13, 2002 in "Poverty 'Deepens' in UK."

Howard Palley and Elizabeth Bowman (University of Maryland) have cited LIS statistics in "A Comparison of National Family Policies: France and Sweden" *Children and Youth Services Review* v 24 (2002) n 5 p 345-373.

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