Luxembourg Income Study asbl

NEWSLETTER

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Director's Column

Dear Colleagues:

We have made it through 20 years at LIS now, and one year at our new location and in non-profit status. As you can see inside, working papers are continuing to grow as are the number of ways in which LIS data are used. The summer workshop returns to Luxembourg - in the Chateau at Munsbach - this summer. Several new opportunities for conferences, funded research and the like are found inside. With a full staff hard at work on new datasets (having added Susanna Sandström as data expert in September), you can expect rapid release of 2000 and later datasets over the next six months. Inside you will find lots more. 20 years down and 20 to go!

Tim Smeeding

IMPORTANT NOTE

WE HAVE UPGRADED TO SAS 8.2

Users should verify syntax.
In particular, include the option "proc reg lineprinter" on such procedures as "proc reg" to ensure job return.

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 award as well as travel, room and board for one author per paper to present their research at the conference.

The competition will be competitive and selective. **Deadline for submission is March 30, 2003**. Selected authors will be notified by April 15, 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 tentative conference program has been posted to the LIS website at http://www.lisproject.org/links/20thanniv/20thprogram.pdf.

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 City, LUXEMBOURG; Fax: +352 26 00 30 30; Email: caroline@lisproject.org.

2003 LIS Workshop Announcement

The LIS Summer Workshop is a one-week pre- and post-doctoral workshop designed to introduce young scholars in the social sciences to comparative research in income distribution and social policy using the LIS database. The 2003 Summer Workshop, our 15th such event, will be held at the Insitut d'Europe, located at the historic Chateau de Munsbach in the Luxembourg countryside. The language of instruction will be English. The course of study will include a mix of lectures and assistance and direction using the LIS database to explore a research issue chosen by the participant. Workshop faculty will include the entire LIS staff (including Timothy Smeeding, Overall Project Director; Lee Rainwater, LIS Research Director; and John Coder, LIS Technical Director) and other experienced LIS users.

Arrival will be the evening of Sunday, July 20th and departure the afternoon of Saturday, July 26th. Tuition of $800 US double/triple occupancy (student dormitory rooms) or $1400 US single occupancy (hotel off site) will cover instructional materials, accommodations, and full board. Transportation to and from Luxembourg is the responsibility of the student. Applications are available from the LIS homepage at: http://www.lisproject.org/workshop.htm and are due by **April 15, 2003**. Please note that space is limited, as are dormitory rooms and hotel accommodations.

Scholarships Available for Eastern European Nationals

Because of the growing number of Eastern European users and their interest in research/policy uses of LIS, the Project will provide scholarships, covering tuition, room and board, and transportation expenses, to three (3) Eastern European nationals. Scholarships will be awarded to those chosen on the basis of interest and ability to work with large datasets and interest in LIS topics related to social policy and cross national comparisons of economic well- being. Applicants must outline a specific research project with they hope to accomplish using the LIS datasets. Familiarity with social science programming (SPSS, STATA, or SAS), availability of a personal computer in the home country, and good command of the English language are required. Applications may be downloaded at http://www.lisproject.org/workshop.htm. Please return completed form no later than **March 30, 2003**.

The European Union Center at Syracuse University and the Luxembourg Income Study

"Immigration in a Cross-National Context: What Are the Implications for Europe?"

Spring 2004

The Conference will be organized by the European Union Center at the Maxwell School at Syracuse University and the Luxembourg Income Study, with support from the Government of Luxembourg. The main aim of the conference is to unite European and United States scholars who are interested in studying the phenomenon of cross-national population immigration, both legal and extra-legal, and its economic, demographic, social and political effects in Europe and its surrounding areas. Selected papers will be published in a conference volume.

Call for Papers

Abstracts of not more than **500 words** are invited on the following topics, related to the cause and effects and patterns of immigration in cross-national European context:

- Ethnic Conflict
- Human Rights
- Population Aging
- Labor Market Issues
- Social Stability
- Political Incorporation
- Institutional Response
- Income Support Programs
- Social Stratification
- Political Systems and Voting
- Economic and Social Well-being
- Cultural and Identity

Abstracts are due on or before **June 1, 2003** to caroline@lisproject.org. Both international comparisons among European countries (including the transition countries of Central and Eastern Europe), and between Europe and the United States, Canada, or other regions or nations will be considered. Young researchers (< 35) are especially encouraged to submit their paper proposals.

The competition will be selective. The conference hosts will pay for travel, room and board for one author per paper. Selected authors will be notified in August 2003. Final papers will be due in early 2004 and a subset of these will be published in a conference volume or in a special issue of a leading journal.

The preliminary conference program and abstracts selected for conference papers will be posted on the Syracuse European Union Center and LIS websites in early fall 2003.

Though space is limited, inquiries by others to attend the conference should be sent to the Conference Secretariat (caroline@lisproject.org).

Where They've Turned Up

These papers have been recently published.

Income Maintenance in Old Age: What Can be Learned from Cross-National Comparisons (No. 263) by Timothy Smeeding and James Williamson is scheduled to be published in Genus. Forthcoming.

Comparing Living Standards Across Nations: Real Incomes at the Top, the Bottom and the Middle (No. 266) by Timothy Smeeding and Lee Rainwater will appear in D.B. Papadimitriou, and E. N. Wolff (eds.), *What Has Happened to the Quality of Life in the Advanced Industrialized Nations?* Northampton, MA: Edward Elgar Publishing. Forthcoming.

Economic Distress and Political Isolation in Western European Regions (No. 281) by David Jesuit will appear as "The Regional Economic Dynamics of European Electoral Politics: Participation in National and European Contests in the 1990s" in *European Union Politics*, 4(2), 2003.

Poorer than Women in Other Affluent Nations? (No. 285) by Karen Christopher was published in *Journal of Poverty*, v. 6 n. 2 (2002).

Caregiving, Welfare States, and Mothers' Poverty (No. 287) by Karen Christopher was published in *Child Care and Inequality: Re-thinking Carework for Children and Youth*, edited by Francesca Cancian, et. al. Routledge Press, July 2002, 113-138.

The LIS/LES Project: Overview and Recent Developments (No. 294) by Timothy M. Smeeding was published in *The Journal of Population and Social Security* (Web Journal) 11 (March). http://www.ipss.go.jp/English/WebJournal.files/SocialSecurity/2002/02mar/Smeeding.pdf.

Helping Mothers Escape Poverty: As European Policy Shows, Better Wages and Generous Supports are a Better Cure than Promoting Marriage (No. 298) by Karen Christopher was published as "Family-friendly Europe" in *The American Prospect*, v. 13 n. 7 (April 8, 2002), p. 59-01.

Understanding Growth and Inequality Trends: The Role of Labour Supply in the US and Germany (No. 302) by Lars Osberg has been accepted for publication in *Canadian Public Policy (Special Issue with CSLS on Linkages between Economic Growth and Inequality)*, v 29 supplement 1, Mar. 2003.

Sociology of Poverty (No. 315) by Timothy M. Smeeding appeared in *International Encyclopedia of the Social and Behavioral Sciences*, Elsevier, Nov. 2001.

Varieties of Welfare Capitalism (No. 316) by Alexander Hicks and Lane Kenworthy was published in *Socio-Economic Review*, v. 1 n. 1 p. 26-61 (Jan. 2003).

Regional Poverty within the Rich Countries (No. 318) by David Jesuit and Timothy M. Smeeding is scheduled to appear in J.A. Bishop and Y. Amiel (eds.), *Inequality, Welfare, and Poverty: Theory and Measurement*, Research on Economic Inequality Volume 9. Bristol, UK: Elsevier Science. Forthcoming.

No Child Left Behind? (No. 319) by Timothy Smeeding was published in *Indicators* 1(3): 6-30.

Welcome Slovenia and Estonia!

LIS 27th and 28th Countries

We are proud to announce the addition of the 27 and 28th countries in the LIS database : Slovenia and Estonia. Slovenia (SI) 1997 and 1999 were made available in November 2002. Both datasets are based on the Household Budget Survey. Please note that the country code for Slovenia is now SI for both LIS and LES datasets. Estonia (EE) 2000 was added to the LIS databank in January 2003 and is based on the Household Income Expenditure Survey.

Data Revisions

Revisions for Finland 1995/2000

Finland 1995 - Revision Notes

The FI95 dataset was revised mainly because of incorrect child poverty rates.

The following changes were made to the income variables:

- two original variables previously left out were added to V20S1 (hkotihv, hkotihm).
- the expenses for self-employed in forestry as given in the variables metsvak, metsvkust and lmhm in V4 were deducted in stead of being summed up.
- athletes rewards (tpalv2) was added to V1.
- royalties and copyright fees was corrected from tpalv2 to tpalv2a in V8.
- a tax correction term (siperoik) included in (V13) was moved to V11 and deducted instead of being summed up.

Some original income variables changed place in the LIS variables in order to improve the comparability with the 2000 dataset:

- employment allowance for self-employed (ttyoltuk) was moved from V24SR to V21S2.
- study benefits for studying on unpaid leave (hamkou) was moved from V24SR to V24S2.
- financial aid for students (tkopira) was moved from V26S2 too V24S2.
- pensions from abroad (tulkel, muulktu) were moved from V36 to V32.
- basic unemployment allowance (htyotper) was moved from V25S3 to V21S1.
- long term accident pay (ttapel, tpotel) were moved from V18 to V17.
- child care allowance for disabled children (hlaho) was moved from V18 to V20SR.
- maintenance (hkeltu) was moved from V20SR to V20S2.

Finally, the following changes were made to the demographics:

- the labels for highest attained level of education (peduc) were changed from years in education into level of education.
- the labels for tenure (D22) were improved.
- information about register language was included in the ethnicity variables (pethnat / D8, ethnatsp).
- labour force status (plfs) and activity status (pactiv) were filled and ptypewk emptied to be in line with the 2000 dataset.
- a different, more informative original variable was put into the geographic location indicator B (D20).

Due to these changes, dpi rose slightly whereas the Gini coefficient and especially the child poverty rates went down.

Finland 2000 - Revision Notes

The following changes were made to the income variables:

- a different set of original variables were chosen for the national basic pensions (V19) and a part of them were moved to V18.
- all the variables in V3 were moved to V6 according to the new, specified income definitions of LIS.
- basic unemployment allowance (htyotper) was moved from V25S3 to V21S1.
- long term accident pay (ttapel, tpotel) was moved from V18 to V17
- child care allowance for disabled children (hlaho) was moved from V18 to V20SR.
- maintenance (hkeltu) was moved from V20SR to V20S2.

Remarks above merely apply to shifting income sources between different LIS variables and as such the changes affect neither dpi, nor the Gini coefficients or the poverty rates.

Other New Datasets

Ireland 1994, 1995, 1996 - New data is available for Ireland, based on the European Community Household Panel (ECHP), for 1994, 1995 and 1996. Please note that the country abbreviation for Ireland is now **IE**!

Finland 2000 - New data for Finland 2000 available. Please be aware that in the Finnish survey, there is no information on labour characteristics (LES).

United States 2000 - New data is available for the United States 2000, based on the Current Population Survey (March Supplement). It is now possible to merge labour characteristics from individuals to their income data. For more detailed info on how to merge the labor characteristics for US00, please see http://www.lisproject.org/techdoc/integration.htm. In addition to this, a second LES file was constructed based on the Basic Monthly Population Survey from March 2001 for those users who prefer more detailed labor variables. This file however cannot be linked to the LIS US2000 files.

LIS Visitors

Ineke Maas from the University of Utrecht and Pamala Wiepking from the University of Amsterdam were visitors to the LIS office in Luxembourg from January 13-17, 2003. Both were conducting research on “Cross-National Gender Differences in Poverty” under the *LIS Visiting Scholar Program*

Another *LIS Visiting Scholar*, Jennifer Hook (University of Washington), conducting a joint project with Becky Pettit, “Women’s Employment in a Comparative Perspective” visited Luxembourg January 21-February7, 2003.

LIS sponsored two interns from the European Union Center at the Maxwell School of Syracuse University from September to November 2002. Jennifer Reynolds and Stella Aguilar used their three month stay to conduct research in preparation for the 2004 “Immigration in a Cross-National Context: What Are the Implications for Europe?” conference. See the call for papers on facing page.

The Maxwell School and the Center for Policy Research at Syracuse University, along with the MacArthur Foundation Network on the Family and the Economy and the Russell Sage Foundation, sponsored “Public Policy and the Future of the Family ” on October 25, 2002. Several participants, including Nancy Folbre, Janet Gornick, Frank Furstenberg, Irwin Garfinkel and Sarah McLanahan, paid visits to the LIS offices during their stay in Syracuse.

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 30 EURO per 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: LIS Visiting Researchers Program, 17, rue des Pommiers, L-2343 Luxembourg City, LUXEMBOURG; Tel. +352 26 00 30; Fax. +352 26 00 30 30; E-mail: caroline@lisproject.org

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Staff Presentations

Syracuse, NY, USA - Tim Smeeding presented "The Challenge of Family Systems Change" (with L. Rainwater and D.P. Moynihan) at the Public Policy and the Future of the Family Conference, Syracuse University, Oct. 25, 2002.

Washington, DC, USA - Tim Smeeding presented "No Child Left Behind?" to a Congressional Seminar on Child Well-Being in Comparative Perspective sponsored by the Population Resource Center, Dec. 13, 2002. This paper was also presented at Loyola University, **Chicago, IL** on Nov. 14, 2002, and at the Social Science Research Institute at Pennsylvania State University, **University Park, PA**, Sep. 17, 2002, and at the Dalhousie University **(Halifax, NS, CA)** Economics Department Brown Bag Seminar, Dec. 10, 2002.

Vienna, AT - Teresa Munzi represented LIS when the Gender and Generations Contextual Database Group convened on Nov. 7-8, 2002 to further discuss the comprehensive plan for their work on contextual data.

Technical Workshop Report

LIS held its first Technical Workshop specifically geared for data suppliers to LIS. The workshop was held in Luxembourg on October 20-22, 2002. Twenty-two participants representing eleven countries and EUROSTAT attended the workshop. The workshop was organized in the hopes of spreading the news and knowledge about the Canberra Group Report recommendations, further our relationships with our data contact persons; · to strengthen our participant network; · to profit from better prepared microdata; · and last but not least, to achieve higher standards of comparability.

Topics of discussion included the measurement of period incomes, register versus survey data, anticipated changes in new surveys, quality of data, questionnaires, editing, standard errors, missing values, and income issues. Participants also discussed the Canberra Group Report and the resulting changes in surveys.

Future workshops or meetings will be planned in order to further improve the quality of LIS data.

NEW RELEASE

At the Margins of the Welfare State Social Assistance and the Alleviation of Poverty in Germany, Sweden and the United Kingdom
by Christina Behrendt

Description and ordering information available at www.ashgate.com

In the Press...

LIS research has been quoted in the following international press:

Tim Smeeding participated in the "Children in Poverty" news briefing at the Population Resource Center in Washington, DC on December 13, 2002.

Richard Jackson and Neil Howe cited statistics from the Luxembourg Income Study in "Preliminary Results from the CSIS Aging Vulnerability Index," Center for Strategic and International Studies Global Aging Initiative, November 2002. http://www.csis.org/gai/aging_index.pdf.

Tim Smeeding was quoted by Misha Schbert in "Wealthy Aged Must Lift Health Spending," *The Australian,* January 20, 2003, p. 8.

New Working Paper Abstracts

309. Unemployment Compensation Programs' Effect on the Employment of Young Men: A Cross-National Comparison of Canadian, British and American Unemployment Policies, by Tess Heintze, July 2002. "This study compares the receipt rates of unemployment compensation of American young men (aged 18-25) with those from Canada and the United Kingdom. The results indicate that American young men are far less likely to receive compensation for their unemployment than are youth from the other two nations. Pooling the data from all three nations together we find that receipt of unemployment insurance in the prior year is complementary to current work participation whereas unemployment assistance benefits act as a work disincentive. This analysis indicates that the most effective policy alternatives are to increase the length of time that young men can accept insurance benefits and/or to raise the amount of income recipients can retain before the reduction of insurance benefits."

310. Mincer's Overtaking Point and the Lifecycle Earnings Distribution, by Solomon W. Polachek, July 2002. An individual's labor market success is probably the most important indicator of individual welfare. As such, how earnings are distributed across the population is of paramount importance. In 1958 Jacob Mincer pioneered an important approach to understand earnings distribution. In the years since this seminal work, he, his colleagues, and his students extended the original model reaching important conclusions about a whole array of observations pertaining to worker wellbeing. However, also in the years since Mincer's ground-breaking work, a number of alternative theories were developed. For example, screening models look at why education raises earnings. Occupational segregation models attempt to get at why the male occupational distribution differs from the female occupational distribution. Efficiency wage models explain unemployment, but not necessarily its distribution across the population. And, effort enhancing contract models emerged to offer an alternative explanation to upwardly sloped earnings profiles though it's not obvious they account for the specific concave shape. Only one theory – the human capital theory – seems to explain each phenomenon. The human capital theory is well grounded in standard neoclassical economic theory and subject to much econometric testing. This paper surveys human capital theory related to Mincer's earnings function. In addition it provides new empirical work regarding the overtaking age. Its main substantive contribution is to reexamine one implication of this concept as it relates to the earnings distribution, particularly Mincer's prediction of a U-shaped lifecycle log-variance of earnings profile. In this vein, the paper not only replicates Mincer's original findings using U.S. Census 1980 and 1990 data, but also extends the conclusions reached in Polachek (1995) using seven other countries. As Mincer predicted, U-shaped variance profiles for relative earnings but not nominal earnings is found.

311. The Public-Private Mix of Retirement Income in Nine OECD Countries: Some Evidence from Micro-data and an Exploration of its Implications, by Bernard H. Casey and Atsuhiro Yamada, August 2002. "Over the past three decades, the wellbeing of people over retirement age has improved, not only absolutely but also relatively. Being old is no longer synonymous with being poor. This improvement has occurred across almost all of the main OECD countries, and has occurred almost regardless of the type of pension system that is operating in the country concerned. This chapter seeks to illustrate the importance or other wise of the nature of the public-private mix in incomes in old age both in producing this improvement in wellbeing and in leading to differences in the level of wellbeing enjoyed by different types of person. It draws from a number of studies undertaken at the Social Policy Division of the OECD in the course of 2000 and 2001, many of which have been reported upon in OECD (2001) and Yamada and Casey (2002)."

312. European Schemes of Social Assistance: An Empirical Analysis of Set-Ups and Distributive Impacts, by Katja Hölsch and Margit Kraus, August 2002. "This paper analyses the distributive impacts of various regulatory and institutional settings of European schemes of social assistance. For this purpose, two sets of classifications of European schemes of social assistance are introduced that classify the systems according to regulatory arrangements and degree of centralisation, respectively. Subsequently, the distributive impacts of five selected EU systems are calculated on the basis of LIS data and their relationship to class assignment is investigated."

313. Social Transfers and the Health Status and Health-Care Utilization of Mothers in Norway and Canada, by Lori Curtis and Shelley Phipps, July 2001. "The goal of this paper is to investigate the health status and health care utilization consequences of social transfers for the health of mothers, in particular lone mothers, in Canada and Norway. Studies from Europe and the US and a recent Canadian work suggest that married individuals are likely to be healthier than single or divorced individuals. Studies that focus specifically on the health status of mothers suggest that the unconditional health status of lone mothers is worse than that of married mothers. However, lone mothers, on average, have lower socio-economic status as well. Since socioeconomic status is an important determinant of health, the health status difference between married mothers and lone mothers often disappears in multivariate analysis which appropriately controls for socioeconomic status. According to microdata from the 1994 National Population Health Survey, in Canada the unconditional health status of lone mothers is significantly lower and rates of health care utilization are significantly higher than is true for married mothers. However, microdata from the 1995 Statistics Norway Health Survey indicate that this same health status/health care utilization difference between married and lone mothers is not apparent. It is also true that in Canada, lone mothers are dramatically more likely to be poor than married mothers, but the same is not true for Norway. Since the literature suggests that socioeconomic status is an important reason for differences in health status, and since social transfers appear to play a central role in alleviating the poverty of lone mothers in Norway, this paper examines the hypothesis that one reason the health status of lone mothers in Norway is relatively better than the health status of lone mothers in Canada is that the state provides more support in the form of transfers in Norway."

314. Getting Older, Getting Poorer? A Study of the Earnings, Pensions, Assets and Living Arrangements of Older People in Nine Countries, by Atsuhiro Yamada and Bernard Casey, April 2002. "Ageing involves not one but several transitions. People move from working to not working, from relying upon labour income to relying on transfers. They also tend to live in smaller households, not only because any children will have moved away but also because, at some stage, a spouse dies. People move homes and sometimes they move back to live with their now grown-up children. This paper examines the wellbeing of people as they pass through the later stages of their life and through different labour market statuses and domestic statuses. It examines and compares nine countries - Canada, Finland, Germany, Italy, Japan, the Netherlands, Sweden, the United Kingdom and the United States. It draws particularly from a special analysis of micro-data sets that report on incomes, but it complements this with an analysis of data on wealth, on consumption, on housing and on the use of in-kind services provided by the state. The paper is original in more than one way. First, its analysis is based upon the individual rather than the household. This means both that the importance of own-income sources can be evaluated and that intrafamilial transfers are observed. Second, it includes Japan, a country where both employment patterns and living patterns for older people are substantially different to those of many other OECD countries. Many more work, and many more live in multigenerational households. Principal findings are that, although income does fall with age, people over retirement age are not substantially less well off than people of working age. The difference is further reduced when the absence of work-related expenses and older people's generally lower housing expenses are taken into account. Remarkably, and regardless of the public-private mix of pensions and the importance or otherwise of work, the income of retirement-age people, relative to that of working-age people, is rather similar across all nine countries. Nevertheless, some older people, particularly old single women, fare less well, and this is the case in all nine countries. Widowhood reduces wellbeing, particularly because in many countries all or part of the husband's pension is lost, but also because single people do not enjoy the scale economies enjoyed by couple households. Those old single people who move back with their adult relatives tend to fare much better than those who stay living alone. Consumption of in-kind services provided by the state, such as social care and especially of health care services, can substantially enhance the income of the oldest of the old. This needs to be taken into account when relative wellbeing is assessed. The extent to which such services are provided cost-free makes comparisons between countries as different as the United States and Sweden quite fraught. Analysis such as was carried out here on a one-off basis needs to be repeated to monitor changes in wellbeing in old age. This is important because pension policy is being changed. Older people are being encouraged to work longer and private rather than public provision is being promoted."

315. Sociology of Poverty, by Timothy M. Smeeding, December 2002. "Sociologists and other social scientists in rich countries have long been concerned with economic and social deprivation. This entry addresses both the nature and causes of poverty from a sociological perspective and the way that sociologists and social scientists have measured poverty in national and cross-national contexts. Sociologists tend to focus on external (to the individual) explanations of poverty, such as those based on place, class, gender, economic power, and related contextual variables. Thus, poverty is almost always relative to place and context. Poverty measurement, social indicators and other measures of deprivation are also discussed in some detail and the most recent relevant literature is cited."

316. Varieties of Welfare Capitalism, by Alexander Hicks and Lane Kenworthy, August 2002. "Despite the considerable influence of Esping-Andersen's categorization of three "worlds" of welfare capitalism, researchers have largely neglected investigation of his dimensions of welfare state policy and politics. Building on and extending the foundations provided by Esping-Andersen, we explore the identities and consequences of welfare state regime dimensions. Our principal components analyses identify two such dimensions. The first, which we label "progressive liberalism," rearranges Esping-Andersen's separate "social democratic" and "liberal" dimensions into two poles of a single dimension. Its positive pole is characterized by extensive, universal, and homogenous benefits, active labor market policy, government employment, and gender-egalitarian family policies. The second, which we label "traditional conservatism," is similar to but broader than Esping-Andersen's conservative dimension. It features not only occupational and status-based differentiations of social insurance programs and specialized income security programs for civil servants, but also generous and long-lasting unemployment benefits, reliance on employer-heavy social insurance tax burdens, and extension of union collective bargaining coverage. Pooled cross-section time-series regressions covering 18 countries over the 1980s and 1990s suggest that progressive liberalism is associated with income redistribution and gender equality in the labor market. The principal consequence of traditional conservatism appears to be weakened employment performance."

317. The Effect of Social Transfers in Europe: An Empirical Analysis Using Generalised Lorenz Curves, by Katja Hölsch, August 2002. "This paper aims at examining the impact of different transfers on the income distribution in European countries. Therefore an empirical analysis using generalised Lorenz curve comparisons is carried out. The obtained results are investigated by relating them to a classification of European social transfer systems."

318. Regional Poverty within the Rich Countries, by David Jesuit, Lee Rainwater and Timothy Smeeding, March 2002. "Using regional incomes as the reference group, disposable income poverty rates are computed for the two most recent waves of Luxembourg Income Study (LIS) data available for the following countries: Australia, Canada, Finland, France, Germany, Italy, the United Kingdom, and the United States. In addition, we aggregate the regions of the five western European countries we examine so that we can better assess the effectiveness of Europe's efforts to reduce the economic gaps between regions. We find that the countries we examine have patterns of regional poverty that help us better understand the national aggregate measures, and we are able identify areas where antipoverty efforts should be made a priority."

319. No Child Left Behind?, by Timothy M. Smeeding, April 2002. "The title of this article is taken from the inspirational slogan of President George W. Bush, whose recently passed Elementary and Sunday Education Act bears this title. In this bill, as in the 1996 Welfare Reform Act, accountability won the day over federal fiscal support for low-income families. Of course, the 1996 Welfare Reform Act is a major 'accountability" success story, with the AFDC/TANF caseloads (households) falling from over 5.0 million in 1994 and 4.5 million in 1996 to 2.2 million cases by June 2000, about one third of the 6.6 million households which benefited from the SSI program in that same year. But, what is the larger context is within which we should interpret these programmatic changes and slogans? The slogan clearly challenges us to judge a society by how well it treats its children. But when we compare the well-being of American children Canadian or European kids, can we really say that the United States has not left any of its children behind? What can we say about equality of opportunity or fair life chances for America's children compared to their counterparts in other rich countries? This paper summarizes the poverty status of American children and then the variance in their "real" standard of living. Then we briefly look at the reason why low-income American children and their parents are in such straits and conclude with a few low cost policy suggestions on how to improve the living standards of poor children, so that their greater accountability and better labor market for performance is rewarded by better family outcomes".

320. Globalization, Inequality and the Rich Countries of the G-20: Evidence from the Luxembourg Income Study (LIS), by Timothy M. Smeeding, July 2002. "The purpose of this study is to summarize and comment upon what we know about the determinants of both the level and trend in economic inequality over the past two decades, and to relate these findings to the progress of globalization in these nations. While the fruits of economic progress in rich nations have not been equally spread, we argue that most citizens in rich Organization for Economic Cooperation and Development (OECD) nations have benefited from the trend toward global economic progress. We begin with a summary of the differences in overall economic inequality within the G-20 nations based on LIS (Luxembourg Income Study) data and recent work by others. Here we find that social policies, wage distributions, time worked, social and labor market institutions and demographic differences all have some influence on why there are large differences in inequality among rich nations at any point in time. In contrast, trade policy has not been shown to have any major impact on economic inequality. Next, we turn to trends in inequality. We find modest and sometimes dissimilar changes in the distribution of income have taken place within most advanced nations, with most finding a higher level of inequality in the mid-to-late 1990s than in the 1980s. Inequality, however, has not risen markedly in some nations (e.g., Denmark, Germany, France, and Canada) over this period, while its rise has slowed in several other nations during the late 1990s. The explanations for rising inequality in rich countries are many, and no one single set of explanations is ultimately convincing. In particular, there is no evidence that we know of that trade and globalization is bad for rich countries. This suggests that rising economic inequality is not inevitable, or that it necessarily hurts low skill-low income families. Rather it suggests that globalization does not force any single outcome on any country. Domestic policies and institutions still have large effects on the level and trend of inequality within rich and middle-income nations, even in a globalizing world economy."

321. Poverty Levels in the Developed World, by David Jesuit and Timothy M. Smeeding, July 2002. "In this contribution, we discuss the major concepts and approaches adopted by researchers to assess how successfully different policy regimes cope with poverty alleviation. We also present the most recent figures available for 22 countries for a variety of indicators using the most comprehensive source of income data currently available. Finally, we caution researchers to pay close attention to issues of data quality and suggest areas where more research is particularly warranted."

322. Fitting Kids In: Children and Inequality in Canada, by Shelley Phipps and Lynn Lethbridge, September 2002. "This paper adds to the literature on children and inequality a more detailed descriptive analysis of changes in children's experiences of inequality in Canada across time (1973 to 1997) and provides further comparison of the inequality experiences of Canadian children with those of children in 5 other affluent countries (the US, UK, Australia, Germany and Norway). Canada is compared with 3 countries with relatively similar social programmes (i.e., the US, the UK and Australia are all from what Esping-Andersen (1990) labels the 'liberal' cluster) as well as with two countries with rather different social programmes (Germany is classified as a 'conservative corporatist' state while Norway is 'social democratic'). The focus throughout is upon how changes across time and differences across countries in the family settings of children have affected their experiences of inequality. Microdata from the Survey of Consumer Finance (1973 to 1997) is used to examine where children fit in the Canadian income distribution and how this may have changed over time as family structure, family size, age of parents and labour-force participation of parents have all changed. The position of children in the Canadian income distribution in the late 1990's is also compared to that of children in other affluent countries using microdata from the Luxembourg Income Study with links made to differences across the countries in terms of family structure and size, for example. The remainder of the paper is organized as follows. Section 2 outlines key trends in family settings (e.g., household structure, family size, parental labour-force participation) experienced by Canadian children. Section 3 presents summary measures of inequality among Canadian children and illustrates how children 'fit' into the Canadian income distribution, overall and for specific groups (e.g., children in lone-parent families; children in one- versus two-earner families). Section 4 compares Canadian children's experience of inequality with that of children living in other affluent countries. Section 5 offers conclusions."

323. Inflation and Inequality, by Stefania Albanesi, March, 2001. "Cross-country evidence on inflation and income inequality suggests that they are positively correlated. The hypothesis that this correlation is the outcome of a distributional conflict underlying the determination of fiscal policy is explored."

324. Regional Poverty and Income Inequality in Central and Eastern Europe: Evidence from the Luxembourg Income Study, by Michael Förster, David Jesuit and Timothy Smeeding, July 2002. "This paper reports levels of income inequality and poverty in four Central and Eastern European countries: the Czech Republic, Hungary, Poland and Russia. Unlike previous research on transition economies, we aggregate the detailed individual-level income surveys made available through the efforts of the Luxembourg Income Study at the regional level of analysis. Although national-level investigations have contributed much to our understanding of the income distribution dynamics, these studies mask intra-country variance in levels of income inequality and thus may not capture the true distribution of household income and accurately reflect individual well-being. Accordingly, we compute summary measures of inequality and relative poverty rates, using both local and national relative poverty lines, for the most recent waves of data available. We offer comparisons between regional and national median incomes and assess levels of inter- and intra-regional income inequality."

325. International Evidence on the Impact of Transfers and Taxes on Alternative Poverty Indexes, by Robert H. DeFina and Kishor, Thanawala, September 2002. "Changes in the headcount rate are the standard metric for gauging how public transfers and taxes affect poverty. An alternative strategy, one theoretically more appealing and complete, is to rely on distribution-sensitive indexes [Sen (1976, 1981)]. How would policy's measured impacts change if such an approach were to be used? This study provides new empirical evidence based on Luxembourg Income Study data for seventeen countries covering various years between 1969 and 1997. Poverty is measured using three indexes from the class developed by Foster, Greer, and Thorbecke (1984), one of which is the headcount rate. Estimates of the policy impacts are obtained by computing index values with before- and after-policy income. Evidence is also provided on the determinants of cross-country differences in index values and policy effectiveness, and on the extent to which variations in the different indexes are correlated with those in the United Nations Human Development Index."

326. How Much does Work Matter for Inequality? Time, Money and Inequality in International Perspective, by Lars Osberg, September 2002. "How much of the difference between countries in inequality of the distribution of income can be explained by work - i.e. by differing probabilities of any employment? Across OECD countries there are large differences in the average level and distribution of working hours. These differences arise from differing common entitlements to leisure (e.g. paid Public Holidays), plus differences in working hours per employee and in the percentage of the working age population who have some paid employment. The participation level is particularly important for inequality differences and there is persuasive evidence that country attitudes to paid employment, particularly for women, differ significantly. This paper uses Luxembourg Income Study data on Canada and the USA, UK, Germany, France and Sweden to simulate the income distributions that other countries would have if they had the Canadian pattern of workforce participation. Because employment rates in the US are quite similar to those in Canada, inequality in the USA would change only fractionally. In every other case, poverty and inequality would fall, indicating that measured differences in the inequality of money income between the North America and Europe understate the extent of cross country differences in well being. Put simply, in North America the relatively poor have to work harder, and still end up poorer, than in Europe."

327. The Impact of Taxation on the Equalising Effect of Social Insurance to Income Inequality: a Comparative Analsysis of Ten Welfare States, by Tommy Ferrarini and Kenneth Nelson, October 2002. "Welfare state regimes vary in their redistribution strategies. Some welfare states have extensive taxable social insurance schemes, while others rely more on non-taxable means-tested benefits. In order to assess the distributive effects of different program types, it is necessary to analyse social insurance after taxes, something rarely practised in comparative research. In this paper, we evaluate distributive effects of social insurance after taking taxes into account in ten welfare states. However, a study of net social insurance raises estimation problems in countries where spouses are taxed separately and income data only is reported on household level. The paper therefore includes a series of validity tests of estimated levels of social insurance after taxes. The main conclusion is that it is possible and necessary to estimate social transfers net of taxes in order to not misspecify the redistributive outcome of social insurance in both inter-country and intra-country analyses of income distributions. The analyses are based on micro level income data from the Swedish Level of Living Survey (LLS) and the Luxembourg Income Study (LIS) including ten countries."

328. A Note on Changes in the Wage and Unemployment Structures in Spain: Evidence from the Luxembourg Income Study, by Patrick A. Puhani, October 2002. "This note tests whether the extraordinary rise in Spanish unemployment in the 1980s can be traced back to rigidities in the wage structure in the face of relative net demand shocks against the unskilled (this claim is also known as the 'Krugman hypothesis'). I can establish that youth joblessness is key to the Spanish unemployment problem, but sampling procedures in the data set make it impossible to track the youth unemployment problem across time in a satisfactory way. Even though high youth unemployment is consistent with the Krugman hypothesis, substantial skill upgrading of the Spanish labour force in the 1980s explains why the low education groups did not experience an increase in relative unemployment."

329. Urban Poverty in Developed Countries, by Andrea Brandolini and Piero Cipollone, October 2002. "In this paper we investigate the urban / rural dimension of poverty in developed countries. We provide original estimates for Italy, we gather published statistics for France and the United States, and we produce novel cross-country estimates from the LIS database. We show that the size of urban poverty depends on where the boundaries of metropolitan districts are drawn and we observe that overlooking geographical differences in the cost of living is a particularly relevant hypothesis. We find that in France and the United States postwar economic growth and urbanisation were accompanied by a substantial reduction of the poverty risk for the rural population, while poverty rates improved less, or even sometimes deteriorated, for the urban population. The lack of a standard definition of urban / rural area precludes a rigorous comparative study. Our results indicate, however, that only in few countries (Denmark, the United Kingdom and the United States) the greatest poverty rates are found in central cities, while in all other developed countries poor persons are still relatively more frequent in rural areas. This pattern is stronger in the four non-developed economies examined here."

330. The Structure of Women's Employment in Comparative Perspective, by Becky Pettit and Jennifer Hook, September 2002. "One of the most dramatic social transformations of the latter half of the twentieth century involved the massive influx of women into the paid labor force. A central debate in studies of women's labor force participation concerns the influence of demographic and economic structures and institutional conditions on female employment. Single-country studies show consistent relationships between demographic and economic conditions and women's labor force participation. In contrast, comparativists emphasize institutional explanations for observed cross-national variation in aggregate levels of female employment. In this paper we analyze social survey data from 18 countries using multi-level modeling methods in an effort to synthesize structural and institutional accounts for variation in women's employment. Structural conditions including unemployment and service sector growth are important predictors of the overall level of women's employment. The effects of demographic characteristics on women's employment vary significantly across countries, and results suggest differences in policy context are associated with women's employment. In particular, federally supported child care is associated with an increase in the probability of employment among married women and women with children."

331. Human Resources for Health: An International Comparison of Health Occupations from Labour Force Survey Data, by Neeru Gupta, Khassoum Diallo, Pascal Zurn and Mario R. Dal Poz, October 2002. "Human resources are an essential element of a health system's inputs, and yet there is little consistency between countries in how human resource policies and strategies are developed and implemented. The analysis of the impacts of services on population health and well-being attracts more interest than analysis of the situation of the workforce in this area. The objective of this paper was to present an international comparison of the health workforce in terms of skill mix, sociodemographics and other labour force characteristics, in order to establish an evidence base for monitoring and evaluation of human resources for health. Data were drawn from LIS/LES surveys conducted between 1989 and 1997 for 18 countries with developed market and transitional economies. Considerable cross-national variations were observed in terms of the share of the health workforce in the total labour market, with little discernible pattern by geographical region or type of economy. Increases in the share were found among most countries for which time-trend data were available. The evidence further suggested that gender inequity in human resources for health remains an important shortcoming of many health systems. However, unexpected patterns of occupational distribution and educational attainment for selected countries pointed to definitional inconsistencies in the classification of health occupations across surveys."

332. Gender, Household and Individual Income in France, Germany, Italy, the Netherlands, Sweden, the USA and the UK, by Katherine Rake and Mary Daly, November 2002. "This paper examines gender differentials in the resources of households and individuals across seven welfare states. In its first part, it asks whether female-headed households can secure a living income without recourse to either the state or the income of a male partner. It then steps inside the private sphere, for the purpose of investigating gender differentials in individual incomes and the degree to which women and men rely on the family as a source of financial support. Technical details of the methodology employed for this analysis follow in an appendix."

333. Crime, Punishment and the Measurement of Poverty in the United States, 1979-1997, by Ian Irvine and Kuan Xu, November 2002. "The rate of incarceration has increased dramatically in the U.S. since 1980. We explore the implications of this increased incarceration on national poverty measurement using micro data for the period 1979–1997. We make use of an as-yet unexplored data set on prisoner earnings, in conjunction with the Current Population Survey to compute earnings of the whole population. It is found that the traditional measurement of poverty, which omits this increased share of the population that has become institutionalized, understates the true degree of poverty in the nineteen nineties to a significant degree. This underestimation has increased during the time period of study. Furthermore, it is the depth of poverty associated with the higher incarceration rate, rather than the higher rate of incarceration alone that has had the greatest impact upon poverty. These results stand in marked contrast to western European economies and Canada."

334. Time, Money and Inequality in International Perspective, by Lars Osberg, November 2002. "Across OECD countries there are large differences in the average level and trend of working hours and there is persuasive evidence that attitudes to paid employment, particularly for women, differ significantly. This paper therefore asks the question: "How much of the difference between countries in inequality of the distribution of money income can be explained by differing probabilities of paid employment?" Luxembourg Income Study data on the USA, UK, Canada, Germany, France and Sweden is used to simulate the income distributions that other countries would have if they had the US (or German) female, and total, employment rate. In every case, measured trans-Atlantic differences in the inequality of money income increase - hence observed differences understate the extent of differences in well being. Put simply, in the US the less affluent have to work harder, and still end up relatively poorer, than in other countries".

335. Polarization: Concepts, Measurement, Estimation, by Jean-Yves Duclos, Joan Esteban, and Debraj Ray, November 2002. "The purpose of this paper is two-fold. First, we develop the measurement theory of polarization for the case in which asset distributions can be described using density functions. Second, we provide sample estimators of population polarization indices that can be used to compare polarization across time or entities. Distribution-free statistical inference results are also derived in order to ensure that the orderings of polarization across entities are not simply due to sampling noise. An illustration of the use of these tools using data from 21 countries shows that polarization and inequality orderings can often differ in practice".

336. Social Policy Strategies to Combat Income Poverty of Children and Families in Europe, by Bea Cantillon and Ive Marx, December 2002. "In the EU there is growing concern about poverty among children, and among families with children. In most OECD countries, income poverty among children now exceeds that among the elderly, who traditionally were the demographic group most at risk of poverty (Jäntti and Danziger, 2000). However, the policy response of most industrialized countries in the past decades towards poverty among the elderly - extending coverage and levels of pension benefits - is less obvious as a policy option as regards poverty among families with children. There are two basic reasons for this. First of all, there is a consensus that increases in social spending are to be avoided, in view of the expected upward pressure on government budgets resulting from the ageing of the population in the coming decades. Secondly, in contrast to the elderly, families with children are supposed to be 'self-reliant', i.e. to be able - in normal circumstances - to earn sufficient income through their own efforts to escape poverty. Benefit dependency is seen as economically inefficient, as socially and morally degrading, and also as ultimately an ineffective route to escape poverty. Given this starting point, this paper tries to reach some general policy recommendations for combating income poverty among children and families. It is organised as follows. In the next section, families with children are most at risk of poverty are identified. Single parents obviously belong to this category, but - what is less well known - so do families with three or more children. There is then discussion of some of the new social risks leading to child poverty, which are related to low skills and to the current impossibility of many parents to combine care for children and paid work. In the fourth and final section, there is suggestions for possible policy responses which would support families in meeting the direct and indirect costs of children."

337. The Puzzle of Egalitarianism: About the Relationships between Employment, Wage Inequality, Social Expenditures and Poverty, by Bea Cantillon, Ive Marx, and Karel Van den Bosch, December 2002. "In the social policy debate, fundamentally different ideas prevail about the interlinkages between such key variables as employment, low pay, social transfers and poverty. This paper presents basic empirical evidence on the validity of these ideas and the policy prescriptions that follow from them, mainly drawing on cross-country comparative analysis. We show that clear and striking cross-country correlations prevail, but not, as is often so readily suggested, between low pay (wage compression) and employment performance, or between employment performance and poverty. Instead we find a strong and positive cross-country correlation between the incidence of low pay and the incidence of relative poverty, and we also find a strong but negative cross-country correlation between the level of social spending and the incidence of poverty. In addition, the incidence of low wage employment and social expenditure are also strongly and (negatively) related. We examine these correlations in more depth, particularly the link between the level of social spending and poverty. Since there is such a clear and strong negative link between the level of social expenditure and the level of poverty, it is tempting to think that more social spending offers an easy route to less poverty. However, a simple simulation exercise using Luxemburg Income Study data from the mid 90's suggests that putting more money in social transfer systems as they currently exist in the EU would not have positive outcomes on poverty rates in all countries. The final section of the papers sets out an agenda for further research."

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Luxembourg Income Study
Maxwell School of Citizenship and Public Affairs
426 Eggers Hall
Syracuse University
Syracuse, NY 13244-1020

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Local Advisory Board (LAB) Holds First Meeting

The first meeting of the LIS Local Advisory Board met on October 1, 2002. Comprised of local experts, the Board has been developed in order to aid in the development and enhancement of relationships with the research community in Luxembourg. At this first meeting, the members discussed plans for the LIS 20th Anniversary Conference, the 2004 Immigration Conference, the Visiting Scholars Program, the LIS Technical Workshop, and the 2003 Summer Workshop. The next meeting of the LIS Local Advisory Board will be held in July 2003.

THE LIS STAFF

Tim Smeeding, Overall Project Director
Syracuse University, 426 Eggers Hall, Syracuse, NY 13244-1020 USA
(315)443-9042 (V); (315)443-1081 (F); tmsmeed@maxwell.syr.edu

Lee Rainwater, Research Director
17, rue des Pommiers, L-2343 Luxembourg
352-26 00 30 20 (V); 352-26 00 30 30 (F); lr@wjh.harvard.edu

John Coder, Technical Director
8 Mayo Avenue, Annapolis, MD 21403 USA
(410)263-3472 (V); jcoder@comcast.net

Paul Alkemade, Microdata Expert / Statistician
17, rue des Pommiers, L-2343 Luxembourg
352-26 00 30 24 (V); 352-26 00 30 30 (F); alkemade@lisproject.org

Caroline de Tombeur, Admin. Assistant
17, rue des Pommiers, L-2343 Luxembourg
352-26 00 30 20 (V); 352-26 00 30 30 (F); caroline@lisproject.org

Kati Foley, Admin. Assistant
Syracuse University 426 Eggers Hall, Syracuse, NY 13244-1020 USA
(315)443-4526 (V); (315)443-1081 (F); lisaa@maxwell.syr.edu

David Jesuit, Project Mngr / Sr. Research Assoc.
17, rue des Pommiers, L-2343 Luxembourg
352-26 00 30 22 (V); 352-26 00 30 30 (F); jesuit@lisproject.org

Teresa Munzi, User Support / Research Assoc.
17, rue des Pommiers, L-2343 Luxembourg
352-26 00 30 31 (V); 352-26 00 30 30 (F); munzi@lisproject.org

Susanna Sandström, Microdata Expert
17, rue des Pommiers, L-2343 Luxembourg
352-26 00 30 20 (V); 352-26 00 30 30 (F); sandstrom@lisproject.org