Luxembourg Income Study asbl

NEWSLETTER

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Director's Column

Tim Smeeding

Hi everyone! Twenty-two years and still running, LIS is just hitting its stride. The new Luxembourg Wealth Study (LWS) is gathering momentum after a wonderful January meeting in Italy attended by more than 60 interested parties and hosted by Andrea Brandolini and the Bank of Italy. Despite the snow (!), everyone had a wonderful time. We learned that "fast food" in Perugia means that the white-coated waiters moved twice as fast as normal! And many thanks to the superb work of the LIS technical team, headed by Associate Director Janet Gornick and Research Director Markus Jäntii. They have made many key improvements in the quality of LIS data. Of course the LIS "data team" of Paul Alkemade, Teresa Munzi and Emilia Niskanen are going to have to make all these changes while also adding LWS and Wave VI (datasets 2002-2005) to LIS, so we are busy.

The Summer workshop continues to be a big hit with attendees and staff alike. Please consider attending! We are still working hard and playing hard in Luxembourg. Come see what LIS and LWS are all about for yourself.

Member Country Meeting

The 2005 Meeting of Member Countries has been scheduled for 17-18 July in Luxembourg. Details will be sent to country representatives shortly.

2005 Summer Workshop

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 Luxembourg Income Study has made comparable over 130 large microdata sets which contain comprehensive measures of income and economic well-being for a set of 29 modern industrialized welfare states. The LIS databank currently covers countries including: Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Israel, Italy, Luxembourg, Mexico, the Netherlands, Norway, Poland, Romania, Russia, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States. We are also negotiating with Japan, Korea, Greece, Portugal, New Zealand and South Africa.

The 2005 Introductory Workshop will be held in Luxembourg with arrival the evening of Sunday, July 10 and departure the afternoon of Saturday, July 16. The language of instruction will be English. The course of study will include a mixture 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, Project Director; Janet Gornick, Associate Project Director; Markus Jäntii, LIS Research Director; and John Coder, LIS Technical Director) and other experienced LIS users.

Tuition of €1,200 single occupancy will cover instructional materials, accommodations, and full board. Transportation to and from Luxembourg is the responsibility of the student. Applications are available at http://www.lisproject.org/workshop.htm and due no later than **April 15, 2005**.

NEW APPROACH TO MISSING VARIABLES

Wave V Changes and Refinements: 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. For a full list in detail see box.

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 that 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 (like if the respondent is a conscript, or is living in institutions).

New approach for missing values: As of November 25, 2004, the approach to missing values that was introduced with Wave V has been further refined. With Wave V, LIS introduced different codes for the treatment of missing values: the system missing (or dot) for true missing (e.g., the respondent does not know or refuses to answer) and -1 (negative one) for the cases where the question was not asked. The latter case of -1 was thus used to signify cases where no information was available because the particular question the variable is based on is not applicable or relevant, or because the respondent is not in the universe for a given question. For example, there is no industry to record for non-workers, nor age of the spouse in a single-person household.

(con't p. 2)

UPDATE: Luxembourg Wealth Study

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

Work steadily continues to move forward on the development of the Luxembourg Wealth Study. More than 60 people attended the January meeting held in Perugia, Italy which was sponsored and organized by the Bank of Italy. Presented papers will be made available on the LWS website in the near future. Keep checking back for further updates.

MISSING VARIABLES (con't)

While distinguishing these two different senses of "missing" was a step forward, we learned during the last two years that the new codification system needed some further refinements. The changes, which we detail below, improve the user-friendliness and ensure better consistency over time within the LIS data.

The code –1, which was initially introduced for all variables to signify "not applicable", is now used for categorical variables only, as well as for a set of basic demographic variables that are not strictly categorical. For the non-categorical variables, cases where the question was not asked are now coded with a 0 (because it actually stands for 0 income received or spent, or 0 weeks or hours worked). True missing values (don't know/refusal) remain coded with a system missing (or dot). We list the two groups of LIS variables below.

Please note that this change applies to all Wave V datasets. The change was made retroactively to all Wave V datasets that were already on-line. The practical implication for LIS users is that programming will become less burdensome, as it will no longer be necessary to replace –1s with 0s when adding up two or more non-categorical variables or when working at the same time with non-categorical variables from Wave V and from preceding Waves. Note, however, that older jobs using Wave V datasets might need to be modified in order to get identical results, as any reference to -1s when using non-categorical variables will no longer be meaningful. For example, instead of dropping observations with DPI=-1, observations with DPI=0 should be dropped, while all the commands replacing –1s by 0s can be dropped from the jobs.

New Wave V Variables

Name	Description
PSELF	personal self-employment income
PSOCRET1	person basic old age pension
PSOCRET2	person supplementary old age benefit
PSOCRET3	person early retirement benefit
PSOCRET4	person survivors pension
PSOCRETR	person other social retirement income
PUNEMP1	person unemployment insurance
PUNEMP2	person training or retraining allowance
PUNEMP3	person placement or resettlement benefits
PUNEMPR	person other unemployment benefits
PPRVPEN1	person occupational pensions
PPRVPEN2	person opting out pensions
PPRVPENR	person other private pension income
V8S1	Interests and dividends
V8S2	Rental income
V8S3	Private savings plans
V8S4	Royalties
V8SR	Other cash property income
V8X	Interest paid
V35X	regular transfers paid to relatives
LSLOT1	country specific labor data 1
LSLOT2	country specific labor data 2

Choosing a scheme for coding "truly" missing values as distinguished from cases where a value is not applicable is for a cross-national project such as LIS a trickier task than it is from a purely national perspective. Our scheme needs to be fairly simple and, above all, consistent across countries and over time. This means that we cannot rely on the details of the interview process, such as skip patterns, for any particular data set, as one would do using a national data source. This means that our new scheme may seem unfamiliar, or even counter-intuitive, to a user of the corresponding national data source. The LIS team is convinced, however, that the new scheme is in the best interest of our users.

The two blocks of variables — which we label "categorical and basic demographic variables" and "non-categorical" — use different codes for not applicable (-1 and 0, respectively), as follows:

Categorical and basic demographic variables:
- *Person level socio-demographic variables in person file:* PAGE, PSEX, PMART, PREL, PETHNAT, PIMMIGR, PEDUC, PTOC, PLFS, PACTIV, POCC, PIND, PTYPEWK, PDISABL
- *Person level socio-demographic variables in child file:* CAGE, CSEX, CREL
- *Person level socio-demographic variables in household file: all head and spouse variables relative to the above mentioned socio-demographic person level variables:* D1 to D3, D8 to D19, D21, MARTSP, D25, D26, ACTIVHD, ACTIVSP, IMMIGRHD, IMMIGRSP, LFSHD, LFSSP
- *Household level socio-demographic variables in household file:* MARRIED, D4, D5, D6, D7, D2, D22, D27, D28, NUM6574, NUMGE75

Non-categorical variables:
- *Person level income variables in person file:* PGWAGE, PNWAGE, PHRWAGE, PMERC, PSELF, PYTAX, PWTAX, PMEEC, PSOCRET (including S1 to SR), PUNEMP (including S1 to SR), PPRVPEN (including S1 to SR) and PPUBPEN
- *Person level income variables in household file (head and spouse variables):* V39 to V42
- *Household level income variables in household file:* V1 to V37SR, all summary income variables (SELFI to DPI)
- *Household level expenditure variables in household file:* All expenditure variables, from FOODEXP to TOTEXP
- *Person level weeks and hours variables in person file:* PWEEKFT, PWEEKPT, PWEEKUP, PHOURS
- *Person level weeks and hours variables in household file (head and spouse variables):* WEEKHDFT, WEEKSPFT, WEEKHDPT, WEEKSPPT, WEEKHDUP, WEEKSPUP, HRSHD, HRSSP

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, for example, 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 did recently change their definition of underemployment. If the original survey contains the necessary information, the LES variables will reflect this new definition.

New Datasets

Ireland 2000 is now available, including nearly all labor characteristics in the LIS/LES integrated file.

Mexico 2002 is now available.

Belgium 2000 is now available. LIS data for Belgium 2000 are now based on the Panel Study of Belgian Households (PSBH), whereas earlier datasets used the Socio-economic Panel (CSB).

A minor revision has been carried out for the **Mexico datasets (time-series of 1984 - 1998)**. During the harmonization of MX2002 we realized that a small error had slipped into these previous datasets. The major indicators like gini-coefficient as well as poverty rates remain practically unchanged. To know the impact of the revision, please check the revision notes at http://www.lisproject.org/techdoc/revisions.htm#rev32.

In the Press...

LIS related data or analyses have appeared in the following publications:

Kraft, Tim. "Flat Taxers Just Don't Get It." *Lincoln Journal Star* (Nebraska), December 13, 2004, P. B6.

Star Tribune (Minneapolis, MN). "Rising Tide: Too Many Boats Left Behind." September 19, 2004, P. 8AA.

Tan, Sandra. "The Cost of Making Ends Meet: As New Measurements Show, the Struggle to Get By has Never Been Tougher for Working Families." *Buffalo News* (New York), December 1, 2004, P. A1.

Shelton, Henry J. "Past Time to End Childhood Poverty." *The Providence Journal* (Rhode Island), February 3, 2004, P. B04.

Giles, Philip, Richard V. Burkhauser, Dean R. Lillard, and Johannes Schwarze. "Income Replacement among Recent Widows," *Perspectives on Labour and Income* (Statscan) v 16(2) (June 2004), P. 45-50.

Howard, Brent. "Reagan's Gap," *The Weekend Australian*, June 12, 2004, P. 18.

usersupport@lisproject.org

New Email Address for User Support (Data and Job Submission Questions)

Standardized Education Variables

Please note that the routine recoding the education level into standardized categories now also exists for the household level file for education of head and spouse. Check education standardisation routine at http://www.lisproject.org/dataccess/educlevel.htm.

LIS Visitor

Wouter van Gils (Radboud University Nijmegen, NL) was a visitor at LIS during November and December 2004. Wouter is conducting research on Cross-National Differences in Full-time Working Couples.

NEW LIS PUBLICATION from

The Russell Sage Foundation Press

Egalitarian Capitalism

by Lane Kenworthy

Declining participation in labor unions, the movement toward a service-based economy, and increased globalization have cast doubt on the extent to which welfare states can continue to stem inequality in market economies over the long-term. Does the new economy render existing models of social assistance obsolete? Do traditional welfare states hamper economic and employment growth, thereby worsening the plight of the poor? Lane Kenworthy offers a rigorous empirical analysis of these questions in *Egalitarian Capitalism*. The book examines 16 industrialized countries in North America, Western Europe, and Scandinavia—each with different approaches to assisting the poor—to see how successful each has been in developing its economy and curbing inequality over the past twenty years.

Kenworthy finds that inequality grew in almost all of these countries, from the most progressive to the least. Using simple but powerful statistical tests, he assesses the theory that inequality is necessary to improve economic growth and reduce poverty. He finds no necessary trade-off between equality and economic growth but discovers some evidence that high minimum wages dampen employment growth in private sector services. Kenworthy suggests that without greater private sector employment, public supports may be unable to adequately sustain living standards for the poor. An equitable growth strategy necessitates a balance of policy options: Creating jobs is aided by loose employment regulation, low payroll taxes, and, in some cases, lower real wages for workers at the bottom of the income spectrum. However, high employment is also facilitated by a system that "makes work pay" with earnings subsidies, workplace flexibilities, financial support for those who are between jobs or unable to work, and universal health and child care coverage. Kenworthy suggests that these strategies, though generally presented as mutually exclusive, could be effectively combined to create a robust, fair economy.

Egalitarian Capitalism addresses fundamental questions of national policy with rigorous scholarship and a clarity that makes it accessible to any reader interested in the alleged trade-off between social equity and market efficiency. The book analyzes the viability of traditional welfare regimes and offers sustainable options that can promote egalitarian societies without hampering economic progress.

Lane Kenworthy is associate professor of sociology at the University of Arizona.
$32.50 • 0-87154-451-2 • July 2004 • www.russellsage.org

New Working Paper Abstracts

No. 386. ***Income Distribution in 14 OECD Nations, 1967-2000: Evidence from the Luxembourg Income Study*** **by Thomas W. Volscho, Jr., August 2004.** "This paper advances the understanding of income inequality by examining quintile shares of income among households headed by someone age 25-59 in 14 OECD nations. In examining quintile shares, the author attempts to resolve the contradictory findings from past research. Furthermore, the analysis is restricted to working-age households for two reasons: 1) many of the theoretical explanations considered in this paper are premised upon labor market conditions (e.g., the role of imports from less developed countries, unemployment) and 2) recent analyses have examined this population because some analysts contend that the welfare state redistributes income among age groups. Following the lead of several recent studies, two concepts of income are examined: 1) market-generated income and 2) all income after taxes and transfers. By focusing on market-generated income and income after taxes and transfers, the analyses can provide insight into how various factors influence the distribution of income obtained in the market as well as how these same factors influence the distribution of income after government mediation through taxes and transfers. Several explanations of income inequality are mentioned at the beginning of the paper: macroeconomic, trade and industrial sector, class struggle, government wage setting, and welfare spending. As a departure from past research, quintile shares are examined instead of summary indices of income inequality. By examining quintile shares it is argued that it is possible to 1) resolve some of the discrepant findings in past literature, 2) gain a better sense of the location in the distribution at which different variables impact income inequality, and 3) obtain estimates of the magnitude of the effect different factors have on income inequality."

No. 387. ***Welfare State Expenditures and the Redistribution of Well-Being: Children, Elders, and Others in Comparative Perspective*** **by Irwin Garfinkel, Lee Rainwater, and Timothy M. Smeeding, October 2004.** "This paper estimates the redistributive effects of welfare state expenditures on social and economic disparities in the economic well-being of citizens in ten nations. Data from the Organization for Economic Cooperation and Development (OECD) and other sources for cash and non-cash social welfare benefits (health and education benefits from third parties) are used to describe differences in the size and nature of welfare states and their distributional effects. The OECD data are combined with micro data on household incomes from the Luxembourg Income Study (LIS) both to estimate the redistributive effects of the expenditures and taxes and to construct measures of the differences in the relative standard of living among the population at various points in the income distributions of their countries. Estimates are provided for country populations as a whole and for three mutually exclusive groups: all persons; non-aged persons living with children; non-aged without children at home; and the elderly. These measures may be thought of as capturing the degree to which welfare states at the end of the 20th and dawn of the 21st century provide for the developmental needs and capabilities of their populations in terms of cash, access to health care and educational opportunity. The results indicate a wide range of differences in levels of economic resources and support, within as well as between, nations and groups. The degree to which children have fair and equal opportunity chances; the degree to which the population has access to quality health care ; and the population groups who are most called upon(most taxed) to provide these benefits are all investigated here. Non-cash benefits are particularly important for low-income Americans: especially elders and children and their families and should not be taken for granted by analysts of the welfare state. Counting in kind benefits at government cost substantially reduces cross national differences in market and cash disposable incomes, but does not eliminate them. The results are very sensitive to how in-kind benefits are measured and valued."

No. 388. ***Sliding into Poverty? Cross-National Patterns of Income Source Change and Income Decay in Old Age*** **by James Williamson and Timothy M. Smeeding, October 2004.** "In this article we examine the change in the mix of income and benefits that older adults receive as they age, with a focus on older women. Our study is a crossnational comparison of five OECD countries using the Luxemburg Income Study database. We investigate the change of private income and social benefits following synthetic cohorts for two decades. Our study reveals that older women rely heavily on socially provided benefits for a majority of their income, and these benefits are primarily responsible for whether older women find themselves in poverty or not. Older men and women in countries with relatively generous (or well targeted) social retirement and social transfer benefits have lower levels of poverty. A caveat of the study is a comparison of older adults who own their homes and those who rent. We find that older homeowners are less likely to be in poverty than renters. As the value of homes and homeownership increase, housing will become an especially important source of support in old age."

No. 389. ***Gender Differences in Poverty: A Cross-National Research*** **by Pamala Wiepking and Ineke Maas, October 2004.** "In this paper we describe and explain country differences in the effect of gender on the risk to become poor, using data from the Luxembourg Income Study on 22 industrialized countries. Although in most countries women are more likely to become poor than men, this is not the case for all countries. Composition effects explain 18 percent of the country differences: differences in the educational level of the population are most important, whereas labor market participation plays a smaller role. Country characteristics, especially economic growth and social-democratic tradition, explain between 29 and 36 percent of the country differences in the gender-poverty-gap. Both composition effects and country characteristics are better suited to explain disadvantages of women than disadvantages of men."

No. 390. ***The Welfare State and Relative Poverty in Rich Western Democracies, 1967-1997*** **by David Brady, October 2004.** "This study investigates the relationship between the welfare state and poverty with multiple measures of the welfare state and poverty in an unbalanced panel of 18 Western nations from 1967 to 1997. While addressing the limitations of past research, the analysis shows that social security transfers and public health spending significantly reduce poverty. Less robust evidence exists that social wages reduce poverty, while public employment and military spending do not significantly affect poverty. The welfare state's effects are far larger than economic and demographic sources of poverty. The significant features of the welfare state entirely account for any differences in poverty between welfare state regimes, and these features have similar effects across welfare state regimes. The welfare state's effects on poverty did not change in the 1990s. Sensitivity analyses show the results hold regardless of the U.S. cases. The welfare state emerges as the primary causal influence on national levels of poverty."

No. 391. ***Electoral Support for Extreme Right-Wing Parties: A Subnational Analysis of Western European Elections in the 1990s*** **by David Jesuit and Vincent Mahler, August 2004.** "The recent successes of Jean Marie Le Pen's National Front, Jörg Haider's Freedom Party and Pim Fortuyn's "List" Party, to name just a few, have generated a great deal of anxiety among those concerned about the maintenance of liberal values in European societies. In particular, many commentators point to the xenophobic rhetoric these politicians and their supporters espouse. Others suggest that these electoral successes spring from poor economic performance or the weakening of Europe's established political parties on the left and the right. Whatever the explanation, the sudden surge of support for extreme right parties (ERPs) since the 1980s challenges our understanding of democratic politics in Europe. Although existing research contributes a great deal to our understanding of the rise of ERPs, no single theory has come to dominate the academic literature. In addressing these gaps in the literature, we take advantage of constituency-level electoral data (from Caramani, 2000) to compute regional vote shares for ERPs in national elections in nine countries in the 1990s: Austria (1995), Belgium (1995), Denmark (1994), Finland (1995), France (1997), Germany (1994), Italy (1996), Spain (1993) and the U.K. (1997). These data enable us to measure institutional factors such as the proportionality of electoral systems at the regional level, factors which previous research suggests are positively associated with electoral support for ERPs. In addition, we estimate sub-national levels of poverty, income inequality and welfare generosity as well as such widely examined variables as immigration and percent unemployed. With respect to methods, we employ Tobit analysis, which accounts for the "left-censoring" of the dependent variable, and include country dummy variables to capture unspecified country-level effects manifested in spatial autocorrelation."

No. 392. *State Redistribution in Comparative Perspective: A Cross-National Analysis of the Developed Countries* by Vincent Mahler and David Jesuit, November 2004. "The aim of this paper is to offer an overview of the many opportunities the Luxembourg Income Study (LIS) data set provides to measure the distributive effect of taxes and transfers in the developed countries. Two specific tasks are undertaken. First, and most important, the paper offers a detailed discussion of a number of aspects of fiscal redistribution, presenting a good deal of newly computed data that are, to our knowledge, unavailable elsewhere. LIS data are detailed enough to allow us not only to measure overall redistribution, but also to explore whether redistribution has been achieved primarily through taxes or transfers; to compare the redistributive effect of the most important individual transfers; to determine whether redistribution is associated with the size or the internal target efficiency of social benefits; to focus separately on redistribution across all income groups, lower, middle and upper income groups, and those in poverty; and to examine separately households headed by persons of working age. Second, the paper places fiscal redistribution in a broader context by discussing several aspects of redistribution that are not directly measured in LIS surveys. These include the redistributive effect of in-kind benefits, which we will explore using an imputation method; and second-order effects, whereby direct transfers affect "pregovernment" private sector income, in turn affecting measures of direct state transfers."

No. 393. *Societal Shifts and Changed Patterns of Poverty* by Johan Fritzell and Veli-Matti Ritakallio, September 2004. "This paper uses data from the Luxembourg Income Study to analyse cross-national and cross-temporal poverty risks in eleven western countries. Our analyses are embedded in the tradition of welfare state research. Despite a hundred years of welfare state efforts, at the beginning of the 21st century the question of poverty is still highly relevant. It remains today Europe's most fundamental social problem. In the first empirical section we present the situation overall and show that poverty risks have tended to increase from the early 1980s to the present day. We also show that the cross-national variation is largely in line with what we would expect from the international discussion about welfare regimes. Furthermore we show that the proportion of the national population with a market income below the poverty threshold has increased in all countries and that the cross-national variation in market income poor is not apparently related to type of welfare state regime. Our analysis shows that the poverty increase chiefly can be explained by increased structural pressures rather than retrenchment of the redistributional systems. In the second empirical section we present a simulation analysis to test whether structural, i.e. compositional differences in age, family and labour market behaviour can account for the cross-national variation found. Our results demonstrate the increasing importance of household labour market attachment for alleviating poverty risks, as well as for explaining the cross-national variation in these risks. In this sense the low poverty rates in the Scandinavian countries are not only due to generous systems of social protection but also favourable socio-economic and demographic structures."

No. 394. *The Age Profile of Income and the Burden of Unfunded Transfers in Four Countries: Evidence from the Luxembourg Income Study* by Gary Burtless, November 2004. "This paper uses micro-census income data from the Luxembourg Income Study (LIS) to measure the current and future burden of financing public transfers, especially benefits supporting the aged and near-aged. The analysis distinguishes between income obtained from households' own saving and labor earnings, on the one hand, and the part financed with unfunded transfers, on the other. The burden of unfunded transfers is defined as the tax on factor income that is needed to pay for such transfers under a balanced budget rule. The paper develops a framework for estimating and forecasting this burden using micro-census reports on the current age distribution of factor incomes, the age distribution of transfer incomes, and U.S. Census Bureau projections of the future age structure of the population. Because survey data are inaccurate and incomplete, the micro-census income reports are adjusted to reflect underreporting based on estimates of aggregate income from the national income and product accounts. Empirical estimates of current and future tax burdens are derived for four OECD countries. These show that the burden of German and U.S. transfers is unusually sensitive to the effects of an aging population. In contrast, the burden of public transfers in Finland and Britain is less sensitive to the effects of an older population because transfers in those countries are less heavily tilted toward aged beneficiaries. Factor incomes received by aged Americans are high by international standards, providing a partial offset to the sharp tilt of U.S. transfers in favor of the elderly. As the U.S. population grows older, factor incomes will decline more gradually than is the case in other rich countries, helping to maintain the size of its tax base."

No. 395. *Ireland's Income Distribution in Comparative Perspective* by Brian Nolan and Timothy Smeeding, December 2004. "One of the most frequently expressed concerns about the unprecedented economic boom that Ireland experienced in the second half of the 1990s has been that the benefits were not shared evenly, that rising living standards were accompanied by widening gaps leaving Ireland with a particularly unequal distribution of income. This paper examines Ireland's income distribution in comparative perspective, and seeks to shed some empirical light on what happened during the boom and how Ireland compares to other rich countries. It begins by using the data from the OECD and the Luxembourg Income Study to compare Ireland's degree of income inequality with other advanced countries. It then looks in some detail at what alternative sources of survey data suggest about key trends in income inequality in Ireland from 1994 to 2000. Since there is a particular interest in what happened right at the top of the distribution, this is then examined using data from the administration of the income tax system. We conclude that the spectacular economic growth in the past decade has seen the gap in average income between Ireland and the richer OECD countries narrow dramatically. However, this growth has not greatly affected the Irish ranking in terms of income inequality. Ireland remains something an outlier among rich European nations in its high degree of income inequality, though still falling well short of the level seen in the USA. In the end, Ireland's new-found prosperity provides a "social dividend", and choices about how it is used will fundamentally affect whether the current high level of income inequality persists into the future."

No. 396. *L'immigration au Luxembourg, et après?* by Craig Parsons and Timothy M. Smeeding, November 2004. "The importance of immigration to the future of Europe and also to the future of Luxembourg cannot be denied. This paper presents Luxembourg both in the context of European immigration and also in comparative income inequality terms. The paper includes an assessment of why Luxembourg presents a unique but powerful example of successful European immigration: one of growth with diversity and equality."

Working Papers (con't)

No. 397. ***Production of Last Resort Support: A Comparison on Social Assistance Schemes in Europe with the Notion of Welfare Production and the Concept of Social Right*** **by Susan Kuivalainen, December 2004.** "This paper aims to assess the present social assistance schemes with the model of production of welfare and the concept of social right. The interest is in how different stages of social assistance schemes are linked and how schemes appear when a number of indicators are used. One of the aspects analysed are outcomes, i.e. the prevalence of poverty and the poverty reduction effectiveness. To analyse outcomes the LIS data are used. Six different countries are included into comparison. The findings show that the countries vary to a large extent in their effectiveness of reducing poverty. Further, they indicated that there is some relationship between inputs, outputs and outcomes. Countries with more extensive social security scheme have less extent social assistance schemes. The results indicated also that the countries with less extensive social assistance schemes provide more generous levels of support, while also simultaneously the more generous schemes have smaller prevalence of poverty."

No. 398. ***Poverty and Income Maintenance in Old Age: A Cross-National View of Low Income Older Women*** **by Timothy M. Smeeding and Susanna Sandström, January 2005.** "Great strides have been made in reducing poverty amongst the elderly in most rich countries over the past forty years. But pensioner poverty has not been eradicated, especially in the English-speaking nations. Poverty rates amongst older women are much higher than those for older men and much higher in the United States compared to other nations. In general, poverty rates rise with both age and changes in living arrangements though living alone has a larger effect for women. Poverty rates among older women are highest amongst the divorced, widowed and never-married, groups whose prevalence within the elder population will rise significantly over the next decades. The challenge for policy makers is to design systems of retirement benefits that guarantee minimum standards of living for all elderly women while also preserving incentives for self-financed retirement."

Where They've Turned Up

Transfers Matter Most: How Changes in Transfer Systems of Canada and the United States Explain the Divergence in Household Poverty Levels from 1974–1994 (No. 271) by Daniyal Zuberi was published in *International Journal of Comparative Sociology* v 45 n 1-2, pp. 87-110.

Economic Globalization, Domestic Politics and Income Inequality in the Developed Countries: A Cross-National Analysis (No. 273) by Vincent Mahler was published in *Comparative Political Studies* v 37 n 9 (November 2004), pp. 1025-1053.

The Effect of Social Transfers in Western Europe: An Empirical Analysis of the Countries Usig Generalized Lorenz Curves (No. 317) by Katja Hölsch was published in *Journal of Income Distribution* 12 (1-2), pp.183-115.

A Note on Changes in the Wage and Unemployment Structures in Spain: Evidence from the Luxembourg Income Study (No. 328) by Patrick Puhani was published in *CESifo Economic Studies* v 50 n 2 (2004), pp. 299-317.

Polarization: Concepts, Measurement, Estimation (No. 335) by Jean-Yves Duclos, Joan Esteban and Debraj Ray was published in *Econometrica* v 72 n 6 (November 2004), pp. 1737-1772.

Income Guarantees and the Equity-Efficiency Tradeoff (No. 348) by Steven Pressman was published in *The Journal of Socio-Economics* v 34 (2005), pp. 83-100.

Social Transfers and Income Inequality in Old-age: A Multi-national Perspective (No. 355) by Robert L. Brown and Steven G. Prus was published in *North American Actuarial Journal* v 8 n 4 (October 2004), pp. 30-36.

An Equality-Growth Tradeoff? (No. 362) by Lane Kenworthy was published as Chapter 4 in Lane Kenworthy, *Egalitarian Capitalism*, New York: Russell Sage Foundation, 2004.

Welfare States, Real Incomes, and Poverty (No. 370) by Lane Kenworthy was published as Chapter 6 in lane Kenworthy, *Egalitarian Capitalism*, New York: Russell Sage Foundation, 2004.

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"Twenty Years of Research on Income Inequality, Poverty and Distribution in the Developed World"

This special issue of *Socio-Economic Review* contains a summary and overview of 20 years of research using the Luxembourg Income Study (LIS) to investigate the topics of inequality, poverty, family income packages, labor market change, and especially the effects of social policy on these outcomes. It also includes four original contributions to these literatures. Visit the *Socio-Economic Review* website (www.ser.oupjournals.org) for a full table of contents, article abstracts and ordering information.

LUXEMBOURG INCOME STUDY

GRANTS FOR VISITING RESEARCHERS

CALL FOR PROPOSALS This 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 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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