

LIS

The Luxembourg Income Study: 40 years, from 10,000 meters, in 12 mins.

LIS Poverty and Inequality in Rich and 'Becoming Rich' Nations over 40 years

For the LIS 40th Anniversary May 24th, 2023

Tim Smeeding , founding Director, 1983-2006

The Three Eras of LIS

(highlights , being here for them all)

Era 1: Tim, Lee, Gaston and Robert

Era 2: Janet, Markus, Robert and Tony

Era 3: Daniele and Peter, Teresa and François

Tony Atkinson, always and forever

Poverty and inequality— bread and butter --705 or more of 856 LIS and LWS working papers

And more ---

Era 1: Tim, Lee, Gaston-- and Robert (1983- 2006)

- **First look at poverty and inequality in a comparable way** in 7 nations in 1985
- **Funding an international public good**: from CEPS, to Ford 'bridge funding' ,to a large number of countries pitching in, the current model
- **Marc Cigrang, John Coder and 'Lissy'** – remote access, the key to LIS user growth
- **“What’s” vs “Why’s” ?** beyond the numbers: the importance of the institutional database to begin to unpack the why's —Janet's PhD dissertation ;
- **Training the young** : LIS summer workshops from 1988 on,~ 1000 attendees
- **Moving about** : Walferdange. to Differdange. to the Chateau on Rue de Pommes
- **Great dedicated and highly competent staff** always, Working Hard & Playing Hard

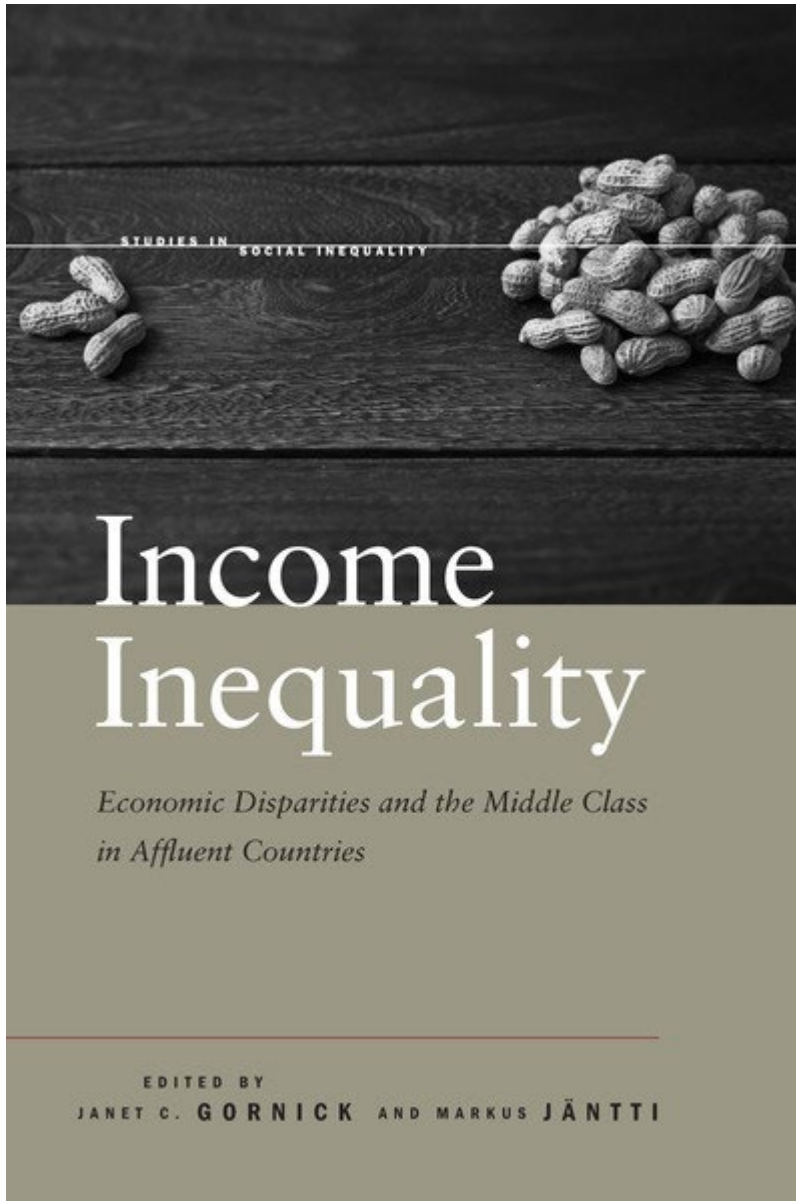
Key Research Outputs along the Way

For the growth of LIS: 5 key publications in the early years:

- Buhmann, et al .1988. . “Equivalence Scales, Well-Being, Inequality, and Poverty: Sensitivity Estimates Across Ten Countries Using the Luxembourg Income Study (LIS) Database, [Review of Income and Wealth](#), (led to square root scale, 2000+ Google cites)
- Gottschalk and Smeeding .1997. “Cross-National Comparisons of Earnings and Income Inequality.” [Journal of Economic Literature](#) (also almost 2000 cites; top 100 articles in Economics, 2000-2015)
- Smeeding and Torrey, 1988. “Poor Children in Rich Countries”, [Science](#) (huge hit , esp. with Ford Foundation)
- Atkinson, Rainwater and Smeeding (ARS) 1995 . *Income Distribution in OECD Countries: The Evidence from the Luxembourg Income Study (LIS)*. [Social Policy Studies No. 18](#). Paris: OECD, (opened the door with OECD and added greatly to the external legitimacy of LIS)
- Acemoglu, D. .2003. “Cross-country Inequality Trends”. [The Economic Journal](#), 113: F121-F149. (key to higher external funding of LIS Core grant from US National Science Foundation)

Era 2: Janet, Markus, Robert, and Tony (2006 -2023)

- **More countries, more depth**, expanded studies of gender (left to JG who follows), larger use by political scientists, political economists, and more sophisticated statistical analyses
- **Two key publications**: inequality and lone parents next slide
- **University of Luxembourg** becomes real and LIS moves from the Chateau on Rue des Pommés to “Uni-Lux” in Belval, Luxembourg
- **BIG applause for Janet Gornick , a builder extraordinaire**



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Single-Parent Families and Public Policy:
Evidence from High-Income Countries
Special Editors: Janet C. Gornick, Laurie C. Maldonado,
and Amanda Sheely

Tony Atkinson, always and forever for LIS

- From first LIS conference in 1985 when we held our breath and he said “jolly good”
- to (ARS) Atkinson, Rainwater, and Smeeding, 1995 & ‘bringing inequality in from the cold’
- to his keynote address at the 20th Anniversary (2003) where he hoped (dreamed) that LIS would eventually provide annualized data; realized in the 2020s !
- to chair of the LIS Board: 2012-2017
- to his “academic children”: Jenkins, Ravallion, Nolan, Micklewright, Brandolini , Sutherland, & more
- to his foundational work on [global poverty for the World Bank in 2016](#), & last book [Measuring Poverty Around the World](#) (2019, with A. Brandolini and J. Micklewright)
- to his helping establish the [Society for the Study of Economic Inequality](#) (2005) and the [World Top Income Database](#) (2011) now the World Inequality Database (WID)
- And many, many more memories and accolades – see Rolf Aaberge & 12 others, many here today . "[Tony Atkinson and his Legacy](#)," [Review of Income and Wealth](#)
- May he Rest in Peace



Cambridge, UK Summer 1994

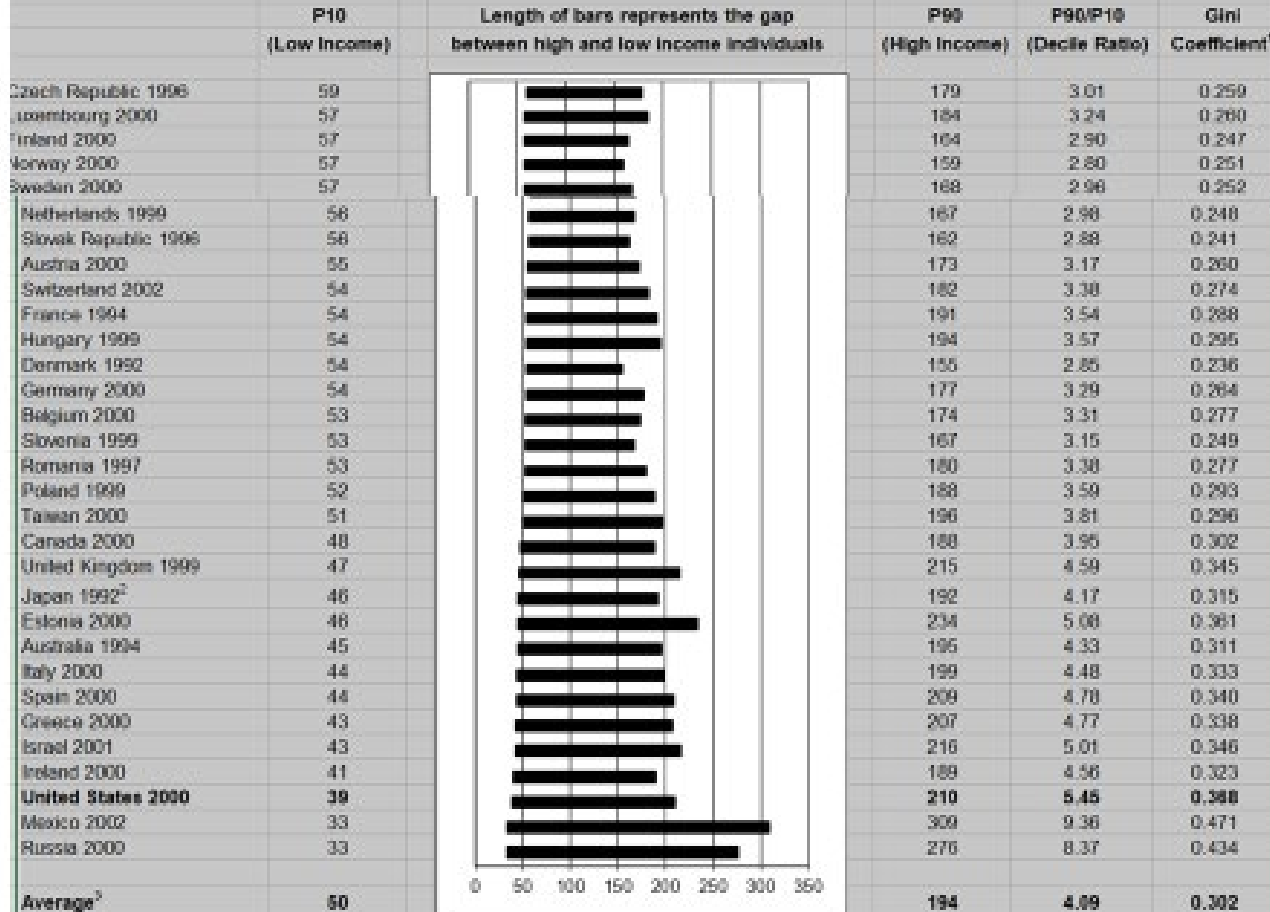
Breadth, Depth and Multiple Measures of Poverty and Inequality from the original 7 to 63+ today

1. The LIS “ Social and Economic Distance” bar chart explodes ! (next)
2. **World Bank joins in:** HUGE progress from 2010 -2022 (see OWiD chart below)
2. Income and then **Wealth: 2003 – 2023, now 20 years of LWS** with Andrea Brandolini and Eva Sierminska (Markus Jannti will address wealth shortly)
3. **Geographical sectoral analyses** are being accomplished: Latin America, Asia, E. Europe, Western Europe, Nordics, Anglo-Saxons, Mediterranean, & MENA (next slide)
4. **“Comparable Inequality” projects** grew: after ARS, OECD (1990s-); OECD-DINA (2015 -); WTID and WID (2011-on); WB (2017 on), and more -- & LIS remains the gold standard
5. **Comparable measurement of economic well-being** has broadened: Income (1983--), Wealth (2003--) and soon Consumption ?

The chart that paid for all the T shirts then (below) and now (right)

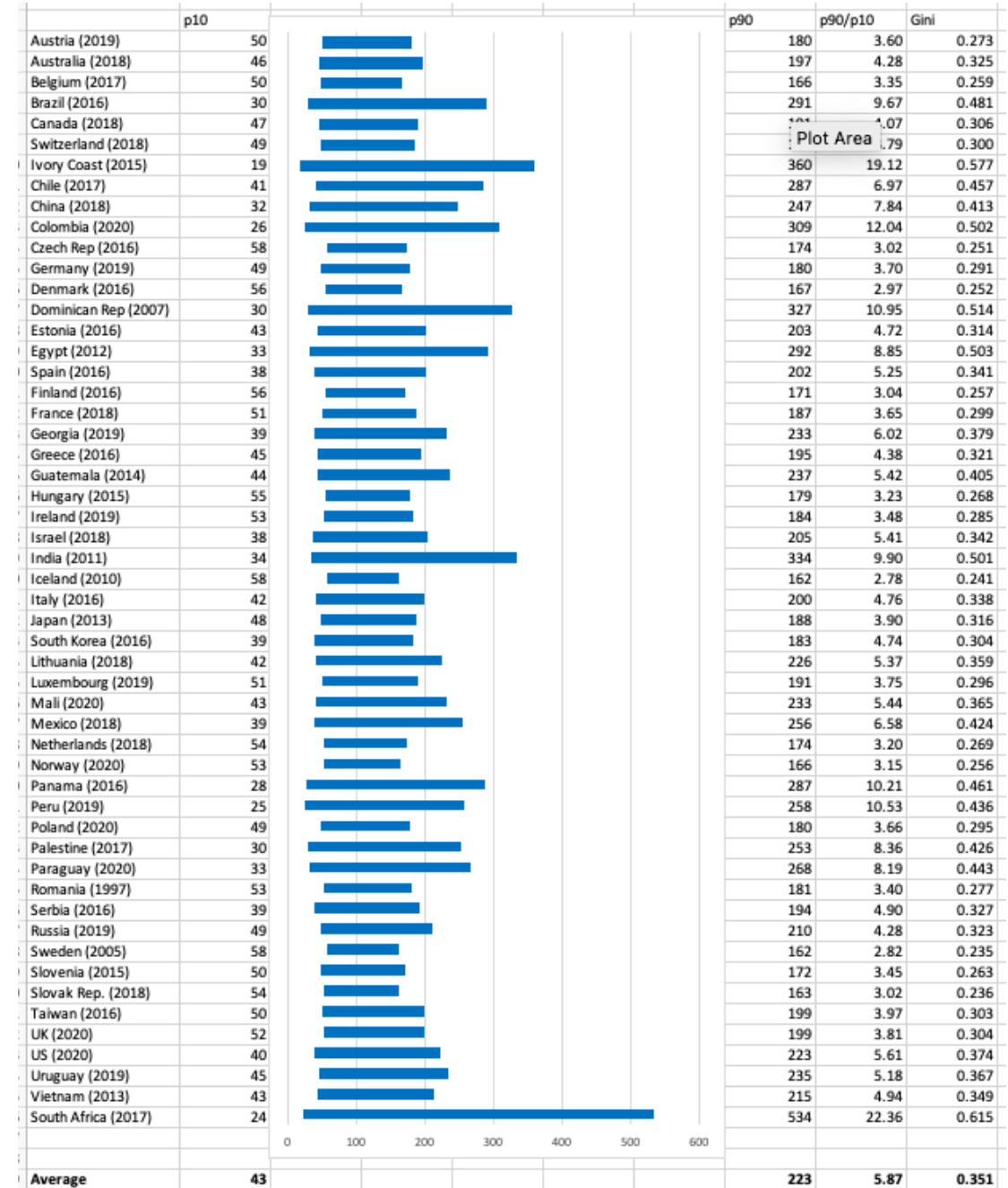
Figure 1. Economic Inequality and Social Distance

(numbers given are percent of median in each nation and Gini coefficient)



Source: Author's calculations from the Luxembourg Income Study.

Notes:
¹Gini coefficients are based on incomes which are bottom coded at 1 percent of equivalized mean disposable income and top coded at 10 times the median disposable income.
²Japanese Gini coefficient as calculated in Gottschalk and Smeeding (2000) from 1993 Japanese Survey of Income Redistribution.
³Simple average.

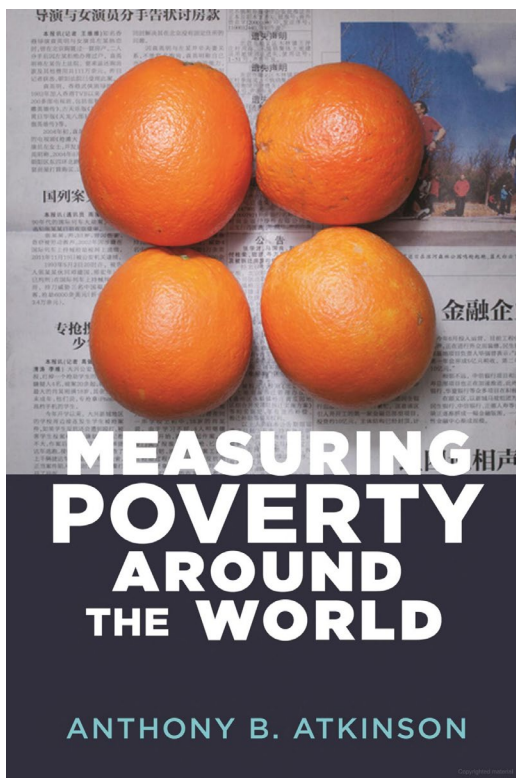


WB & OWiD

Dean Joliffe

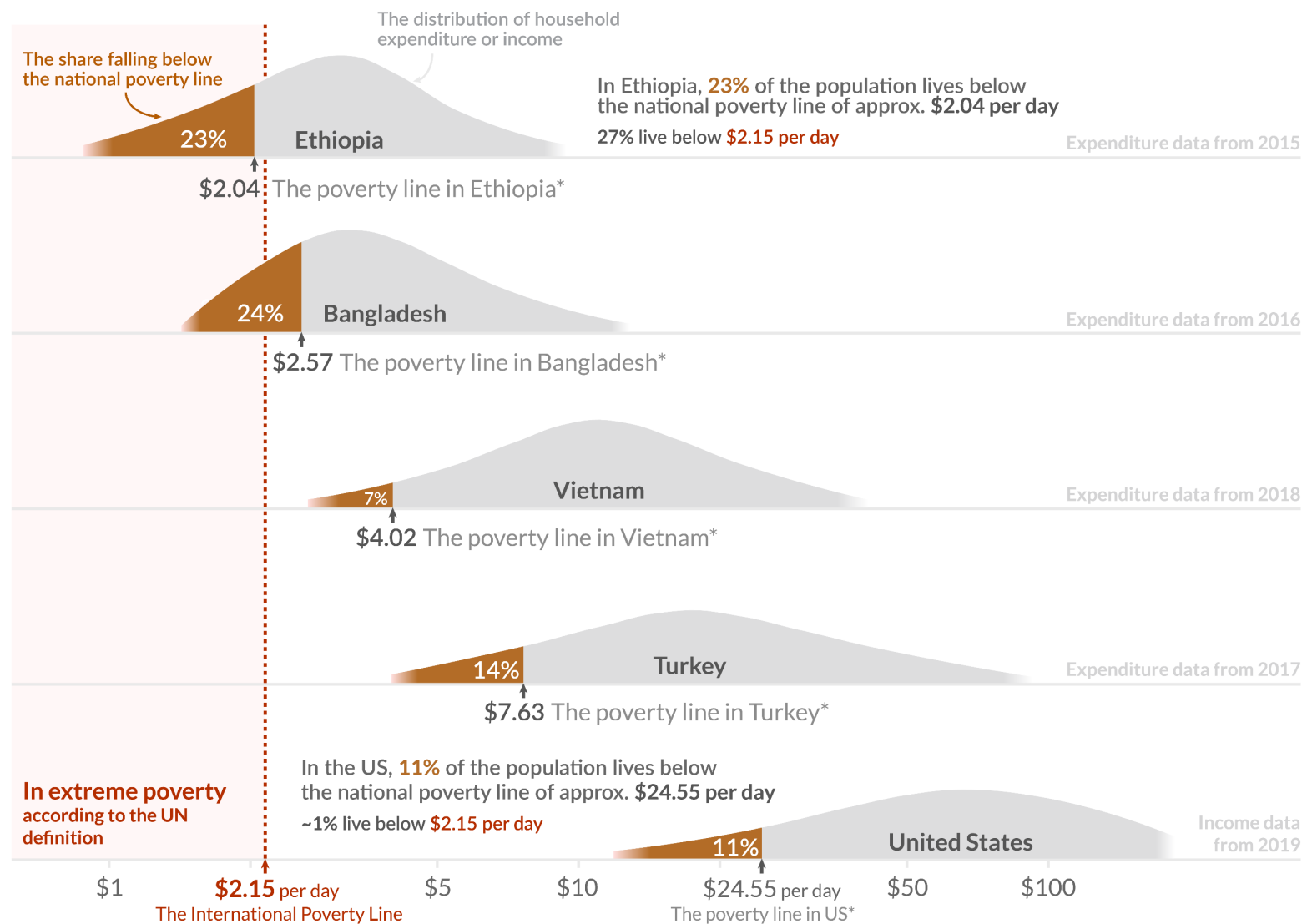
to Max Roser*

*And of course, Tony led the way



National poverty lines, poverty rates & incomes in five countries

All figures are adjusted to account for differences in the cost of living across countries.



Note: All figures are expressed in 2017 international-\$. The tails of the distribution are not shown since they tend to be poorly captured by household surveys on which this data is based.

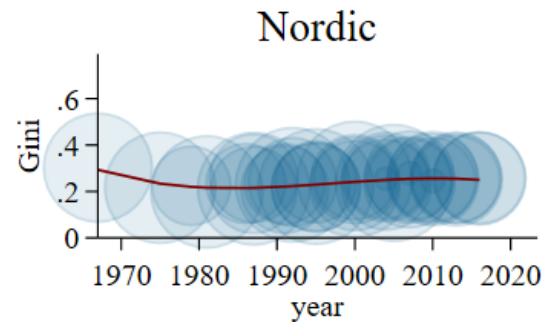
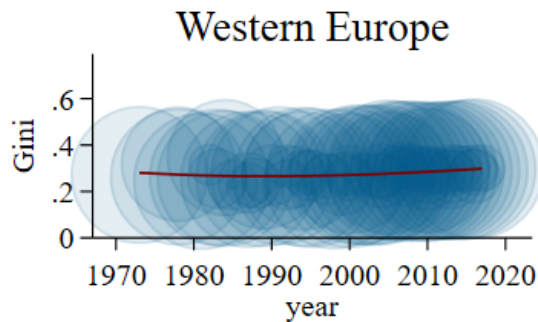
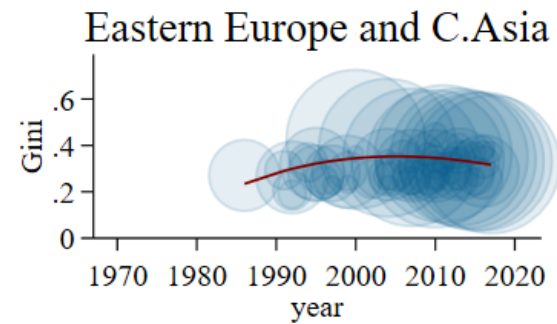
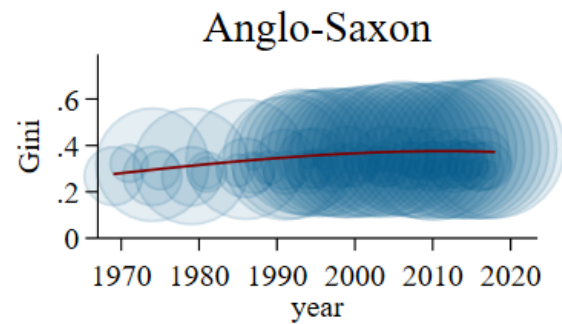
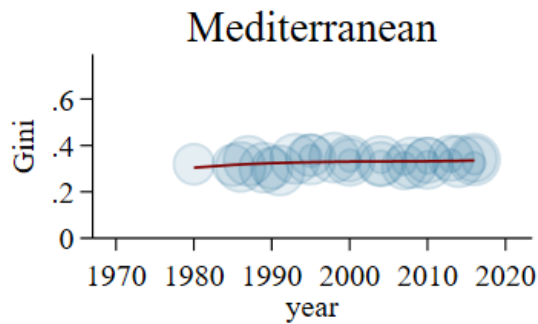
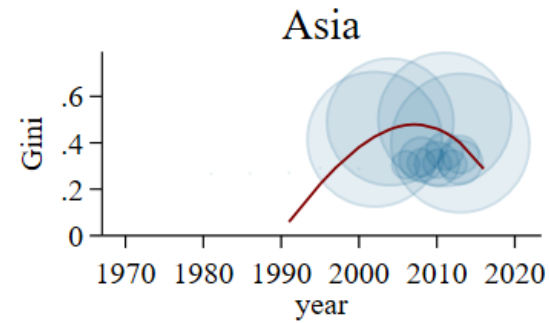
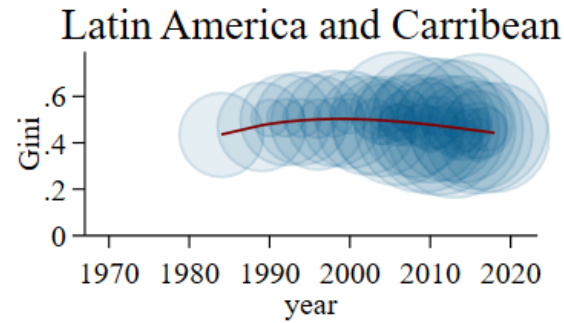
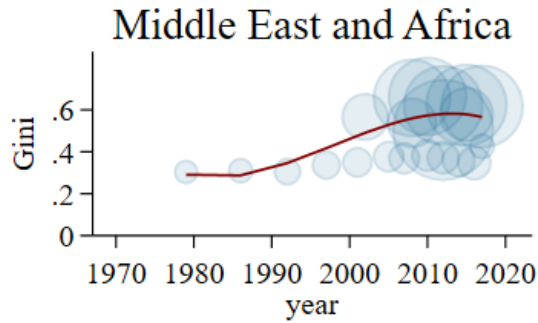
*Poverty lines are approximations of national definitions, harmonized to allow comparisons across countries. All poverty lines are from Joliffe et al. (2022), except for US – which we calculate from the value that in the World Bank's poverty data yields the same rate as the official US Census Bureau poverty rate in 2019.

Source: Joliffe et al. (2022); US Census Bureau; World Bank Poverty and Inequality Platform.

OurWorldinData.org – Research and data to make progress against the world's largest problems.

Licensed under CC-BY by the author Joe Hasell.

LIS Inequality trends around the world (thx Teresa !)



Notes: Regression line at regional level on time, time² and time³ using population weights.

Source: LIS Inequality and Poverty Key Figures.

● Gini — Gini trend

LIS Consumption Data?

Direct measurement ?

Why not this indirect way:

$$C = I +/- \Delta W$$

$$\Delta W = +, S \text{ or } -, DS$$

With annual data on r , use the capitalization method to blow r up into W , link across years, and BANG, you have ΔW , I and hence C

SLIDE FROM JANET GORNICK

Thanks to the LIS staff for preparing this inventory for this meeting.

N=57 countries.

FIRST DRAFT (May 27, 2021)

LWS Database	N=	
18 countries	3	income + wealth + consumption Australia, Italy, South Africa
	15	income + wealth Austria, Canada, Germany, Estonia, Finland, Greece, Luxembourg, Japan, Norway, Slovakia, Slovenia, Spain, Sweden, United Kingdom, United States

LIS Database	N=	
52 countries	18	income + consumption China, Dominican Republic, France, Georgia, Guatemala, Hungary, India, Israel, Ivory Coast, Mexico, Peru, Poland, Russia, Serbia, South Korea, Switzerland, Taiwan, Vietnam
Note that the <u>full</u> LIS Database includes 18 countries in the LWS panel above + 32 countries included in this panel + 2 countries included in ERF-LIS below.	14	income only Belgium, Brazil, Chile, Colombia, Czech Republic, Denmark, Ireland, Iceland, Lithuania, Netherlands, Panama, Paraguay, Romania, Uruguay

ERF-LIS Database	N=	
7 countries	5	income + consumption Egypt, Iraq, Jordan, Palestine, Sudan
Note that Egypt and Palestine are also included in the LIS Database.	2	consumption only Somalia, Tunisia

summary	N=			
	3	5%		income + wealth + consumption
	15	26%		Income + wealth
	23	40%		income + consumption
	14	25%		income only
	2	4%		consumption only
total countries	N=	57	100%	

Era 3: Daniele and Peter, Teresa and François plus what happens next?

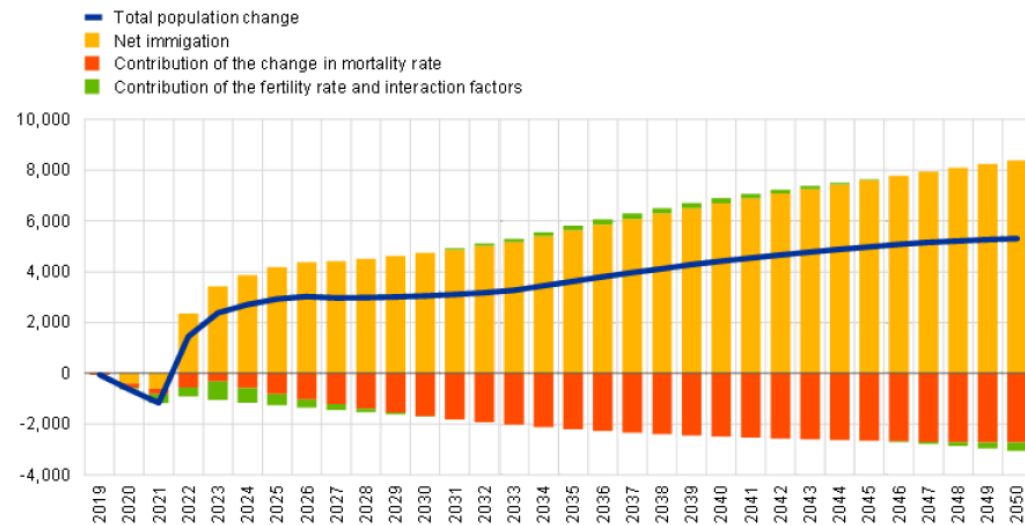
- **Foreign offices** : UK (Frank Cowell) and CUNY (Janet) and maybe even China?
- **Joining with the DINA and the WTID** ? And adding the 'top end' (below and later in the day)
- **More innovations** –Appendix
- **What are interesting topics today and going forward from the perspective of the household income package** ([Rainwater and Smeeding, 2003](#)) ?
 - Market incomes (and wealth)** : **pre-distribution and institutions** ; the effects of robotics and AI on employment going forward; “who owns the robots ? ”-- **spreading the wealth of corporations to all with new defined contributions pensions**
 - Private transfers**: **immigration** (slide) and the **remittances as safety net** (slide) ; **strategic intergenerational transfers in-vivos from wealth**
 - Redistribution**: **how will the safety net develop in Asia, Latin America, MENA** and elsewhere ?

Immigrants in the EU , c.f. [ECB & Europop](#)

- **Euro area alone, 2019**, immigrants made up around 15% of the households, with one third of them born in another EU country and **two thirds or 10% born outside the EU , 5 percentage points higher than in 2007 , before Ukraine** and expected to grow further.

Revisions in the demographic outlook for the euro area

(in millions)

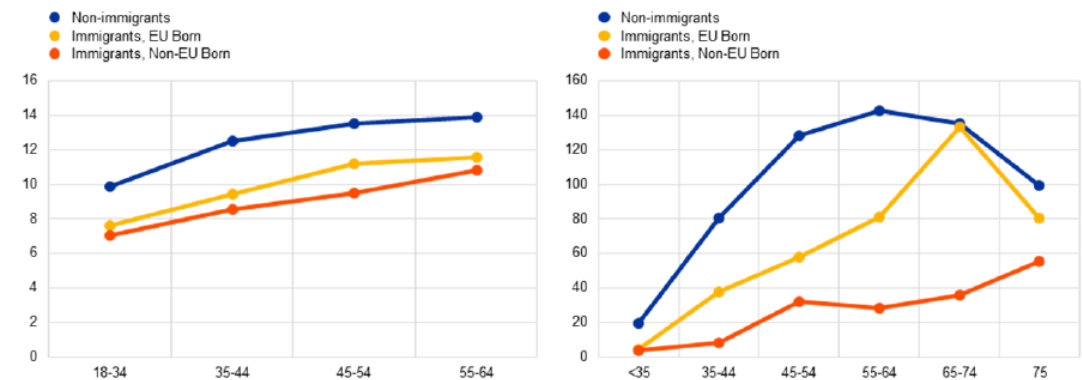


Source: Authors' own calculations based on Eurostat data.

Notes: Revised demographic outlook calculated as the difference between the EUROPOP2019 and EUROPOP2023 demographic projections. The change in total population combines net immigration and the natural population change. The natural population change is the difference between the number of live births and deaths during a given period.

Chart: Median hourly wages and wealth by age and country of birth

Panel a: Hourly wages (euro) Panel b: Net wealth (thousands of euro)



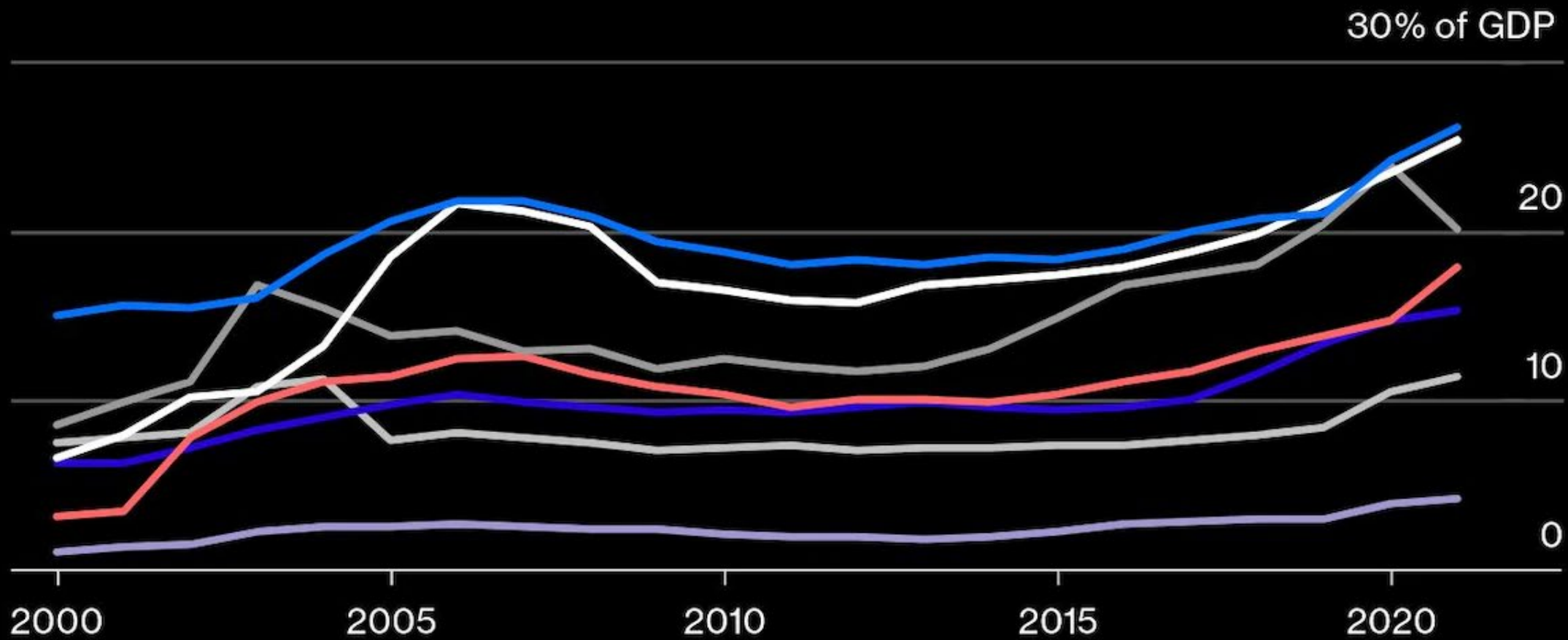
Sources: Eurosystem Household Finance and Consumption Survey 2010, 2014 and 2017; Eurostat EU Statistics on Income and Living Conditions 2003-2018, Italy: 2003-2017.

Notes: Panel a shows median gross hourly wages for employed individuals aged 18-64 years. Panel b shows median net wealth at the household level. Net wealth consists of (domestic and foreign) financial and real assets (including housing), net of total liabilities (mortgage and non-mortgage debt). Due to data limitations hourly wages cover France, Italy and Spain; net wealth covers Germany, France and Italy.

Migrants Send Money Home

Remittances as a share of gross domestic product

El Salvador Honduras Haiti Guatemala Nicaragua Dominican Republic Mexico



Source: World Bank

Bloomberg

Enough Already !!!!

- In the good hands of many cooperative and innovative social and statistical scientists, and a wonderful and creative staff, may LIS continue to grow and mature, and always to :

Work Hard and Play Hard

- Thanks for listening, Tim (smeeding@wisc.edu)

Appendix--

Aligning micro and macro data – coverage ratios and ways forward

Jörg Neugschwender and Josep Espasa-Reig
OECD-Eurostat Expert Group on Disparities in a National Accounts framework
Virtual meeting, 25-26 January 2023

LIS' recent 'data innovations' (1)

- **2019 Template: more flexible variable list**
 - **reorganisation of the income variables**
 - conversion of monetary amounts expressed in old currencies into **current currencies**
 - simplification of the **missing values policy** of income and consumption variables
 - **new variables**: education, housing costs, integrated net worth, behavioural vars
 - data production template revision to easily allow for **annualisation** of the data
- **2023 Template:**
 - inclusion of father/mother/partner **pointers** for a better understanding of

LIS' recent 'data innovations' (2)

- **2020: Upgrade of the remote access system LISSY**
 - fully web-based interface
 - graphing functionality and export
 - download of all results in PDF/TXT/PNG format
- **2020: launch of new Data Access Research Tool (DART)**
 - visualisation tool for income and wealth indicators
 - disaggregations by selected individual & household characteristics
 - line charts, scatter plots, distributions, maps
- **Since 2018: collaborations on lower-middle- and low-income countries**
 - World Bank: project to study feasibility of integrating LSMS data into LIS
 - ERF: harmonisation of data from 7 Arab countries
 - AFD: harmonisation of data from Côte d'Ivoire, Viet-Nam, Mali
 - STATEC/GOPA: harmonisation of data from Laos

