Inequality Matters

Dear readers,

Inequality matters, which is why in this second LIS Newsletter we specifically address two major topics: trends in inequality of outcomes and inequality of opportunities. István György Tóth (Director of TÁRKI Social Research Institute, Hungary) is showing trends in inequality outcomes. He specifically points to the need of well-established institutions that regulate unintended effects of 'excessive inequalities'. The second article by Francisco H.G. Ferreira (World Bank and IZA) elaborates on why inequality of opportunity is the 'active ingredient' in creating unequal outcomes. Although circumstance variables are not yet well-captured in survey data, he illustrates that there is clear evidence of observed outcomes created by inequality of opportunities. Both articles make a strong point that policy makers need to be very sensitive to contextual factors in order to address inequality developments both on the side of opportunities and on the side of outcomes.

In the highlights section, we start with a closer look at one of the papers presented at our first LIS/LWS User Conference by Elvire Guillaud, Matthew Olckers, and Michaël Zemmour. The authors stress the need for a joint analysis of average rate, progressivity of taxation, and the average rate and targeting of social transfers. Next, Carmen Petrovici gives an overview of the main highlights of the first LIS/LWS User Conference held in April in Belval. In a second article, Carmen analyses the targeting of assistance benefits in Guatemala and its evolution from 2011 to 2014, based on new datasets added to our LIS Database. The last piece by Piotr Paradowski and Lindsay Flynn illustrates how political science can benefit from advanced modelling techniques; the scholars apply statistical matching for jointly analysing partisanship and the wealth distribution.

Enjoy reading!

Jörg Neugschwender, editor

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Inequality Matters

Keeping Inequality on a Short Leash: Whose Task?[1]

István György Tóth, Tarki Social Research Institute, Budapest

In 1997, Anthony Atkinson, a supremely authoritative scholar of inequality, published an article entitled "Bringing Income Distribution in from the Cold" (Atkinson 1997). He intended to warn that the dispersion of incomes and the dimensions of inequality should be at the forefront of economic and social research, assuming that the ambition is to have a more thorough understanding of macroeconomic and societal dynamics. Since then, inequality has in fact resumed a central place also in academic research (Atkinson and Bourguignon, 2015), not only in political debates.

However, all too often, the term "inequality" is routinely qualified with epithets such as "large" and "growing". While few would debate the negative impact of inequality on social and economic outcomes, channels and mechanisms of causality are rarely explored in their entirety. How is the growth of inequality being tackled and whose responsibility is it to handle its consequences?

The GINI project

The EU-sponsored GINI project (the title is a play on words; it reduces the full name – Growing Inequalities' Impacts – to an acronym that recalls the Gini coefficient, probably the most widely used inequality index). The project amassed long-term data (spanning three decades between 1980 and 2010) on a sizeable number of countries (30 detailed case studies were presented at the end), in order to identify manifest and latent trends and to inform a number of analytical papers on the relationships between various inequality-related variables. The core research team (led by Professor Wiemer Salverda of Amsterdam University) has produced two thick volumes published by Oxford University Press, summarising the causes, characteristics, trends and potential consequences of changing inequalities in the country groupings under scrutiny (Salverda et al. 2014; Nolan et al. 2014).

Inequality Spells

Using long-term time series, one can identify fluctuations (such as the much-debated Kuznets curve, an inverted U-shaped figure that describes the assumed relationship between development and inequality and that is named after Simon Kuznets), long-term trends (Piketty recently detected a global rise in inequality since the Second World War), jumps (such as the dramatic increase in inequality in post-communist countries after the systemic change), stagnation or no change (some continental welfare states, for example, do not seem to have witnessed any major changes in traditional inequality measures in the 2000s). There are, therefore, spells of inequality growth and inequality decline as well, and there is considerable variation across countries.

And this has been shown by GINI (see Table 1). While the basic trend in inequality was upwards across the countries included in the analysis – the whole range of Gini coefficients was higher at the end of the period (from 0.228 to 0.373) than at the start (from 0.20 to 0.33) – this growth in inequality was far from uniform. In certain countries (such as Austria, Belgium, France, Italy, Ireland and Slovenia), the level of inequality remained largely unchanged or else fluctuated around the same level; whereas in others, a substantial increase took place. The most dramatic widening of the dispersion

was experienced in some transition countries (Bulgaria, Estonia, Lithuania, Latvia, Romania and Hungary) and, to a lesser but still significant extent, in the Nordic countries (most notably Sweden and Finland). In some of these countries, the increase was sudden and large (e.g. in the Baltic States, Bulgaria and Romania); in others it built up gradually over time (the Nordic group and the Netherlands). The pattern of change in inequality sometimes even pointed downwards. Shorter or longer spells of decline were observed in, for example, Estonia, Bulgaria and Hungary, following sometimes quite sharp increases.

Table 1. Change in inequality levels (Gini coefficient values) during three periods

Gini coefficients	1980–84	1996–2000	2006–10
above 0.350 (highly unequal)		Estonia, Portugal, Romania, United States	Latvia, Lithuania, Portugal, Romania, United Kingdom, United States
0.301 to 0.350 (rather unequal)	Greece, Spain, United States	Australia, Bulgaria, Canada, Greece, Hungary, Ireland, Italy, Korea, Latvia, Lithuania, Romania, Spain, United Kingdom	Australia, Bulgaria, Canada, Estonia, Greece, Ireland, Italy, Korea, Poland, Spain
0.251 to 0.300 (rather equal)	Australia, Canada, Denmark, France, Germany (West), Italy, Japan, United Kingdom	Austria, Belgium, Denmark, France, Germany and Germany (West), Japan, Luxembourg, Poland, Netherlands, Sweden	Austria, Belgium, Denmark, Finland, France, Germany and Germany (West), Hungary, Korea, Luxembourg, Netherlands, Sweden
up to 0.250 (most equal)	Austria, Bulgaria, Czech Republic, Estonia, Finland, Hungary, Latvia, Netherlands, Lithuania, Slovakia, Sweden	Czech Republic, Finland, Germany (East), Slovakia, Slovenia	Czech Republic, Germany (East), Slovakia, Slovenia
no data	Belgium, Germany (East), Ireland, Korea, Luxembourg, Portugal, Romania, Slovenia		Japan

Source: Tóth (2014), based on GINI project.

Regime Shifts

An important message of GINI is that, in the longer run, countries can move between inequality regimes. The stealthy increase in inequality in Finland and Sweden during the 1990s and the 2000s casts doubt on one of the key identity elements of the Scandinavian welfare states, previously branded as the most equal in the developed world. Also, some transition countries – such as the Baltic States, Romania or Bulgaria – witnessed very large changes that moved their inequality levels between different ranges during the sample time frame.

Multiple Causes of Inequality

We should not be fatalistic, and simplistic interpretations must be replaced by thorough analysis: careful separation of drivers, dimensions, causes, consequences, proxy phenomena and underlying trends is essential. First and foremost, an analysis of trends and episodes highlights the multifaceted nature of inequality, as well as the underlying multi-causality. Actually, the notion of "causality" is in itself elusive. A growing body of social science literature identifies the negative effects that inequality has on social cohesion, political order

and economic efficiency as well. Meanwhile, other literature emphasises that innovation and creativity are vital in the interests of greater economic prosperity; in this respect, inequality-inducing rewards are essential for pioneers operating on the technological front line. Causality between inequality and economic growth, therefore, may go in either direction. Furthermore, as Angus Deaton, winner of the 2015 Nobel Prize for economics, has shown in the case of health and mortality data, disequalising trends may naturally be followed by equalisation, as technological innovations filter down from the top to the middle and then to the bottom of society.

GINI found that rising inequality may be attributed to rising earnings dispersion in the first half of the observation period, and in the second half to reduced state redistribution and a shift from labour to capital. In addition to the broad narratives offered in the literature (about the inequality-increasing role of international trade and technological progress), the GINI conclusions also emphasise the role of structural imbalances related to international relations and the global distribution of capital, as well as of ideological changes that shape policy orientations. While earnings inequality largely correlates with educational differences, the apparent decline in educational inequality in many countries has not been accompanied by a decline in earnings differentials. Part of the explanation for this may lie in the rising importance of on-the-job learned skills in defining incomes and in the functioning of lifelong learning institutions.

Social Impacts

As regards to the social impact of inequality change, a number of apparently trivial assumptions were not totally confirmed by the various analytical papers devoted to specific problems. While income inequality (partially by definition) correlates with relative poverty, little or no association was found between inequality and deprivation. Similarly, while inequality certainly does figure in a range of factors behind a shift in crime rates, the overall decline in violent crime during an era of rising inequality requires further explanation. Subverting popular belief about the damaging effect of inequality on social trust, carefully designed multivariate analyses have failed to show any strong relationship between the two factors. Further studies are also needed to show how, and via what causal chains, inequality affects personal health and happiness in society (Deaton 2013).

Without going any further into the successful and unsuccessful research attempts to link inequality to various other social ills, the general conclusion is that much depends on the functioning of social institutions. Up to a point, inequality is inevitable and is a natural corollary of development. However, beyond that point – and depending on the relative weight of actually operating inequality drivers (supply of and demand for skilled labour; the balance between competition and monopoly for economic actors; openness and social closure in societal relations; transparency and corruption in public expenditure; flexibility and security in labour markets; tendencies towards inclusion and exclusion in education, health, housing, etc.) – inequality may represent inadequate allocation or waste of human potential; fragmented, diverging societies; and, in a broader sense, worse overall living conditions.

This also calls for reconsideration of what we think of as "causes" and "consequences" in relation to inequality and its impact. The actual functioning of institutions that generate and modify earnings distribution (labour market institutions, both active and passive), that facilitate the reproduction of human capital (access to and efficiency of the education and health systems) and that promote the transmission of inequality (wealth inheritance was shown to play a major role in how parents' financial position influences children's future lives) depends on the actual social structure and reproduction (and vice versa).

Institutions Matter

The question, therefore, is: do we have the proper institutions and mechanisms to correct for the potentially harmful, socially and economically inefficient negative effects of "excessive" inequality? One might think of the conflict-absorbing and reconciliation capacity of democracies, but research also shows that inequality – especially of the type that undermines the legitimacy of collective decision-making mechanisms – may lead to selective under-representation in the democratic processes, leading, in turn, to less potential for the corrective capacities of the political systems.

And this brings us to the final (policy) question: on whom should we rely in terms of policies to tackle inequality? Some suggest the taxman: if (they argue) we want a lower level of inequality, we need higher and more progressive taxes. Piketty (2014) even suggests global arrangements to prevent international mobility of tax avoidance by the super-rich. Atkinson, among the 15 points contained in his new book on inequality (Atkinson 2015), calls for a broader range of actions: from deliberate attempts by the polity to understand and influence the effects of technological change to making better use of competition policies, trade unionism and interest reconciliation between industrial partners. Also, the development and extension of various tax/transfer policies is suggested as a major part of a complex strategy. In order to build more inclusive societies, there is therefore a need for cooperation across a broad range of professions: as well as the taxman, the competition officer should be involved, together with stakeholders in inclusive education and health policies. And there is a clear role for social researchers, who seek both to understand how inequality is generated and maintained in a modern society and to translate their findings into feasible policy proposals.

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The Active Ingredient of Inequality[1]

Francisco H.G. Ferreira, World Bank and IZA

Most users of LIS data and readers of a newsletter entitled "Inequality Matters" probably need not be convinced that inequality is important. But *which* inequality do we care most about? Or, to paraphrase the title of Amartya Sen's famous 1979 Tanner Lecture, "inequality of what?" (Sen, 1980).

The question can be rephrased as follows: in an ideal, just world, what is it that ought to be (perfectly) equally distributed? I suspect that very few people would answer "income" or "wealth" to such a question. Of course, many of us might prefer incomes and wealth to be distributed *less unequally* than they currently are. But would people generally claim that a fair society is one in which everyone has *exactly* the same level of income, or wealth?

Political philosophers and economists, from John Rawls and Amartya Sen to Richard Arneson and John Roemer, have argued that income and wealth are <u>not</u> the appropriate "equalizandum" in the pursuit of a fair society. Rather, they see a just society as one in which people have the same life chances, the same basic set of opportunities to flourish. Terminology and conceptual nuances vary: Sen's capabilities are not the same as Ronald Dworkin's resources, which are not the same as Arneson's or Roemer's opportunities. But broadly speaking, these scholars have argued that it is people's choice sets - their opportunities - that should be equalized.

Outcome differences that truly arise from the exercise of personal choices, given identical choice sets, might be ethically acceptable. But those that arise from differences in circumstances over which individuals have no control, and which shape choice sets (such as family background, race, gender, place of birth, or whether you happen to enter the labor market during a recession) are not. It is this latter kind of inequality that we call inequality of opportunity (IOp), and truly object to.

Fine. But can inequality of opportunity be measured and quantified?

The trouble, of course, is that "opportunities" are, by definition, mostly unobserved counterfactuals. The one choice you end up making may be observed, but the choice set from which you made it is typically not. For a long time, this made quantifying inequality of opportunity rather difficult. There is a literature on comparing distributions of opportunity sets that attempts to approach this question directly but, although it is conceptually very elegant, it has yielded limited or no progress on the empirical front; see Barberà et al. (2004) for a survey.

More recently, progress was made through the adoption of a more indirect approach: if equality of opportunity requires that pre-determined circumstances (beyond the control of the individual) have no effect on outcomes, then over large populations and under equality of opportunity, outcomes should be distributed independently of those circumstances. And if that is so, then perhaps we can measure *inequality* of opportunity by assessing the extent to which that condition is violated in actual data for the joint distribution of outcomes (say, income) and circumstances (say, race and parental background).

The general approach, as Vito Peragine and I have described it, is to express the distribution of the outcome of interest (say, income) as a matrix, where the rows correspond to groups with identical circumstances (often referred to as 'types'), and the columns correspond to groups that exert identical degrees of effort, or personal responsibility.[2] In principle, if one could eliminate from such a matrix all (and only) the 'fair' inequality – that is, outcome differences due to personal effort or responsibility – then the inequality left over would be inequality of opportunity. One could just apply one's favorite inequality measure to this counterfactual matrix, and obtain a measure of IOp.

This has been done, and it has been done in a number of different ways; see Ferreira and Peragine (2016) for a discussion. One particular method that is conceptually simple, and has been applied fairly widely, is to consider any inequality among people sharing the same exact circumstances (say, women aged 30-35, who have immigrated to France from North Africa, born from parents with no more than high-school education) as 'fair'. One could then replace the entries along each row of our matrix (i.e. within each type) with some relevant constant (say, the row mean), and compute inequality in the resulting, counterfactual matrix. This would yield a well-defined measure of inequality between types, which has been interpreted as a lower-bound for inequality of opportunity in a number of papers.

As a share of total inequality, these measures of inequality of opportunity can be quite substantial. Using household consumption expenditure as the outcome variable, one study for five Latin American countries found IOp to range from 25% of overall mean log deviation (in Colombia) to 51% in Guatemala (Ferreira and Gignoux 2011). Shares for Ecuador, Panama and Peru ranged from 33% to 38%. And that was using a rather sparse set of circumstance variables: gender, ethnicity, father's and mother's education, father's and mother's occupation, and region of birth, yielding at most 108 types per country. One can easily imagine that a finer partition of society into types, drawing on richer information about other circumstances, such as parental income; parental behaviors during pregnancy and early childhood, exogenous shocks during schooling, and so on, would yield even larger measures of IOp as a share of inequality of opportunity.

But can it be *well* measured?

Therein, of course, lies a problem. Researchers never observe a complete set of circumstance variables: all the different factors that might influence the outcome of interest, but are exogenous to (in the sense of taken as given, rather than chosen, by) the individual. The list of observed circumstances is always incomplete, and the measure of between-types IOp is therefore always a lower-bound. Pointing to this weakness, this approach has been criticized for yielding numbers that are too low, and may mislead policy-makers into a false sense of complacency that "most inequality is fair".

Can we do better? Can IOp be measured more accurately than in the early "between-types" papers? Two recent approaches seem to me particularly promising. One departs from the conservative early practice of using only variables determined prior to or at birth as circumstances, and enlarges the set by treating a range of childhood variables, up to a certain "age of consent" (such as ability test scores, indicators of the quality of parent-child relationship, etc.), as lying outside the child's responsibility. Using this approach on variable-rich datasets such as the British Cohort Study for the UK and the National Longitudinal Survey of Youth for the US, Hufe et al. (2015) find that IOp can account for as much as 31% of total inequality in the UK, and

45% in the US. Previous estimates for both countries were in the 18-20% range.

The second approach uses panel data to estimate an *upper-bound* for IOp, to complement the lower-bound measures described earlier. The basic idea is to treat circumstances as time-invariant, and to use individual fixed-effects to put a ceiling on the share of inequality that they could explain. Niehues and Peichl (2014) find upper-bound estimates for inequality of opportunity for permanent net earnings in Germany and the US of 60% of total inequality, or more.
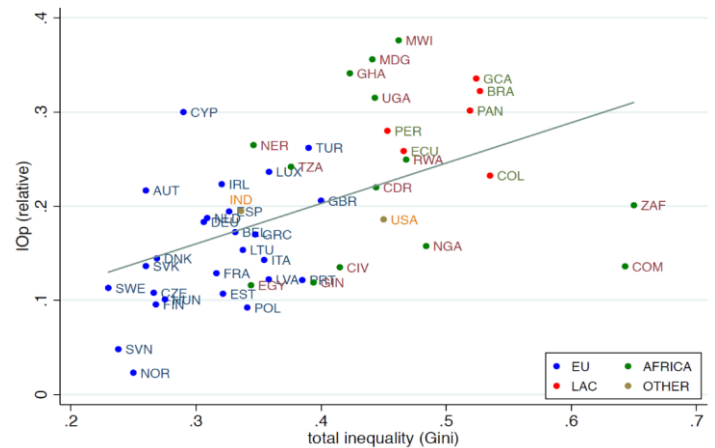
While these two approaches illustrate promising ways forward in improving the accuracy – and thus the policy relevance – of IOp measurement, they also highlight how crucial the availability of high-quality data is for our ability to do so. Niehues and Peichl use gold-standard longitudinal data sets (the PSID for the US and the SOEP for Germany); and Hufe et al. use unusually rich cohort studies, as already mentioned. If we are to make similar progress elsewhere and, in particular, in the developing countries where our lower-bound estimates of IOp are much higher than in rich countries, then similarly rich data must be collected more widely.

Outcomes and opportunities: a circular flow

Should we see attempts to quantify IOp as substitutes for the measurement of income or wealth inequality? Certainly not! Inequality of opportunity and inequality of outcomes are intimately, causally, and circularly related. They are two sides of the same coin, and must be understood as such. Today's outcomes – our own levels of education, income, and access to services, for example – are tomorrow's circumstances – for our children. And today's circumstances – differences in the quality of care children receive at home, or in the quality of the schools they attend, for example – clearly affect their outcomes tomorrow.

The positive, significant and substantial cross-country correlation between IOp (as a share of the total) and total income inequality that can be seen in Figure 1 reflects this circular causal flow between the distribution of opportunities and the distribution of outcomes. Indeed, although the pursuit of equality of opportunity does not imply a need to fully equalize incomes (as noted at the outset), their interdependence makes it unlikely that high levels of income or wealth inequality would be consistent with persistent, sustainable equality of opportunity.

Figure 1: Inequalities of outcome and opportunity: strong correlation

Source: Brunori et al. (2013)

Inequality of opportunity and outcome inequalities are complementary concepts, not substitutes. But the distinction matters. Behaviorally, there is some evidence that people are more averse to inequality of opportunities than to outcome inequalities arising from other sources (Cappelen et al., 2010). Consequentially, there is evidence (at least for the United States) that inequality of opportunities is more detrimental to subsequent economic performance than the residual component of inequality (Marrero and Rodriguez, 2013). And ethically, the balance of philosophical opinion is that opportunities, not outcomes, are the "currency of egalitarian justice" (Cohen, 1989). In all three domains, inequality of opportunity is, in a sense, the active ingredient of the inequalities we observe in society. It is the true enemy of egalitarians.

[1] *This short piece is loosely based on my lecture on "Inequality and Personal Responsibility", at the European Investment Bank on 27 April 2017. I am grateful to Conchita d'Ambrosio and the University of Luxembourg for their hospitality, and to Daniele Checchi for encouraging me to write it up.*

[2] *Taking "degrees of effort" to be given by the relative ranking of a person in his or her type is one way in which account can be taken of the effect of circumstances on absolute effort levels. See Roemer (1998).*

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Working Papers & Publications

**LIS
Working Papers**

**Luxembourg Income
Study (LIS)**

Focus on 'Perceived Social Position and Income Inequality: Do They Move Together? Evidence from Europe and the United States' – LIS WP No.667[1]
by Chiara Assunta Ricci (Sapienza, University of Rome)

According to the literature on social class analysis, both subjective and objective dimensions should be considered, since the perception of social position can influence economic behaviour and choices. The aim of this paper is to investigate whether changes in the degree of inequality within specific groups in terms of objective data are associated with similar changes in subjective perceptions about their social position of the members of the same groups, by controlling for a set of individual characteristics. The hypothesis is that people could perceive to be similar to (different from) other members of their group when objective socio-economic data show an increasing (decreasing) distance among them. The empirical analysis refers to the changes that occurred from the 1990's to the 2000's in income distribution and subjective perception of social position within society in six different countries. Data are drawn from the Luxemburg Income Study (LIS) and the International Social Survey Program (ISSP), respectively. In more detail, the paper is organized as follows. First, the study analyses how the income distribution has evolved, by exploring objective trends in income inequality across the whole population and considering different population subgroups. Then self-perceptions are introduced by analysing the changes occurred in subjective perceptions of social position and their determinants. The results suggest that people perceive themselves as more similar/dissimilar to other members of society than what income-based and other objective aspects would suggest. In particular, considering the whole sample, evidence of an increasing income distance between social groups is found, while we observe no increase in inequality in perceptions when controlling individual characteristics. Consequently, the dynamics of perceptions can help explain, for instance, the empirical evidence regarding the lack of reaction to the rise of economic disparities and the general emulative consumption behaviours associated with increasing inequality detected in some countries.

[1] *Chiara Assunta Ricci has been gratned the Aldi Hagenaars Memorial Award 2017 for this paper.*

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Data News

LIS is happy to announce the release of two additional micro data sets to the Luxembourg Income Study (LIS) Database and five additional micro data sets to the Luxembourg Wealth Study (LWS) Database.

Data releases – Luxembourg Income Study (LIS)

Guatemala

Two new datasets from Guatemala, GT11 (Wave VIII) and GT14 (Wave IX) have been added. The datasets are based on the 2011 and 2014 waves of the National Survey of Living Conditions (ENCOVI) carried out by the National Institute for Statistics / *Instituto Nacional de Estadistica* (INE). Currently we are in the process of reviewing the previous data point GT06.

Data releases – Luxembourg Wealth Study (LWS)

Greece, Slovakia, Slovenia

Four new datasets from the Household and Finance Consumption Survey (HFCS) have been added to the LWS Database: one for Greece (GR14), two for Slovakia (SK10 and SK14) and one for Slovenia (SI14). The datasets are based on the first (for SK10) and second (for GR14, SK14 and SI14) waves of the HFCS survey carried out by the central banks of Greece, Slovakia and Slovenia, and co-ordinated by the European Central Bank (ECB).

Canada

With a view to create longer time-series, one old data point has been added to the Canadian series: CA99 (Wave V). The dataset is based on the 1999 wave of the Survey of Financial Securities (SFS) carried out by Statistics Canada.

Data revisions – Luxembourg Wealth Study (LWS)

The following datasets have been revised:
- Finland: FI13
- Greece: GR09

LIS/LWS Data Release Schedule

	Fall 2017	Winter 2017/18	Spring 2018
LIS Database			
Australia			AU14
Canada	CA13		
Chile		CL15/13/09/06/03/00/95/90	
Iceland		IS13	
Lithuania	LT10/13		
South Africa	ZA15		
Tunisia		TN14	
LWS Database			
Australia			AU04/14
Austria	AT10		
Germany	DE02/07/12		
Italy		IT95/00/04/08	
Spain	ES09/11/14		
South Africa	ZA15		
Sweden	SE02/05		
United Kingdom		UK13	

We are currently working on the revision of the whole German series based on GSOEP data, which is scheduled to be released in the Winter of 2017/18.

LIS country coverage
- ☐ Country not covered
- ■ Country covered
- ■ Country with newly added dataset

Highlights

Is there a trade-off between tax progressivity and the average tax rate?[1]

Elvire Guillaud, University of Paris 1, CES and LIEPP Sciences Po
Matthew Olckers, University of Paris 1, PSE
Michaël Zemmour, University of Lille 1, CLERSE and LIEPP Sciences Po

Scholars have highlighted four policy levers that affect income inequality: the average rate and progressivity of taxation, and the average rate and targeting of social transfers. Theoretically, stronger targeting and progressivity reduces inequality, ceteris paribus. However, we do not live in a ceteris paribus world. Due to political constraints, changes in targeting and progressivity may cause changes in the average rate of transfers and taxation. There is no obvious intuition of how political bargaining will connect the four levers of redistribution. Ultimately, the connections must be revealed empirically.

The existing empirical literature provides an accurate assessment of the transfer side of redistributive policies, but the measurement and comparison of taxation remains either partial or biased (Marx, Salanauskaite, and Verbist, 2013). In a recent study (see Guillaud, Olckers, Zemmour 2017), we fill this gap by imputing social contributions (employer and employee), a large component of tax revenue that has been ignored in previous research.

Our empirical analysis uses LIS harmonized household survey data to provide an international comparison of 22 countries over the period 1999-2013 (for a total of 67 country-years). After imputing the missing social security contributions, our tax data cover 52 percent of the national tax revenue—in contrast to 35 percent in the initial LIS data. The remaining portion of the tax revenue is mostly due to consumption tax and corporate taxation, which fell outside the scope of household survey data used in LIS.

Our results show that democracies face trade-offs between the four levers of redistribution. No country pushes all four levers to their maximum simultaneously. Although any mix of tax and transfers is theoretically feasible, only certain configurations are politically feasible. For example, high tax progressivity appears to be incompatible with a high average rate of taxation (see figure on the right).

As shown in the figure, among the 22 observations for which the progressivity is high (Kakwani index > 0.17), none has a high average tax rate. Analogously, among the 15 observations for which the tax rate is high (tax/gross income >.34 percent), none has a high progressivity index.

This apparent trade-off, valid for a large sample of country-years, confirms the finding of Verbist and Figari (2014) on a European sample of 15 countries using the EUROMOD micro-simulation model. It is also in line with the finding that generous social systems (high levels of transfers) are found in economies with low tax progressivity (Lindert, 2004).

Both the progressivity and the rate of taxation influence the level of redistribution. Different countries obtain the same level of inequality reduction through high rates of taxation and through strong progressivity. It is tempting to conclude that even greater redistribution could be achieved by combining high rates of taxation and strong progressivity. Unfortunately, our results suggest that this combination is not politically feasible. Following Korpi and Palme (1998), we call for more careful consideration of the paradox of redistribution. Analyses that focus on one or two specific levers of redistribution among the four we identified could not only lead to flawed results, but also deliver misleading policy recommendations. Our result indicates that governments cannot change redistributive policies in isolation. Pulling down one lever moves another.

[1] *paper presented at the first LIS/LWS User Conference 2017.*

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Highlights of the first LIS/LWS User Conference

Carmen Petrovici, LIS

The aim of the first LIS User Conference was to bring together scholars using our databases: Luxembourg Income Study (LIS) or Luxembourg Wealth Study (LWS). We received many good submissions, and 15 papers from economics to political sciences, sociology and social policy were retained, reflecting the diversity of topics that can be studied using our databases, from inequality and poverty to labour market participation, from saving patterns to class composition. The papers were selected by a Scientific Committee that included: Louis Chauvel (University of Luxembourg), Daniele Checchi (University of Milano & LIS), Conchita D'Ambrosio (University of Luxembourg), Janet Gornick (The City University of New York (CUNY) & LIS), Aline Muller (LISER), Carmen Petrovici (LIS), Eva Sierminska (LISER), and Philippe Van Kerm (University of Luxembourg & LISER).

The conference was held on 27-28th of April 2017 in the Foyer of the Maison de Sciences Humaines of Belval Campus, which is the host of LIS offices and of our co-sponsoring partner, the Faculty of Language and Literature, Humanities, Arts and Education (FLSHASE) of the University of Luxembourg.

The conference was opened with a welcome word by Georg Mein, the Dean of FLSHASE, who spoke about the importance of having good quality data for analysing inequality and for research in general. The conference started with a session about education chaired by our director, Daniele Checchi. Eyal Bar-Haim and Anne Hartung from University of Luxembourg presented a paper focused on over-education across birth cohorts; they found that high education is sometimes more necessary because relative returns of investment in human capital increased over time but usually less sufficient since absolute returns decreased. Daniele Checchi, as discussant, stressed that educational reform may affect returns to education and that we should look more in-depth into gender differences in earning profiles, as well as life cycle projections in earning profiles and to country differences in the end of tertiary education/entry to labour market and exit from the labour market. Steven Presman pointed that higher cost of education in countries like UK and US are an important factor because return of investment in education is reduced with increased costs. On the same topic, Tomáš Jagelka from University Paris-Saclay, France, presented a paper that looked at the investment in human capital, showing that investing in specific skills increases expected job tenure by one extra year. Filippo Gregorini from EUROSTAT, the discussant, stressed the importance of 'soft skills' on the labour market and pointed out that there is still a large heterogeneity in the rigidity of the educational system and labour market performance between EU countries.

An interesting paper for the LIS team and not only was presented by Thomas Goda from EAFIT University, Colombia, who, in order to correct for the underreporting of top incomes in survey data, adjusted top incomes using the National Accounts (NA) for 40 countries, distinguishing between labour and capital income. LIS is also doing comparison of our data and NA. Charles-Henry Dimaria, the discussant, who worked with NA in The Luxembourgish National Statistical Institute (STATEC), pointed out that each country has a different methodology for calculating NA, and there is the need to look into country differences in order to distinguish better to whom the difference in income between NA and the survey data could be attributed.

Another big theme of the conference was fiscal redistribution and its effects in reducing inequalities. Young-Hwan Byun from SOFI, Stockholm University, Sweden, looked at it from a political sciences point of view: he found that the benefit level to the middle class has significant and positive effects on popular support for redistribution, whereas the tax level on low incomes has negative effects. His discussant, Pierre Picard from University of Luxembourg, pointed to the endogeneity issue between the tax and benefit legislation and the voters' preference for redistribution. He also mentioned that there are other factors that might affect their preferences such as social status, economic risk or income mobility.

David Jesuit from Central Michigan University, US, presented trends in fiscal redistribution over time, since the 1980s to 2014 in all countries for which the data is available in LIS and concluded that there is substantial variation in levels of pre- and post-government transfers between countries and their impact on poverty reduction. He noted that pensions make up the vast majority of transfer income and that direct taxes, when examined separately, tend to increase poverty. He refers to the *'Robin Hood Effect':* reductions in poverty rates came at the expense of the affluent ones who pay higher taxes and receive less back. Therefore, redistribution really matters even for the size of the middle class: Denmark has the largest middle class pre-taxes and –transfers; while after redistribution, Sweden ranks first in the size of the middle class. As suggestion for the future, an improvement would be to simulate indirect taxes in the data. At the same time, also the importance of providing the macrodata to other LIS users was emphasised, and LIS provides a platform on our website dedicated to this. His discussant, Steven Pressman from Colorado State University, US, pointed out to the difficulty to fully separate transfers from taxes; without taxes there would not be transfers, plus some transfers are taken place under the form of tax credits.

On the same subject, Elvire Guillaud, from University Paris1 Pantheon-Sorbonne, France, presented their results and stated that for international comparisons a valuable measure of inequality reduction should use a global perspective looking at four levers of redistribution: the tax rate, the progressivity versus the transfer rate and the targeting of beneficiaries. The scholars concluded that, in order to explain cross-national variation in inequality reduction, targeting does not matter, only the transfer rate does, while both progressivity and tax rate are relevant. An additional contribution of the paper is the imputation of the missing individual social security contributions and employer contributions for some countries in the LIS database, which increases comparability across countries. Furthermore, the authors showed their willingness to make this macro data available for other users. The discussant, Denisa Sologon from LISER, suggested discussing the results in terms of clusters of countries and comparing their simulation with the ones from EUROMOD.
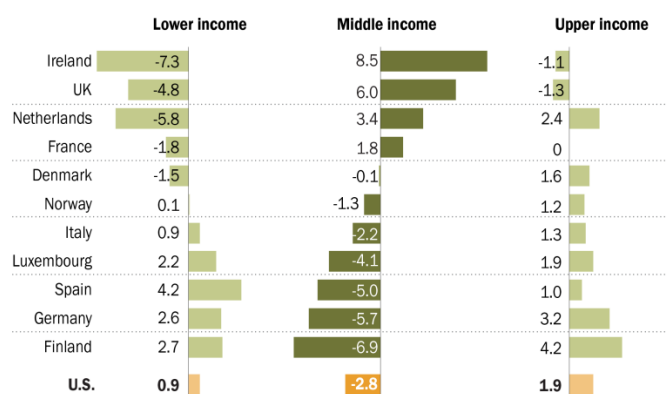
Another big theme of the conference was the middle class. Steven Pressman started with the history of the first poverty measure and walked us through different definitions of the middle class; he concluded that we need to control for regional differences in cost of living when measuring the middle class, and stressed that we need to look deeper to the causality of the decline of the middle class in US

and other developed nations; among explaining factors could be demographics and the lack of financialization. The discussant, Anne Hartung from University of Luxembourg, pointed out that focusing on disposable income ignores important facets of the middle class like their wealth, housing prices relative to income or intra-household earnings ratio.

More on the methodological contributions, André-Marie Taptué from Laval University, Canada, presented a method to measure the size of the middle class using the alienation component of polarization. Conchita D'Ambrosio from University of Luxembourg, his discussant, highlighted the methodological contribution of the paper, adding to the existing polarisation measures, by introducing a threshold under which distances from the median income are not considered and testing it on the LIS data.

Just a couple of days after his report made the big lines (see New York Times article), Rakesh Kochhar from Pew Research Center, US, presented his results showing the decline of the US middle class over time and its socio-political implications in a comparison with West European countries. However, it is important to also look where people that used to be middle class moved to: down or up the ladder; Fig. 1 illustrates changes over a 30 years period in the selected countries from which we observed that, with a very few exceptions (France for ex.), movements are in both directions, however with different trends between countries.

Fig.1: % point change in shares of adults in lower-, middle- and upper-income tiers, 1990s to 2010

	Lower income	Middle income	Upper income
Ireland	-7.3	8.5	-1.1
UK	-4.8	6.0	-1.3
Netherlands	-5.8	3.4	2.4
France	-1.8	1.8	0
Denmark	-1.5	-0.1	1.6
Norway	0.1	-1.3	1.2
Italy	0.9	-2.2	1.3
Luxembourg	2.2	-4.1	1.9
Spain	4.2	-5.0	1.0
Germany	2.6	-5.7	3.2
Finland	2.7	-6.9	4.2
U.S.	**0.9**	**-2.8**	**1.9**

Source: Pew Research Center analysis of data from the Cross-National Data Center in Luxembourg (LIS).

The discussant, Giuseppe Pulina from Banque Centrale du Luxembourg (BCL) pointed out that the picture could look substantially different if we look at wealth as well and take into account the taxation system.

Another big theme of the conference was how we measure inequality and at which level? Alice Krozer from Cambridge University, UK, stressed the importance of choosing the right indicators for research, but also for advocacy/policy making, and the indicator could differ depending on the purpose of its use. She proposed as an alternative to Gini the different Palma ratios, that divide the share of the top (1%/ 5%/ 10%) by the share of bottom 40 % in order to detect changes in the tails, and applied the measure with different thresholds to LIS data. Philippe van Kerm from LISER and University of Luxembourg, the discussant, pointed out that the lower 40 percent is not really homogenous across countries, and the

thresholds are rather arbitrary and the size on top can be an issue. He went a step further by applying the Palma indicators to wealth data, however, using HFCS Wave 1 for 15 countries to test, the constancy of upper-middle group share does not appear to hold for wealth, therefore the index needs extra refinements.

At which level should we measure inequality? Country, state, region, city, neighbourhood even? Two papers attempted to answer to this geographical dimension. The first one, presented by Javier Martín-Román from Fundation UNED, Spain, examined six decentralized countries (Australia, Canada, Germany, Italy, Spain and United States) during a decade focusing on the territorial variable to determine inter and intra-regional inequality. His approach allows him to find important disparities in the contribution of the regional variable and substantial differences not only in the magnitude of the results, but also in the sign of variation. The discussant, David Jesuit from Central Michigan University, US, pointed out that redistribution seems stronger in more decentralised regions, exemplified by the fact that using the territorial component in three countries (Spain, Germany and Canada) in which inequality increased over time, it reduced the inequality indeces.

The second paper, which looked at the state level versus de federal one in a study case of US, was presented by Zach Parolin from Herman Deleeck Centre for Social Policy, University of Antwerp, Belgium. He also brings a methodological contribution by applying augmented survey data by imputation of certain benefits that are underreported in order to produce "more accurate, precise, and internationally comparable estimates of poverty". He shows that focusing on the state level, can offer a more useful evaluation of the efficacy of local social policies and more useful understanding of high levels of child poverty. Steven Pressman, his discussant, acknowledges that there is a severe underreporting problem in CPS and that the data is as good as people commit to report correctly, however disaggregating to different family types and state unit could become problematic due to sample size.

Another level at which we can analyse inequality with LIS data is interhousehold or even intra-household inequalities; these topics were presented in 2 papers. In the first one, presented by Rense Nieuwenhuis from SOFI, Stockholm University, Sweden, the authors looked at the impact of family policies on women's earnings, and relative inequality among households from 1981 to 2008 and found out that reconciliation policies are associated with higher women's earnings, therefore reducing household inequality. He pointed out that is not enough to look at inequality between individuals, but that it is necessary to look at inequality between groups and by gender as well. His discussant, Hema Swaminathan from Indian Institute of Management, Bangalore, India, highlighted the key contributions of the paper: multiple pathways linking family policies and earnings inequality and recommended to extend the analysis to non-OECD countries to see if the results observed are similar.

Hema Swaminathan's own paper, presented by her co-author, Deepak Malghan from Indian Institute of Management, Bangalore, looked deeper into the household at intra-household gender inequality and concluded that the household can be the site of severe inequalities in resource distribution; there is a need for more investigation into this and a need for data at individual level on income and especially on wealth which usually is collected at household level only. Rense Nieuwenhuis, the discussant, pointed

out that the within-part of inequality, expressed as a percentage of total inequality, is not only shaped by the size of the within-household inequality, but also by the size of between-household inequality.

The presentations ended with a paper presented by Walid Merouani from Centre de Recherche en Economie et Management (CREM-CNRS), France, about saving for retirement preferences that used our new LWS database. He stressed that it is important to offer low risk pension products and the importance of socio-demographic factors for retirement saving and other behavioural determinants such as confidence in retirement systems that could explain the demand in private pensions. His discussant, Christos Koulovatianos from University of Luxembourg, stressed the importance of the topic in nowadays societies. He considered a necessary empirical research done in this paper that generates new questions like *'does the pension choice depends on trust regarding macroeconomic and political stability?'* that could be answered in a future paper.

The conference ended with an ad-hoc round table in which the researchers gave feed-back to the LIS team about using the data and the new documentation system, METIS, and made suggestions about possible developments/improvements in the future. In the same time, the LIS team answered to the questions researchers had about data, meta data, or specialisation among the team.

Additionally, the conference Social Dinner, that took place in an Italian restaurant in the Belval Campus, created new opportunities to exchange ideas among researchers and between users and the LIS team in a convivial environment.

The first edition of our User Conference proved to be a success. An important outcome of the conference is that some of the presented papers will be published in a *Special Issue* of the Journal of Income Distribution (JID) with research based on LIS/LWS data.

The next LIS/LWS User Conference will take place on 19-20 of April 2018 and will be a Special Edition dedicated to the contribution to our late President, Toni Atkinson, to the field. A selection of the conference papers will be published in a book *"The legacy of Tony Atkinson in inequality analysis"* edited by Andrea Brandolini, Daniele Checchi and Timothy Smeeding.

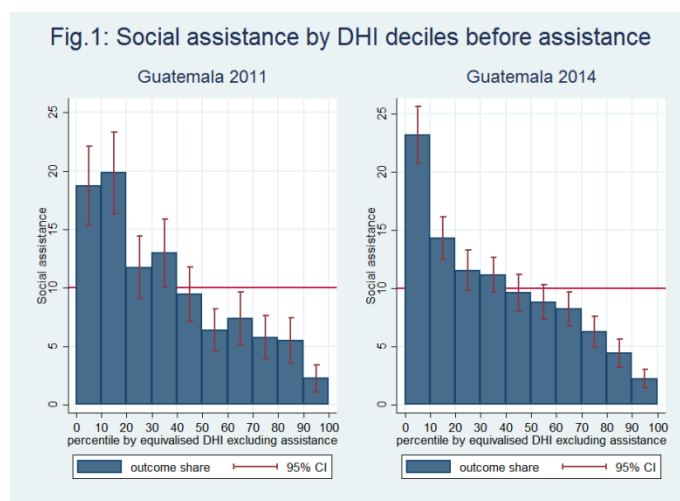## Guatemala 2011-2014: better targeting of assistance benefits?

Carmen Petrovici, LIS

Guatemala is known to be a country with large inequalities and high poverty. However, in the last years the country experienced a constant economic growth, with an average per year of 3.77 percentage points between 2011 and 2014 (Guatemala National Statistical Institute). For the same period there was a noticeable decrease in Gini coefficient from 0.481 in 2011 to 0.437 in 2014. Overall, relative poverty rate (50% of the median) decreased by more than three percentage points to 19.5% in 2014, decreases in the poverty rates were most substantial for children from 27% to 23%, while the poverty rates for elderly only slightly decreased by less than 1 percentage point, reaching almost 24% in 2014[1].

One of the possible causes of decreasing poverty could be that the social benefits are better targeted to the poor. A World Bank Report (2009) was stressing that "overall social protection programs are barely pro-poor with more than half of the benefits going to the second and third quintiles…neither in-kind nor cash transfers are pro-extreme poor". These conclusions were based on 2006 data from ENCOVI, the Guatemalan Survey on Living Conditions. Using the two new datasets from the same survey for 2011 and 2014 that were added recently to the LIS Database, we want to see if the targeting of the assistance benefits towards the poor and especially those in extreme poverty improved over time.
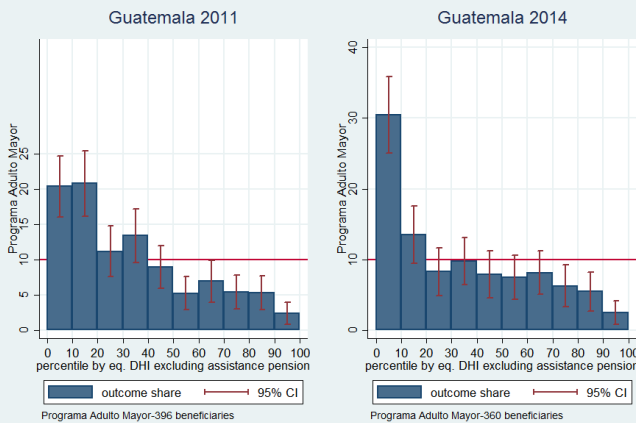
Looking at the overall picture, we observe from Fig. 1 an increase of 4.5 percentage points in the social assistance given to those in extreme poverty (in the first income decile calculated by equivalised[2] disposable household income before social assistance transfers) up to 23.2% of total social assistance in 2014. Nevertheless, only about 60% of assistance benefits goes to the first four income deciles, a decrease of 3 percentage points compared with 2011; while for the middle 4th-8th deciles we observed an increase in the receipt of social benefits of over 4 percentage points, with 33% of social

benefits in 2014. Even the last two deciles are experiencing an increase in the receipt of social assistance, with 6.7% of the total social assistance in 2014, while the social assistance is not supposed to be targeted towards them.

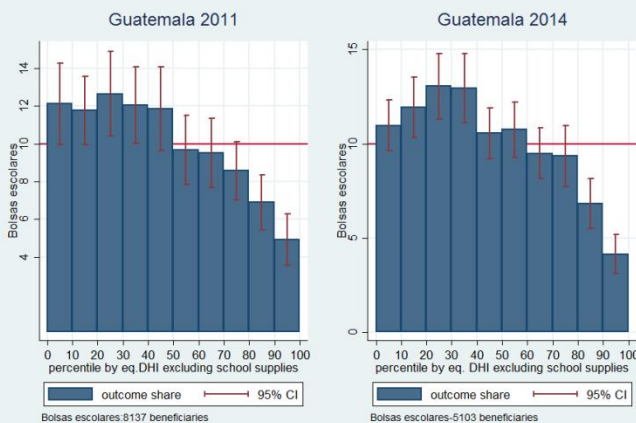Fig.1: Social assistance by DHI deciles before assistance

Looking at few benefits in particular, the picture is more nuanced. In Fig. 2 we see that the assistance pension (Programa Adulto Major), that grants a social pension to the over 65 years old in need, improved substantially in targeting the poorest poor with an increase of over 10 percentage points for the first decile by disposable income prior to the social pension, reaching 30.5% in 2014. However, except the poorest poor, the targeting of the elderly assistance did not improve for the first four deciles; on the contrary it decreased by 3.5 percentage points till it reached 62% in 2014. The difference was reflected in an increase of over 3 percentage points for the 5th-8th deciles, reaching almost 30%, together with a slight increase for the two upper income deciles, receiving almost 8% of social pension benefits in 2014. We note, nonetheless, the very low number of benefits granted.

Fig.2: Assistance Pension by DHI deciles before receiving it

Guatemala 2011 — Guatemala 2014

Programa Adulto Mayor-396 beneficiaries
Programa Adulto Mayor-360 beneficiaries

One of the successful programmes mentioned in the World Bank Report is the School Supplies programme ("Bolsas Escolares") that delivers school necessities to school age children in poor regions; the programme covered 12.9% of the population in 2006 (World Bank, 2009). Fig. 3 below shows that the coverage of the poorest poor decreased, reaching only a bit under 11% in 2014. The overall coverage for the first four deciles slightly increased, reaching almost 49% in 2014, the same being observed for the coverage of the 5th-8th deciles, while the coverage of the two upper deciles slightly decreased reaching about 11% in 2014. All these changes were under 1 percentage points, therefore the coverage was rather stable over time, consequently there was no significant progress observed in the targeting of this benefit between the two points in time, except between the first two deciles and the 3rd-4th deciles.

Fig.3: School supplies by DHI deciles before receiving them

Guatemala 2011 — Guatemala 2014

Bolsas escolares:8137 beneficiaries
Bolsas escolares-5103 beneficiaries

Guatemala also introduced conditional cash transfer programmes (CCT) in 2008. The first programme of this kind, *"Mi Familia Progresa",* was conditional on school attendance of children aged 6 to 15 with an emphasis on nutritional aspects and was aimed to target households in extreme poverty with children and pregnant women living in disadvantaged areas. In reality only about 15% of benefits were received by those in extreme poverty in 2011, as we can see from Fig. 4.

In 2012 the programme was replaced by *"Mi bono securo"*, also a CCT programme conditioned on school attendance and doing regular health check-ups, which has the same target group as the previous programme. Did the newly introduced benefit target better the poor than the benefit that replaced it? It does seem to be the case, with

over 21% of benefits received by the poorest poor, the data shows a substantial increase of almost 6 percentage points. However, overall, the proportion of benefits received by those in the first four deciles increased by less than 1 percentage points reaching 62% in 2014, a change reflected by a proportional decrease in the coverage of the middle deciles, with 33% of benefits in 2014. The coverage for the two upper income deciles remained stable overtime at about 5% of CCT benefits aimed only at people in poverty. This could be explained by the abuse and corruption in granting the benefits that was discovered and acknowledged by the Ministry of Social Development which, in the end of 2015, promised to improve the targeting of the CCT programmes.

Fig.4: Conditional Cash Transfer programmes: Mi Familia Progresa vs. Mi Bono Seguro

Guatemala 2011 — Guatemala 2014

Mi Familia Progresa: 3642 beneficiaries
Mi Bono Seguro: 1947 beneficiaries

Based on the comparison between the two waves we can conclude that, overall, social benefits are targeting better those in extreme poverty in 2014 than before. However, there is little change in the coverage of the first four deciles. In the same time, the middle and top deciles continued receiving a substantial share of the social assistance. Consequently, there is still a need to target better social assistance programmes to those in poverty (and not only those in extreme poverty) and especially to restrict the access to assistance benefits to those who are in the upper deciles of income distribution through a better implementation of the social assistance programmes.

[1] own calculations based on LIS data.

[2] disposable household income was equivalised dividing the total income by the root square of household members.

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Can political scientists make use of the LWS data? A brief note on party identification and wealth in the United States

Piotr Paradowski, LIS
Lindsay Flynn, Wheaton College in Norton, MA, US

Political scientists have used LIS data for many years, often but not exclusively analyzing how states redistribute income through taxes and transfers. Yet there is little evidence that wealth microdata, available in the LWS database, have been utilized by political scientists with much frequency. The LWS data, especially because of the recent substantial update to the database, offer a look into many useful lines of research relevant to the field. In this brief note, we aim to highlight one of the many possible ways that political scientists can make use of the LWS data. With the recent update, the LWS Database now contains a wealth of information (pun intended) on household assets and liabilities, some consumption trends, socio-demographic indicators, as well as labor market characteristics including behavioral variables. The scope of the database provides many opportunities, not just for economists to conduct comparative research, but also for those across the social sciences, including those from political science departments. The database does not, however, include many political indicators because it is limited to the information that national organizations include in the wealth surveys they conduct. Political scientists have two solutions to this unavoidable dilemma. First, they can append macro or regional-level policy data to the LWS data. LIS Database users have been doing this for years and LIS hosts a number of such databases on their website precisely for this purpose. Second, they can statistically match microdata from another survey to the LWS microdata. This is becoming an increasingly accepted statistical technique, and is the strategy we use in a forthcoming piece (Flynn and Paradowski, 2017) to examine the relationship between household wealth and voting behavior across the United States, Germany, and Sweden. Here, we discuss our strategy and findings for the case of the United States, in particular with respect to partisanship in the 2000 and 2012 presidential elections of George Bush and Barack Obama, respectively.
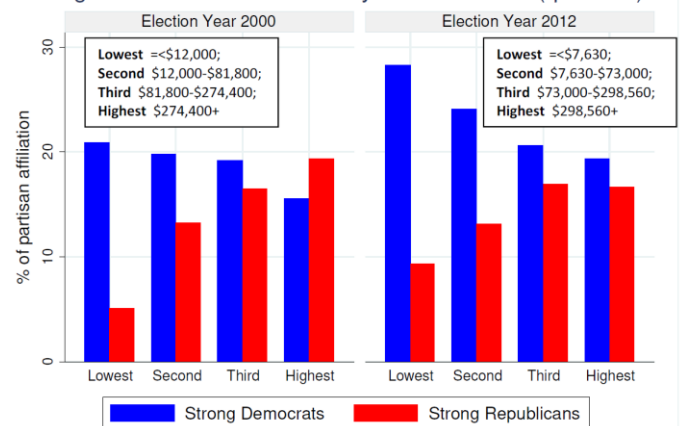
Political scientists have closely studied the relationship between income and political behavior for decades. In part because wealth data are so rare, little is known about whether a person's wealth, which is not always correlated with income, corresponds to political behavior in the same way that income does. There are a number of reasons, in fact, to think that wealth could correlate *more strongly* with political activities and partisan affiliations. After all, wealth disparities are greater than income disparities, wealth holdings often signal accumulated family resources from prior generations, and as a measure, including wealth helps to accurately capture the economic resources of a household (here, think about the pensioner who owns his or her home outright.)

We statistically match data from the American National Election Study (ANES) to data from the LWS Database that comes from the Survey of Consumer Finance (SCF). This enables us to analyze the relationship between wealth and partisanship as if the data had been collected together. We employed the nearest neighbor distance hot deck method and matched the data five times using household disposable income quintiles, some labor market characteristics, education, and other demographic indicators. Those familiar with this strategy, or with multiple imputation strategies, will be aware of the similarities between the two. In a sense we can consider statistical matching as a way to 'impute' missing data. In our case, we have missing party affiliation data in wealth surveys. These strategies are increasingly common among both data producers and research scholars who use this technique to compile

information from different surveys (see Fisher et al., 2016 for more information.)

What do we find? Figure 1 presents partisan affiliation, whether someone affiliates as a 'Strong Democrat' or 'Strong Republican,' by wealth quartiles. Partisan affiliation and wealth co-vary as expected in 2000, but by 2012 the relationship takes a surprising turn. In 2000, 21% of the lowest quartile (the bottom 25%) consider themselves Strong Democrats while only 5% consider themselves Strong Republicans. This gap narrows in the second and third quartile, and reverses in the top quartile (the top 25%) where 19% consider themselves Strong Republicans. In other words, those who have less wealth affiliate more strongly with the Democratic party and those with more wealth the Republican party. In 2012, Democratic party affiliation is even more pronounced in the bottom quartile. The gap narrows less in the second and third quartiles compared to the 2000 election, and most notably, this gap does not reverse and does not disappear in the highest quartile. Even here, in the top 25% of the wealth distribution, more people consider themselves Strong Democrats than Strong Republicans – 19% to 17%.

Figure 1. Political Affiliation by Wealth Levels (quartiles)

Is this flipped dynamic important? We are, after all, looking at 2000 when a non-incumbent Republican won and 2012 when an incumbent Democrat won. Perhaps we are merely capturing the winning party's ability to successfully mobilize their base. We do not think that is all we are capturing. If instead we are witnessing a fundamental shift in the partisan affiliation of wealthy voters (this parallels the findings in a recent piece by Bonica et al. (2013) who find that wealthy Americans now contribute more to the Democratic party), this could signal the development of a new political landscape. Will the Democratic party continue to focus its platform on reducing inequalities or, as is already evidenced by some measures, are wealthy partisans shifting the Democratic party to the right? How might such a political landscape take shape in the Trump administration and beyond? In the United States and outside? We hope more political scientists will join us in using the LWS data to examine these and other pressing political questions of our day.

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News, Events and Updates

InGRID2: successful visiting scholars program continues

The second bid of InGRID – InGRID2 project – to the EU call of Horizon 2020 has been approved. The InGRID infrastructure, which brings together 19 academic partners from Europe, aims to integrate and optimise the existing European Data Infrastructure and accompanying expertise, through joint research, the organisation of expert workshops as well as a Visiting Scholar program that promotes transnational access to research infrastructures within the fields of poverty and living conditions, and social policy analysis. Running from mid-2017 to mid-2021, the InGRID2 project will allow LIS to welcome researchers onsite and also grant LIS with support to its virtual access system.

Lee Rainwater Memorial Lecture

LIS' co-founder and first Research Director, the sociologist Lee Rainwater, died on 4 July 2015. A memorial lecture series in his name was initiated this spring. On 6 April 2017, Robert Erikson delivered the inaugural lecture at Harvard University's Center for Government and International Studies. Erikson, former President of LIS' governing board, is Professor of Sociology Emeritus at the Swedish Institute for Social Research, at Stockholm University. His lecture was titled "Social Selection in Education and its Consequences for Mobility."

Inequality by the Numbers Workshop

The third annual Inequality by the Numbers Workshop, co-hosted by the Stone Center and the CUNY Graduate Center's Advanced Research Collaborative (ARC), was filled to capacity. During the week of 5-9 June 2017, 23 instructors presented lectures on diverse topics including global inequality; inequality and immigration; inequality in gender, work and care; inequality and the macro-economy; inequality in India; wealth inequality; wage inequality; and inequality and happiness. The 53 participants included a mix of doctoral students, professors, and institutional researchers, with several coming from abroad. The fourth annual *Inequality by the Numbers Workshop* will be held 4-8 June 2018 at the CUNY Graduate Center.

Call for papers: Special Issue of the Journal of Income Distribution

A call for papers of a special issue of the Journal of Income Distribution has been launched. In this special issue, LIS/LWS scholars are offered the opportunity to publish their research in one volume in order to broaden the discussion and enhance our knowledge from inequality and poverty to labor market participation, from saving patterns to class composition. Priority will be given to papers presented at the 2017 LIS/LWS User Conference.
We strongly encourage LIS/LWS users to submit their paper online with the subject line LIS to http://www.jid-online.org/. Note that the submission deadline is July 31, 2017.

Call for papers: LIS/LWS User Conference 19-20 April 2018 "The legacy of Tony Atkinson in inequality analysis"

The second LIS/LWS User Conference will be dedicated to Tony Atkinson, our former President, and his contribution to the development of the research on inequality. We aim to receive unpublished papers that have applied or further elaborated one of Tony Atkinson's many ideas about inequality analysis. The use of LIS and/or LWS data is a precondition for submitting a paper. A selection of the papers that will be presented at the conference will be published in a volume, "The legacy of Tony Atkinson in inequality analysis", edited by Andrea Brandolini, Daniele Checchi and Timothy Smeeding.
Deadline for paper submission: 10th of January 2018. For more information see full call for papers.

PhD Scholarships to work with LIS data in Sydney

The University of New South Wales in Sydney, Australia is offering scholarships for students to undertake research on poverty and inequality using LIS. These scholarships, part of the 2017 Scientia Scholarship round, will be supervised by Bruce Bradbury and Peter Saunders at the Social Policy Research Centre at UNSW. They include tuition fees plus an AUD 40k annual stipend and AUD 10k travel and collaboration support. Selection criteria include both academic performance and potential to contribute to social engagement and/or global impact. For more details, see https://www.sprc.unsw.edu.au/education-training/postgraduate-research/scholarships/ . The closing date is 21 July 2017.

ECINEQ-2017

The Stone Center, at the CUNY Graduate Center, is pleased to be hosting the Seventh Meeting of the Society for the Study of Economic Inequality (ECINEQ) in New York City, on 17-19 July 2017. This will be the first time that the ECINEQ Meeting will be held in the United States.

Stone Lecture Series on Wealth Inequality

The inaugural James M. and Cathleen D. Stone Lecture on Wealth Inequality will be presented during the ECINEQ conference. This lecture will be delivered on 18 July by Professor Gabriel Zucman, a wealth scholar at the University of California - Berkeley, and author of The Hidden Wealth of Nations: The Scourge of Tax Havens.