Inequality Matters

Quarterly updates on inequality research, LIS micro data releases,
and other developments at LIS
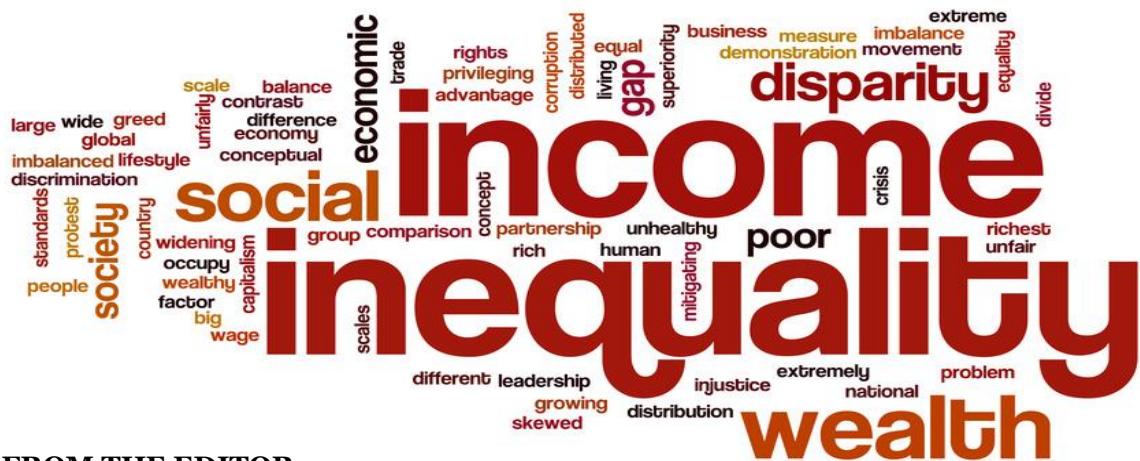
MESSAGE FROM THE EDITOR

Dear readers,

After announcing the return of Sweden to the LIS Database in June this year, we have yet again exciting news to share. Romania is back on the map as well! LIS was very pleased that the Romanian National Institute of Statistics (INSSE) agreed that microdata from Romania could be made available in the LIS Database for world-wide cross-national research. We are hence glad to announce the release of 12 new datasets from the Romanian Survey on Income and Living Conditions (SILC). We are grateful to the INSSE for this new collaboration, and we are looking forward to receive new datasets in future!

Needless to say, several recent datasets from other countries were also added to the LIS Database, among which two from Georgia, two from Lithuania, two from Mexico, one from Norway, two from Sweden, five from Taiwan, and one from Uruguay. The Norwegian series was equally updated in the LWS Database with the release of one more datapoint (NO21), accompanied by a backwards revision for the whole series. More information on this release and all revisions in LIS and LWS can be found in the 'Data News' section.

The (LIS)2ER initiative is in the process of organising this year's workshop on the theme "Housing Policy and Wealth Inequality". This workshop is organised in collaboration with the University of Luxembourg's PROPEL (PROactive Policymaking for Equal Lives) project, which studies the causes and consequences of housing inequality, and is funded by the Luxembourg National Research Fund (FNR). The workshop will take place on 28-29 November 2023 at the Luxembourg University, Belval Campus. Stay tuned for further information on the registration details and the workshop programme.

We are happy to have some new insights on wealth inequality in our Inequality Matters section with an article by Sebastian Will (University of Freiburg) emphasizing the huge role that homeownership plays in shaping wealth inequalities. In addition, the recent fiscal reforms in Lithuania and Romania and their effects on the LIS microdata prompted the writing of two short notes, one by Carmen Petrovici (LIS) and one by Gintare Mazeikaite (LIS). Both pieces highlight the importance of the institutional context when analysing micro data across countries and over time, and gross wages in particular. Finally, Josep Espasa Reig (LIS) describes *lissyrtools*, a newly released R package developed at LIS that can be downloaded from the new LIS GitHub repository; the tool provides a set of commonly used functions that can easily reproduce LIS estimates such as those in DART, IKF and in the Compare.It dashboard.

Enjoy reading!   Jörg Neugschwender

IN THIS ISSUE

Wealth Inequalities and Homeownership – Two Perspectives

Sebastian Will ✉ , (University of Freiburg)

1. Introduction

The provision of affordable housing has been a matter of great concern in almost all middle- and high-income countries for at least the last two decades. To address this challenge, various policies have been developed and implemented. While wealth inequality has generally risen in the last three centuries (Pfeffer & Waitkus, 2021), Dustmann *et al.* (2022) demonstrate that "changes in the housing market can be a key driver for increased inequality in income after housing expenditure (…)". Their study illustrates that housing affordability of the bottom income quintile decreased while housing became more affordable for high-income earners, thus showing that housing in general and housing policies in specific are a matter of great concern for inequality research.

For many households, the own home is the single biggest asset. Accordingly, homeownership plays a key role in shaping wealth inequalities. To examine how different housing regimes indicators – homeownership in particular – influence wealth inequalities, I look at a few exemplary European countries which exhibit differing housing regime indicators. In this short paper, I first briefly discuss these specific indicators. Secondly, I calculate Gini coefficients in order to examine wealth inequalities with and without housing wealth and for subdivisions of renting and owning households. Finally, I demonstrate how the different housing regimes indicators are reflected in wealth inequalities in the exemplary countries (Austria, Germany, Slovakia, Spain, United Kingdom) in an explorative and descriptive way. For this purpose, I make use of wave X of the Luxembourg Wealth Study (LWS) which harmonises survey data from a total of 22 countries.

2. Housing Regimes

While the main goal of housing policies typically is to provide (eligible) population groups with (affordable) housing, they are also used to promote homeownership. Both objectives can contribute to wealth inequality. Two policies that subsidise mostly renting households are (i) direct housing allowances to eligible households (demand-side) and (ii) building social housing units (supply-side). Both raise (to a different degree) disposable income after housing costs of the targeted population and decrease income inequality after tax and transfers (Berard & Trannoy, 2023). Moreover, living in a public housing can also lead to a higher chance of acquiring homeownership due to the possibility of a higher saving rate during the subsidised tenancy (Goffette-Nagot & Sidibé, 2016).

A more direct policy intervention is to either regulate rent prices directly or to design legal protections of renters from unilateral terminations. The intensity of such policies vary across time and jurisdictions (Kholodilin, 2020). Besides the negative externalities of rent regulations, historical data shows a negative correlation between the degree of rent regulation and wealth inequality (Kholodilin & Kohl, 2023).

The most prominent example of how a housing policy can shape the distribution of wealth in a country is the promotion of homeownership. Homebuyers accumulate housing wealth by repaying their mortgage. Increasing the possibility to purchase a dwelling for the marginal household (i.e., the household that can just so afford no homeownership) should hence increase housing wealth for a larger number of households. In the same context, mortgage markets are important. An easier access to a loan could push the marginal household down in the income or wealth distribution (Flynn, 2020).

Table 1 gives a brief summary of some selected housing market and policy characteristics. These characteristics vary widely between the countries, which is why I will focus on a few remarkable numbers: Slovakia exhibits the highest share of owners and the lowest share of mortgage holding owners. Accordingly, Slovakia's outstanding residential loans are – in tandem with Austria – the lowest among these five countries. The United Kingdom displays the lowest share of subsidised rents and rent regulation. At the same time, it has a comparably high share of indebted homeowners.

Table 1. Selected Characteristics of a Housing Regime

Country	Homeownership rate	Homeowners with a mortgage	Households with a subsidised rent*	Rental market regulation index	Total outstanding residential loans to GDP ratio
Austria (AT)	53.3%	41.7%	5.2%	0.46	29.2
Germany (DE)	51.0%	49.5%	8.5%	0.50	42.2
Slovakia (SK)	90.3%	25.5%	5.0%	0.33	30.1
Spain (ES)	76.8%	72.2%	6.5%	0.67	49.6
United Kingdom (UK)	67.1%	59.4%	0.7%	0.21	64.6

Note: All numbers refer to the year 2017 to be consistent with the later calculated wealth inequalities.
*This includes renters living in a public housing unit and renters paying a subsidised or not rent.

Data source: Luxembourg Wealth Study (LWS) Database, except for the regulation index (Kholodilin, 2020) and the outstanding loans ratio (European Mortgage Federation, 2023).

3. Wealth Inequality in Five Countries

Homeownership accounts for the greatest part of a household's wealth and has an equalising effect on wealth inequality (Pfeffer & Waitkus, 2021). For the selected five countries, the inequality of financial net wealth (which I define as disposable net wealth excluding net wealth of the primary residence) is higher than total disposable net wealth inequality (Figure 1). Excluding housing wealth, the inequalities in the two renting societies Austria and Germany are still higher than in Slovakia, Spain, and the UK.

Figure 2 shows that the inequalities of the net and gross value of the primary residence are in all cases smaller than the inequality of total net wealth. For this sample it holds true that the higher the homeownership rate is in a country, the more unequal gross housing wealth is distributed. Net housing wealth is more unequally distributed than gross housing wealth in all countries. The differences in these inequalities do not precisely correspond to the mortgage market indicators (see section 2) but the difference is highest in Spain and the UK which both have a more liberal mortgage market.

Figure 1. Inequality of Disposable Net Wealth and Financial Wealth
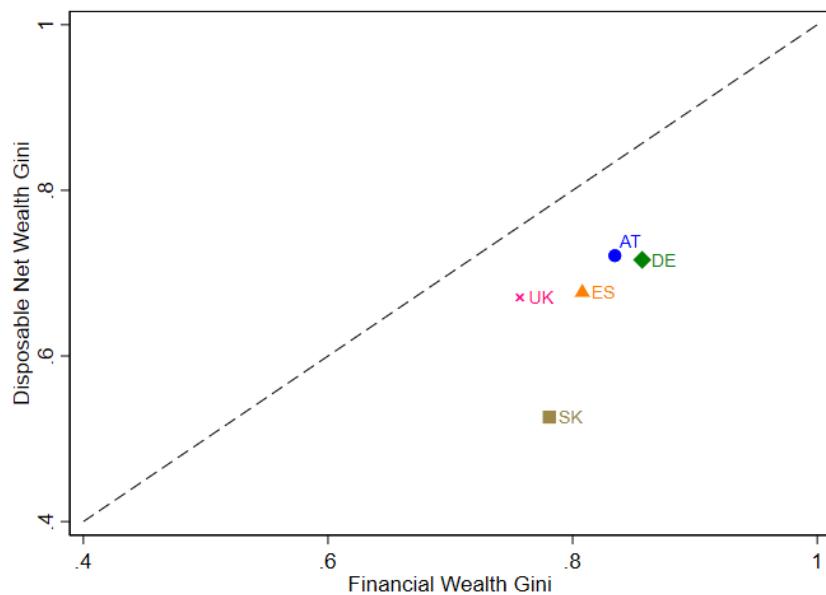
Note: Disposable net wealth is defined as the sum of financial and non-financial assets, excluding pension entitlements, minus liabilities. I define financial wealth as the difference between disposable net wealth and the net wealth of a household's primary residence (home equity).

Data source: Luxembourg Wealth Study (LWS) Database.

Figure 2. Inequality of Disposable Net Wealth and (Net) Housing Capital
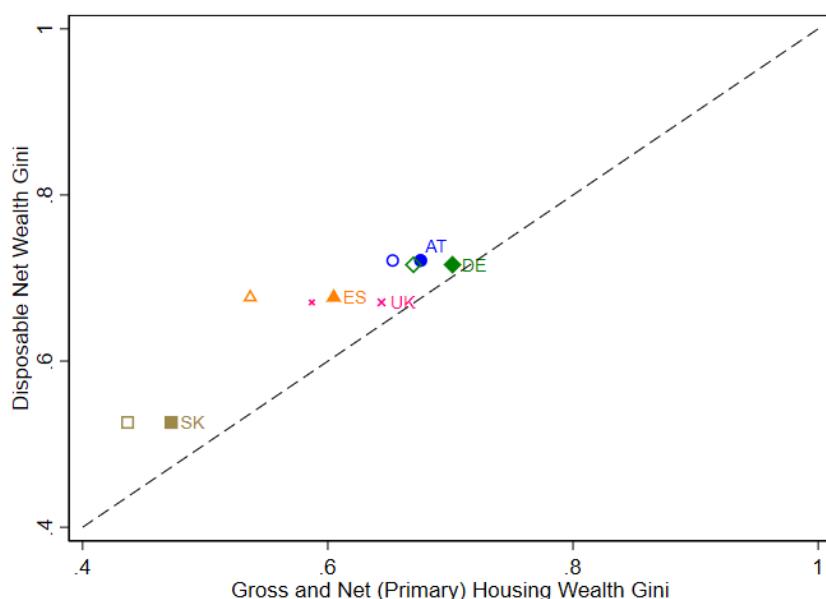
Note: It is displayed the Gini of gross (hollow marker) and net (filled) wealth of a household's primary residence. The net value is calculated by subtracting the liabilities for that housing from its gross value.

Data source: Luxembourg Wealth Study (LWS) Database.

To investigate the differences of disposable net wealth of renters and that of owners, I calculate the Gini coefficients and contrast them in a scatter plot (Figure 3). It becomes visible that wealth inequality among renters is much higher than among owners. The highest inequality among renters is found in Germany with a Gini of 0.94. The UK exhibits the lowest coefficient (0.83). While the difference between the Gini of owners' and renters' wealth is lower in Austria, Spain, and the UK (0.29 – 0.34), it is larger in Germany (0.42) and Slovakia (0.44).

This difference is not all caused by the owner-occupied housing capital, as shown in Figure 4 which depicts the Gini coefficients of owners' and renters' wealth excluding housing capital. Even after excluding housing wealth, the inequality among renters is higher compared to owners in all five countries. While Germany exhibits again a larger renter-owner difference than Austria and the UK, Slovakia's coefficient jumps down very close to its total wealth coefficient.

Figure 3. Inequality of Disposable Net Wealth of Renters and Owners
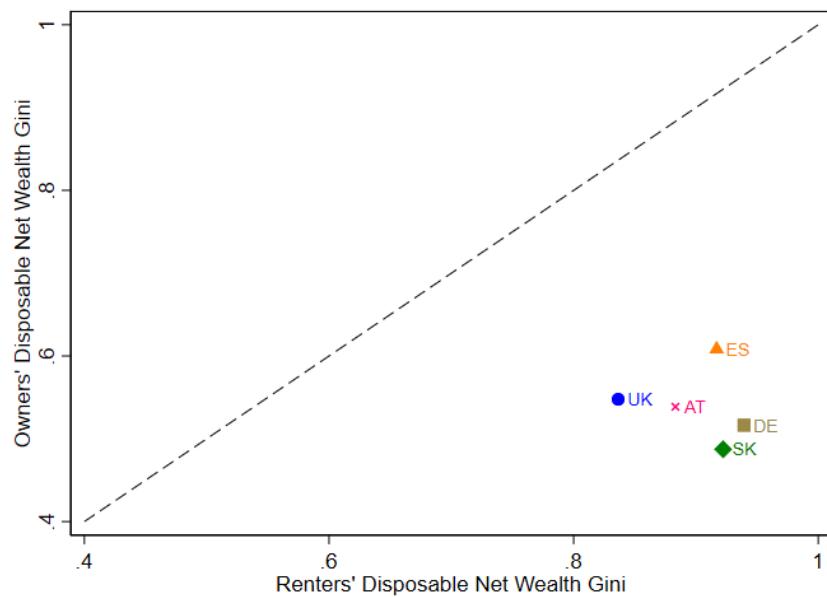
Note: The Gini coefficients of disposable net wealth are calculated separately for two groups of the country's population: Homeowners who self-occupy their (partly) owned dwellings, and renters who pay (market, subsidised, or free) rent for their dwellings.

Data source: Luxembourg Wealth Study (LWS) Database.

Figure 4. Inequality of Financial Wealth of Renters and Owners
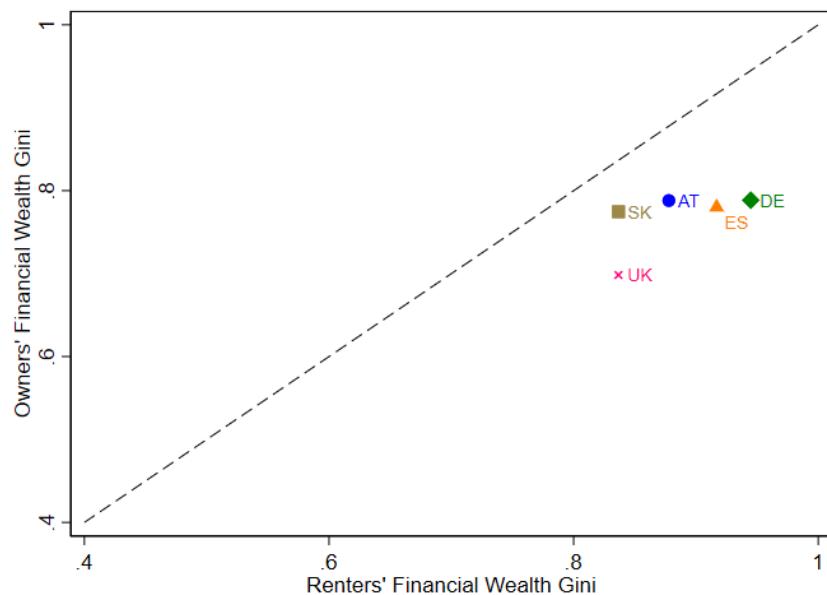
Note: The Gini coefficients of financial wealth are calculated separately for two groups of the country's population: Homeowners who self-occupy their (partly) owned dwellings, and renters who pay (market, subsidised, or free) rent for their dwellings.

Data source: Luxembourg Wealth Study (LWS) Database.

4. Discussion and Conclusion

From the above presented exploratory analyses, I raise the following four main points for further investigation. First, the (net) wealth of a self-occupied house reduces wealth inequality the most in Slovakia which has the highest share of homeowners in the sample. Austria and Germany with the lowest ownership shares have both the highest wealth inequality with and without the inclusion of housing capital. Although the UK and Spain have a comparably high share of homeowners, the equalising effect of home equity is similar to both of the aforementioned renting nations.

Second, gross housing wealth is more equally distributed than net housing wealth. The highest differences are found in Spain and the UK where a liberal mortgage market is in place.

Third, wealth inequality among renters is much higher than wealth inequality among owners. This again hints to an equalising general effect of homeownership. Slovakia and Germany expose similar inequalities among renters and owners while having widely differing homeownership rates.

Finally, wealth inequality of renters is still higher when excluding housing wealth. The discrepancy of wealth inequality between renters and owners is smallest in Slovakia and Austria – two countries with a highly different homeownership rate.

Summarising, it becomes evident that homeownership plays a great role in attenuating wealth inequality, however it cannot fully explain wealth inequality neither between countries nor the differences within a country between renters and owners. Besides the mere focus on homeownership rates, focusing on household finance and the interplay with the mortgage market might be a promising field of future research (Ansell, 2019; Blackwell & Kohl, 2018). It might be of interest to disentangle possible reducing factors of mortgages on entry barriers to homeownership and the risk of an overburden of debt. Furthermore, the basis of the wealth inequality calculation could be changed by the inclusion of household's future pension claims. This resonates since homeownership is often seen as a part of the retirement plan. Once the mortgage is repaid, housing costs drastically decrease which lowers total living expenses. For this reason, the inclusion of pension/social security entitlements to a measure of the so-called augmented wealth could be beneficial. As the measurement is difficult and the question of pension claims is often excluded in the common surveys, it is also not part of the datasets used from the LWS. Recent literature estimates that wealth inequality (Gini) decreases by 0.08 to 0.3 looking at augmented wealth for retirees (Wroński, 2023). For the entire population, the Gini

coefficient decreases by approximately 0.2 in Austria and 0.24 in Germany (Bönke *et al.*, 2020; Knell & Koman, 2022). The reduction in the other three countries (SK, ES, UK) is far less between 0.06 and 0.14 (Sierminska & Wroński, 2022). Under full consideration of the role that homeownership plays as a retirement provision, the focus on augmented wealth inequality could open up a strand of future housing policy literature.

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Impact of the 2018 Fiscal Reform on Wage Income in Romania

Carmen Petrovici ✉ , (LIS)

Looking at the newly released long series of Romania in the LIS database, we can observe a remarkable increase in the gross wage income, especially between 2017 and 2018. However, as one can see from Figure 1 below, this steep increase of 37.57 percentage points in hourly gross wages (expressed in purchasing power parity (PPP) rates in order to account for the overtime inflation) is not followed by a similar rise in the net wages (which increased only by 13.12 percentage points during the same period). One of the explanations is the impact of the fiscal reform that was implemented in Romania starting in January 2018 and which shifted most of the social security contributions burden from the employers to the employees. Previously, the employer was paying 22.75% in social contributions for each of his employees and the employees were paying 16% of their gross wages as social security contributions. With the 2018 reform, the contributions paid by the employer decreased to only 2.25%, reducing their labour cost, while the difference is found in the increase to 35% of their gross wages paid directly by the employees as social security contributions. Additionally, the social security contribution was introduced for part-time workers in August 2017. Also in 2017, the maximum ceiling for the calculation base of the compulsory contributions to the pension and health insurance funds was abolished. Although there was no legal obligation to raise the gross wage as a part of the fiscal reform as in other countries, most employers did so through negotiations with their employees. Consequently, the gross wages increased progressively in the next years

in order to compensate for this substantial rise in contributions for the employees. This is reflected in the data, and we observe that by 2020 the gross wages increase by an impressive 61.78 percentage points compared to 2017, while the net wages increased only by 32.44 percentage points in the same period. The difference is accounting for the increased burden of the social security contributions for the employees.

For the same period, reflecting the fiscal reform, the variable that measures social security contributions (together with income taxes at the household level in the LIS data) more than doubled in value.

In conclusion, the spectacular increase in gross labour income in the last years in Romania should be regarded with caution, being mostly the reflection of the fiscal reform, which does not translate into a similar increase in disposable (net) wages.

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Figure 1. Evolution of gross versus net hourly wage over time: Romania 2006-2020
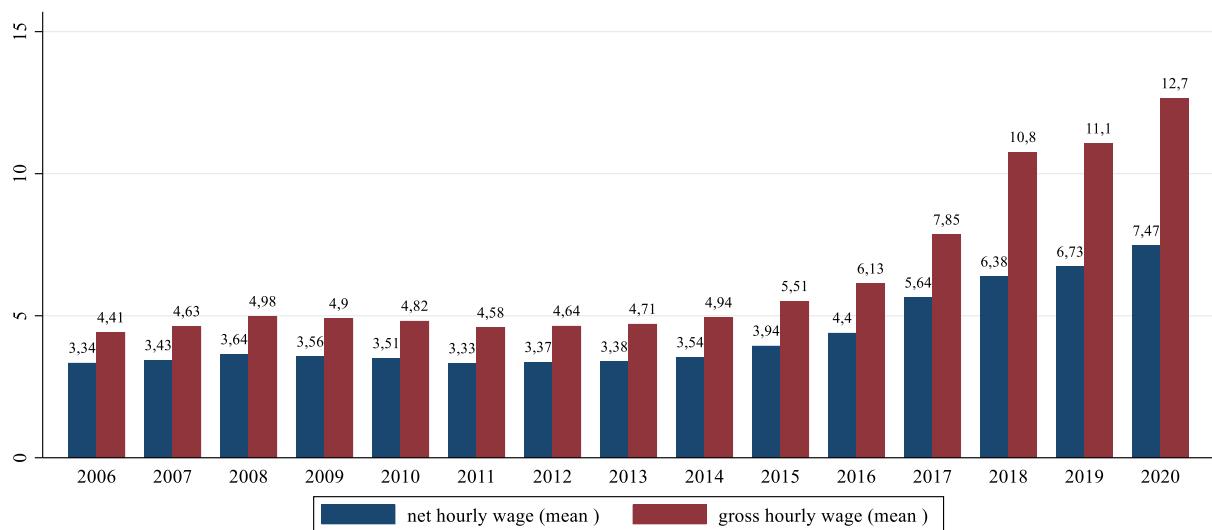
Note: the gross/net hourly wage rate was calculated from the yearly gross/net employee cash or near cash income using information on weekly hours worked; it is limited to those who worked the entire year full time and had only one job at the time of the survey; expressed in PPPs.

Source: own calculations using Luxembourg Income Study (LIS) Database, except for the 2014, 2016 & 2020 datapoints which are based on own calculations using EU-SILC. These datapoints, which are centered around the income reference year, correspond to the 2015, 2017 & 2021 EU-SILC surveys.

2019 Labour Income Tax Reform in Lithuania

Gintare Mazeikaite ✉ , (LIS)

In June 2018, the Parliament of Lithuania adopted a six-reform package encompassing labour taxation, pensions, education, innovation, healthcare, and measures targeting the informal economy (Anciūtė *et al.* 2020). Among these reforms, labour income taxation changes were foreseen for the years 2019-2021. The primary motivation for the tax reform was to increase the competitiveness of labour taxation and make it easier for employees to assess the tax burden on their income (Government of the Republic of Lithuania, 2018). In addition, a reduction in social insurance contributions was followed by an increase in personal income tax, aiming to make it possible to finance the main part of the pension from the state budget.

In 2018, employers paid social insurance contributions on behalf of their employees equal to 31.18% of the gross wage, and employees paid an additional 9%. From 2019, the social security contribution payments were nearly entirely shifted from employers to employees (with a lower rate of 19.5% applied on gross labour income paid by employees and 1.77% paid by employers). A mechanical upward compensation was applied to adjust the gross wages accordingly (all the gross wages were multiplied by a factor of 1.289). The reform also included an increase in minimum statutory wage by a factor larger than the mechanical increase in the overall wages. At the same time, the personal income tax rate was raised from 15 to 20%. This reform has been the main reason for the growth in gross wages and taxes and social security contributions observed in 2019 and 2020 in LIS data (Figure 1). Overall, the rates of social security contributions and labour income taxes were lowered, but an increase in the taxable income partially compensated the reduction.

In addition to this, a second tax rate of 27% was introduced on incomes above ten times the average monthly wage in 2019, but it was nearly offset by the established ceilings on social insurance contributions following the same multiples of average wage[1]. A gradual increase from 300 EUR in 2019 to 460 EUR in 2022 was also foreseen in the amounts used to calculate the basic allowance, and the scope of the tax allowance application was expanded up to 2 times the average wage. However, social insurance contributions are not deducted from the tax base in Lithuania, which is one reason why low-income Lithuanians face a relatively high average tax rate compared to individuals in other OECD countries (OECD 2022).

Following the reform, an increase in after-tax income was observed for most Lithuanians. Despite that, there were no substantial changes to the tax revenue in 2019, potentially because of simultaneous efforts aimed at improving tax compliance. However, to the comparatively high average tax rate, Lithuanians at the bottom of the income distribution still face lower disposable incomes than in many OECD countries (OECD 2022).

1 By 2021, the top tax rate increased to 32% and the top income threshold was lowered to 5 times the average monthly wage.

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Figure 1. Evolution of household disposable income and household income taxes and social security contributions in LIS data for Lithuania (2009-2020).
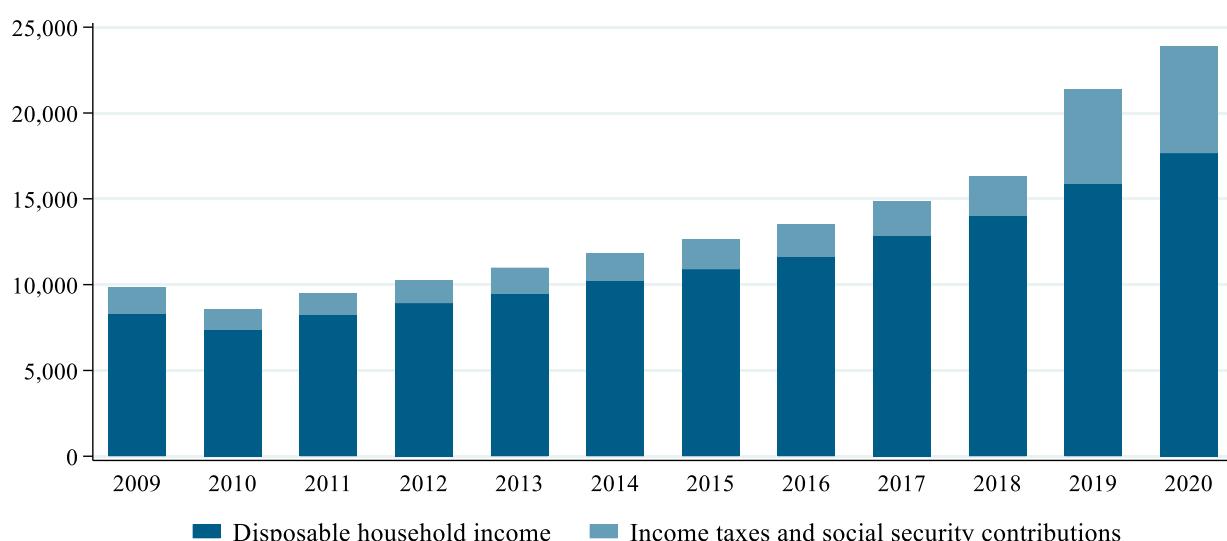
Note: amounts refer to nominal mean income received / paid by the household.

Source: Luxembourg Income Study (LIS) Database.

The 'lissyrtools' R package V0.1:
Functions for computing inequality estimates in the LISSY environment

Josep Espasa Reig ✉, (LIS)

Using R in LISSY might not be the easiest way of obtaining inequality estimates. The code can sometimes feel verbose when compared to other software and users might need to use their own functions and code for rather basic operations. At the same time, analyzing income and wealth distributions requires substantive knowledge to be able to assess important methodological decisions (e.g. equivalence scales, adjusting by CPI and PPP, dealing with outliers). These two factors might create an entry barrier for many users who would like to use R and aren't proficient in the software and/or the methods for analyzing income and wealth distributions.

The 'lissyrtools' R package aims to make the use of R in LISSY simpler. It provides a set of commonly used functions that can easily reproduce LIS estimates such as those in DART, IKF and in the Compare.It dashboard.[1] The package is currently in Beta (0.1) version. It is installed in LISSY and users can download it locally from the LIS GitHub repository. [2] If you try it and want to give us your feedback, please send us an email to usersupport@lisdatacenter.org.

The package contains basic types of functions:

- 'read_' functions to read the data;
- 'transform_' to clean variables;
- 'print_' to produce estimates;
- 'plot_' to produce plots.

The function definition and documentation can be found in the package website. The chunks of code below reproduce the computation of the DART dashboard estimates for a subset of files. The code can be copy-pasted from this GitHub Gist into the LISSY interface.

Like all R packages, we can load it with 'library()'. The script below also loads 'magrittr', which is used to pipe functions. 'read_lissy_files()' is then used to read the data. [3] All the files passed as an argument need to be at the same level (i.e. either household or person-level). This level is stored in the returned object ('files_h' and 'files_p' below) and then used by other functions.[4] In this example code, we read multiple files from the Canadian series.

```
1  library(lissyrtools)
2  library(magrittr)
3
4  files_h <- read_lissy_files(c("ca14h", "ca15h", "ca16h", "ca17h", "ca18h", "ca19h"),
5                              col_select = "dhi")
6  files_p <- read_lissy_files(c("ca14p", "ca15p", "ca16p", "ca17p", "ca18p", "ca19p"),
7                              col_select = c("pi11", "age"))
```

The 'col_select' parameter can be used to subset the variables read. 'read_lissy_files()' always reads key variables such as 'hid', 'nhhmem' and weights, even if they are not passed as an argument.

A commonly performed computation using LIS data is to merge the household and person level files. This allows users to have all the household variables matched to individuals. 'lissyrtools' makes this task easy with 'merge_dataset_levels()'. This function checks that the names of the files in both the household and person-level objects ('files_h' and 'files_p' in the example) are the same and then proceeds to iterate over them to merge them.

```
7  lissy_datasets <- merge_dataset_levels(files_h, files_p)
```

There are so far eleven 'transform_' functions that should make the task of processing data easier. Eight of these are shown in the code below. For more detail about the functions use and definition, check the reference section of the package website.

In the code below, we are performing the same data processing we would do to compute the LIS Gini estimates published in the DART dashboard for 'wage income' ('pi11') and 'disposable household income' ('dhi'). In the case of 'wage income', this consists of:

- Treating a variable of all 0s as all missing values;

- Recoding negative values and 0s to missing values, so they are not included in the computations;
- Applying a top and bottom coding using the Interquartile range;
- Adjusting the variable by CPI and PPP;
- Using only individuals with ages between 16 and 64 (both included).

For 'wage income' we keep the 0s, but we apply an equivalization using the square root of the number of household members.

```
10  # pi11
11  lissy_datasets_transformed <- lissy_datasets %>%
12    transform_false_zeros_to_na("pi11") %>%
13    transform_negative_values_to_zero("pi11") %>%
14    transform_zeros_to_na("pi11") %>%
15    transform_top_code_with_iqr("pi11") %>%
16    transform_bottom_code_with_iqr("pi11") %>%
17    transform_adjust_by_lisppp("pi11") %>%
18    transform_restrict_age("pi11", from = 16, to = 64)
```

```
19   # dhi
20   lissy_datasets_transformed <- lissy_datasets_transformed %>%
21     transform_false_zeros_to_na("dhi") %>%
22     transform_negative_values_to_zero("dhi") %>%
23     transform_top_code_with_iqr("dhi") %>%
24     transform_bottom_code_with_iqr("dhi") %>%
25     transform_equivalise("dhi") %>%
26     transform_adjust_by_lisppp("dhi")
```

The next step is to produce estimates. This can be done with the 'print_' functions. The call to 'print_indicator()' below computes the Gini Coefficient (indicator = "gini") for the 'dhi' and 'pi11' variables, which we read and cleaned above. The function currently supports the following indicators: 'mean', 'median', 'ratio', 'atkinson' and 'gini'. You can find more details in the function reference.

When we print the 'gini' of 'dhi', a message informs us that 'hwgt', the household-level weight, was used to weight the variable. This is because 'lissyrtools' recognizes 'dhi' as a household-level variable. If the variable name is not that of a standard variable, the function would have required an additional argument ('variable_level'). Similarly, when computing an indicator for 'pi11', the function uses 'pwgt' instead of 'hwgt' as a weighting variable. The results of 'print_indicator()' are returned as a named vector, which can then be used for subsequent operations.

```
30   print_indicator(lissy_datasets_transformed,
31                   variable = "dhi",
32                   indicator = "gini",
33                   na.rm = TRUE)

hwgt will be used as weighting variable.
  ca2014i   ca2015i   ca2016i   ca2017i   ca2018i   ca2019i
0.3124645 0.3196858 0.3082688 0.3130700 0.3061722 0.3000205
```

```
35   print_indicator(lissy_datasets_transformed,
36                   variable = "pi11",
37                   indicator = "gini",
38                   na.rm = TRUE)

pwgt will be used as weighting variable.
  ca2014i   ca2015i   ca2016i   ca2017i   ca2018i   ca2019i
0.4740250 0.4727660 0.4690076 0.4740821 0.4636730 0.4558075
```

Last, we can use 'plot_indicator()' to compute and plot indicators. This function calls 'print_indicator()' behind the lines and takes the additional step of plotting the results. 'plot_indicator()' takes the same arguments as 'print_indicator()' and also has a 'plot_theme' parameter for passing 'ggplot2' themes. The default theme (as displayed below) uses the LIS colors.

```
41   plot_indicator(lissy_datasets_transformed, variable = "dhi",
42                  indicator = "gini",
43                  na.rm = TRUE)
```
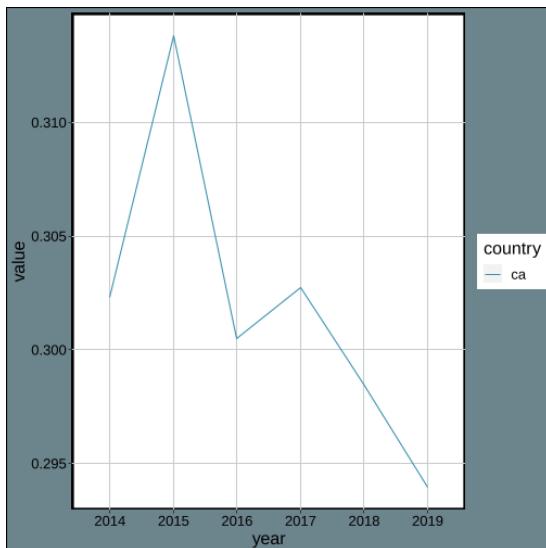

1 In fact, the LIS processes to compute those estimates use functions from 'lissyrtools'.

2 This can be useful if users want to try the package functions on the LIS sample files.

3 'read_lissy_files()' works only in LISSY. To read data locally you should use 'read_lissy_files_locally()'

4 For example, the 'print_' family of functions use the level of the data.frame and the specified variable to pick a default weight variable.

Data News / Data Release Schedule

LIS is happy to announce the following data updates:

Georgia (2 new datasets) – Addition of **GE20** & **GE21** to the **LIS** Database

Lithuania (2 new datasets and 10 revised) – Addition of **LT19** & **LT20** to the **LIS** Database

Mexico (2 new datasets and 6 revised) – Addition of **MX20** & **MX22** to the **LIS** Database

Norway (1 new dataset and 5 revised) – Addition of **NO21** to the **LIS** and **LWS** Databases

Romania (12 new datasets and 2 revised) – Partial annualisation from **RO06** to **RO19** in the **LIS** Database

Sweden (2 new datasets and 20 revised) – Addition of **SE01** & **SE21** to the **LIS** Database

Taiwan (5 new datasets and 11 revised) – Addition of **TW17** to **TW21** to the **LIS** Database

Uruguay (1 new dataset and 14 revised) – Addition of **UY22** to the **LIS** Database

Data Releases and Revisions– Luxembourg Income Study (LIS)

Georgia

Two new datasets from Georgia (**GE20** and **GE21**) have been added to the **LIS** Database. The datasets are based on the respective waves of the Integrated Household Survey (IHS) carried out by the National Statistics Office of Georgia.

Lithuania

LIS has added two more data points to the Lithuanian series in the **LIS** Database. The new datasets **LT19** and **LT20** are based on the Lithuanian Survey of Income and Living Conditions (SILC) carried out by Statistics Lithuania. Alongside with the harmonisation of the new datasets, a few consistency corrections were carried out. Country-specific codes in variable *educ_c* were modified for **LT13** to **LT18**, with no impact on the standardised education variables. Imputed rent (*hrenti*) was corrected for the whole series. Improvements in the aggregation routines did cause minor updates in the variables *relation* and *hhtype* for the whole series.

Mexico

Two new datasets from Mexico, **MX20** and **MX22**, have been added to the **LIS** Database. The datasets are from the Household Income and Expenditure Survey (ENIGH - Nueva Serie) and are provided by the Mexican National Statistical Institute. A few consistency revisions have been carried out. For the datasets **MX12** to **MX18** variable *hxloan* (installment for other loans) has been corrected. Voluntary health contributions are now available in variable *hxvcont* from **MX18** onwards.

Norway

LIS has added one more data point (**NO21**) to the Norwegian data series in the **LIS** Database. The dataset is derived from the fully register-based Household Income Statistics maintained by Statistics Norway (SSB). LIS received a new data version for **NO20 LIS** and **LWS**, which caused a modest update in the LIS variable *pipension*; this change affects all variables including these amounts, with a minor impact on the LIS Key Figures. In addition, in **NO16** minor revisions to the income blocks pensions and public social benefits were carried out.

Romania

LIS is excited to announce the release of twelve new datasets from Romania, consisting in the (so far partial) annualization of **RO06** to **RO19** (all years except 2014 and 2016). The data series is based on the Quality of Life Survey (ACAV) on which is based the Romanian Survey on Income and Living Conditions (SILC) and is provided by the Romanian National Institute of Statistics (INSSE). Data for **RO14**, **RO16**, and **RO20** will become available as soon as the information on own consumption will be received. This variable is part of the construction of LIS disposable income and it is an important source of in-kind income in Romania. The previous data points **RO95** and **RO97** have been revised for consistency, where possible, with no impact on the major income aggregates. Remaining consistency warnings are documented in Compare.It.

Sweden

Two more datasets have been released for Sweden. Both datasets rely entirely on the Swedish income registers and are provided by Statistics Sweden: **SE01** is based on the Household Income Survey (HINK/HEK); **SE21** uses the Swedish Living Conditions Survey (ULF/SILC) sample and the Income and Tax Registers (IoT). Please note that as of this data release the previously available dataset **SE00** has been also fully (re)harmonised with the latest information provided by Statistics Sweden. This revision causes a slight change in the LIS Key Figures. In addition, LIS has received new information on property taxes for the years **SE08** to **SE20** that imply substantial changes to variables *hxptax* (property taxes) and *hhouscost* (housing costs), but also a negligible change in *p/hxitax* (income taxes), and hence *dhi* and the LIS Key Figures, as the property taxes are removed from the total taxes paid.

Taiwan

LIS has added five more data points to the Taiwanese data series in the **LIS** Database. The new datasets **TW17** to **TW21** are based on the Family Income Distribution and Expenditure Survey provided by the Directorate-General of Budget, Accounting and Statistics (DGBAS). The previous datasets **TW81** to **TW16** underwent some consistency revisions across various sections of data, among which the education, income and consumption blocks. Particularly, the consumption module has been (re)harmonised from scratch following the latest harmonisation decisions. LIS is happy to provide more details on the revisions in case needed.

Uruguay

One more dataset (**UY22**) has been added to the Uruguayan data series in the **LIS** Database. The dataset is based on the Continuous Household Survey (ECH) from the Uruguayan National Institute of Statistics (INE). LIS prioritised the release of this dataset, as it follows closely the structure of the **UY19** data, whereas **UY20** and **UY21** essentially differed in the sampling and questionnaire routines due to the COVID-19 pandemic. Therefore, LIS postponed the work on those two datasets. The earlier datasets **UY06** to **UY19** have been revised for consistency, notably in-kind incomes were moved from *hi521* (alimony and child support) and *hi522* (remittances) to *hi531* (in-kind transfers from private institutions) and *hi532* (in-kind transfers from other households).

## Data Releases and Revisions– Luxembourg Wealth Study (LWS)

Norway

LIS has added one more data point (**NO21**) to the Norwegian data series in the **LWS** Database. The dataset is derived from the fully register-based Household Income and Wealth Statistics maintained by Statistics Norway (SSB). In addition, LIS received a new data version for **NO20 LIS** and **LWS**, which prompted two updates: 1) a modest change in the LIS variable *pipension*, which affects all variables including these amounts, with a minor impact on the LIS Key Figures; and 2) a more accurate disaggregation of financial assets in its subcomponents *hafc* (deposit accounts and cash), *hafi* (financial investments, and its subcomponents) and *hafo* (other non-pension financial assets). The latter additional detail triggered a correction to the whole Norwegian wealth data series, as it clarified that the assets amounts that were previously included in the block of long-term saving (*has*) were mostly including financial assets, and they were thus moved to the block of financial assets (*haf*), hence implying an increase in disposable net worth (*dnw*).

LIS/LWS Data Release Schedule

	Winter 2023	Spring 2024
LIS Database		
Belgium	BE18-BE21	
Brazil	BR01-BR22	
Colombia	CO21, CO22	
Germany	DE20	
Ireland	IE20, IE21	
Israel	IL19-IL21	
Italy	IT77-IT84 IT02, IT06, IT12	
Luxembourg	LU20, LU21	
Romania	RO14, RO16, RO20	
South Korea		KR07- KR22
Sweden		SE75-SE99
United Kingdom	UK21	
LWS Database		
Colombia	CO10-CO18	
Italy	IT20	
Luxembourg	LU21	
Mexico	MX19	
Spain		ES20
Sweden		SE97-SE07
Uruguay	UY12, UY13	

Working Papers & Publications

Focus on Financialization Top Incomes in Emerging Economies: A Comparative Distributional Analysis of the Financial Wage Premium in the BRIC 🔗 **LIS WP No. 865 by Anthony J. Roberts (Colorado State University), Emma Casey (Stanford University), and Baylee Hodges (Colorado State University)**

Prior studies on emerging economies contend increasing returns to human capital has contributed to the growth of wage inequality over the last few decades. However, this explanation fails to account for an important dynamic of contemporary wage inequality: the growth of top labor incomes. Research on advanced economies show the emergence of a wage premium in the financial sector increased top labor incomes, but studies have yet to investigate whether a financial wage premium is contributing to the growth of top labor incomes in emerging economies. The present study addresses this theoretical and empirical gap by conceptualizing and measuring the financial wage premium across the distributions of labor income in the most important subset of emerging economies: Brazil, Russia, India, & China. Drawing on harmonized labor force data from the Luxembourg Income Study, the authors utilize unconditional quantile regression modeling and treatment effect estimation to examine the financial wage premium across the distributions of labor income in the BRIC before and after the Great Recession. Consistent with studies on advanced economies, they find a substantial wage premium among top earners in the financial sectors of the BRIC which has grown in the post-recession period. However, the authors find significant variation in size and growth of the financial wage premium because of the variegated nature of financialization across the BRIC. The authors conclude by suggesting subsequent studies should explore the heterogenous effects of subordinate and state financialization on wage dynamics in emerging economies

LIS working papers series

LIS working papers series - No. 863 🔗

Multidimensional Welfare State Change: The End of Sweden and Germany as We Know It

by Jakub Sowula, Franziska Gehrig, Lyle Scruggs, Martin Seeleib-Kaiser, Gabriela Ramalho Tafoya

LIS working papers series - No. 864 🔗

Private Transfers and Poverty Reduction in the United States and France

by Rachel Karen

LIS working papers series - No. 865 🔗

Financialization Top Incomes in Emerging Economies: A Comparative Distributional Analysis of the Financial Wage Premium in the BRIC

by Anthony Roberts, Emma Casey, Baylee Hodges

Published in *International Journal of Comparative Sociology*. July 21, 2023. https://doi.org/10.1177/00207152231187047 .

LIS working papers series - No. 866 🔗

Private Transfers to Young Adult Households in the United States and France

by Rachel Karen

LIS working papers series - No. 867 🔗

Poverty, not the Poor: How Recent Research Changes Our Understanding of the Causes of and Policies for Reducing Systemically High Poverty in the U.S.

by David Brady

News, Events and Updates

Upcoming (LIS)2ER Workshop on: "Housing Policy and Wealth Inequality", 28-29 November 2023

LIS and LISER convene the fourth international scientific workshop in the realm of the (LIS)^{2}ER initiative on "Housing Policy and Wealth Inequality". This year's workshop is organised in collaboration with the University of Luxembourg's PROPEL (PROactive Policymaking for Equal Lives) project, which studies the causes and consequences of housing inequality, and is funded by the Luxembourg National Research Fund (FNR).

The study of housing and wealth inequality is crucial and highly relevant in today's societies. Housing serves as a fundamental human need and is closely linked to households' quality of life. Inequalities in access to safe, affordable housing can perpetuate cycles of poverty and limit opportunities for social and economic mobility. Importantly, housing accounts for the largest share in households' asset portfolios and thus serves as a primary means of wealth accumulation over the life-cycle and across generations. Housing can be considered to be the `asset of the middle class'. In most developed countries, at least two-thirds of households own their primary residence, although this is mostly financed by mortgages. A climate of rising house prices since the 1980s, combined with more recent inflationary pressures, is threatening the middle-class vision of home ownership for all, which can lead to social unrest and political instability. It is therefore not surprising that housing is once again at the centre of political agendas.

Against this backdrop, the 2023 (LIS)^{2}ER workshop on aims to discuss research that enables an understanding of the root causes and consequences of inequalities in housing and wealth. The workshop aims to provide a forum for the discussion of novel research and findings on these issues, and an opportunity for scholars to meet and exchange ideas.

The workshop will take place on 28-29 November 2023 at the Luxembourg University, Belval Campus.

Organizing Committee – Lindsay Flynn (University of Luxembourg) - Teresa Munzi (LIS) - Eugenio Peluso (LISER) - Petra Sauer (LIS, LISER) - Philippe Van Kerm (LISER, University of Luxembourg).

Stay tuned for further information on registration details, and the workshop programme.

More information on the previous workshops carried out through the (LIS)^{2}ER initiative, can be found here for the 2022 edition, here for the 2021 edition, and here for the 2020 edition.

LIS is co-organising a session at the 2024 IARIW Conference

LIS is happy to be part of the 38th General Conference for the International Association for Research in Income and Wealth at Kings College, London, August 26-30, 2024. LIS is co-organising a session on the theme "Furthering Improving Household Distributional Results". The success of similar sessions organized for the 2022 IARIW Conference showed the importance and the need of improving household distributional measures, and we are keen of further expanding that topic. The session is co-organised with the National Academies of Sciences, and the OECD.

LuxAid BRIDGES - accepted project

Within the scope of the LuxAid BBRIDGES project run by the Luxembourg National Research Fund (FNR), the Directorate for Development Cooperation and Humanitarian Affairs of the Ministry of Foreign and European Affairs (MFEA) and the Luxembourg Development Cooperation Agency (LuxDev), LIS, together with LISER, has obtained a small grant to run a feasibility study for a larger collaborative development cooperation project. The project "**MaLaLux**: Data Access Tools and Comparative Welfare Analysis using New Harmonized Microdata on Income and Consumption in Mali and Lao PDR" aims at enhancing the capacity of the Malian and Laotian statistical offices teams in: i) producing robust poverty and inequality indicators, ii) carrying out analysis on income and consumption distributions and their inter-relation, and iii) ensuring that the data management infrastructure plan copes-up with the latest relevant technology. At the same time, the project will catalyze LIS' efforts in expanding its coverage to low-income countries, hence fostering the possibilities of carrying out high-quality research that puts high-, middle- and low-income countries in comparative perspective.

Visit from Korea Institute for Health and Social Affairs (KIHASA)

On July 6th LIS welcomed two researchers from the Korea Institute for Health and Social Affairs (KIHASA) - Department of Poverty and Inequality Research; namely Jeong Jooseong and Tae-Wan Kim. The aim of this visit was to discuss several research topics; mainly measuring poverty using income versus consumption as welfare measure, poverty lines & equivalence scales, poverty policy from an institutional perspective, and the inclusion of assets in poverty measures. From the LIS side, Data Team Manager Jörg Neugschwender and Assistant Director of Operations Heba Omar together with the Data Experts and Research Associates Carmen Petrovici and Piotr Paradowski participated in this meeting and exchanged their ideas and views.

LIS team participation in conferences

- Teresa Munzi gave a LIS presentation at the CEPR Microdata in Europe: The Way Forward Workshop, which was held in Paris on June 15-16. Teresa provided an overview of the LIS data, and presented the LIS 40 years' experience in microdata provision and its evolution overtime.

- On June 30th, Josep Espasa (Data Scientist at LIS) attended the meeting for the OECD Expert Group on Disparities in National Accounts (EG DNA). He presented the 'lisnationalaccounts' R package to reproduce the national accounts coverage ratios published in the LIS Compare.It dashboard.

(LIS)²ER Visitors

Professor Rosa Mulé (University of Bologna) has visited the LIS office from June 19 – 30 as part of the (LIS)²ER visitors program. During her stay, she presented her ongoing work with (LIS)²ER Tony Atkinson research fellow Petra Sauer on "Do different models of capitalism differently affect `within' gender inequality?"

Visiting scholars at LIS

In the last quarter, LIS has welcomed two visiting scholars who came to work on the LIS Databases onsite; namely Professor Maciej Stanislaw Kot and Francisco Cerón. During his visit from July 3 –7, Prof. Stanislaw Maciej Kot (Gdansk University of Technology) worked on the parameters of aversion to rank inequality utilizing the Luxembourg Income Study Data (LIS). He also presented his research on "The method of estimating the parametric equivalence scales" to the LIS staff and guests from LISER and the University of Luxembourg.

During his stay at LIS from July 27-August 4, Francisco Cerón worked on a paper that examines how the labour market value of education has changed in the context of the expansion of higher education. Using the Luxembourg Income Study (LIS), he analyses trends in 11 South American countries over two decades.

In addition, on June 30 - July 2, the student team from Gdansk University of Technology (Konstancja Piksa and Julia Malinowska), together with Dr. Karol Flisikowski, visited LIS to complete the grant project (IDUB Technetium) that aimed to cross-sectionally model household creditworthiness by mimicking the practices of mainstream lenders, using available information from LWS microdata.

The Stone Center – New Call for Two Postdocs – deadline November 1, 2023

The Stone Center just posted the call for its sixth cohort of postdoctoral scholars. This year's call requests applications for two different positions.

The first is for applicants whose work concerns distributions of wealth, wealth inequality, and wealth concentration; intergroup wealth disparities; determinants (including public policies) and consequences of wealth accumulation; and estate, inheritance, and gift taxation.

For the second position, priority will be given to candidates whose work focuses on one or more of the following: global inequality, currently or historically; economic inequality in historical perspective; economic inequality in China.

The two postdocs will be in residence at the CUNY Graduate Center in New York City, from September 2024 through August 2026. The application deadline is 1 November 2023.