Inequality Matters

LIS Newsletter, Issue No. 3 (September 2017)

Dear readers,

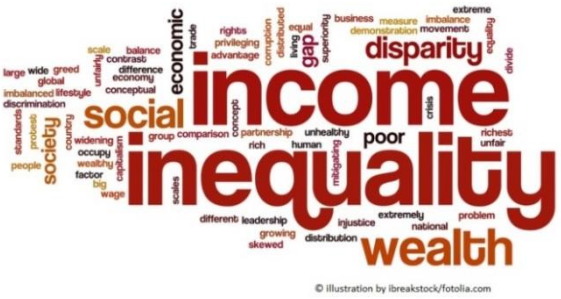
The Luxembourgish summer period has come to an end, but we have been busy preparing new datasets for the LIS and LWS Databases. Alongside with other data releases – Canada for LIS and Austria and Italy for LWS – LIS is happy to announce for the first time the addition of two Lithuanian micro-data sets to the LIS Database. Find out more about Lithuania in our *data news* section and the comparative highlight by Carmen Petrovici (LIS) on labour force participation of elderly workers in Estonia and Lithuania.

This issue's *inequality matters* articles put a strong focus on global inequality; both studies address the recent evolution of global *between* and *within* country inequalities. Maurizio Bussolo (World Bank) investigates the link between increasing educational qualification and global inequality. Bussolo et al. have tested a qualification *increasing* scenario against *a non-increasing* scenario. The findings are remarkable in the light of a more equal world. Olle Hammar (University of Uppsala) and Daniel Waldenström (Research Institute of Industrial Economics and Paris School of Economics) – the authors of our second *inequality matters* – focus on global earnings inequality. The authors elaborate a counterfactual analysis, in which earnings are held constant to the level of 1970; with a break down by country, occupation, region, and sector, Hammar and Waldenström help greatly in clarifying the key drivers in global earnings inequality.

A further highlight on the LIS data determines the unique pattern of old-age poverty in South Korea; Young-hwan Byun (SOFI, Stockholm University) analyses whether South Korean elderly are strongly affected by intra- and inter-generational income inequality. Heba Omar (LIS) studies the evolvement of poverty of households with children in developed countries from 2000 to 2013.

Enjoy reading!

Jörg Neugschwender, editor



Contents

Inequality Matters

Global inequality in a more educated world

Maurizio Bussolo ✉, World Bank

The debate on whether globalization has or not increased inequality has been going on for a while, but the recent wave of populism – with its anti-trade, anti-immigration and nationalistic stances – has made it, again, quite relevant. Globalization has affected the distribution of incomes, but erecting barriers to trade may not help those (countries or groups of people within countries) who are on the losing side, and may likely be worse for all. When looked at with a long run and global perspective, globalization record is not so bad. This short piece tries to offer this perspective. In addition, it shows what is likely to happen to global inequality as more educated young cohorts, especially from developing countries, will enter the global labor market. It concludes that rather than curbing the trends, it would be more useful to manage the process of globalization and its consequences. At a time when more multilateral cooperation and innovation in social protection are needed, less seem to be on offer.

Globalization and *within*-country inequality

Globalization is usually described in terms of the international integration of national markets through goods and capital flows. Other aspects are often cited, such as international diffusion of ideas, culture, technology, and the movement of people. The trends of these variables have been described in a vast literature, and there is a consensus that globalization has greatly advanced in the last three decades or so.

Richard Freeman (2008) proposes a compelling way of characterizing the recent wave of globalization. He contends that a truly global labor market took shape almost all at once in the 1990s, when China, India, and the former Soviet bloc joined the global economy, *doubling* the size of the labor pool from 1.46 billion workers to 2.93 billion workers. With increasing international trade, factor markets get more integrated, and that is why Freeman's way of describing globalization is quite illuminating, especially if one is interested in the link between globalization and inequality. Since the new entrants were mainly low skilled and low wage workers, increasing trade with China, India, and the ex-Soviet bloc meant that unskilled workers in high income countries (as well as in developing countries which were already integrated in the global trade system) were under pressure. The standard prediction from trade theory was that inequality (at least in terms of the skill premium) would increase in high income countries and that it would decrease in developing countries.

However, many empirical studies have not confirmed this prediction (for a thorough review, see Goldberg and Pavcnik, 2007) highlighting that inequality has been increasing instead *within* many developing countries during this period of expanding globalization. Indeed, several other factors were contributing to distributional changes. Economists have been arguing about the relative importance of trade versus technological change, when debating on the causes of the increasing skill premium. While trade may have reduced the skill premium in developing countries, skill-biased technological change may have increased it. But even this rationalization has some problems, as trade itself often induced innovation or maybe just faster adoption of new technologies. In addition, starting around the mid-1990s, growth accelerated across most of the developing world causing further distributional changes (and complicating the identification of the specific impact of trade on inequality). In sum, one can see an evolution of the literature with earlier papers attributing a larger weight to technology and more recent papers emphasizing the importance of trade. As for the high-income countries, in a VoxEU post, Krugman (2007) points out that "it is no longer safe to say that the impact of trade on inequality is minor". Others had expressed concerns over the distributional consequences of globalization. About 20 years ago, Rodrik (1997) wrote "Has globalization gone too far?" a book focused on these issues, and described a possible backlash against globalization. A 2007 World Bank report titled "The next wave of globalization" again warned about hostile responses to international trade and migration flows. More recently, researchers have established a clear link between the polarization of the voting and exposure to trade (see Autor et al., 2016, for the US, and Colantone and Stanig, 2017, for the European countries).

Globalization and *between*-country inequality

Another relevant question is what happened to inequality *between* countries. Has the world overall become more equal, even if inequality *within* some countries has increased? To answer this question, one needs to compare incomes (or consumption) for individuals across all countries in the world and for at least two points in time. In other words, ideally one needs a global household survey. This is not yet available, but thanks to the increasing availability of high quality national household surveys and the harmonization work of institutions like the Luxemburg Income Study (LIS), the World Bank and others, it has been possible to construct a global income distribution for several points in time and appraise the evolution of global inequality. A recent well-known assessment of global inequality has been offered by Lakner and Milanovic (2015) who report a drop of the global Gini index from 72.2 in 1988 to 70.5 in 2008. This decline in global inequality can be largely explained by a reduction of inequality *between* countries due, in turn, by the economic progress in low- and middle-income countries, particularly by the sustained growth of populous countries like China and India. Lakner and Milanovic neatly summarize the evolution of the global income distribution with a growth incidence curve that displays the growth rate experienced since the fall of the Berlin Wall by each percentile of the global population.

This growth incidence curve has a profile of an elephant. It shows clearly that the highest growth rates have been experienced by the middle global percentiles, which correspond broadly to the middle class in China, and that the lowest growth rates have been recorded for the bottom 10 percent (the tail of the elephant) and for those with incomes between the 80th and 95th percentiles (the base of the trunk). This latter group comprises, amongst others, the lower middle class of the US. Another stylized fact highlighted by this graph is that the top percentiles (the tip of the trunk of the elephant) have also enjoyed very high growth rates. This graph thus shows both the catching up of poor countries such as China and India, and the stretching of the distributions *within* countries.

From this and other studies one concludes that global inequality has come down and that most of the reduction is explained by a reduction of inequality *between* countries. Is this a relevant result? Or asked differently, is global inequality a useful concept? Some, for example Bhagwati (cited in Milanovic) taking quite a strong position, say that a global Gini is 'a lunacy', an irrelevant number. In fact, the argument goes, there is no global government that can deal with global inequality. Social contracts, implicit in the formation of national states, are established at country levels, and a global Gini is just a number with no addressees.

But if one were to evaluate the world impact of the liberalization of trade, the diffusion of technology and globalization in general, then the global population is the relevant one. Equity (national or international) is valued by people. There is abundant evidence that relative, and not only absolute, levels of incomes matter for welfare. Even if there is no global government, globalization increases awareness of others' incomes, and the management of the possible tensions requires multilateral agreements.

The recent surge of populism (Rodrik, 2017) makes the achievement of new encompassing multilateral agreements quite unlikely, thus asking what would be the most likely evolution of global inequality in the future a quite relevant and interesting question.

A look at the future of global inequality

In a recent paper, Ahmed et al. (2017) investigate this exact question. In this study, we make two main contributions: firstly, we identify a forthcoming education wave that is altering the skill composition of the global labor supply, and impacting income distribution, at the national and global levels; and secondly, by using a general-equilibrium macro-micro simulation framework that covers harmonized household surveys representing almost 90 percent of the world population, we offer an estimation of the distributional impact of this education wave.

On current trends, based on UN population projections (UN, 2015) and current rates of educational enrollment (conservatively kept constant into the future), the world will see the number of skilled workers rising from 1.66 billion in 2011 to 2.22 billion by 2050, an increase of about 560 million or 33 percent. Note that this prediction is based on what is already in the pipeline: young better educated cohorts entering the workforce while older less educated ones are exiting. With increases in educational efforts, the education wave may actually be even stronger. As in the case of the great doubling of the 1990s, the role of developing countries is crucial. Due to their investments in education and their growing populations, developing countries will contribute all of the additional workers to the world pool of educated workers. The number of skilled workers in high-income countries is projected to decline, from 603 million in 2011 to 601 million in 2030 and 594 million in 2050.

Not exactly another great doubling, but still a dramatic change. In 2011, each skilled worker in high-income countries was sharing the global market with two skilled workers in developing countries, while by 2030, this ratio will be one to three. The increase in the supply of skilled workers will likely drive down the education premia these workers enjoy (other things being equal), and it may affect inequality *within* countries in a beneficial way. This kind of result has, for example, already been observed in developing countries in Latin America and the Caribbean (Lopez-Calva and Lustig, 2010). Note that, because of trade links, wages of skilled workers in high-income countries will also come under pressure even if their domestic supply will not be increasing.

In terms of global inequality the results are summarized in this table:

Table 1: Global inequality will go down in a more educated world

Inequality measures	2012	2030	
		Education Wave	No Wave
Gini index	65.8	62.6	63.2
Theil-L	90.7	76.6	78.6
Theil Decompositions:			
Between countries (%)	57.2	49.1	48.6
Within countries (%)	42.8	50.9	51.4

Source: Ahmed et al. (2017)

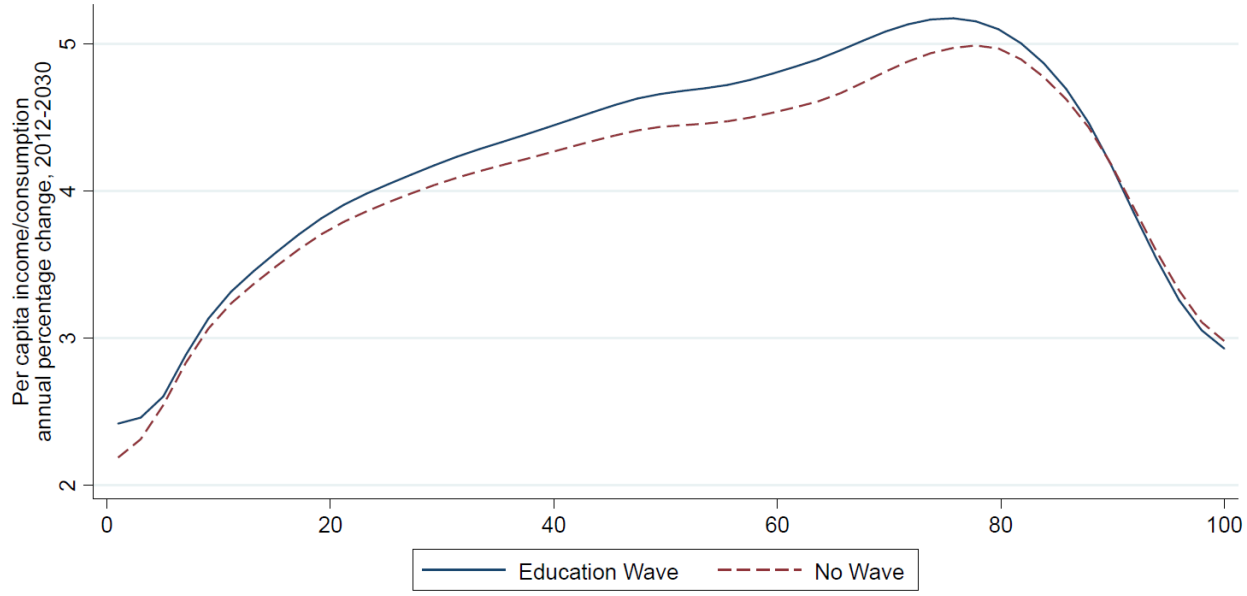
These results confirm that the world will become more equal by 2030 as it becomes more educated. The (individual-based) Gini index falls from 65.8 in 2012 to 62.6 in 2030, while the Theil-L index is reduced from 90.7 to 76.6. Compared to recent patterns, these results suggest a continuation of the reduction in global inequality. During the great doubling of the global labor force, global inequality decreased by 2.3 percentage points in a 20-year interval from 1988 to 2008 (Lakner and Milanovic, 2015). Our education wave scenario shows a comparable reduction of 3.2 percentage points. As in the previous period, global inequality decreases mainly because, on average, poorer countries are catching up. At the beginning of the period, the contribution of the '*between*-countries' component to total inequality is close to 60 percent. However, by the end of the period, the *between*-country component drops to less than 50 percent while the *within*-countries component correspondingly rises to slightly above 50 percent. This means that, in the future, developments of inequality *within* countries will become more important in the evolution of global inequality. The world will start becoming more unequal, if inequality *within* countries will keep rising.

The importance of the education wave in the dynamics of inequality *within* countries can be seen by comparing the results of the education wave with those of the no-wave scenario (a scenario where the numbers of both skilled and unskilled workers grow at a same rate) in the last column of the above table. The decreases of the skill premium in the education wave scenario pushes down inequality *within* countries, while this is not the case in the no-wave scenario. As a result, the *within*-group component in the no-wave scenario, as well as total inequality, are higher than those in the education wave.

Comparing the global growth incidence curves (GICs) for the education wave and the no-wave scenarios is another way of illustrating the change in the global distribution.

These GICs highlight several interesting points. First, the education wave provides its highest benefits for the population with incomes between the bottom 20 and top 20; growth rates for the groups at the two extremes of the distribution are 1 to 2 percentage points lower than for the group in the middle. Second, the no-education wave rates of income expansion are below those of the education wave scenario for everyone with incomes up to about the 90th

Figure 1: Global Growth Incidence Curves: The education wave versus the no-wave scenario



Source: Ahmed et al. (2017).

percentile. This is expected as the education wave is mainly a wave in the developing world. Third, the distance between the two lines appears small but, for the middle of the distribution and the bottom 5 percent, the difference should not be underestimated. In fact, half a percentage point gap in growth rates accumulates to 10 percent larger incomes after 20 years, a non-trivial difference.

A more educated world – more equality?

This 2030 scenario analysis is a big thought experiment, but still provides useful information. It shows that the number of high incomes to developing countries' skilled workers will reach, at least, the 1-to-3 proportion by 2030, up from the current 1-to-2. It also answers the question of what would happen to global inequality once the world will become more educated. As shown by the 'new' elephant graph above, there will be gains but they are not uniform, and there will be distributional tensions.

Education, as it has been in the past, can still play the role of equalizer, but there is an important caveat. The global inequality reduction described in this thought experiment, depends on no changes in policies. New trade barriers, as other nationalistic policies, while justified as a remedy to the unfair consequences of globalization, may backfire, and global and local inequality may increase. The gains from international trade are inexorably linked with its impact on shifting resources – on destroying as well as creating jobs. Curbing trade may mute distributional tensions but also erase overall gains. Policymakers should focus on managing the adjustment. But this is often more complicated than increasing tariffs, as it means opening a discussion on how a society shares the burden, and the gains, of globalization.

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Global earnings inequality: Evidence from a new database[1]

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How people fare in the increasingly global economy is one of the big questions of our time. Has everybody benefited equally from the past era of economic growth, and what are the most important factors in the way that income is distributed? A few recent studies have tried to examine this question, estimating the level of global income inequality from a compilation of national household surveys since the late 1980s (e.g. Anand and Segal 2015, Bourguignon 2015, Lakner and Milanovic 2015). They find that global income inequality is high – higher than in any single country – but that it has fallen since the 1990s, largely as a result of rapid income growth in low- and middle-income countries.

In recent work, we take a different approach. We focus exclusively on labour earnings, which is the main income source for the vast majority of the world's population (Hammar and Waldenström 2017). We create the first estimates of global *earnings* inequality, its trend between 1970 and 2015, and some evidence on its main drivers.

Falling global earnings inequality (1970-2015)

The estimation of the global earnings inequality rests on a unique earnings survey database run by UBS, a Swiss bank. It contains data on earnings, taxes, working hours, and local prices for workers in 15 representative occupations. The data have been collected in the same way every third year since 1970, in up to 85 cities in 66 countries, in all the world's continents. We match it with occupational and country population data from the ILO and the World Bank. Our balanced sample covers more than 80% of the global population, and correlates well with statistics from other sources. It should be noted that the tails of the distribution are not well covered in our data, but imputations from other sources (top incomes from the World Wealth and Income Database, for example) suggest only a modest impact on the global earnings inequality trend.

Figure 1 shows the main result – that global earnings inequality was very high in 1970 (with a Gini coefficient of around 70), but has fallen to a lower level today (around 60). The main equalisation occurred in the late 1990s and 2000s. Global pre-tax inequality is higher than global post-tax inequality (approximately 3 Gini points), and inequality is higher for hourly wages than for yearly earnings (approximately 1 percentage point). The latter suggests a negative relationship between earnings and hours worked at the global level. Compared with earlier studies on global inequality in income or consumption, we find that inequality in earnings and wages is slightly lower, but follows a similar trend.

The UBS data let us follow each occupational group, in each country, over time. This means we can identify the winners and losers in the decline in inequality by plotting the earnings growth of each country-occupation since the 1970s against its initial rank in the global earnings distribution. Figure 2 shows this non-anonymous growth incidence curve. For illustration, we have marked a low- and a high-earning occupation (unskilled construction workers versus skilled department managers, respectively) in some sample countries. This illustrates the earnings dispersion both within and between countries, and shows that average earnings growth over this period has been higher in the lower half of the global distribution than in the upper half.

Inequality has increased *within* countries but decreased *between* countries

Decomposing the global earnings inequality trend within and between countries, we find that within-country inequality rose over this period (by 5 Gini points), while between-country inequality fell (by 15 points), leading to the combined effect of a 10-point fall in total earnings inequality. In Figure 3, we can also see that the main shift in both of these trends took place at almost the same time, during the early years of the 21st century. We also find that inequality within occupations has fallen, especially within the traded, industrial sector. This suggests that globalisation could be a potential driver of this earnings convergence trend.

Fig. 1: Global earnings inequality trend, 1970-2015

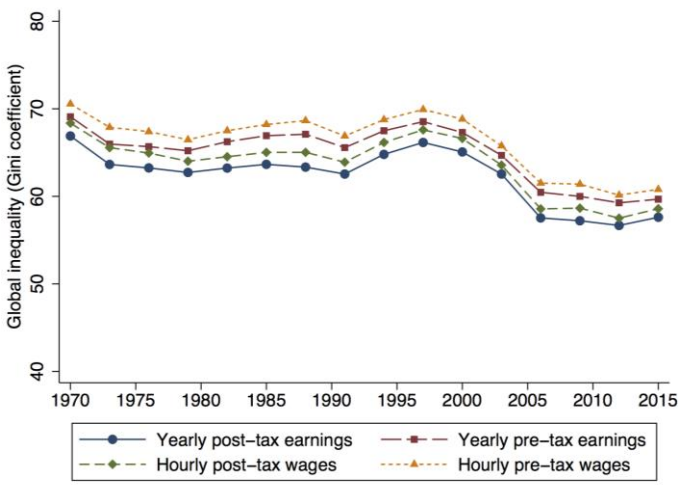
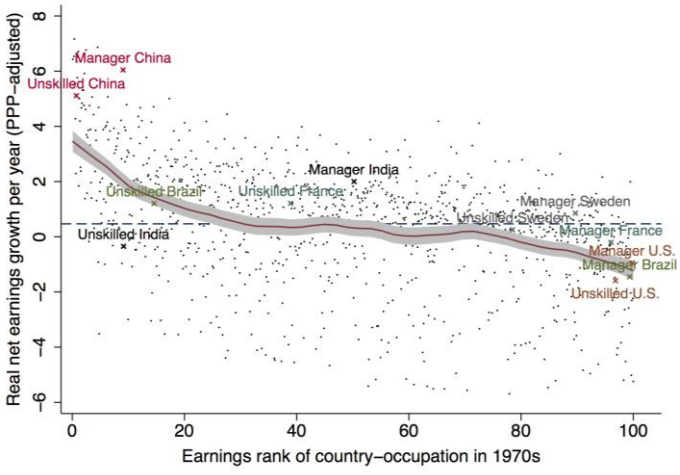


Fig. 2: Growth incidence of country-occupations (1970s-2010s)



Earnings growth in Asia and the agricultural sector key drivers

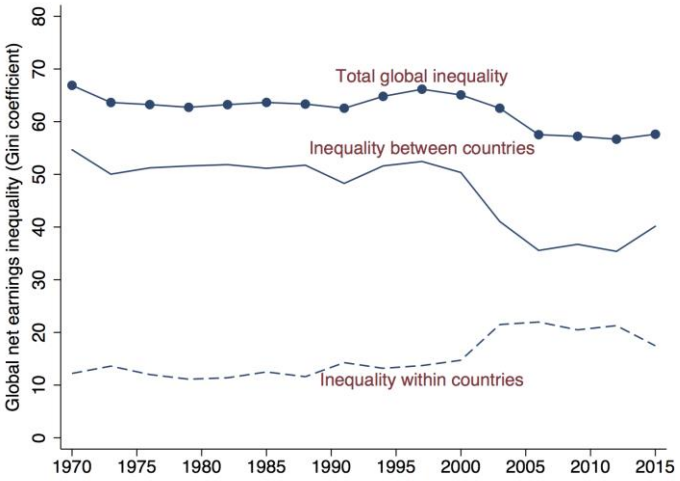
What are the drivers behind the level of, and trend in, global earnings inequality? We perform a counterfactual analysis to examine this question. This is done by comparing actual global inequality with a counterfactual inequality, for which we keep the 1970 gross hourly wages fixed for countries, occupations, regions and sectors, one at a time. In Figure 4 we see that, ceteris paribus, earnings growth in Asia contributed to a global earnings inequality drop of 20 Gini points. Similarly, earnings growth in China contributed to a fall in global earnings inequality of almost 10 percentage points. The change in earnings in the US and North America, on the other hand, increased global inequality. Among the different occupations and sectors, changes in agricultural earnings seem to be the dominant factor behind the global inequality drop, followed by earnings growth among female service workers. Earnings changes among industrial managers have had the opposite effect on global inequality.

A falling trend in global inequality

Our new evidence on global earnings and wage inequality shows a falling trend over the past half-century. Similar to previous findings for global household income inequality, the main equalisation period was the late 1990s and 2000s. At this time several large, developing economies experienced high growth rates. Higher earnings in the agricultural sector, but also some low-skill urban professions, contributed specifically to this trend.

We hope that these findings and the new Global Earnings Inequality Database, which we have made publicly available, will spur further research on this important topic – as well as many other issues related to local, regional and global labour markets.

Fig. 3: Global earnings inequality within and between countries (1970-2015)



[1] *© VoxEU.org, 2017. This article has been first published on 3 July, 2017 in the column 'poverty and income inequality' on voxeu.org – CEPR's policy portal.*

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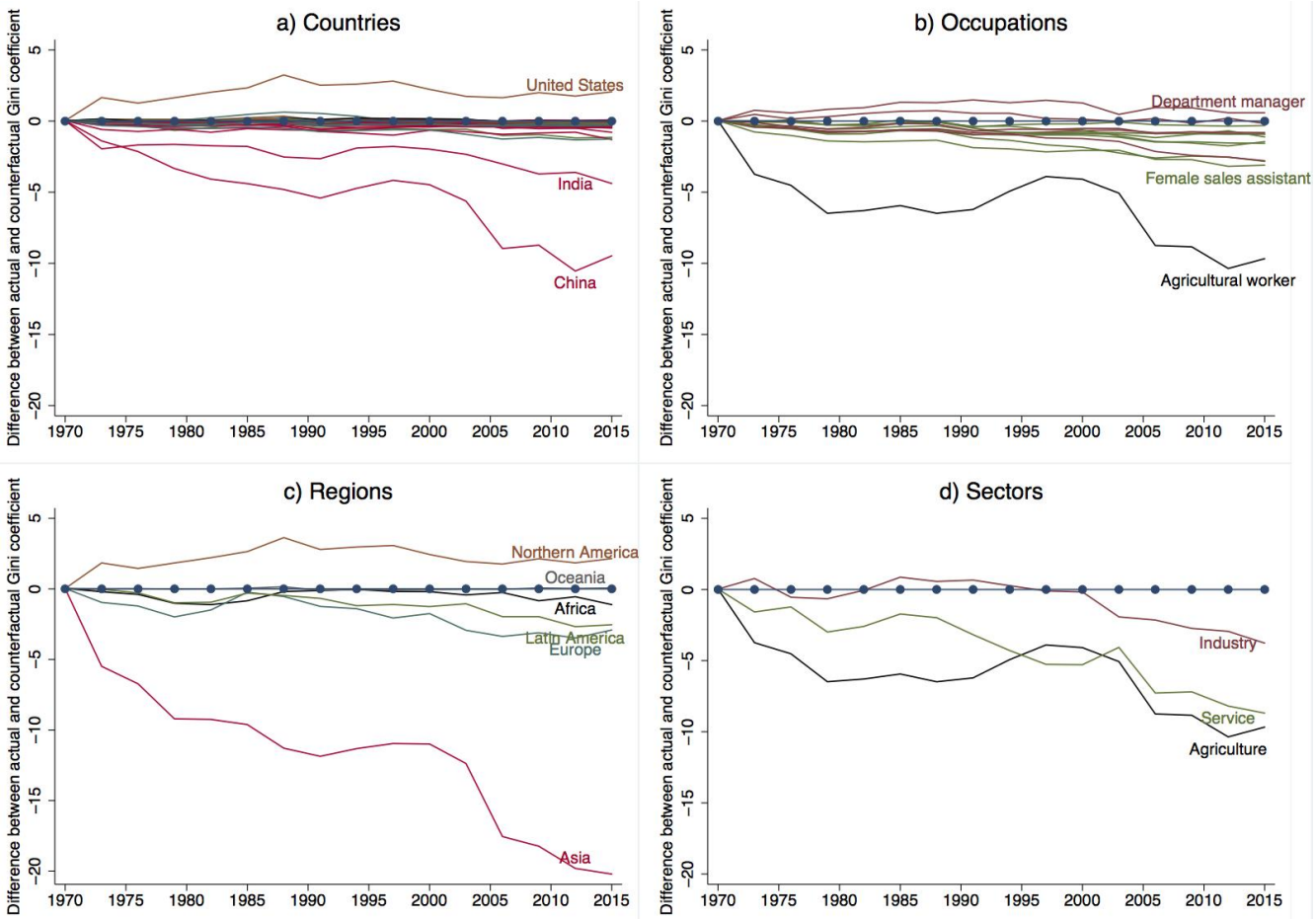
Fig. 4: Comparing actual with counterfactual inequality, holding 1970 earnings constant



Working Papers & Publications

LIS working papers series

LIS working papers series - No. 705
Informal Transfers in Comparisons of Monetary Welfare and Its Distribution *by Yixia Cai, Martin Evans*

LIS working papers series - No. 706
Absolute Poverty: When Necessity Displaces Desire
by Robert C. Allen

LIS working papers series - No. 707
Labour Income, Social Transfers and Child Poverty
by Bruce Bradbury, Markus Jäntti, Lena Lindahl

LIS working papers series - No. 708
The Rise of Precarious Employment in Germany
by David Brady, Thomas Biegert
Forthcoming in *Research in the Sociology of Work: Precarious Employment*, Volume 31 (December 2017).

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The Danger of a One-sided Story: The Effects of Production Regimes and Family Policies on the Gender Employment Gap
by Ji Young Kang

LIS working papers series - No. 710
The Motherhood Wage Penalty: A Varieties of Capitalism Approach
by Erik Lundquist, Hanna Eklööf

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Comparative analysis of poverty in Greece versus richer European Countries in the debt-crisis era
by Georgios Symeonidis, Manolis Valavanis, Georgia Venetsanakou

LIS working papers series - No. 713
Diverging destinies in international perspective: Education, single motherhood, and child poverty *by Juho Härkönen*

LIS working papers series - No. 714
Single-mother poverty: how much do educational differences in single motherhood matter? *by Juho Härkönen*
Forthcoming in *The Triple Bind of Single-Parent Families: Resources, employment and policies to improve well-being*, edited by R. Nieuwenhuis and L. Maldonado. Policy Press. (March 2018).

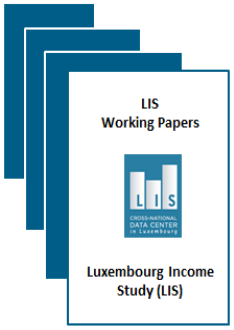
LIS working papers series - No. 715
Market and disposable top income shares adjusted by national accounts data *by Thomas Goda, Santiago Sanchez*

LIS working papers series - No. 716
Economic Conditions of Young Adults Before and After the Great Recession *by Maria Sironi*

LWS working papers series

LWS working papers series - No. 24
Wealth, Top Incomes and Inequality
by Frank Cowell, Brian Nolan, Javier Olivera, Philippe Van Kerm
Published in *Wealth: Economics and Policy*, edited by K. Hamilton and C. Hepburn. Oxford University Press (September 2017).

LWS working papers series - No. 25
The Redistributive Effects of Inflation and the Shape of Money Demand by Paola Boel



Focus on 'Labour Income, Social Transfers and Child Poverty' – LIS WP No.707

by Bruce Bradbury ✉ (SPRC, University of New South Wales), Markus Jäntti ✉ (SOFI, Stockholm University), Lena Lindahl ✉ (SOFI, Stockholm University)

Since its creation, the LIS database has played a central role in documenting the living standards and 'income packages' of disadvantaged families. This paper continues this tradition, examining the living standards of the poorest children in rich (and some middle-income) nations. Our focus is on the relative importance of social transfers (net of taxes) and market incomes and the extent to which low market incomes are due to either low wages or to low parental employment. The key dependent variable is the average family income of the poorest fifth of children, relative to the median income in their country (all adjusted for household size). Across countries, this measure is strongly correlated with rates of relative income poverty, but has the analytical advantage of providing a simple decomposition by income source.

Across the most recent wave of LIS data, the cross-national variation in the incomes of these disadvantaged children is comprised equally of variations in market and in transfer incomes. Many of the different 'welfare state models' are clearly discernible in this distribution. Nordic countries have high relative average incomes, of which more than half is from market income, Mediterranean countries have low incomes and East Asian countries have reasonably high incomes, almost all of which are from the market. The English-speaking countries stand out, as all having relatively low market incomes, but have substantial variation in transfer income. Using a synthetic wage/hours decomposition, we estimate that their low market incomes reflect low employment hours in Australia and primarily low hours in the UK and Ireland, while in the US and Canada low hours and low pay contribute equally.

During the most recent recession, decreases in market income were generally matched by increases in transfers - so that in most countries where we have time-series data the relative disposable incomes of the bottom fifth of children were reasonably stable. Spain is an important exception, where the most disadvantaged children fell further behind the average living standard. In Ireland, the living standards of disadvantaged children fell substantially, but were matched by falls in average incomes.

Data News

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

Data releases

Luxembourg Income Study (LIS)

Canada

One new dataset from Canada, CA13 (Wave IX) has been added to the LIS Database. The dataset is based on the second wave (2013) of the new Canadian Income Survey (CIS) carried out by Statistics Canada.

Lithuania

With the addition of two datasets, LT10 (Wave VIII) and LT13 (Wave IX), Lithuania is the new country that was added to our LIS Database. The datasets are based respectively on the 2011 and 2014 waves of the Lithuanian Survey of Income and Living Conditions (SILC) carried out by Statistics Lithuania.

Luxembourg Wealth Study (LWS)

Austria

Two new datasets, AT11 (Wave VIII) and AT14 (Wave IX), have been added to the LWS Database. The datasets are based respectively on the first and second waves of the Austrian Household and Finance Consumption Survey (HFCS) carried out by the National Bank of Austria and co-ordinated by the European Central Bank (ECB).

Italy

With a view to create longer time-series in the LWS Database, four old data points have been added to the Italian series: IT95 (Wave IV), IT00 (Wave V), IT04 (Wave VI) and IT08 (Wave VII). The datasets are based on the corresponding waves of the Survey of Household Income and Wealth (SHIW) carried out by the Bank of Italy.

Data revisions

Luxembourg Income Study (LIS)

Canada - CA94, CA97, CA98, CA00, CA04, CA07 and CA10
Guatemala - GT06, GT14: non-monetary incomes and consumption
Italy - IT95, IT98, IT00, IT04, IT08, IT10, IT14: new weight, treatment of taxes and contributions, consumption

Luxembourg Wealth Study (LWS)

Italy - IT10, IT14: new weight, treatment of taxes and contributions, consumption

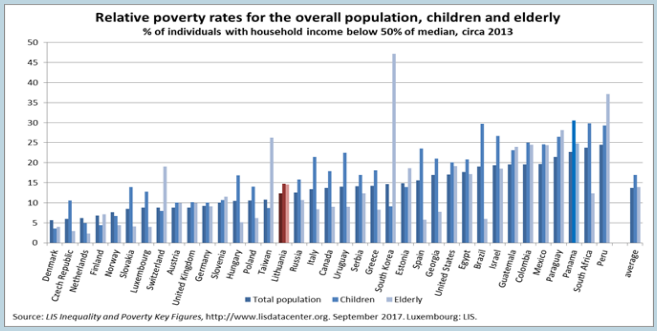
LIS/LWS Data Release Schedule

	Winter 2017/18	Spring 2018	Summer 2018
LIS Database			
Australia		AU14	
Chile	CL15/13/11/09/06	CL03/00/98/96/94/92/90	
China		CN13	
Colombia		CO16	
Hungary	HU15		
Iceland		IS13	
Japan		JP10/13	
South Africa	ZA15		
Tunisia		TN14	
Uruguay	UY16		
LWS Database			
Australia		AU04/14	
Germany	DE02/07/12		
Japan		JP10/13	
Spain	ES09/11/14		
South Africa	ZA15		
Sweden	SE02/05		
United Kingdom		UK13	

Lithuania – the latest country to join the LIS Database

Lithuania regained its independence in 1990 after being part of the Soviet Union for decades. Together with Estonia (also included in the LIS Database) and Latvia, the three countries known as the Baltic States, joined the European Union in 2004 which helped boost their economies. With a surface of 65,300 km^2 and a population of 2.85 million, Lithuania is one of the smallest Member States of the EU. The recent financial crisis heavily affected the country, with a drop in GDP of almost 15 per cent in 2009. The crisis caused a substantial increase in social security costs, which triggered a significant drop in generosity of unemployment and pension benefits for the duration of the austerity period.

The two data points added to the LIS Database (LT10 and LT13) capture the period after the crisis, where the country has seen considerable growth, back to the pre-crisis levels. Nevertheless, GDP per capita is among the lowest in the European Union, and the economy is facing various challenges. Immigration is one of the highest in the EU, with high-skilled young people leaving the country; there is a substantial mismatch between supply and demand on the labour market. Lithuania experienced an increase in inequality in recent years; at risk-of-poverty rates at 60% of median income were at 20.1% in 2013, 3.4 percentage points above the EU average. For the rural population, the poverty risk was 3 times higher than for urban inhabitants, with children, social risk families, elderly, and small scale farmers being the most vulnerable groups.[1]



[1] Braziene, R., Poverty and social exclusion in rural areas - Country Studies-Lithuania, in: Bertolini/Montanari/Peragine, Poverty and social exclusion in rural areas, EC, 2008.

Highlights

Old-age poverty in South Korea

Young-hwan Byun ✉ , Swedish Institute for Social Research (SOFI), Stockholm University

A recent Guardian article attracted broad attention to an extremely high old-age poverty rate in Korea. Titled, "South Korea's inequality paradox: long life, good health and poverty", it raised a puzzle how a country with the longest life expectancy finds itself with nearly half (48.6 percent) its older citizens living in poverty. As a preliminary step to unravel this puzzle, I reviewed the data referred by the Guardian and examined the Korean elderly poverty using the LIS data.

The Guardian used the OECD data for elderly poverty rates and the data from the Longevity Study at Imperial College London for life expectancy. The latter estimates that Korean females born in 2030 will have the longest life expectancy in the world. However, the choice of life expectancy measure seems to reflect the author's intention to frame the elderly poverty issue more paradoxically. A better measure for life expectancy is that of the current elderly population rather than that of the future generation. According to the OECD data, the life expectancy of the Korean elderly (at age 65 in 2011) is not the longest. Korea ranked at the 14th longest for females (86.5 years) and the 25th for males (82.1 years) among 35 OECD countries (OECD, 2017). Though not the highest, it is still high. For females, the life expectancy is slightly longer than that of Sweden (86.3 years).

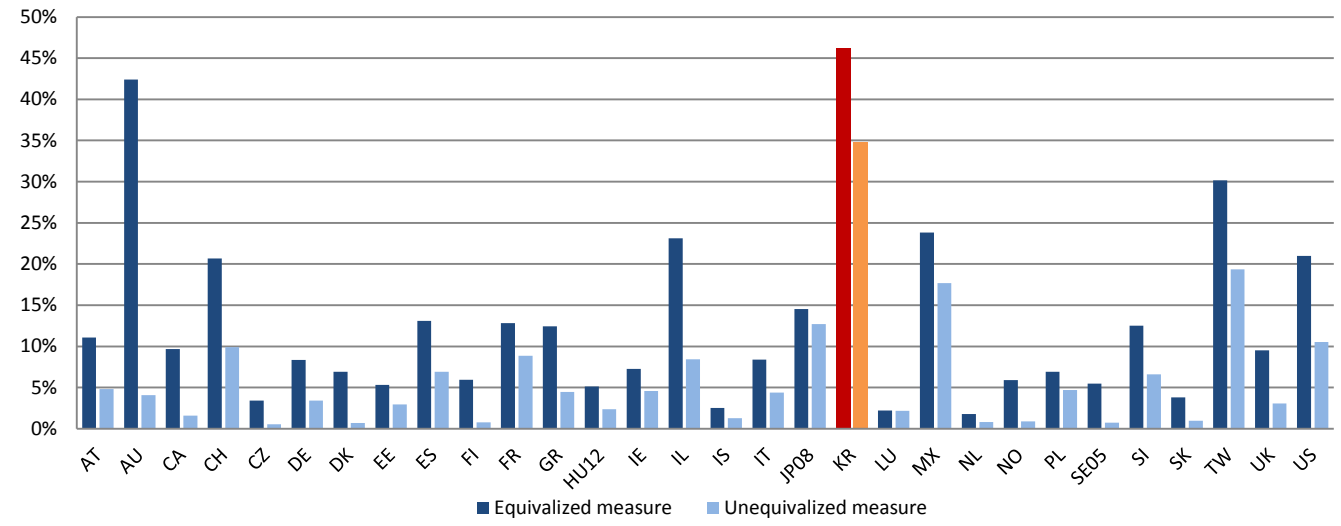
Independent of Korea's rank in terms life expectancy, it is still puzzling how a rich democracy can sustain such a high elderly poverty rate. To begin with, I checked the possibility of overestimation. To measure elderly poverty rates, it is conventional to transform household incomes into personal incomes of each household member (OECD, 2015). In this process, the economy of scale is taken into account by using an equivalence scale. Consider Household A with 2 adults and 2 children having a monthly income of 40,000 USD and Household B with 1 elderly having a monthly income of 10,000 USD. Using the OECD equivalence scale (square root scale), each member in Household A will not be assigned 10,000 USD (40,000/4), but 20,000 USD (40,000/$\sqrt{4(\text{household size})}$). And for a member in Household B, the equivalized income is the same 10,000 USD (10,000/$\sqrt{1}$). This is based on the assumption that each member's utility will increase by sharing goods and services. This process makes the poverty rate of the elderly higher (and that of children lower) than it is without (Föster, 1994). This is because the equivalized measure inflates the median income (and the poverty threshold defined as 50% of the median).

To check this potential overestimation, I measured elderly poverty rates using (unequivalized) per capita income, i.e., each member's income is measured by household income divided by household size. The results are compared with the poverty rates using the equivalized measure (Figure 1). In some countries, including Australia, Israel, and Denmark, the alternative measure reduces the elderly poverty rates drastically (by more than 60%). But, the extent of reduction is relatively small (by 25%) in Korea, leaving its elderly poverty rate remained as high as 35 percent. This suggests that those poor elderly in Korea tend to have incomes significantly below the poverty threshold, which makes its poverty score less sensitive to different equivalence scales.

It seems valid to conclude that the elderly poverty in Korea is exceptionally high among OECD countries. The expert commentaries in the Guardian article highlighted generation-specific reasons why the current elderly people in Korea are poor. They attributed it to insufficient savings due to the expectation that adult children look after the elderly according to Confucian ethics and overspending on children's education.

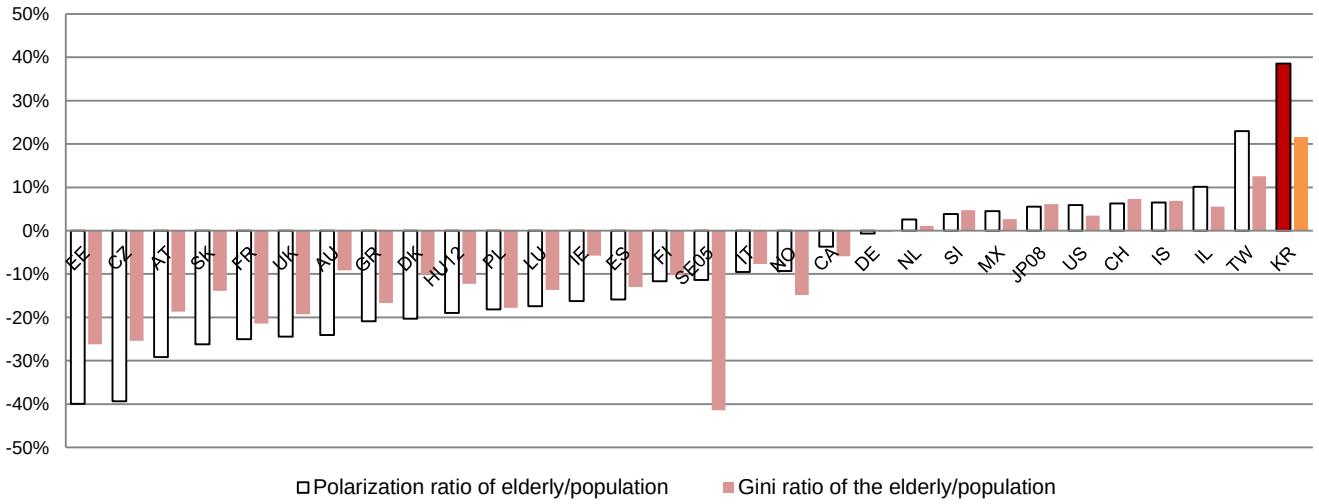
However, it needs to be cautioned to perceive this problem mainly as old-age poverty in a rich country, i.e. an inter-generational inequality issue. If the problem is mainly about poor old-aged versus well-off working-aged, the solution should be redistribution between generations. In fact, the old-age poverty in Korea reflects intra-generational inequality as much as inter-generational inequality.

Figure 1. Old-age poverty rates among 29 OECD countries (and Taiwan) in 2010



Source: Luxembourg Income Study (LIS) Database

Figure 2. Relative inequality between the elderly and the total population among 29 OECD countries (and Taiwan) in 2010



Source: Luxembourg Income Study (LIS) Database

Figure 2 presents the relative inequality level among the elderly compared to that of the population. Using the LIS data, I measured the Wolfson and Foster's polarization index and the Gini coefficient for the elderly and the total population. The scores represent to what extent the inequality among the elderly is higher (+) or lower (-) than that of the population. For this, I used the per capita income measure. By both measures of inequality, intra-elderly inequality relative to general inequality is the highest in Korea among 30 industrialized democracies. The Gini coefficient among the elderly is 21.5 percent higher than that of the population, while the degree of income polarization among the elderly is 38.6 percent higher than that of the population. In 20 countries, intra-elderly inequality is lower than that of the population. Among those 10 countries where intra-elderly inequality is higher than that of the population, Korea's score is exceptionally high.

In sum, an exceptionally large share of elderly citizens in Korea lives with incomes below the poverty threshold. Equally important, such a high elderly poverty rate reflects intra-generational inequality as much as inter-generational inequality in the country. Indeed, a substantial share of Korean elderly can rely on generous pension benefits if they retired from public sector jobs, or rental incomes from their owned dwellings (Statistics Korea, 2017). In 2014, South Korean government introduced a basic old-age pension to reduce the old-age poverty. Hotly debated issues then were whether the government should provide basic pensions to all elderly or only to the poor elderly and whether the national pension funds should be used to finance it. It ended up giving a small amount (180 USD/month) to 70 percent of the elderly population, using general tax revenues. Given the significant intra-generational inequality (especially a high degree of income polarization among the elderly), it might be more effective to reduce the elderly poverty if higher benefits were given to the poorer elderly (say bottom 35 percent), while using some measures of intra-generational redistribution from the affluent elderly to the poor elderly.

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Are more children growing poor in developed countries? Evidence from the LIS Database 2000-2013

Heba Omar ✉, LIS

Poverty is a multidimensional phenomenon that affects all facets of people's lives. It deprives people in many aspects (i.e.: lack of basic necessities of life, deny people of choices and of opportunities for a better life, or better acceptable life opportunities, prevent people from knowledge and communication). Considerable attention has been drawn to studying child poverty in particular; this interest has evolved from the fact that child poverty affects their current health, education, and nutrition status. Combined with lower education level attained, lower skills acquired and fragile expected work productivity, the likelihood of further transmitting poverty from one generation to the next seems rather high.

According to a recent UNICEF briefing note "Ending Extreme Poverty: a focus on children", children were found twice as likely to be living in extreme poverty compared to adults, using the $1.90 a day poverty line, 19.5 percent of children in developing countries were living in poor household compared to 9.2% of adults, the same conclusion remained robust upon using different levels of poverty lines (e.g. $3.10..etc.) (UNICEF, 2016).

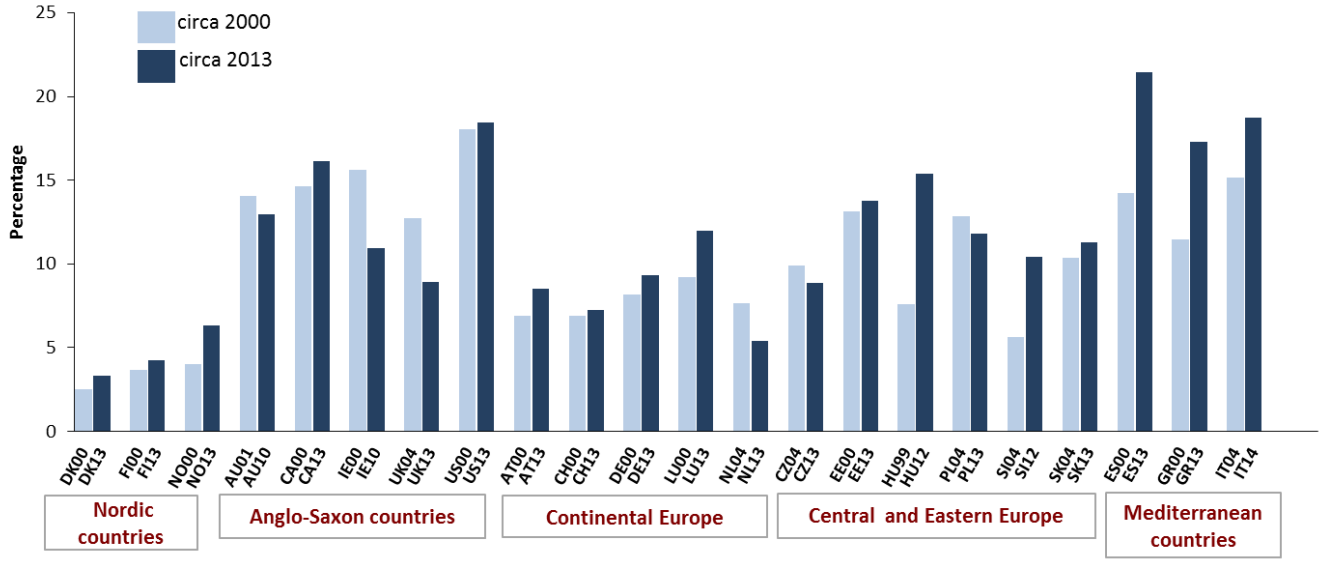
While most of poor children are located in developing countries mainly Sub-Saharan Africa followed by South Asia, it was indicated in the UNDP SDGs briefing note "No poverty: why it matters" that also, surprisingly, 30 million children are growing up poor in the world's richest countries. Inspired by this remarkable statistic, this article is an attempt to first monitor the evolvement of poverty level of households with children (HwC) in developed countries from 2000 to 2013 and then to investigate the link between the coverage rate of the social security protection system, mainly family and child transfers, offered to households with children and their poverty levels.

Although poverty analysis is better carried out using relative measures along the direct deprivation measures, to capture all the multi-dimensional angles of the phenomenon, in this article a single relative poverty measure is used, due to data availability, as the LIS Database does currently not cover material deprivation. Consequently, a household with children is considered poor if its annual equivalised disposable income is less than 50% of the median of the national annual equivalised disposable household income (DHI).

In order to explore the link between child benefits coverage and the households with children poverty level, we will accommodate one indicator listed under target 1.3 of the SDG goal 1[1] , which is the ratio of households receiving children benefits to the total number of households with children. However, developed countries differ in the social security system adopted. Therefore, these benefits could be universal, means-tested, or insurance-based; each type of these benefits are grouped together in the LIS Database and respectively split in *maternity/parental wage-replacement*, *family/child universal benefits*, and *family/maternity/child assistance*. In this article, we will not focus on the relevance of each subcategory, but rather focus on the joint coverage with any family-related program. Thus, in the following, the LIS variable hmiatfam: family/children transfers[2] will be used. This will expand the SDG indicator scope to include any family/child benefits the household has received.

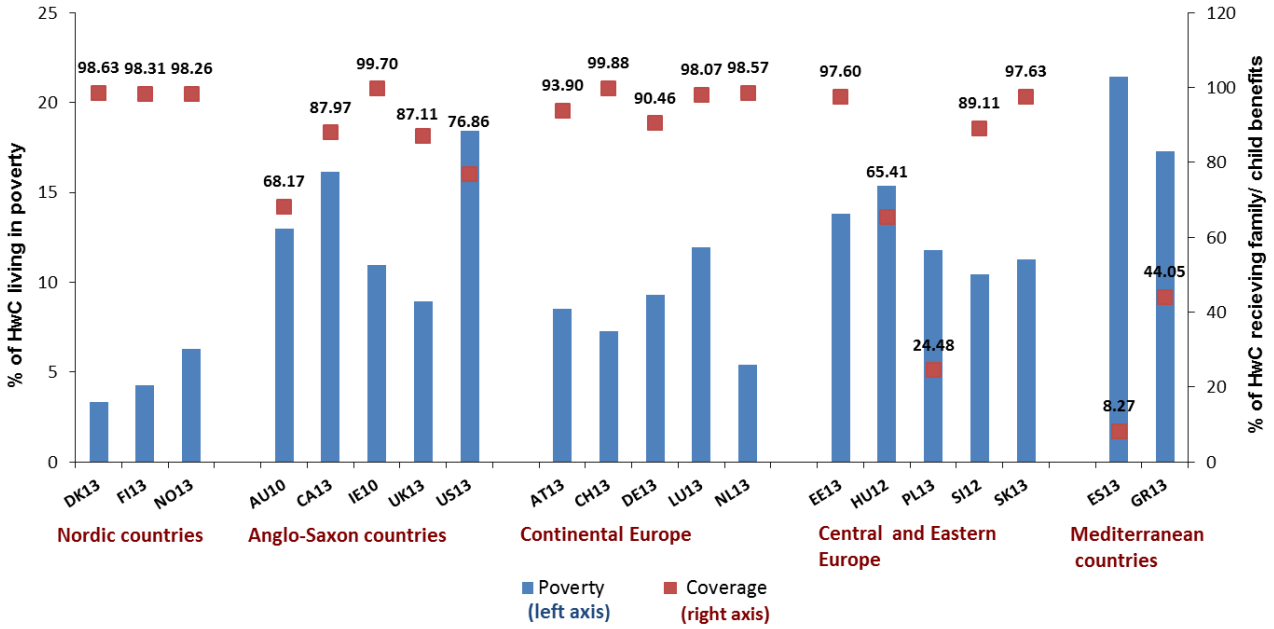
The unit of analysis used is households with children (HwC), without adjusting for the number of children living in these households. This approach was valued the most suitable, to enable assessing the poverty rates of these households in accordance with family benefits coverage which is calculated on the household level[3]. Besides, child poverty rate is intrinsically derived from the poverty rate for households with children, which is a relative poverty measure not a direct child deprivation index.

Fig. 1: Poverty rate of Households with Children (HwC) in selected developed countries, circa 2000-2013



Source: Luxembourg Income Study (LIS) Database

Fig.2: Poverty rate and family/child benefits coverage rate of households with children (HwC) in selected developed countries, circa 2013



Source: Luxembourg Income Study (LIS) Database

Figure 1 addresses the main question in the article's title, on whether more children are experiencing poverty in developed countries' households or not. The time period for this analysis covers the development between circa 2000 and 2013. The figure shows that the poverty rates for households with children have increased in 16 out of the 22 developed countries included, with an exception of six countries namely Australia, Ireland, United Kingdom, Netherlands, Czech Republic, and Poland, where the HwC poverty rates have declined. The observed increase in poverty rates does not occur in the same pattern among the countries; for Denmark, Finland, Switzerland, Estonia and Slovakia, the increase is less than one percentage point, while the highest increase can be seen in the Mediterranean countries. The HwC poverty rate in Spain jumped from 14 % in 2000 to 21% in 2013, indicating that one out of five households with children is experiencing poverty. It is also worth noting that poverty among households with children (21.4 %) is substantially higher than the national household poverty rate (14.8%), a similar pattern is detected in Italy and Greece with increasing poverty rates for households with children over time; which is also higher than the national average. For the exceptional six countries that showed decreasing levels of the indicator over time, the reduction in percentage points differs across the countries. Tangible decrease in Ireland and United Kingdom with approximately 4, 5 percentage points respectively, compared to around one percentage point in Czech Republic, Poland, and Australia.

Figure 2 compares the family/child benefits coverage rates with the poverty rates for households with children circa 2013 for a selected set of countries[4]. Overall, a strong relationship between the two is observed; with higher coverage rate, lower poverty rates are observed. In Nordic countries, where the average coverage rate is 98% we can see that the HwC poverty rate in each of the countries is among the lowest (not exceeding 6%) while for Spain with the least coverage rate (8%), the HwC poverty rate is the highest with 21%. In accordance with high coverage rates achieved in Continental Europe, and Anglo-Saxon countries (with average 96%, and 83% respectively), lower levels of HwC poverty rates can be detected. It should be noted that, going beyond coverage rates, the effectiveness of this coverage is an inevitable analysis to be considered.

The results presented indicate that the number of children living in poverty is increasing. Although this increase is not uniform among the developed countries, the alarming signs exist for almost all. There is still room for policy makers and politicians to devise more effective and exhaustive protection programs that would help in the world's mission to end poverty in all its forms everywhere by 2030. Eradicating child poverty should be a priority since their current suffering is the trigger to nation's future economic deterioration.

[1] *For more information on SDGs and indicators; https://unstats.un.org/sdgs/metadata/.*

[2] *Components and definition of dhi, hmiatfam, and the institutional information for family/child transfers for each country/year is available on LIS METadata Information System (METIS).*

[3] *LIS key figures on child poverty can be accessed through: http://www.lisdatacenter.org/lis-ikf-webapp/app/search-ikf-figures*

[4] *Some countries are not included in this figure due to data availability on family/child benefits transfers.*

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Labour market participation of older workers in Lithuania and Estonia between 2010-2013

Carmen Petrovici ✉ , LIS

Demographic ageing is a major problem in Lithuania and Estonia, two countries that recently introduced reforms in order to promote active ageing and labour participation of older workers. The old age dependency ratio[1] was in 2015 around the EU average of 28% in both countries; however, the projections for 2050 show Lithuania at over 60% dependency ratio, compared to 50.3% EU average, while Estonian predictions are slightly under the EU average, with a dependency ratio of 48.8% (Eurostat). Combined with a low fertility rate for both countries, demographic ageing is amplified also by the high migration rate, one of the highest in Europe: between 1990 and 2014, the net migration rate in Lithuania was more than three times higher than the EU average, with more than half a million people, majority young, who emigrated from Lithuania to find better work opportunities elsewhere (Bauman et al., 2015).

According to Eurostat, between 2010 and 2013 the overall employment rate (considering active population) of persons aged 20 to 64 years increased in Lithuania with over 5 percentage points reaching almost 70 % in 2013, being above the EU 27 average of 68.5. In Estonia employment rates for the same age category are even higher, with an increase of 6.5 percentage points to over 73% in 2013. Older workers (55-64 years) employment rate increased as well in Lithuania in the same proportion as the overall active population, reaching 53.4%, above the EU average (50.2 % in 2013). However, Estonia is taking the lead, with an increase of 8.8 percentage points in the participation rate of older workers, reaching 62.6 % in 2013.

Nevertheless, it makes a difference in the participation rate of older workers if they qualify for statutory retirement with full pension or not, and in both countries the statutory retirement age (SRA) is still under 65 years; while through the pension reform it is planned to be raised gradually at 65 years for all by 2026, thus closing also the gender gap. In Lithuania the SRA was 62.5 years for men and 60 years for women in 2010. In 2013, SRA reached 62 years and 10 months for men and 60 years and 8 months for women. The same situation we find in Estonia: in 2010 the SRA was 63 for men and 61 for women, while in 2013 it increased just for women at 62 in order to reach the same retirement age as men gradually.

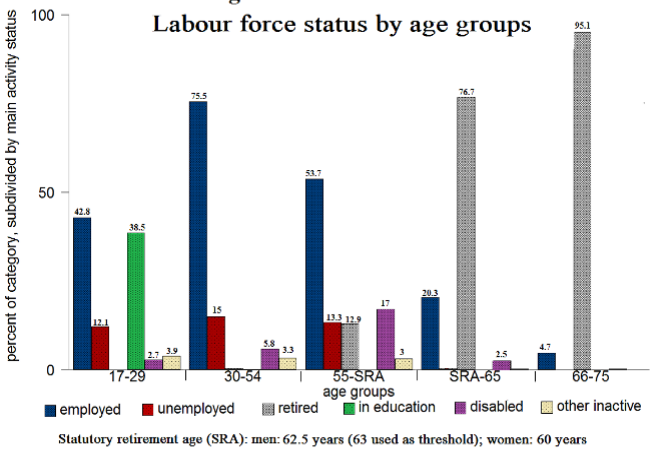
Several policy measures were taken in order to promote active ageing. For example, in Estonia, at both points in time, it was possible to fully accumulate earnings from work and a full pension. According to Lithuanian law, in 2010 the pension was proportionally reduced with earnings from work; however, this changed and in 2013 full accumulation was allowed. Early retirement is still permitted in both countries up to 3 years prior to statutory retirement age, albeit with permanently decreased pension benefits, on average by 0.4% per month they retired earlier; while in the case of deferred retirement the pension is proportionally increased. In order to see if the prolongation of working life until 65 years (and beyond) is feasible, we look more in details into the labour market participation rates of seniors, splitting them in 3 groups: *'older workers'* aged 55 to SRA; *'active seniors'* from SRA to 65 years and *'elderly'* from 66 to 75 years old.

From Figure 1 and Figure 2 we can see that in Lithuania, between 2010 and 2013 the employment rate of older workers aged 55-SRA increased substantially by over 12 percentage points reaching 66.1% in 2013. Furthermore, as we can see from Table 1, for women, the participation rates are even higher than for men by over 3 percentage points, at 67.3% in 2013 for 55-SRA group.

A similar trend within the same age group can be observed in Estonia, as we can see from Figure 3 and Figure 4: the employment rate is increasing from 65.7% in 2010 to 67.2% in 2013, with a much higher employment rate for women, of 70.9% in 2013 compared to 63.3% for men. Another explication for the higher employment rates of elderly women is that the economic crisis hit more the typical 'male' employment sectors like manufacturing and construction (Masso and Krillo, 2011). However, in Estonia, we observe a slight decrease over time in the participation rate of women aged 55-SRA, still being over 70%; the gap between men and women reduces over time.

In 2013, we observe slightly higher participation rates for men than for women in the age group SRA-65 in Lithuania, with an impressive increase: the employment rates for men almost doubled in this period reaching 32% in 2013. Overall, in Lithuania there is an increase of 10 percentage points in the employment rate of people between SRA and 65, which gives a positive signal to the impact of active ageing policies. We also observed high rates of disability exits at the group 55-65, up to 17% in Lithuania in 2010 (however decreasing by 3.5 percentage points by 2013), being possibly used as an alternative exit from the labour market, when people do not qualify for full pensions.

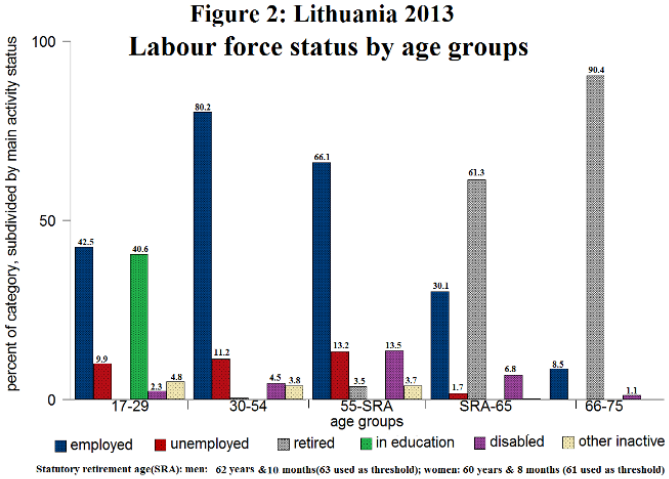
Figure 1: Lithuania 2010
Labour force status by age groups



Statutory retirement age (SRA): men: 62.5 years (63 used as threshold); women: 60 years

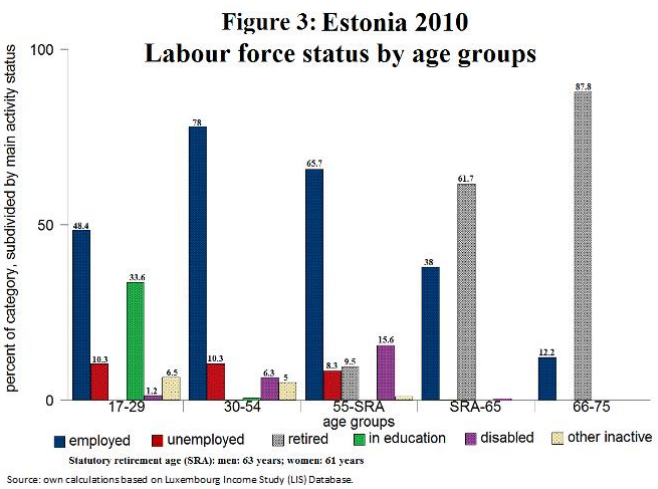
Source: own calculations based on Luxembourg Income Study (LIS) Database.

Figure 2: Lithuania 2013
Labour force status by age groups



Statutory retirement age(SRA): men: 62 years &10 months(63 used as threshold); women: 60 years & 8 months (61 used as threshold)

Source: own calculations based on Luxembourg Income Study (LIS) Database.



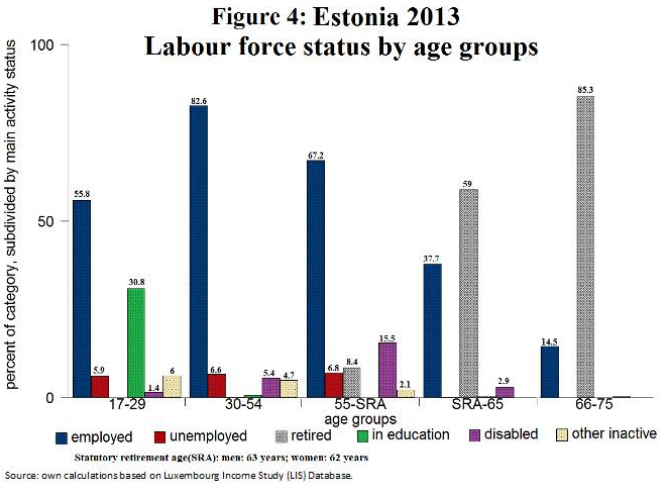


Table 1: Employment rates and average working hours around the statutory retirement age (SRA) by gender

Country & year	Employment rates (in %)				Average working hours			
	55 - SRA		SRA-65		55 - SRA		SRA-65	
	men	women	men	women	men	women	men	women
Lithuania 2010	52.6	55.1	15.9	21.8	40.3	39.1	37.5	32.7
Lithuania 2013	65.0	67.3	32.0	29.3	40.0	38.3	38.9	35.8
Estonia 2010	59.2	72.1	35.2	39.1	40.3	39.3	36.6	36.0
Estonia 2013	63.3	70.9	33.4	40.0	41.8	38.3	38.5	34.8

Source: own calculations based on Luxembourg Income Study (LIS) Database.

In Estonia we observe a slight decrease of the participation rate of people above SRA and up to 65 years, however, their participation rate is still very high, at 37.7% in 2013, higher than in Lithuania. Even the last group, the elderly aged 66-75, almost doubled their participation rates in Lithuania, reaching 8.5 % in 2013, while in Estonia, where the participation rate of the elderly group was already high, at 12.2% in 2010, it further increased by 2.3 percentage points by 2013.

We can see from Table 1 that older workers, especially those under SRA, tend to work, on average, close to the full time hours in the two Baltic States, especially men. Women work, on average, less hours than men: with 1.7 hours less for the 55-SRA age group in 2013 in Lithuania and with 3.5 hours in Estonia. For the age group SRA-65, in Lithuania, in 2013, the gender gap is increasing: women work, on average, 3 hours less, while in Estonia for the same age group women work, on average, 3.7 hours less than men. Over time, in this age group men from both countries increased their working hours, while women decreased them, due to the fact that were more part-time opportunities available for them, for ex. in 2013, 41.3% of active women aged 65 and older were working in part-time jobs, compared with only 25.8 % in 2004; while for older men the proportion of part-time workers increased from 11.7% in 2004 to 33.4 % in 2013 (Statistics Lithuania, 2014).

Furthermore, over time, concomitant with the increased duration of working life, we observed a decreased unemployment rate for young people aged 17-29 in both countries and an increase of 7.4 percentage points of their employment rate in Estonia reaching 55.8 %, while in Lithuania employment remained at about 42.5 % with an increase in the enrolment rate in tertiary educational programmes. This shows, once more that the prolongation of the working life can go hand in hand with an increased employment for the young generation, therefore active ageing policies are beneficial for all, in the long run decreasing the dependency ratio that weights over the young active population.

To sum up, overall, the trend is positive in both countries, with a substantial increase in the participation rates of older workers, even of those who are above SRA, which gives a positive signal on the feasibility of prolonging the statutory retirement age until 65 and promoting active ageing even beyond that. Women tend to work longer years; possibly due to their often interrupted careers, women do not qualify for (early) retirement; however, they work on average fewer hours than men. The results also indicate that the economies of both countries are on an upwards trend after the economic crisis.

[1] *The old age dependency ratio is the ratio between the projected number of persons aged 65 and over and the projected number of persons aged between 15 and 64 (active population). The value is expressed per 100 persons of working age (source: EUROSTAT).*

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News, Events and Updates

LIS is hiring

LIS is currently looking for a Microdata Expert for one-year contract, renewable one year. The position involves joining the LIS data team in producing harmonized datasets. This includes evaluating the original datasets structure and quality, harmonizing original variables, documenting harmonization methods and dataset specificities, assisting and instructing users.

Applicant profile

- A Master's degree (or equivalent) in sociology, economics, statistics or another social science
- Extensive experience working with large micro datasets.
- Excellent command of STATA programming.
- Proficiency in English.
- Strong quantitative skills.

Applications will be considered until the position is filled.
Interested? See more information on how to apply.

LIS joins World Bank Project on "Distributional tensions in Europe and Central Asia"

LIS has recently joined a research project of the World Bank on "Distributional tensions in Europe and Central Asia". One line of investigation requires the measurement of inequality of opportunities rising from circumstances that are out of individual control (like gender, race or parental background). Income variations associated to circumstances are considered unfair and should be reduced as much as possible by policy interventions, compensating somehow income formation. The initial phase of the project has required a review of the existing dataset in LIS for ECA countries in search of potential information on circumstances. A second phase concerned the review of other existing surveys satisfying two requirements (income data adequate harmonization and availability of information on parental background). A third phase, still under course, implies the estimation of inequality indices combined with inequality of opportunity decomposition for the entire set of countries where the information allows for it.

Reminder: Call for papers: LIS/LWS User Conference "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.

Stone Center, home to the US Office of LIS, hosted 2017 ECINEQ Meeting

In July, the Stone Center served as host of the Seventh Meeting of the Society for the Study of Economic Inequality (ECINEQ). ECINEQ conferences are held biennially; the 2017 meeting was the first to be convened in the United States. The three-day event took place at the CUNY Graduate Center, 17-19 July 2017, and was attended by over 250 inequality scholars from more than 30 countries. Janet Gornick, Director of the Stone Center and of the US Office of LIS, hosted an institutional welcome session, which included a conversation on inequality between New York City Mayor Bill de Blasio and Paul Krugman.

The conference featured three official Keynote Lectures:
- Peter H. Lindert (University of California - Davis):
  The Rise and Future of Progressive Redistribution.
- Marc Fleurbaey (Princeton University):
  Inequalities, Social Justice and the Web of Social Interactions.
- Frank Cowell (London School of Economics):
  Inheritance, Inequality and the Idle Rich.

The program also included the inaugural *Stone Lecture on Wealth Inequality*, which was given by Gabriel Zucman (University of California – Berkeley), and a special plenary session presented by Joseph Stiglitz (Columbia University), titled: *A Simple Model of Wealth Inequality and the Role of Capital Taxation in Overcoming It.* On the evening of 19 July, a gala dinner in honor of Sir Tony Atkinson was held, co-sponsored and co-hosted by The Institute for New Economic Thinking (INET) and the Stone Center.

At the ECINEQ meeting, LIS ASBL member and Senior Scholar Frank Cowell was elected as ECINEQ's next President, and Janet Gornick was elected to serve on the ECINEQ Scientific Council.
The 2017 ECINEQ conference abstracts and papers are available here.
The Graduate Center's news coverage can be found here.

Stone Center senior team expands

In August, Dr. Salvatore Morelli (Oxford PhD, Economics, 2013) joined the team at the Stone Center, serving as Visiting Assistant Professor and Stone Center Senior Scholar. Morelli will, for at least two years, lead a new research and data project on high-end wealth, with an initial focus on the United States. The Stone Center will issue periodic reports about the progress of this project, as it takes shapes and unfolds.

Synopsis of the LIS Summer Workshop 2017

The LIS Summer Workshop is an annual activity that LIS has adopted since late 1980's. It is an intensive course designed to introduce researchers in the social sciences to comparative research on income distribution, employment and social policy, using the Luxembourg Income Study Database (LIS) and the Luxembourg Wealth Study Database (LWS).

This summer, LIS welcomed 28 participants to its annual Summer Workshop; the workshop took place between 18- 22 June in the University of Luxembourg, Belval Campus. The participants of the workshop joined from 15 countries around the world. They had different research interests and different academic backgrounds; Economics, Sociology, Statistics, Social Science, Political Science, and Social Work.

This year's workshop consisted of four and half days; divided between morning lectures and afternoon hands-on lab sessions. The workshop gathered outstanding lecturers from a variety of universities, national and supranational organizations; Professor Daniele Checchi (LIS, and University of Milan), Professor Conchita D'Ambrosio (University of Luxembourg), Professor Janet Gornick (US Office of LIS, The Stone Center, and the City University of New York), Eva Sierminska (LISER and University of Arizona), Michael Förster (OECD), István György Tóth (Tárki Social Research Institute), and Philippe van Kerm (LISER). The last lecture was given by, LIS President, Professor François Bourguignon (Paris School of Economics) "*The measurement of the Inequality of Opportunity*".

During the lab sessions, participants were introduced to the LISSY system interface and its coding best practices; gradually they were trained on how to apply more advanced techniques on LIS/LWS Databases.

The workshop entailed two social events; on Sunday evening, LIS organized a cocktail dinner; so participants can exchange research interest and questions amongst each other. A closing banquet was held at St. Martin caves.

More information on the LIS Summer Workshop can be found here.

LIS Summer Lecture

In 2009, LIS launched an annual Summer Lecture series. It usually takes place during the LIS Summer Workshop and designated for public audiences. This year, the Summer Lecture was co-organized with the Observatoire de la Compétitivité. Professor Louis Chauvel from the University of Luxembourg presented the Summer Lecture titled: *On the way to extreme inequalities: how income and wealth research highlights the challenges for the 21st century*.

More information on the LIS Summer Lecture can be found here.

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