CROSS-NATIONAL DATA CENTER in Luxembourg

INEQUALITY BY THE NUMBERS 2020

LIS: A Resource for Inequality Research

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Home to the US Office of LIS

LIS' mission

To enable, facilitate, promote, and conduct cross-national comparative research on socio-economic outcomes and on the institutional factors that shape those outcomes.

LIS
CROSS-NATIONAL
DATA CENTER
in Luxembourg

LIS: an overview

LIS: Cross-National Data Center

- founded 1983 (history video on LIS website)
- main/primary office located in Luxembourg
- independent, chartered, non-profit organization
- cross-national, participatory governance
- acquires, harmonizes, and disseminates data for research
- venue for research, workshops, conferences, and user training
- Director: Daniele Checchi

Stone Center @ GC-CUNY – home to the US Office of LIS

- satellite office (founded 2006, folded into Stone Center 2016)
- located at the Graduate Center of the City University of New York
- administrative, managerial, development support for LIS
- venue for research, teaching, workshops, PhD supervision, and public programs
- Director: Janet Gornick

What LIS does

Step 1. Identify appropriate datasets.

Datasets must be nationally-representative and high quality; they must contain the necessary variables.

Step 2. Negotiate with each data provider.

Negotiation can take anywhere from five minutes to 20+ years. LIS doesn't always succeed.

Step 3. Collect, harmonize, and document the data.

LIS' data experts harmonize the data into a common, cross-national template, and create comprehensive documentation.

Note: The staff designed and implemented major template revisions in 2011 and in 2019.

What LIS does (cont).

Step 4. Double-check the harmonized data and create national-level indicators.

Step 5. Make the harmonized *micro*data available to researchers via "remote execution" – and provide access to aggregated data via user-friendly pathways.

Data,
users, services, products,
and research

Luxembourg Income Study (LIS) Database

- First and largest database of harmonized income microdata
- Created with the launch of LIS in 1983
- Started with six countries; now 50+ countries
- Approximately 400 datasets (repeated cross sections)
- Datasets mostly start in 1980; recollected every 3-5 years; staff now working on Wave XI (2018)
- Used to study: *poverty; income inequality; labor market outcomes; policy effects*

Luxembourg Wealth Study (LWS) Database

- First database of harmonized wealth microdata
- In existence since 2007
- 68 datasets from 19 countries – up or in process
- Revised and updated in 2016 (in coordination with Eurosystem's Household Finance and Consumption Survey - HFCS)
- Used to study: *household assets, debt, and expenditures; wealth portfolios; policy effects*

Countries in LIS and LWS Databases *(N=52)*

more than 65% of world population and 85% of world GDP

High-income countries (N=33):			Upper-middle-income countries (N=12):		Lower-middle-income countries (N=7):
Australia	Iceland	Slovenia	Brazil	Panama	Egypt
Austria	Ireland	South Korea	China	Paraguay	Georgia
Belgium	Israel	Spain	Colombia	Peru	Guatemala
Canada	Italy	Sweden	Dom. Republic	Romania	India
Chile	Japan	Switzerland	Hungary	Serbia	Ivory Coast
Czech Republic	Lithuania	Taiwan	Mexico	South Africa	Palestine
Denmark	Luxembourg	United Kingdom			Vietnam
Estonia	Netherlands	United States			
Finland	Norway	Uruguay			
France	Poland				
Germany	Russia				
Greece	Slovak Republic				

New additions, mid-2020: Iraq, Jordan, Somalia, Sudan, Tunisia.

Pathways to the data

"LISSY" (LIS' signature tool)

- remote-execution system -> access to microdata via "JSI"
- requires programming capacity (SAS, SPSS, Stata, R)
- allows use of sophisticated statistical analyses/methods
- registration required

"WEBTAB"

- online table-maker; open to all

KEY FIGURES

- aggregate indicators; open to all

"DART", launched mid-2020

Users, services, products

LIS supports its many users

- enables microdata use – current 1000 researchers (nearly 8000 since 2007)
- hosts training workshops and produces self-teaching materials
- provides tools for non-technical users; DART is the next generation

LIS is (increasingly) a core source of data for *other* data providers, e.g.:

- World Bank: *PovcalNet*
- UNU-WIDER: *World Income Inequality Database (WIID)*
- OECD: *Income Distribution Database (IDD) and Family Database*
- World Inequality Lab @ PSE: *World Inequality Database (WID)*

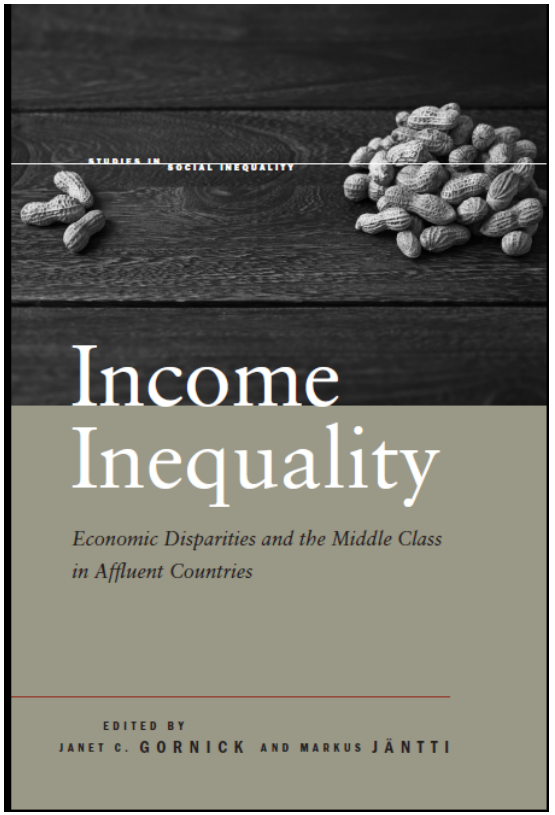
LIS contributes to institutional flagship reports and media outlets:

- World Bank, OECD, several UN agencies
- New York Times, Guardian, Science

Research

LIS sponsors a range of research activities

- quarterly: “Inequality Matters”
- Visiting Scholar program
- Working Paper series (N=850)
- periodic research/user conferences
- authored and edited books, e.g.



Illustrating the scope and flexibility of the LIS and LWS data

- organized around 4 questions

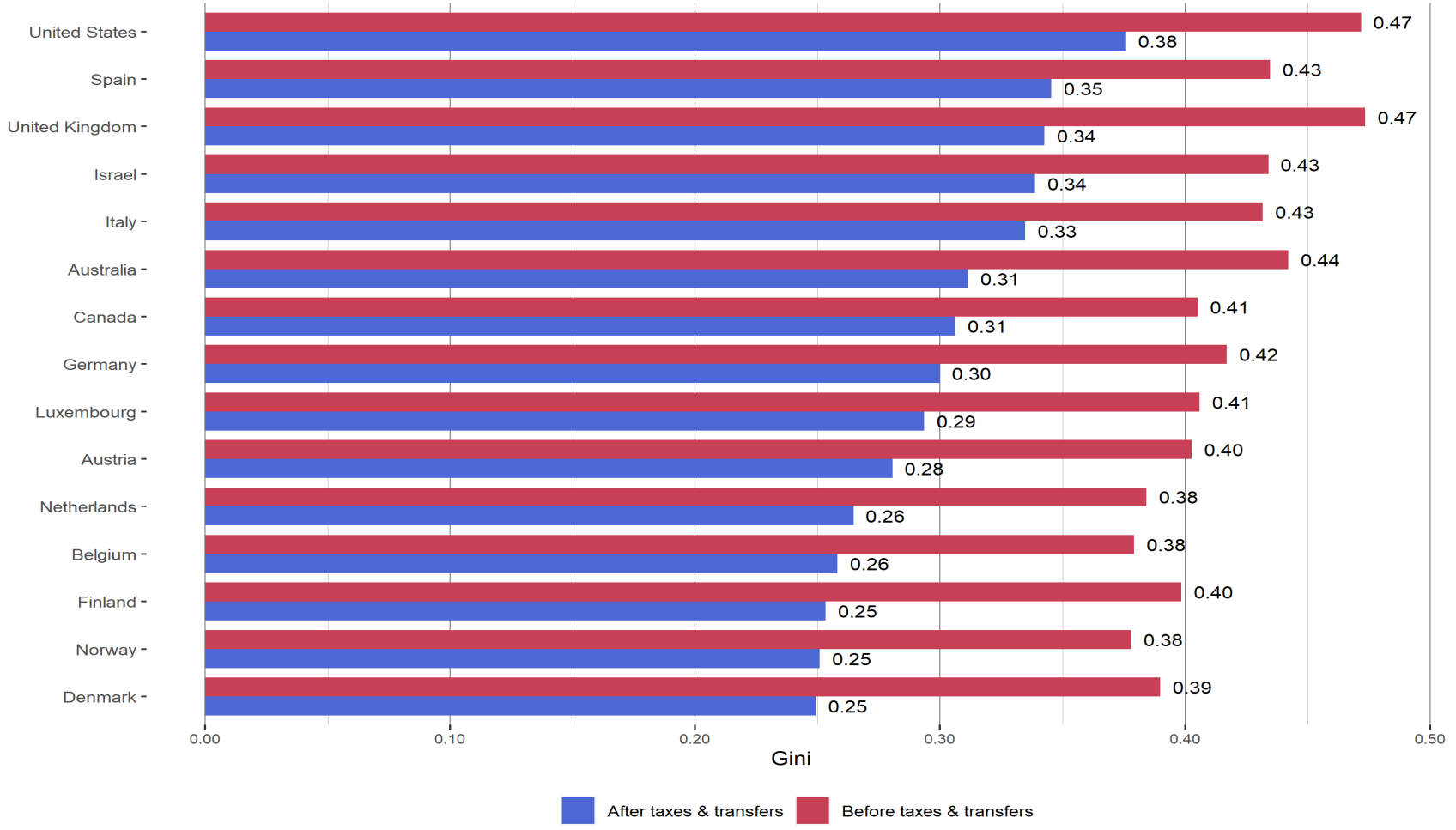
- largely descriptive

- the vast literature based on the LIS/LWS data utilizes more complex and sophisticated methods

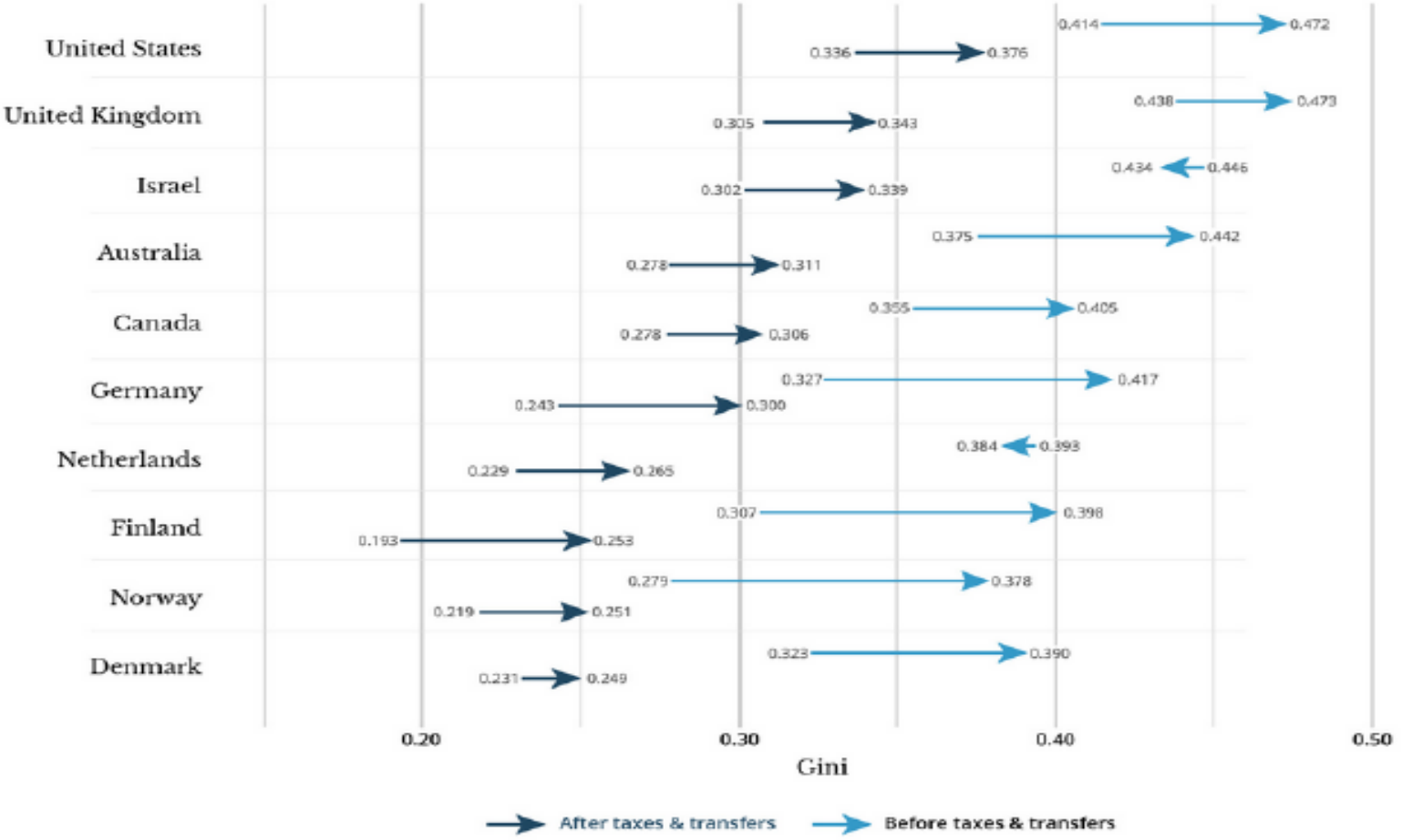
Question 1

How does income inequality vary across high-income countries? Has it increased since the 1980s in most high-income countries? Has “pre-tax-and-transfer” income inequality increased? “Post-tax-and-transfer” income inequality? Both?

Income inequality across households, Gini coefficients,
non-elderly households,
after taxes and transfers (blue) and before taxes and transfers (red)
approximately 2016
Source: Luxembourg Income Study (LIS) Database



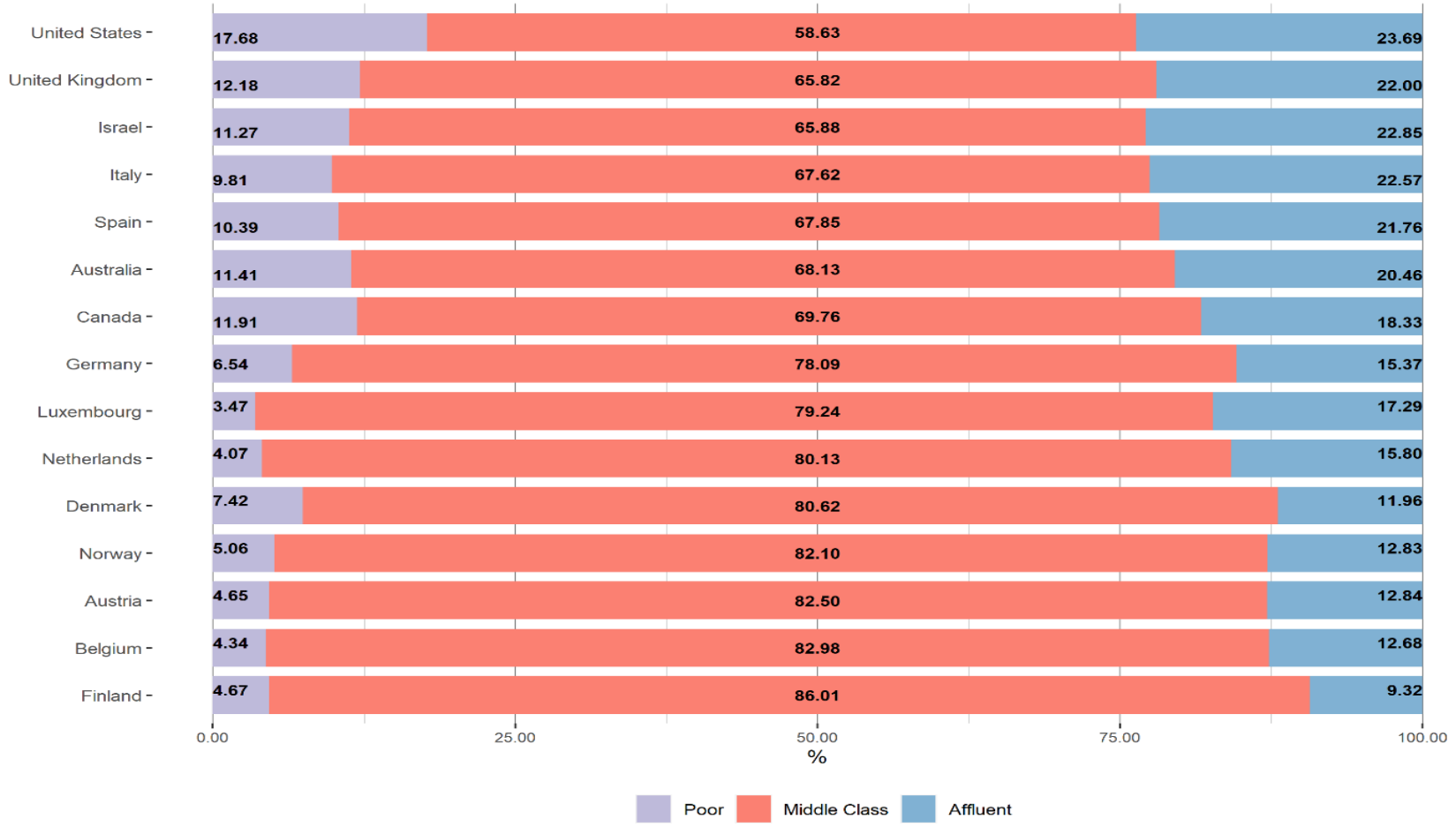
Income inequality across households, Gini coefficients,
non-elderly households,
after taxes and transfers (blue) and before taxes and transfers (red)
approximately 1985 and 2016
Source: Luxembourg Income Study (LIS) Database



Question 2

We hear a lot about “the hollowing out of the middle”. During the last three decades, what exactly has taken place in the middle of the income distribution? Has the size of “the middle” shrunk?

Population shares,
non-elderly households:
poor = household income < 50% median income (purple)
middle class = household income is 50% - 150% of median (red)
affluent = household income is > 150% of median (blue)
income is after taxes and transfers
approximately 1985
Source: Luxembourg Income Study (LIS) Database



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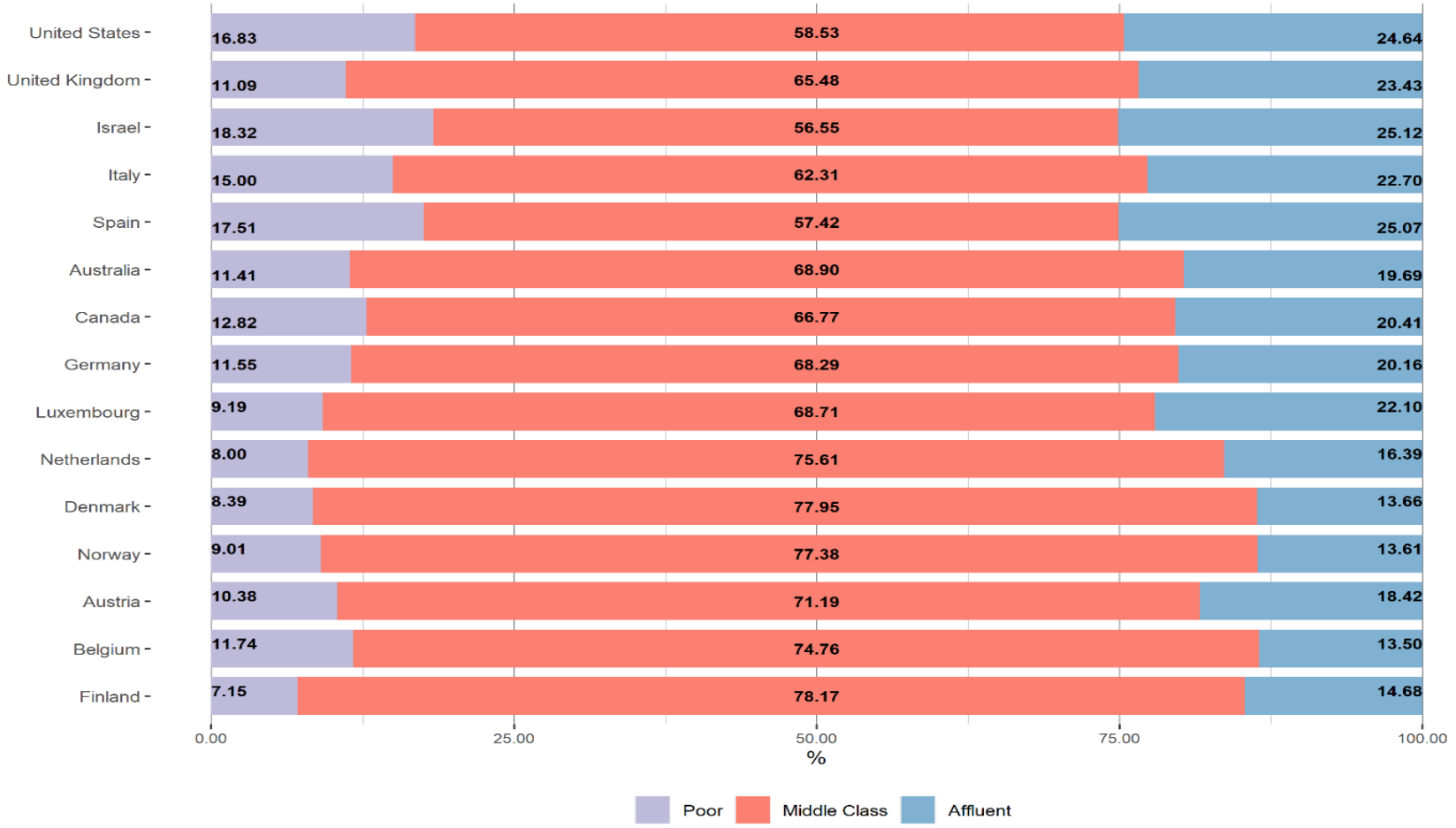
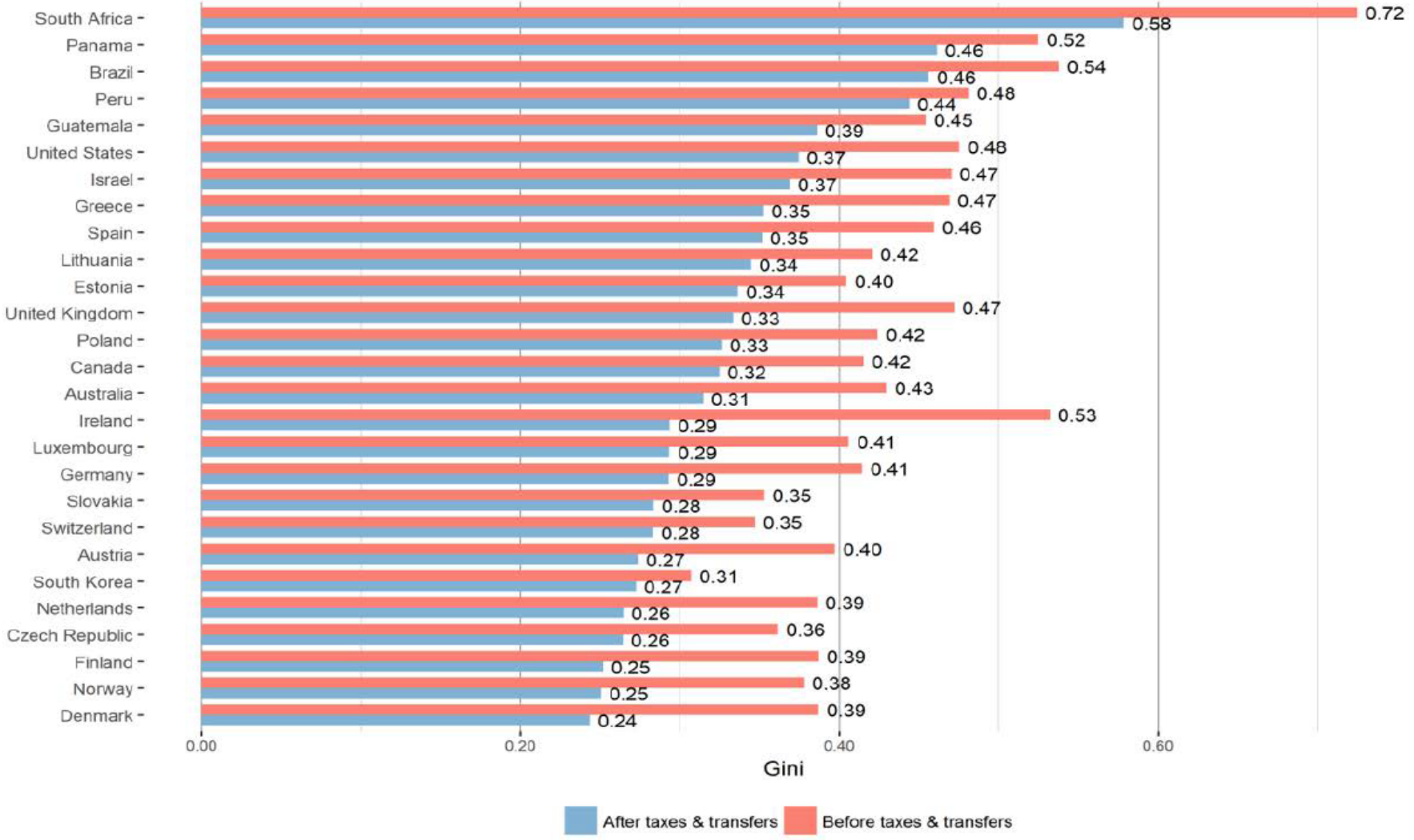


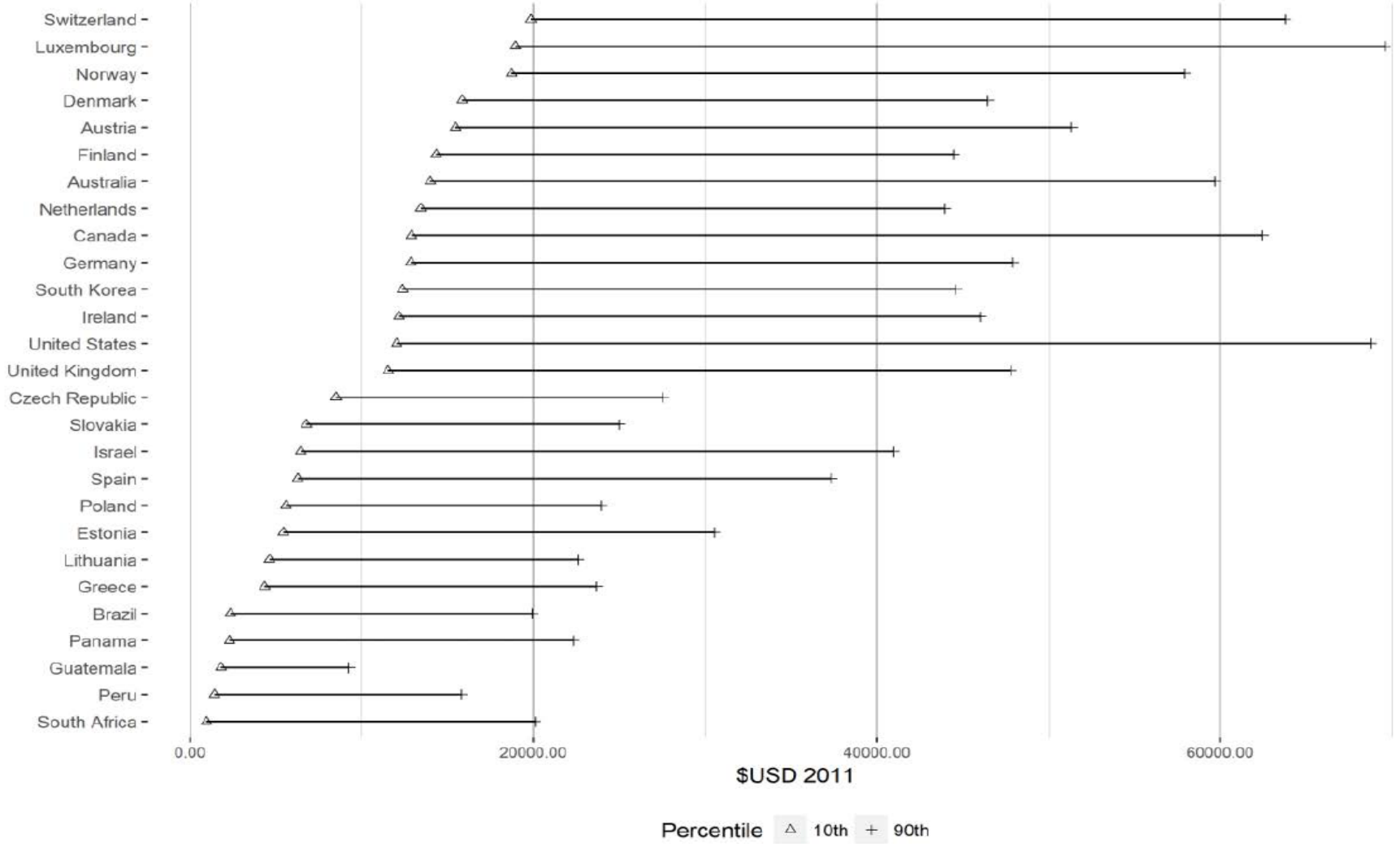
Question 3

How do contemporary patterns of income inequality differ between high- and middle-income countries?

Income inequality across households, Gini coefficients,
non-elderly households,
after taxes and transfers (blue) and before taxes and transfers (red)
approximately 2013
Source: Luxembourg Income Study (LIS) Database



Disposable household income levels, non-elderly households
International dollars, 10th percentile, 90th percentile
approximately 2013
Source: Luxembourg Income Study (LIS) Database



Question 4

What do we know about the distribution of wealth across households in high-income countries? To what extent are income and wealth jointly distributed across households?

Income and wealth Ginis, 2010-2014 period
(households with non-elderly heads)
Source: Luxembourg Wealth Study (LWS) Database

		INCOME GINI	WEALTH GINI
Australia	2010	0.318	0.629
Canada	2012	0.336	0.690
Finland	2013	0.256	0.643
Italy	2014	0.329	0.599
United Kingdom	2011	0.355	0.641
United States	2013	0.473	0.878

Wealth is disposable net worth, which is household non-financial and financial assets (excluding pensions) minus all liabilities

Income and wealth inequality, 2010-2014 period - joint distribution
(households with non-elderly heads)
Source: Luxembourg Wealth Study (LWS) Database

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Visit the LIS website:

https://www.lisdatacenter.org

and the Stone Center website:

https://stonecenter.gc.cuny.edu

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