NOTES
1. For recent work of this type see Low and Villegas (1987), Butler (1982), Illius and Verber (1986).
2. As seen in the Correlations below model specification had very little impact on the estimates of the unexplained differentials in participation.
3. Because of the non-linearity of (2) it would be inappropriate to compute a single probability based on average female characteristics.
4. The estimates from Models 1 and 2 are substantially the same as those from the Model 3 estimates reported in Table 2 and are available on request from the author. Table 2 contains estimates for both males and females through only the male coefficients were used in the decompositions.

REFERENCES

Frontiers of Economic Knowledge: The Luxembourg Income Study
Steven Pressman

The Luxembourg Income Study (LIS) is still relatively unknown, especially by American economists. It began in April 1983 when the Luxembourg government agreed to develop, and make available to social scientists, an international microdata set containing a large number of income and socio-demographic variables.

One goal in creating this database was to employ common definitions and concepts so that variables are measured according to uniform standards in each country. As a result, researchers can be confident that the cross-national data they are looking at and analyzing has been made as comparable as possible.

Currently the LIS dataset contains information on fourteen nations—Australia, Britain, Canada, France, Germany, Israel, Italy, Luxembourg, the Netherlands, Norway, Poland, Sweden, Switzerland, and the United States. Work is progressing to include Belgium, Czechoslovakia, Denmark, Finland, Hungary, and Japan in the database; and negotiations are underway to obtain data from Austria, Greece, Ireland, New Zealand, Portugal, and Spain. Each country’s data was derived originally from national household surveys similar to the US Current Population Survey that is taken every March.

LIS datasets will be updated periodically, making current data available on a regular basis. Already, data from more than one time period exists for a number of nations; and for the United Kingdom, three datasets, each from a different decade, can now be accessed.

Country data is available for up to 119 income variables and up to 145 socio-demographic variables. Wage and sales incomes are contained in the dataset for households as well as for different household members. In addition, the dataset includes information on in-kind earnings, property income, allowance and child support, pension income, employer social insurance contributions, and numerous government transfer payments and in-kind benefits. There is also information on five different tax payments. Demographic variables are available for factors such as the education level of household members; the industries and occupations in which they are employed; their ages, and the ages of their children; household size, ethnicity and race; and the marital status of the household head. In most cases, researchers can specify whether they wish to look at data for all households or only for family households. Finally, the dataset contains several equivalence scales to convert household or family incomes into measures of economic well-being.

Besides allowing more reliable international comparisons than previously possible, the LIS dataset exhibits remarkable flexibility in adjusting incomes by the number of persons in the household or family, the number of workers, and the ages of adults and children in order to obtain a measure of household well-being. Evaluating the sensitivity of any results to different equivalence measures are thus relatively easy to perform. [See1]

One minor drawback of LIS is that competent use of its database requires considerable knowledge regarding the institutional and historical characteristics of participating countries. This becomes especially important for interpreting and understanding differences among LIS countries. For example, Smeeding et al. (1992: p. 26) report that Israel possesses only a rudimentary private pension system; yet, it has the lowest pre-transfer elderly poverty rate of all LIS countries. This can be explained partly by economic factors, but
Many additional studies are certainly possible using LIS. Because it distinguishes family earnings by spouse, LIS will enable scholars to examine the effect of spouse earnings on poverty and income distribution. It is also possible to use LIS to examine whether the rising poverty and declining incomes of young American families [see 11, p. 492, & 12, Chapter 7] has occurred elsewhere. Finally, international comparisons may provide clues about the cause of some poverty, understood, yet important, economic problems that confront the United States—low youth employment rates (especially for minorities), a large male-female wage gap, and the declining fraction of middle-class families.

The LIS database can be accessed only from the Center for Population, Poverty and Policy Studies (CEPS) at Waltham, Massachusetts, using the SPSSA statistical package. Researchers receive only SPSSA statistical summaries, and cannot access the individual data. Those wishing to use the database can do so through any of the following means: (1) mailing to the Center an SPSSA program on floppy disk or tape, (2) sending SPSSA data requests via the 10M EARNBNET telecommunications network, or (3) spending time at the Center in Luxembourg and preparing SPSSA programs with the assistance of LIS staff.

Researchers who use the LIS database are required to make their results available as a LIS-CEPS working paper. They must also pledge not to violate the privacy and confidentiality of family databases. CEPS runs a two-week workshop each July. This workshop is designed to familiarize young scholars with the LIS database, introduce them to policy analysis, and enable participants to spend concentrated time on a specific research project. Some funding is available to assist with travel and tutorial expenses.

Further information regarding the summer workshop and access to the LIS database can be obtained from Tim Smood, LIS Project Director, Massachusetts School of Law, Waltham, MA, 02254.

REFERENCES


