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Economics Department Working Paper No. 500

**LABOUR MARKET PERFORMANCE, INCOME INEQUALITY AND POVERTY IN
OECD COUNTRIES**

By Jean-Marc Burniaux, Flavio Padrini and Nicola Brandt

*DESCRIPTION OF THE DATASETS, INCOME DEFINITIONS, INEQUALITY AND POVERTY MEASURES
AND DECOMPOSITION*

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ANNEXES

Note: The Annexes to the OECD Economics Department Working Paper No. 500 are only available on the Economics Department Website at www.oecd.org/eco/working_Papers

ANNEX 1

DESCRIPTION OF THE DATASETS, INCOME DEFINITIONS, INEQUALITY AND POVERTY MEASURES AND DECOMPOSITION

Datasets

1. The data used in this paper come from the OECD, the Luxembourg Income Study (LIS), the European Community Household Panel (ECHP) and the Cross National Equivalent Files (CNEF) datasets.

2. The OECD dataset collects inequality and poverty information from national sources on a standardised basis regarding data characteristics, like the definition of income or household equivalence scales.¹ Despite standardisation efforts, some cross-country differences remain, notably as regards the definition of households (*e.g.* treatment of children above a certain age), the period over which income is assessed (*e.g.* annual or monthly) or the original data source used for household income (surveys *vs.* tax records). The OECD dataset was used for all countries considered in this paper, *i.e.* Australia, Canada, the Czech Republic, Japan, Norway, the United States and the EU-15 countries.

3. The LIS database is managed by the LIS research institute in co-operation with national research centres in 30 countries.² The database is a collection of national datasets which are harmonised and standardised by the LIS researchers. The sources are quite diverse, including expenditure surveys, panel studies, labour force surveys, income tax records, living standard surveys, or a combination of these. Five waves of data are currently available covering the years around 1980, 1985, 1990, 1995 and 2000. The LIS database was used for all the countries considered in this paper except for Greece and Portugal.

4. The longitudinal datasets used in this paper are the ECHP and the CNEF. The ECHP comes from EUROSTAT and provides 8 waves of data covering the EU-15 countries during the period 1994-2001 (with income information referring to the period 1993-2000).³ For Austria and Luxembourg, only seven waves are available referring to the period 1995-2001 (with income information referring to 1994-2000). For Finland, six waves are available for the period 1996-2001 (with income information referring to 1995-2000). Swedish data are available only for five waves from 1997 to 2001 (with income information referring to 1996-2000) and, in addition, they are not longitudinal so that only the “static” poverty rate was estimated for this country.

5. The CNEF provides a time span of longitudinal data covering the 1980s and the 1990s for the United States, Germany, the United Kingdom and Canada.⁴ Only the US and German sections of the

1. See Förster and Mira d’Ercole (2005), Annex 1 for details.

2. See Smeeding *et al.* (2002) for a description of the database and Atkinson (2004) for a critical review.

3. See EUROSTAT (2003a) and (2003b) for a brief description of the dataset and Peracchi (2002) for a critical review.

4. The CNEF is prepared by Cornell University, DIW Berlin, University of Essex and Statistics Canada. It uses the U.S. Panel Study of Income Dynamics (PSID), the Canadian Survey of Labor and Income Dynamics (SLID), the German Socio-Economic Panel (GSOEP) and the British Household Panel Survey (BHPS) datasets as primary sources. The CNEF staff perform some changes to the original datasets with the aim of improving comparability among them. See Lillard (n.d.) for a description of the variables and changes performed by CNEF to the primary sources. See Valletta (2004) for a brief review of the CNEF. See Brown *et al.* (1996) for a brief presentation of the PSID.

database were used for the assessment of inequality trends in Section 2 while only the US section was used in the analysis of poverty dynamics in Section 3. Moreover, Section 3 takes into account only the US waves in years for which a corresponding ECHP wave is available, *i.e.* the period 1994-1997 and the years 1999 and 2001.⁵

Income definition

6. The income unit is the household.⁶ Total household disposable income is calculated on an annual basis as:

$$[A1] \quad Y = ER + K + SE + TR - TA$$

where Y is the total household disposable income; ER, the earnings (salary income); K, capital income (including occupational pensions and private transfers); SE, self-employment income; TR, social security transfers; and TA, taxes.

7. A ceiling is set on the highest recordable household income with incomes above this ceiling being set equal to this ceiling, a practice referred to as “top coding”. The ceiling is calculated as a constant proportion of the median income that is the same for all countries. In the same way, zero or negative incomes are set equal to a very small proportion of the median income.

8. Household disposable income is adjusted for household size with the adjustment reflecting alternative assumptions about household economies of scale. The adjusted income of the household – referred to as the equivalent household income – is attributed equally to all individuals in the household. Thus, if Y_i denotes the total disposable income of household i , the equivalent income of each member j of household i (W_{ij}) is calculated as:

$$[A2] \quad W_{ij} = \frac{Y_i}{S_i^e}$$

where S_i is the number of individuals in household i and e , the household-size elasticity of equivalent income that ranges from 0 to unity. Elasticity equal to unity implies no household economies of scale as household equivalent income is equal to per capita income. With zero elasticity, an additional household member is assumed to use no extra resources therefore implying full economies of scale. Thus the smaller the value of e , the higher are the assumed economies of scale. For the purpose of this report, the equivalence elasticity is assumed equal to 0.5.

9. Evidence shows that inequality rankings at a point in time are fairly robust to the choice of equivalence scales (Buhmann *et al.* 1988, Atkinson *et al.* 1995). Thus the choice of equivalence scale in a panel approach seems a less decisive factor as long as an identical scale is used for all countries (Gobbin and Rayp, 2004). While values of the household-size elasticity of equivalent income is not crucial for overall inequality and poverty, comparisons of relative income and poverty levels for some specific groups – such as older and single people – are found to be sensitive to the equivalence scale used (Burkhauser *et al.*, 1996).

5. Starting from the 1997 wave, PSID interviews have been carried out every two years rather than one. Therefore, the 1998 and 2000 waves are missing from both the PSID and CNEF datasets.

6. A group of persons sharing a set of common resources, not necessarily related by blood or marriage.

Inequality measures

10. It is convenient to summarise the entire income distribution in a single inequality indicator. But one single indicator will never reveal all the aspects of the distribution. In addition, there exist several competing indicators of inequality, each of them attributing different weights to different segments of the distribution.

11. Most studies use either the Gini coefficient or some kind of deciles/quintiles ratio. Thus, the availability of these measures is greater than that of any other inequality index (Gobbin and Rayp, 2004) and, therefore, they are used as basic indicators in this report.

12. The ratio of the 9th-to-1st decile incomes is relatively more sensitive to changes taking place at the two ends of the distribution. It is calculated as:

$$[A3] \quad D9 / D1 = \frac{\overline{W}_{ij}^9}{\overline{W}_{ij}^1}$$

where \overline{W}_{ij}^9 is the upper bond equivalent income (of individual j in household i) of the ninth decile and \overline{W}_{ij}^1 , the upper bond equivalent income of the first decile.

13. The Gini coefficient is derived from the Lorenz curve, which plots cumulative shares of the population, from the poorest upward, against the cumulative shares of income they receive. The Gini gives more weight to changes in the middle of the distribution and is less sensitive to changes affecting the poorest and richest incomes. There are several ways to calculate a Gini coefficient among which:

$$[A4] \quad Gini_{DI} = \frac{2 \operatorname{cov}\left(W_k, \frac{k}{n}\right)}{\mu}$$

where individuals are ranked in ascending order of disposable income (with ranks denoted by $k = 1, 2, \dots, n$, n being the total number of individuals) and μ is the arithmetic mean of equivalent disposable incomes per individual.

14. While the Gini coefficient reacts little to an income transfer from the poorest to the richest, Generalised Entropy (GE) indicators can be parameterised such as to be more sensitive to changes at both ends of the distribution. GE indicators incorporate the notion of “inequality aversion” and are additively decomposable into inequality between and within different population sub-groups. The overall specification of GE indicators is:

$$[A5] \quad GE_\alpha = \frac{1}{\alpha^2 - \alpha} \cdot \left[\frac{1}{n} \cdot \sum_k \left(\frac{W_k}{\mu} \right)^\alpha - 1 \right]$$

where μ is the arithmetic mean of equivalent disposable incomes; n , the total number of individuals and α , a parameter related to inequality aversion.⁷ Zero or negative values of α correspond to GE indicators that

7. GE indicators are ordinally equivalent to the Atkinson index with $1-\alpha$ equal to the inequality aversion coefficient.

give more weight to the bottom end of the distribution while GE indicators with positive and higher values of α focus more on the top of the distribution.

15. For the purpose of analysing evolutions at the bottom of the distribution, two GE indicators with α values respectively equal to 0 and -1 have been calculated. The first one, with $\alpha = 0$, corresponds to the Mean Log Deviation (MLD) calculated as:

$$[A6] \quad MLD = \frac{1}{n} \cdot \sum_k^n \text{Log} \frac{W_k}{\mu}$$

The second one, with $\alpha = -1$, gives even more emphasis to bottom incomes and is calculated as:

$$[A7] \quad GE_{-1} = \frac{1}{2} \cdot \left[\frac{1}{n} \cdot \sum_k^n \frac{\mu}{W_k} - 1 \right]$$

In this report, inequality at the bottom of the distribution is characterised by the above inequality indicators and by inequality indicators that are specific to the bottom of the distribution, such as the ratio of the 5th-to-1st decile upper bound equivalent incomes (calculated as in [A3]), the Gini coefficient calculated over the three bottom deciles of the distribution and the ratio of the mean equivalent income for deciles 1 to 3 to the mean equivalent income for deciles 4 to 7.

Decomposition of overall inequality by income sources

16. Total disposable income is broken down by income sources such as in eq. [A1] and the issue addressed in this section is to assess, for instance, the contribution of earnings or transfers to the overall inequality of disposable incomes.

Redistributive power of transfers and taxes

17. The issue can be better appreciated by considering for instance the variance as a measure of inequality and ℓ income sources (Shorrocks, 1982):

$$[A8] \quad \sigma^2(W) = \sum_l \sigma^2(W_l) + \sum_{m \neq l} \sum_l \rho_{ml} \cdot \sigma(W_m) \cdot \sigma(W_l)$$

18. The total inequality can be decomposed additively into the sum of the variances of each component and the sum of the covariances between sources weighted by their correlation coefficient, the latter sum corresponding to the interaction term between the different sources. If the various sources are uncorrelated, the obvious decomposition assigns the variance of each component as its contribution to overall inequality.

19. Therefore, the issue is how to allocate the interaction term between the individual factor contributions. A commonly used and intuitively appealing method is to successively add various income sources and calculating inequality indices after each step. The contribution of each income source to inequality is measured by the change in the inequality indicators used. In this report, this method, referred to as additive, calculates the redistributive impacts of transfers and taxes as follows:

$$\begin{aligned}
[A9] \quad C_{TR}^a &= Gini_{ER+K+SE+TR} - Gini_{ER+K+SE} \\
C_{TA}^a &= Gini_{ER+K+SE+TR-TA} - Gini_{ER+K+SE+TR}
\end{aligned}$$

20. The additive decomposition method implicitly assigns all interactions to the income source added last. Therefore, the contribution of individual sources depends on the order in which sources are added up. Since no single ordering of components can be identified as “most appropriate” in all circumstances, there is no unique way to decompose inequality by sources using the additive method.⁸

21. Shorrocks (1982) has developed a method that overcomes this drawback. Total inequality is uniquely decomposed by imposing a number of restrictions⁹ that appear reasonable from empirical and theoretical points of view. This method assigns to factor ℓ half the value of all the interaction terms involving this factor. Thus, the contribution of factor ℓ to the overall inequality as measured by the variance (equation [A8]) is calculated as:

$$[A10] \quad C_\ell = \sigma^2(W_\ell) + \sum_{m \neq \ell} \rho_{m\ell} \cdot \sigma(W_m) \cdot \sigma(W_\ell) = \text{cov}(W_\ell, W)$$

22. This contribution can be intuitively interpreted by considering that it is equal to the average of two hypothetical income distributions: *i*) the overall inequality which would be observed if income component ℓ was the only source of income difference (assuming that all other components are equally distributed); and, *ii*) the amount by which inequality would change if differences in factor ℓ income receipts were eliminated (*i.e.* by replacing the income W_ℓ received by each individual with the average income of that source). Thus equation [A10] can be rewritten as:

$$\begin{aligned}
[A11] \quad C_\ell &= \frac{1}{2} \cdot \left[\sigma^2(W_\ell) + \left[\sigma^2(W_\ell) + 2 \cdot \text{cov}(W_\ell, W - W_\ell) \right] \right] \\
&= \sigma^2(W_\ell) + \text{cov}(W_\ell, W - W_\ell)
\end{aligned}$$

where the first right-hand-term in equations [A10] or [A11] measures the “pure” contribution of component ℓ to income inequality disregarding all potential interaction effects and the second right-hand term in equation [10] or [11] corresponds to the part of all interaction effects involving factor ℓ that is assigned to factor ℓ .

23. According with this method, the proportion of overall inequality assigned to component ℓ is the same for any inequality indicator or, in other words, the inequality decomposition obtained with one inequality indicator can be applied proportionally to any other indicator. Therefore, the redistributive impacts of transfers and taxes following the Shorrocks method corresponds to the interaction term of the factors’ contributions to income inequality calculated respectively as:

8. Though in the case of equation [A9], it seems appropriate, first to add transfers to labour and capital earnings as transfers generally aim at compensating the absence of labour and capital earnings and, second, to add taxes to the previous aggregate as in most countries transfers are subject to taxation.

9. The contribution of each component should be independent of how *i*) they are ordered, *ii*) individual observations are ranked and *iii*) how many income sources are considered. The sum of the contributions should add up to the overall inequality. The contribution of an income component to total inequality is zero if all individuals receive the same amount of income from that component.

$$\begin{aligned}
 [A12] \quad C_{TR}^{sh} &= \frac{\text{cov}(TR, W - TR)}{\sigma^2(W)} \cdot Gini_{DI} \\
 C_{TA}^{sh} &= \frac{\text{cov}(TA, W - TA)}{\sigma^2(W)} \cdot Gini_{DI}
 \end{aligned}$$

where TR and TA are the equivalent transfers and taxes per individual.

24. A third option to deal with the interaction effects is to measure the contribution of an income source by the inequality change when this component is removed. This method - referred to as “subtractive” in this report – leads to the following specifications for the redistributive impacts of taxes and transfers:

$$\begin{aligned}
 [A13] \quad C_{TR}^{sub} &= Gini_{DI-TR} - Gini_{DI} \\
 C_{TA}^{sub} &= Gini_{DI-TA} - Gini_{DI}
 \end{aligned}$$

Contribution of labour earnings to total inequality

25. In this analysis, labour earnings are mostly considered as primary earnings and the interaction effects associated with them are not considered. Therefore, the contribution of labour earnings to overall inequality is simply calculated as the Gini coefficient applied to labour earnings and calculated over the entire household population in order to be consistent and comparable with the overall Gini coefficient at the disposable income level.

Static poverty measures

26. The static relative poverty rates correspond to the proportion of the population with disposable incomes equal or below a given threshold expressed as a percentage of the median income.¹⁰ Two indicators are calculated with different thresholds:

$$\begin{aligned}
 [A14] \quad POV^{50} &= \frac{p^{50}}{n} \quad \text{with } p^{50} \text{ being the number of individuals with } W_k \leq 0.5 \cdot \bar{W} \\
 POV^{60} &= \frac{p^{60}}{n} \quad \text{with } p^{60} \text{ being the number of individuals with } W_k \leq 0.6 \cdot \bar{W}
 \end{aligned}$$

where \bar{W} is the equivalent median disposable income.

Country grouping

27. In Tables A1-A12 of Annex 2 and Tables 2-8 of the main text, changes in the above indicators are used to group countries into three categories. When a majority of indicators and sources has increased (declined) by more than 0.2 percentage point, the country is reported in the “Increase/Decline” categories. When indicators report contradictory evolutions or changes equal to 0.2 percentage point or less, the country is reported in the category “Almost constant or unclear”.

10. Indicators specific to poverty dynamics are described in Annex 4.

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ANNEX 2

THE REDISTRIBUTIVE IMPACT OF TRANSFERS AND TAXES

28. This annex provides more details on the redistributive impact of transfers and taxes, both before and after 1993-1994, by means of a source decomposition of disposable income (see Annex 1 for the methodological issues). It also contains all detailed tables with trends by country, inequality indicator and income source.

29. In a majority of countries with falling unemployment during the 1990s, the share of gross labour earnings in total disposable income of the total population has increased while the share of transfers has decreased (Tables A1 and A2). These trends are confirmed by looking at the population in the three bottom income deciles (Tables A3 and A4). This has represented a shift from the previous period when the most common outcome was that of increasing unemployment coinciding with a decreasing labour income share and increasing transfer share. The drop of the transfer share after the first half of the 1990s could be the result of two simultaneous events, *i.e.* falling unemployment and declining average size of benefits because of reforms.¹¹

[Table A1. Trends of unemployment and share of gross labour earnings in total disposable income]

[Table A2. Trends of unemployment and share of transfers in total disposable income]

[Table A3. Trends of unemployment and share of gross labour earnings in total disposable income of the three bottom deciles]

[Table A4. Trends of unemployment and share of transfers in total disposable income of the three bottom deciles]

30. In a majority of countries with falling unemployment, transfers' inequality -- both overall and for the three bottom income deciles -- has increased (Tables A5 and A6). This could reflect a compositional effect with the share of unemployment benefits being reduced because of falling joblessness, and the share of other transfers that are by nature more unequally distributed, *e.g.* pensions, being increased. Similarly,

11 Contrary to what happened to other countries with falling unemployment, in Italy, the Netherlands and Spain, the share of labour earnings has decreased (Table A1) despite employment gains, possibly reflecting the extension of part-time working.

inequality of transfers had declined before 1993-94 in a significant number of countries confronted with increasing unemployment. As a result of their trends in shares and inequality, the redistributive impact of transfers has tended to decrease after 1993-94, together with falling unemployment, while the opposite relationship – rising distributive power of transfers together with rising unemployment – was common in many countries, at least for the whole population, before 1993-94 (Table 7 in the main text and Table A7). There are notable exceptions to the above trends, however. In Italy, the redistributive impact of the benefit system has increased after 1993-94 in the context of declining unemployment, possibly because the main reforms have concerned a tightening of the early retirement and pension systems while the unemployment insurance scheme has actually been made more generous. Besides Italy, stronger redistributive impact of transfers is also observed in Belgium, Norway and Sweden -- where unemployment decreased during the 1990s -- when focussing on the bottom three deciles of the income distribution.

[Table A5. Trends of unemployment and transfers' inequality]

[Table A6. Trends of unemployment and transfers' inequality of the three bottom deciles]

[Table A7. Trends of unemployment and redistributive impact of transfers of the three bottom deciles]

31. The different extent of tax and social contribution cuts undertaken by most countries during the 1990s could probably explain why falls in unemployment have been associated with diverging trends of the ratio of taxes to disposable income (Table A8). Indeed, without tax cuts and in the presence of progressive tax systems, the average tax burden for the whole population should have increased in countries with improving labour market performance, in line with the increase of the proportion of earnings in disposable income. On the contrary, the tax ratio has declined or remained unchanged in more than half of the countries with falling unemployment. Diverging trends are also observed among countries experiencing rising unemployment in the period before 1993-94. In two countries (Italy and Norway) before 1993-94, the tax share increased despite declining earning shares in total disposable income, while the opposite occurred in three other countries with falling unemployment (Ireland, the Netherlands and the United Kingdom).

[Table A8. Trends of unemployment and share of taxes in total disposable income]

32. Furthermore, trends in tax ratios are significantly different for the whole population and the population in the three bottom income deciles (Table A9). For example, after 1993-94, the tax ratio for the three bottom deciles has declined in several countries where the overall tax ratio has been constant or increasing (Austria, Belgium, Germany, Greece, Portugal, Spain and Sweden), suggesting that cuts in tax and social security contributions in these countries have focussed on the lower end of the income scale. Similarly, before 1993-94, Norway had a rising unemployment rate coupled with an increasing tax ratio for the whole population but decreasing tax ratio for the bottom income deciles, suggesting that the lowest-income groups had probably been spared from part of the tax rate increases.

[Table A9. Trends of unemployment and share of taxes in total disposable income of the three bottom deciles]

33. The distribution of taxes over the whole population is characterised by different trends across the countries included in the analysis after the first half of the 1990s, while in general it has become less unequal for individuals in the three bottom income deciles (Tables A10 and A11). The decline of inequality of taxes for individuals in the three bottom income deciles in countries with improving labour market performance may be linked to rising employment among those with low-income capacity (Tables 4 and 5 in the main text). Before 1993-94, tax inequality among the whole population had increased in most

countries, probably reflecting rising gross labour earning inequality among the whole population (Table 4 in the main text).

[Table A10. Trends of unemployment and tax inequality]

[Table A11. Trends of unemployment and tax inequality of the three bottom deciles]

34. Given the role of reforms in shaping shares and inequality of taxes, their different scope could partly explain cross-country differences in trends of the redistributive impact of taxes during the 1990s (Table 8 in the main text). After the first half of the 1990s, there is no obvious relationship between unemployment changes and the redistributive impact of taxes as an almost equal number of countries with falling unemployment have exhibited declining, unchanged or rising redistributive impact of taxes for the whole population. In contrast, in countries where unemployment has increased, the redistributive impact of taxes has remained unchanged in most countries. Before 1993-94, the redistributive impact of taxes for the whole population had increased in most countries, especially those with falling unemployment. Finally, when focussing on the three bottom deciles, a larger number of countries show a decline in the redistributive impact of taxes after the first half of the 1990s (Table A12), which in the case of countries with falling unemployment could be explained by reduced income differences among low earnings.

[Table A12. Trends of unemployment and redistributive impact of taxes of the three bottom deciles]

Addendum. Detailed tables with trends by country, inequality indicator and data source

[Tables A13-A25. All detailed tables with trends by country, indicator and data source]

ANNEX 3

DESCRIPTION AND SOURCES OF THE EXPLANATORY VARIABLES IN THE
ECONOMETRIC ANALYSIS

35. *Index of unemployment benefits' replacement rate and duration*: Average unemployment benefit replacement rate across two income situations (100% and 67% of APW earnings), three family situations (single, with dependent spouse, with spouse in work) and three different unemployment durations (1st year, 2nd and 3rd years, and 4th and 5th years of unemployment). The source is OECD, *Benefits and Wages*. Data are available once every two years. Data for missing years were estimated through linear interpolation.
36. *Union density*: Share of workers affiliated to a trade union, in %. The source is OECD, *Employment Outlook*.
37. *Tax wedge (single-earner couple with 2 children)*: Income tax plus social security contributions by the employer and the employee less cash benefits (as a ratio of labour costs) for a worker receiving 100% of the average production worker earnings and living in a household with a non-working spouse and two children. The source is OECD, *Taxing Wages*.
38. *Capital per worker (log)*: Logarithm of the capital stock measured in 2000 USD PPP divided by total employment. The source for the capital stock and PPP is OECD, *Economic Outlook* whereas the source for total employment is OECD, *Employment Outlook*.
39. *Average years of education*: The source is Bassanini and Scarpetta (2001) until 1998. Data for 1999-2000 were estimated assuming the same changes observed in 1998. The assumption of stable changes is broadly confirmed by preliminary estimates of average years of education based on educational attainment series published in OECD, *Education at a Glance*.
40. *Social expenditure (% of GDP)*: Public social expenditure excluding spending in active labour market programmes and unemployment benefits as a % of GDP. The source is OECD, *Social Expenditure Database*.
41. *ALMP spending, per unemployed (% of per capita GDP)*: Public expenditures on active labour market programmes per unemployed worker as a % of GDP per capita. The source for ALMP spending and unemployment is OECD, *Employment Outlook*, whereas the source for GDP per capita is OECD, *Economic Outlook*.
42. *Output gap*: The difference between actual and potential GDP as estimated in OECD, *Economic Outlook*.

ANNEX 4

A FURTHER EXAMINATION OF POVERTY SPELL DURATION

43. In Table 15 of the main text, two indicators were used for assessing poverty spell duration. The average time spent in poverty is calculated by averaging the number of years spent in poverty by individuals poor at least once normalised by the total number of years available for each country. It could be interpreted as an indicator of the average share of time which individuals poor at least once spend in poverty during their lifetime. However, this interpretation is based on the strong assumption that the period for which the individuals can be observed is a good representation of their lifetime. It might also be biased downward by left- and right- censored spells, *i.e.* those spells for which the starting or ending year is unknown as the left- and right- ends of the poverty spells are truncated by the time period for which data are available.

44. The average duration of uncensored poverty spells is instead calculated by taking into account only the uncensored spells in the longitudinal samples. This indicator, however, also puts excessive weight on short-term spells as, for instance, among all spells starting two years before the end of the sample, it keeps only those that last one year and excludes all the spells lasting more than one year.

45. In the table below, the analysis is complemented by the distribution of the length of (right-censored) poverty spells starting in the mid-1990s as well as a lower-bound estimate of their average duration. These indicators should not be affected by the drawbacks described above. Their shortcoming is that the results could be dependent on the initial date chosen to calculate them.

[Table A26. Duration of poverty spells starting in 1995 wave]

46. The country pattern of poverty duration showed in the above table broadly confirms the results in Table 11 of the main text. Exceptions are Spain, which shows a lower average spell duration with the above indicator than with the one in the main text, and France, for which the converse is true.¹²

12. These differences could be due to measurement problems affecting the Spanish and French sections of the ECHP dataset in the first wave (OECD *Employment Outlook 2004*, Annex 4.A2).

TABLES AND FIGURES

Table A1. Trends of unemployment and share of gross labour earnings in total disposable income

		Period before 1993-94			Period after 1993-94		
		Unemployment rate			Unemployment rate		
		Decline	Almost constant	Increase	Decline	Almost constant	Increase
Share	Decline	Belgium Ireland United Kingdom	Japan	Finland France Germany Italy	Italy Netherlands Spain	Switzerland	Czech Republic Germany Japan
	Almost constant or unclear	Canada Denmark Netherlands		Sweden		Portugal	Greece
	Increase	Portugal United States		Australia Greece	Australia Belgium Canada Denmark Finland France Ireland Norway Sweden United Kingdom United States		Austria

Notes: For the unemployment rate, "almost constant" refers to changes of 0.5 percentage points or less. The assessment of share of gross labour earnings is based on 4 different data sets: Förster and Mira d'Ercole (2005), Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set. See Annex 1 for details on methodology and Table A16 for trends by data source.

Table A2. Trends of unemployment and share of transfers in total disposable income

		Period before 1993-94		Period after 1993-94	
		Unemployment rate		Unemployment rate	
		Almost constant		Almost constant	
		Decline		Decline	
Share	Decline	Netherlands		Australia Belgium Canada Denmark Finland Ireland	Netherlands Norway Spain United Kingdom United States Sweden
	Almost constant or unclear	United Kingdom		France Italy	
	Increase	Belgium Canada Denmark Ireland Portugal United States	Japan		Portugal
Share	Decline				Austria
	Almost constant or unclear				
	Increase				Czech Republic Germany Greece Japan

Notes: For the unemployment rate, "almost constant" refers to changes of 0.5 percentage points or less. The assessment of share of transfers is based on 4 different data sets: Förster and Mira d'Ercole (2005), Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set. See Annex 1 for details on methodology and Table A18 for trends by data source.

Table A3. Trends of unemployment and share of gross labour earnings in total disposable income of the three bottom deciles

		Period before 1993-94		Period after 1993-94	
		Unemployment rate		Unemployment rate	
		Decline	Almost constant	Decline	Almost constant
Share	Decline	Canada Denmark Netherlands United Kingdom United States		Italy Sweden	Portugal
	Almost constant or unclear				
Increase	Almost constant or unclear				
	Increase		Australia Finland Norway Sweden Switzerland Germany		Austria Germany Greece

Notes: For the unemployment rate, "almost constant" refers to changes of 0.5 percentage points or less. The assessment of share of gross labour earnings is based on 4 different data sets: Forster and Mira d'Ercole (2005), Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set. See Annex 1 for details on methodology and Table A17 for trends by data source.

Table A5. Trends of unemployment and transfers' inequality

		Period before 1993-94		Period after 1993-94	
		Unemployment rate		Unemployment rate	
		Almost constant		Almost constant	
		Decline		Decline	
Inequality	Decline	Canada United States	Finland Germany Greece Spain Sweden Switzerland	Italy United States	Austria Czech Republic Germany
	Almost constant or unclear	Denmark Netherlands United Kingdom	Australia France Norway	Belgium France Norway	Greece
	Increase	Belgium Ireland Portugal	Italy	Australia Canada Denmark Finland Ireland Netherlands Spain Sweden United Kingdom	Japan

Notes : For the unemployment rate, "almost constant" refers to changes of 0.5 percentage points or less. The assessment of transfers' inequality is based on 4 different data sets: Förster and Mira d'Ercole (2005), Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set. See Annex 1 for details on methodology and Table A.18 for trends by data source.

Table A6. Trends of unemployment and transfers' inequality of the three bottom deciles

		Period before 1993-94		Period after 1993-94	
		Unemployment rate		Unemployment rate	
		Almost constant		Almost constant	
		Decline		Decline	
Inequality	Decline	Canada Denmark Netherlands United Kingdom	Australia Finland Germany Norway Sweden	Belgium Italy Sweden	Austria Germany Greece
	Almost constant or unclear	United States		Canada United States	
Inequality	Increase		Switzerland	Denmark Finland France Ireland Netherlands Norway Spain United Kingdom	
	Increase				

Notes : For the unemployment rate, "almost constant" refers to changes of 0.5 percentage points or less. The assessment of transfers' inequality is based on 4 different data sets: Förster and Mira d'Ercole (2005), Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set. See Annex 1 for details on methodology and Table A.19 for trends by data source.

Table A8. Trends of unemployment and share of taxes in total disposable income

		Period before 1993-94		Period after 1993-94	
		Unemployment rate		Unemployment rate	
		Almost constant		Almost constant	
		Increase		Increase	
		Switzerland		Czech Republic	
		Japan		Japan	
		Decline		Decline	
		Ireland Netherlands United Kingdom		Finland Italy Netherlands	
		Almost constant or unclear		Almost constant or unclear	
		Australia Finland France Germany Sweden		Australia Canada France Ireland United Kingdom	
		Increase		Increase	
		Belgium Canada Denmark Portugal United States		Belgium Denmark Norway Spain Sweden United States	
		Share		Share	
		Almost constant or unclear		Almost constant or unclear	
		Italy Norway		Portugal	
		Switzerland		Switzerland	
		Increase		Increase	
		Australia Finland France Germany Sweden		Belgium Denmark Norway Spain Sweden United States	

Notes: For the unemployment rate, "almost constant" refers to changes of 0.5 percentage points or less. The assessment of share of taxes in total disposable income is based on 4 different data sets: Förster and Mira d'Ercole (2005), Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set. See Annex 1 for details on methodology and Table A22 for trends by data source.

Table A9. Trends of unemployment and share of taxes in total disposable income of the three bottom deciles

		Period before 1993-94		Period after 1993-94	
		Unemployment rate		Unemployment rate	
		Decline	Almost constant	Decline	Almost constant
Share	Decline	Denmark United Kingdom United States		Belgium Italy Spain Sweden	Austria Germany Greece
	Almost constant or unclear		Germany	Finland France Netherlands United States	
Increase	Almost constant or unclear				
	Increase	Canada Netherlands	Finland Switzerland	Canada Denmark Ireland Norway United Kingdom	

Notes: For the unemployment rate, "almost constant" refers to changes of 0.5 percentage points or less. The assessment of share of taxes in total disposable income is based on 4 different data sets: Förster and Mira d'Ercole (2005), Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set. See Annex 1 for details on methodology and Table A23 for trends by data source.

Table A.10. Trends of unemployment and tax inequality

		Period before 1993-94		Period after 1993-94	
		Unemployment rate		Unemployment rate	
		Decline	Almost constant	Decline	Almost constant
Inequality	Decline	Australia Ireland United Kingdom		Australia Ireland United Kingdom	Austria Greece Japan
	Almost constant or unclear	Denmark	Denmark Portugal	Canada Norway Denmark Sweden France United States Italy	Portugal
Inequality	Increase			Belgium Finland Netherlands Spain	Czech Republic Germany
	Almost constant or unclear	Germany Sweden	Germany Sweden		
Inequality	Decline				
	Increase	Belgium Canada Ireland Netherlands	Belgium Portugal United Kingdom United States		
Inequality	Almost constant or unclear		Denmark		
	Increase			Australia Finland France Italy Norway Switzerland	
Inequality	Decline				
	Almost constant or unclear		Japan		

Notes: For the unemployment rate, "almost constant" refers to changes of 0.5 percentage points or less. The assessment of tax inequality is based on 4 different data sets: Förster and Mira d'Ercole (2005), Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set. See Annex 1 for details on methodology and Table A.22 for trends by data source.

Table A12. Trends of unemployment and redistributive impact of taxes of the three bottom deciles

Period before 1993-94		Period after 1993-94	
Unemployment rate		Unemployment rate	
Decline		Decline	
Redistribution	Decline	Canada Netherlands United States	Italy Netherlands Spain
	Almost constant or unclear	Denmark	Belgium Finland Norway United Kingdom United States
	Increase	Finland Germany	France Sweden
Unemployment rate		Unemployment rate	
Almost constant		Almost constant	
Increase		Increase	
Australia Norway Sweden Switzerland		Portugal Greece	

Notes : For the unemployment rate, "almost constant" refers to changes of 0.5 percentage points or less. The assessment of redistributive impact of taxes is based on 4 different data sets: Förster and Mira d'Ercole (2005), Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHIP) data set and Cross National Equivalent Files (CNEF) data set. See Annex 1 for details on methodology and Table A25 for trends by data source.

Table A13. Trends of overall income inequality according to different data sources

	Before 1993/94								Summary
	Gini coefficient				Ratio of 9th-to-1st decile average incomes				
	OECD	ECHP	LIS	CNEF	OECD	ECHP	LIS	CNEF	
Australia	+	..	+	..	-	..	+	..	(+)
Austria	~	..	+	..	+	..	+	..	(+)
Belgium	+	..	~	..	-	..	+	..	(~)
Canada	-	..	-	..	-	..	-	..	-
Czech Republic
Denmark	-	..	-	..	-	..	-	..	-
Finland	~	..	+	..	-	..	~	..	(~)
France	+	..	-	..	+	..	-	..	(~)
Germany	+	..	~	+	+	..	+	+	(+)
Greece	-	-	-
Ireland	-	..	+	..	-	..	+	..	(~)
Italy	+	..	+	..	+	..	+	..	+
Japan	+	+	+
Luxembourg	+	..	-	..	+	..	-	..	(~)
Netherlands	+	..	~	..	+	..	+	..	(+)
Norway	+	..	+	..	+	..	-	..	(+)
Portugal	+	-	(~)
Spain	-	..	-	..	-	..	-	..	-
Sweden	-	..	+	..	-	..	-	..	(-)
United Kingdom	+	..	+	..	+	..	+	..	+
United States	+	..	+	+	+	..	+	+	+

	After 1993/94								Summary
	Gini coefficient				Ratio of 9th-to-1st decile average incomes				
	OECD	ECHP	LIS	CNEF	OECD	ECHP	LIS	CNEF	
Australia	~	+	(~)
Austria	+	~	-	..	+	-	-	..	(-)
Belgium	..	~	+	-	+	..	(~)
Canada	+	..	+	..	+	..	+	..	+
Czech Republic	+	..	+	..	+	..	+	..	+
Denmark	+	-	+	+	(+)
Finland	+	+	+	..	+	+	+	..	+
France	-	-	~	-	(-)
Germany	-	-	-	+	+	-	-	+	(-)
Greece	+	-	+	-	(~)
Ireland	-	-	-	..	+	+	+	..	(~)
Italy	-	-	-	..	-	-	-	..	-
Japan	+	+	+
Luxembourg	+	+	+	..	~	+	+	..	(+)
Netherlands	-	-	~	..	-	-	-	..	(-)
Norway	+	..	+	..	-	..	-	..	(~)
Portugal	-	-	-	-	-
Spain	..	-	-	-	-	..	-
Sweden	+	+	+	..	+	+	+	..	+
United Kingdom	+	-	+	..	+	-	+	..	(+)
United States	-	..	+	+	-	..	-	+	(~)

+ / - : inequality increase (decline) across all available sources and for both inequality indices.

(+) / (-) : inequality increase (decline) for a majority of sources and indices.

(~) : almost constant or contradictory outcomes across available sources or indices.

Sources: Förster and Mira d'Ercole (2005), Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set.

Table A.14. Trends of income inequality at the bottom according to different data sources

	Before 1993/94												Summary					
	General entropy index with entropy parameter=-1			Mean Log Deviation			Ratio of 5th-to-1st decile average incomes			Gini coefficient of the three bottom deciles				Ratio of mean income for deciles 1 to 3 to mean income for deciles 4 to 9				
	ECHP	LIS	CNEF	OECD	ECHP	LIS	CNEF	OECD	ECHP	LIS	CNEF	ECHP		LIS	CNEF	ECHP	LIS	CNEF
Australia	(+)
Austria	(+)
Belgium	(+)
Canada	(-)
Czech Republic	(-)
Denmark	(-)
Finland	(-)
France	(-)
Germany	(-)
Greece	(-)
Ireland	(-)
Italy	(-)
Japan	(-)
Luxembourg	(-)
Netherlands	(+)
Norway	(+)
Portugal	(-)
Spain	(-)
Sweden	(+)
United Kingdom	(+)
United States	(+)

	After 1993/94												Summary					
	General entropy index with entropy parameter=-1			Mean Log Deviation			Ratio of 5th-to-1st decile average incomes			Gini coefficient of the three bottom deciles				Ratio of mean income for deciles 1 to 3 to mean income for deciles 4 to 9				
	ECHP	LIS	CNEF	OECD	ECHP	LIS	CNEF	OECD	ECHP	LIS	CNEF	ECHP		LIS	CNEF	ECHP	LIS	CNEF
Australia	(-)
Austria	(-)
Belgium	(-)
Canada	(+)
Czech Republic	(+)
Denmark	(+)
Finland	(+)
France	(-)
Germany	(-)
Greece	(-)
Ireland	(+)
Italy	(-)
Japan	(+)
Luxembourg	(+)
Netherlands	(-)
Norway	(-)
Portugal	(-)
Spain	(-)
Sweden	(+)
United Kingdom	(+)
United States	(-)

+ / - : inequality increase (decline) across all available sources and for both inequality indices.
 (+) / (-) : inequality increase (decline) for a majority of sources and indices.

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(-) : almost constant or contradictory outcomes across available sources or indices.

Sources: Foerster and Mira d'Ercole (2005), Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set.

Table A15. Trends of relative poverty according to different data sources

	Before 1993/94								Summary
	Poverty threshold = 50% of median income				Poverty threshold = 60% of median income				
	OECD	ECHP	LIS	CNEF	OECD	ECHP	LIS	CNEF	
Australia	-	..	+	..	~	..	+	..	(+)
Austria	+	..	+	..	+	..	+	..	+
Belgium	-	..	+	..	-	..	+	..	~
Canada	-	..	-	..	-	..	-	..	-
Czech Republic
Denmark	-	..	-	..	-	..	-	..	-
Finland	-	..	-	..	-	..	-	..	-
France	-	..	-	..	~	..	-	..	(-)
Germany	+	..	+	+	+	..	+	+	+
Greece	-	-	-
Ireland	+	..	+	..	+	..	+	..	+
Italy	+	..	+	..	+	..	+	..	+
Japan	+	+	+
Luxembourg	~	..	-	..	+	..	-	..	(-)
Netherlands	+	..	+	..	+	..	+	..	+
Norway	+	..	+	..	+	..	+	..	+
Portugal	-	-	-
Spain	-	..	-	..	-	..	-	..	-
Sweden	~	..	~	..	~	..	~	..	-
United Kingdom	+	..	+	..	+	..	-	..	(+)
United States	+	..	~	+	+	..	+	..	+

	After 1993/94								Summary
	Poverty threshold = 50% of median income				Poverty threshold = 60% of median income				
	OECD	ECHP	LIS	CNEF	OECD	ECHP	LIS	CNEF	
Australia	+	+	+
Austria	+	-	-	..	+	-	-	..	(-)
Belgium	..	-	+	-	+	..	~
Canada	+	..	~	..	+	..	+	..	(+)
Czech Republic	+	..	+	..	~	..	+	..	(+)
Denmark	+	+	~	..	+	+	~	..	(+)
Finland	+	+	+	..	+	+	+	..	+
France	-	~	~	..	~	~	~	..	~
Germany	+	-	+	+	-	-	-	+	~
Greece	-	-	-	-	-
Ireland	+	+	+	..	+	+	+	..	+
Italy	-	-	-	..	-	-	-	..	-
Japan	+	+	+
Luxembourg	~	+	+	..	+	+	+	..	(+)
Netherlands	-	-	+	..	-	-	-	..	(-)
Norway	-	..	-	..	-	..	-	..	-
Portugal	-	-	-	-	-
Spain	..	+	+	+	+	..	+
Sweden	+	+	-	..	+	+	+	..	(+)
United Kingdom	+	-	+	..	~	-	+	..	~
United States	+	..	-	~	~	..	-	~	~

+ / - : inequality increase (decline) across all available sources and for both inequality indices.

(+) / (-) : inequality increase (decline) for a majority of sources and indices.

(~) : almost constant or contradictory outcomes across available sources or indices.

Sources: Förster and Mira d'Ercole (2005), Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set.

Table A16. Trends of labour earnings' share and inequality according to different data sources

Share										
	Period before 1993-94					Period after 1993-94				
	OECD	ECHP	LIS	CNEF	Summary	OECD	ECHP	LIS	CNEF	Summary
Australia	+	..	+	..	+	+	+
Austria	+	+
Belgium	-	-	..	+	+
Canada	+	..	-	..	~	+	..	+	..	+
Czech Republic	-	-
Denmark	+	..	-	..	~	+	+	+
Finland	-	..	-	..	-	+	+	+	..	+
France	-	-	+	+	+
Germany	-	..	-	-	-	-	-	-	-	-
Greece	+	+	~	+	~
Ireland	-	-	+	+	+
Italy	-	-	-	-	-
Japan	-	-	-	-
Netherlands	-	..	+	..	~	+	-	-	..	(-)
Norway	-	..	-	..	-	+	..	+	..	+
Portugal	+	+	+	-	~
Spain	-	-	..	-	-
Sweden	+	..	-	..	~	+	..	+	..	+
Switzerland	-	..	-	-	-
United Kingdom	-	..	-	-	-	-	+	+	..	(+)
United States	+	..	+	-	(+)	+	..	+	-	(+)

Inequality										
	Period before 1993-94					Period after 1993-94				
	OECD	ECHP	LIS	CNEF	Summary	OECD	ECHP	LIS	CNEF	Summary
Australia	+	..	+	..	+	-	-
Austria	-	-
Belgium	~	~	..	-	-
Canada	+	..	+	..	+	+	..	+	..	+
Czech Republic	+	+
Denmark	+	..	+	..	+	-	-	-
Finland	+	..	+	..	+	~	-	-	..	(-)
France	+	+	~	-	~
Germany	-	..	+	+	(+)	~	~	+	+	~
Greece	+	+	+	-	~
Ireland	+	+	-	-	-
Italy	+	+	-	-	-
Japan	+	+	+	+
Netherlands	+	..	-	..	~	-	-	-	..	-
Norway	+	..	+	..	+	+	..	-	..	~
Portugal	+	+	-	+	~
Spain	-	-	..	-	-
Sweden	~	..	+	..	~	+	..	-	..	~
Switzerland	+	..	+	+	+
United Kingdom	+	..	+	..	+	~	-	-	..	(-)
United States	+	..	+	+	+	-	..	~	+	~

+ / - : inequality increase (decline) across all available sources and for both inequality indices.

(+) / (-) : inequality increase (decline) for a majority of sources and indices.

(~) : almost constant or contradictory outcomes across available sources or indices.

Sources: Förster and Mira d'Ercole (2005), Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set.

Table A17. Trends of labour earnings' share and inequality at the three bottom income deciles according to different data sources

Share								
	Period before 1993-94				Period after 1993-94			
	ECHP	LIS	CNEF	Summary	ECHP	LIS	CNEF	Summary
Australia	..	-	..	-
Austria	+	+
Belgium	+	+
Canada	..	-	..	-	..	+	..	+
Denmark	..	-	..	-	+	+
Finland	..	-	..	-	+	+	..	+
France	+	+
Germany	..	+	-	~	-	-	-	-
Greece	-	-
Ireland	+	+
Italy	-	-
Netherlands	..	-	..	-	+	+	..	+
Norway	..	-	..	-	..	+	..	+
Portugal	-	-
Spain	+	+
Sweden	..	-	..	-	..	-	..	-
Switzerland	..	-	..	-
United Kingdom	..	-	..	-	+	+	..	+
United States	..	-	-	-	..	+	+	+

Inequality								
	Period before 1993-94				Period after 1993-94			
	ECHP	LIS	CNEF	Summary	ECHP	LIS	CNEF	Summary
Australia	..	+	..	+
Austria	-	-
Belgium	-	-
Canada	..	+	..	+	..	-	..	-
Denmark	..	+	..	+	-	-
Finland	..	+	..	+	-	-	..	-
France	-	-
Germany	..	-	-	-	-	+	+	(+)
Greece	-	-
Ireland	-	-
Italy	-	-
Netherlands	..	+	..	+	-	-	..	-
Norway	..	+	..	+	..	-	..	-
Portugal	-	-
Spain	-	-
Sweden	..	+	..	+	..	+	..	+
Switzerland	..	+	..	+
United Kingdom	..	+	..	+	-	-	..	-
United States	..	-	+	~	..	-	-	-

+ / - : inequality increase (decline) across all available sources and for both inequality indices.

(+) / (-) : inequality increase (decline) for a majority of sources and indices.

(~) : almost constant or contradictory outcomes across available sources or indices.

Sources: Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set.

Table A18. Trends of transfers' share and inequality according to different data sources

Share										
	Period before 1993-94					Period after 1993-94				
	OECD	ECHP	LIS	CNEF	Summary	OECD	ECHP	LIS	CNEF	Summary
Australia	+	..	+	..	+	-	-
Austria	-	-
Belgium	+	+	..	-	-
Canada	+	..	+	..	+	-	..	-	..	-
Czech Republic	+	+
Denmark	+	..	+	..	+	-	-	-
Finland	+	..	+	..	+	-	-	-	..	-
France	+	+	~	-	~
Germany	~	..	+	-	~	+	+	+	+	+
Greece	+	+	+	+	+
Ireland	+	+	-	-	-
Italy	+	+	-	+	~
Japan	+	+	+	+
Netherlands	-	-	-	-	-	..	-
Norway	+	..	+	..	+	-	..	-	..	-
Portugal	+	+	-	+	~
Spain	+	+	..	-	-
Sweden	+	..	+	..	+	-	..	-	..	-
Switzerland	+	..	+	+	+
United Kingdom	~	..	-	..	~	-	-	-	..	-
United States	+	..	+	+	+	-	..	-	-	-

Inequality										
	Period before 1993-94					Period after 1993-94				
	OECD	ECHP	LIS	CNEF	Summary	OECD	ECHP	LIS	CNEF	Summary
Australia	+	..	-	..	~	+	+
Austria	-	-
Belgium	+	+	..	~	~
Canada	-	..	-	..	-	+	..	+	..	+
Czech Republic	-	-
Denmark	+	..	-	..	~	+	+	+
Finland	-	..	-	..	-	+	+	+	..	+
France	~	~	~	+	~
Germany	-	..	-	-	-	-	-	-	..	-
Greece	-	-	+	-	~
Ireland	+	+	+	+	+
Italy	+	+	-	-	-
Japan	-	-	+	+
Netherlands	+	..	-	..	~	+	+	+	..	+
Norway	+	..	-	..	~	-	..	+	..	~
Portugal	+	+	+	-	~
Spain	-	-	..	+	+
Sweden	-	..	-	..	-	+	..	+	..	+
Switzerland	-	..	-	~	~
United Kingdom	-	..	+	..	~	+	~	+	..	(+)
United States	-	..	-	-	-	-	..	+	-	(-)

+ / - : inequality increase (decline) across all available sources and for both inequality indices.

(+) / (-) : inequality increase (decline) for a majority of sources and indices.

(~) : almost constant or contradictory outcomes across available sources or indices.

Sources: Förster and Mira d'Ercole (2005), Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set.

Table A19. Trends of transfers' share and inequality at the three bottom income deciles according to different data sources

Share								
	Period before 1993-94				Period after 1993-94			
	ECHP	LIS	CNEF	Summary	ECHP	LIS	CNEF	Summary
Australia	..	+	..	+
Austria	-	-
Belgium	-	-
Canada	..	+	..	+	..	-	..	-
Denmark	..	+	..	+	-	-
Finland	..	+	..	+	-	-	..	-
France	-	-
Germany	..	+	-	~	+	+	+	+
Greece	+	+
Ireland	-	-
Italy	+	+
Netherlands	..	+	..	+	-	-	..	-
Norway	..	+	..	+	..	-	..	-
Portugal	-	-
Spain	-	-
Sweden	..	+	..	+	..	+	..	+
Switzerland	..	-	..	-
United Kingdom	..	+	..	+	-	-	..	-
United States	..	+	+	+	..	-	-	-

Inequality								
	Period before 1993-94				Period after 1993-94			
	ECHP	LIS	CNEF	Summary	ECHP	LIS	CNEF	Summary
Australia	..	-	..	-
Austria	-	-
Belgium	-	-
Canada	..	-	..	-	..	~	..	~
Denmark	..	-	..	-	+	+
Finland	..	-	..	-	+	+	..	+
France	+	+
Germany	..	-	-	-	-	-	..	-
Greece	-	-
Ireland	+	+
Italy	-	-
Netherlands	..	-	..	-	+	+	..	+
Norway	..	-	..	-	..	+	..	+
Portugal	-	-
Spain	+	+
Sweden	..	-	..	-	..	-	..	-
Switzerland	..	+	..	+
United Kingdom	..	-	..	-	+	+	..	+
United States	..	-	+	~	..	+	-	~

+ / - : inequality increase (decline) across all available sources and for both inequality indices.

(+) / (-) : inequality increase (decline) for a majority of sources and indices.

(~) : almost constant or contradictory outcomes across available sources or indices.

Sources: Luxembourg Income Study (LIS) data set, European Community Household Panel Cross National Equivalent Files (CNEF) data set.

Table A20. Trends of transfers' redistributive impact according to different data sources

	Period before 1993-94												Period after 1993-94											
	additive				interaction component in Shorrocks' method				Summary				additive				interaction component in Shorrocks' method				Summary			
	OECD	ECHP	LIS	CNEF	OECD	ECHP	LIS	CNEF	OECD	ECHP	LIS	CNEF	OECD	ECHP	LIS	CNEF	OECD	ECHP	LIS	CNEF	OECD	ECHP	LIS	CNEF
Australia	+	..	+	..	+	+	+	+
Austria
Belgium
Canada	+	..	+
Czech Republic
Denmark	+	..	+
Finland	+	..	+
France	+
Germany	+	..	+
Greece	+
Ireland	+
Italy	+
Japan	+
Netherlands	+
Norway	+	..	+
Portugal	+
Spain	+
Sweden	+
Switzerland
United Kingdom	+
United States	+	..	+

+ / - : inequality increase (decline) across all available sources and for both inequality indices.

(+) / (-) : inequality increase (decline) for a majority of sources and indices.

(~) : almost constant or contradictory outcomes across available sources or indices.

Sources: Förster and Mira d'Ercole (2005), Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set.

Table A22. Trends of share of taxes in total disposable income and inequality according to different data sources

Share										
	Period before 1993-94					Period after 1993-94				
	OECD	ECHP	LIS	CNEF	Summary	OECD	ECHP	LIS	CNEF	Summary
Australia	+	..	-	..	~	~	~
Austria	+	+
Belgium	+	+	..	+	+
Canada	+	..	+	..	+	-	..	+	..	~
Czech Republic	-	-
Denmark	+	..	+	..	+	+	+	+
Finland	-	..	+	..	~	-	+	-	..	(-)
France	+	~	~	-	~
Germany	-	..	~	+	~	+	+	+	-	(+)
Greece	+	+
Ireland	-	-	-	+	~
Italy	+	+	-	-	-
Japan	-	-	~	~
Netherlands	-	..	-	..	-	-	-	-	..	-
Norway	+	..	+	..	+	+	..	+	..	+
Portugal	+	+	+	-	~
Spain	+	+
Sweden	+	..	-	..	~	+	..	+	..	+
Switzerland	-	..	-	+	+
United Kingdom	-	..	-	..	-	-	~	+	..	~
United States	+	..	-	+	(+)	+	..	+	+	+

Inequality										
	Period before 1993-94					Period after 1993-94				
	OECD	ECHP	LIS	CNEF	Summary	OECD	ECHP	LIS	CNEF	Summary
Australia	+	..	+	..	+	-	-
Austria	-	-
Belgium	+	+	..	+	+
Canada	+	..	+	..	+	+	..	-	..	~
Czech Republic	+	+
Denmark	~	..	~	..	~	+	-	~
Finland	+	..	+	..	+	+	-	+	..	(+)
France	+	+	-	+	~
Germany	-	..	~	+	~	+	-	+	+	(+)
Greece	-	-
Ireland	+	+	-	-	-
Italy	+	+	+	-	~
Japan	+	+	-	-
Netherlands	+	..	+	..	+	+	+	+	..	+
Norway	+	..	+	..	+	~	..	~	..	~
Portugal	+	+	-	+	~
Spain	+	+
Sweden	-	..	+	..	~	+	..	~	..	~
Switzerland	+	..	+	+	+
United Kingdom	+	..	+	..	+	+	-	-	..	(-)
United States	+	..	+	-	(+)	~	..	+	-	~

+ / - : inequality increase (decline) across all available sources and for both inequality indices.

(+) / (-) : inequality increase (decline) for a majority of sources and indices.

(~) : almost constant or contradictory outcomes across available sources or indices.

Sources: Förster and Mira d'Ercole (2005), Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set.

Table A23. Trends of share of taxes in total disposable income and inequality at the three bottom income deciles according to different data sources

Share								
	Period before 1993-94				Period after 1993-94			
	ECHP	LIS	CNEF	Summary	ECHP	LIS	CNEF	Summary
Australia	..	-	..	-
Austria	-	-
Belgium	-	-
Canada	..	+	..	+	..	+	..	+
Denmark	..	-	..	-	+	+
Finland	..	+	..	+	+	-	..	~
France	~	~
Germany	..	~	-	~	-	-	~	(-)
Greece	-	-
Ireland	+	+
Italy	-	-
Netherlands	..	+	..	+	~	-	..	~
Norway	..	-	..	-	..	+	..	+
Portugal	-	-
Spain	-	-
Sweden	..	-	..	-	..	-	..	-
Switzerland	..	+	..	+
United Kingdom	..	-	..	-	-	+	..	+
United States	..	-	-	-	..	+	-	~

Inequality								
	Period before 1993-94				Period after 1993-94			
	ECHP	LIS	CNEF	Summary	ECHP	LIS	CNEF	Summary
Australia	..	+	..	+
Austria	-	-
Belgium	-	-
Canada	..	+	..	+	..	-	..	-
Denmark	..	+	..	+	-	-
Finland	..	-	..	-	-	-	..	-
France	+	+
Germany	..	-	-	-	-	+	-	(-)
Greece	-	-
Ireland	-	-
Italy	-	-
Netherlands	..	+	..	+	-	-	..	-
Norway	..	+	..	+	..	-	..	-
Portugal	+	+
Spain	~	~
Sweden	..	-	..	-	..	-	..	-
Switzerland	..	+	..	+
United Kingdom	..	+	..	+	+	-	..	~
United States	..	-	-	-	..	-	+	~

+ / - : inequality increase (decline) across all available sources and for both inequality indices.

(+) / (-) : inequality increase (decline) for a majority of sources and indices.

(~) : almost constant or contradictory outcomes across available sources or indices.

Sources: Luxembourg Income Study (LIS) data set, European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set.

Table A26. Duration of poverty spells starting in 1995 wave^a

	Share of poverty spells starting in 1995 wave ^a and ending after:						Lower bound of average spell duration ^c	Average spell duration: sensitivity check ^d
	1 year	2 years	3-4 years	5-6 years ^b	7 or more years	Total		
Netherlands	72.1	16.2	5.8	5.9	0.0	100	1.55	1.55
Germany	73.2	13.1	7.5	2.2	4.1	100	1.65	1.77
Spain	69.0	11.2	14.2	3.6	2.1	100	1.75	1.81
Belgium	62.8	16.8	14.3	2.8	3.3	100	1.86	1.96
Denmark	72.4	4.9	13.2	2.1	7.4	100	1.87	2.09
EU-all waves	61.1	17.9	11.6	3.9	5.5	100	1.97	2.14
Italy	59.4	20.4	12.0	3.0	5.1	100	1.97	2.13
Greece	56.8	19.8	14.7	3.2	5.5	100	2.02	2.19
United States	61.4	17.6	7.7	8.0	5.4	100	2.05	2.21
Austria	57.5	13.2	15.9	13.3	.	100	2.11	2.40
United Kingdom	52.2	25.9	10.3	2.6	8.9	100	2.16	2.42
Finland	51.9	21.1	7.6	19.3	.	100	2.18	2.76
Luxembourg	50.0	21.2	18.0	10.9	.	100	2.21	2.53
Portugal	56.5	15.8	11.7	11.2	4.7	100	2.21	2.35
France	55.3	16.0	14.9	7.3	6.6	100	2.23	2.43
Ireland	36.9	17.0	10.8	12.0	23.2	100	3.29	3.98

a) 1996 wave for Austria and Luxembourg and 1997 wave for Finland.

b) 6 or more years for Austria and Luxembourg; 5 or more years for Finland.

c) Estimated by giving a value of 7 to all spells lasting 7 years or more for all countries except Austria, Luxembourg and Finland. For Austria and Luxembourg, a value of 6 is given to spells lasting 6 years or more. For Finland a value of 5 is given to all spells lasting 5 years or more.

d) Estimated by giving a value of 10 to all spells lasting 7 years or more for all countries except Austria, Luxembourg and Finland. For Austria and Luxembourg, a value of 9 is given to spells lasting 6 years or more. For Finland a value of 8 is given to all spells lasting 5 years or more.

Source: European Community Household Panel (ECHP) data set and Cross National Equivalent Files (CNEF) data set.