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A feasibility study for a data production and dissemination exercise: Developing and enhancing a comparative database for longitudinal household studies by harmonizing and integrating micro datasets from a large variety of independent national panels and from the European Community Household Panel

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Abstract

CHER (Consortium of Household Panels for European Socio-economic Research):

This project constitutes a feasibility study for a data production and dissemination exercise: Developing and enhancing a comparative database for longitudinal household studies by harmonizing and integrating micro datasets from a large variety of independent national panels and from the European Community Household Panel

The bottleneck for micro-analytic research on European topics and issues is the non-existence and/or non-accessibility of sufficient micro data which have to be both comparable and longitudinal. There are also no user-friendly links from macroeconomic/social information and institutional data to micro datasets. In order to overcome these problems the consortium created an international comparative micro database containing longitudinal datasets from many national household panels and from the European Community Household Panel Study (ECHP) complemented by key information from existing macro/ institutional datasets linked to the comparative database and supported by utilities for panel analyses. The comparative cross-national micro database together with its complementary modules will improve our understanding of social change, and its implications for the individual, and for social institutions and policy making.

Comparative research on economic and social phenomena at the European level is one of the most urgent needs for understanding the various national economies and societies, also in future member states. The first prerequisite for high quality cross-national research is the existence and availability of high quality micro-databases offering comparable data for the different countries under study. Thorough analyses dealing with economic or social processes and the underlying dynamics definitely require longitudinal data from socio-economic household panel studies with information both at the level of the individual and the household.

The main work of the consortium was to create the comparative micro database of CHER, which contains comparable variables transformed according to a common plan and built by using standardized international classifications where available. These files are available (a) for households and individuals on the micro level, (b) for single years and (c) as longitudinal information, all of them linked to macro and institutional data.

Concretely, the project involved the following tasks:

- develop and (re)define rules for standardization
- building-up and/or enhancing/reconverting comparable panel databases
- create documentation and user guide for the created database for these databases
- collect and prepare key information from macro-, meso- and institutional data and documentation
- improve information on and access to original country panel data
- enhance the ECHP for scientific use
- enhance the data processing techniques for using panel data
- set-up of an internet information system about household panel studies
- create a bibliographical database on panel research
- run exemplary panel analyses on labour market dynamics

The comparative database of CHER and its complementary modules will be used to facilitate comparative cross-national and longitudinal research in Europe and to study processes and dynamics of policy issues. It will improve our understanding of social and economic change and its implications for individuals, social institutions and for policy-making.

1. Executive summary

1.1 Policy-relevant objectives

The Consortium of Household Panels for European Socio-economic Research (CHER) was established in 2000 to carry out a feasibility study for a data production and dissemination exercise. The database is a comparative longitudinal database of households and individuals from existing panel data, covering demography, health, education and training, employment and activity, income and expenditure, housing and household durables, subjective information and social relations.

CHER's primary objective was to develop and enhance a comparative micro database for longitudinal household studies by harmonizing and integrating micro datasets from a large variety of independent national panels and from the European Community Household Panel (ECHP). The potential of the CHER database for cross-national research is much greater than what is available from the ECHP alone. CHER makes possible East–West comparisons. It can supply information about objective as well as some selected subjective living conditions, about the process of change in various areas of life and about the links between these areas and the changes themselves. The aims of the CHER project were to set up a comparable, longitudinal multi-purpose database on household panels. A complementary database containing key information about macro data, social security and employment policies allows enhanced analysis of social policies. The CHER database has been and will be used to carry out exemplary analyses focusing on understanding the dynamics of socio-economic change in Europe. The CHER database will be offered to the European social science community under appropriate rules for confidentiality and data protection.

1.2 Problems encountered in carrying out the research

Panel data for Europe exist, but access to these data is still difficult, expensive and/or restricted. The basic obstacle for micro-analytic comparative research on European topics and issues is still the fact that the datasets of the national panels are not directly comparable to one another, nor are they comparable to the ECHP.

Cross-national research with datasets from national panels (such as the British Household Panel Survey (BHPS), German Socio Economic Panel (SOEP), Panel Socio-Economique "Liewen zu Letzebuerg" (PSELL)) is difficult. Each of the national datasets is organized in a different manner; the variables are not standardized. The situation is that there are no common formats, variable names or data structure.

In view of the strongly increasing demand for ECHP data, Eurostat has constructed an anonymized user-friendly longitudinal User Database (UDB). CHER, like other research groups, is authorized only to use the UDB for their own research. This has negative consequences for those parts of the CHER database which come out of the ECHP, for a number of reasons. Income components in the UDP have been defined at a higher level of aggregation than the detailed enumeration given in the Production Database (PDB), and consequently the information is less rich than in the corresponding national panels. For pensions, it is impossible to differentiate between public and private sector employers' payments. No distinction is possible between original values and imputed income values on the individual level. The exact nationality of foreigners living in the different EU countries is not available. Occupational and industry codes are highly aggregated in comparison to the original questionnaire. The upper end of the age variable is top coded. Information on educational attainments has been collapsed to the three-category International Standard

Classification of Education (ISCED) level. Data distribution is delayed: for example data from 2000 became available only in June 2003.

Another obstacle for research(ers) interested in European matters is the fact that most of the existing micro-data sets (whether standardized or not) are not explicitly linked to information about national institutional regulations, nor to social, economic, demographic context data. Careful interpretation of results from cross-national research using micro data requires complementary analyses of macro and meso data, which have to be provided by the statistical and administrative agencies of the respective countries.

The lack of longitudinal data that are at the same time comparable, well documented and closely related to relevant macro and meso information and of user-friendly access, has truly regrettable consequences. The potential for a cross-national database to compare the situation in one country with those in other countries is not sufficiently used, and comparative analysis of European issues is still underdeveloped.

1.3 Solutions used to improve comparability

The consortium pursued the following tasks and procedures to create a comparable longitudinal database:

- develop and (re) define rules for standardization
- build up and/or enhance/reconvert the respective panel databases for comparability
- create documentation and user's guides for the resulting database
- collect and prepare key information taken from macro, meso and institutional data and documentation
- improve information on and access to original country panel data
- enhance the ECHP disposable data for scientific use
- enhance the data processing techniques for using panel data
- set-up of an internet information system on household panel studies
- create a bibliographical database
- run exemplary panel analyses in different research fields

The integration of all panel components into the CHER database format has been realized by applying two construction principles. Firstly, relevant subsets of variables for selected topics from original panel data were included, and these variables were made comparable by taking care to use standard classifications (for example International Standard Classification of Occupation (ISCO), International Standard Industrial Classification of all economic activities (ISIC)) where possible, not to collapse values (for example for nationality and professions), not to top code variables (for example age or income values), and by making a clear distinction between gross and net income components and between original values and imputed values (for example concerning income), as well as by standardizing missing codes and imputation flags.

Secondly, a relational database structure was prepared to support the analysis of the data, by naming the variables in a consistent manner (appropriate for panel analyses), creating a set of link variables (for example links to spouse, father and mother) assuring the links to the original datasets, ordering variables according to analysis requirements, reducing unnecessary complexities in the original panel files, providing information on household and individual level and guaranteeing a user-friendly organization in file structures.

The approach chosen for CHER, using highly standardised variables and files, facilitates the analysis of cross-national panel data. Standardized utilities will enable the user to retrieve and

match the database files more easily. The database structure will allow the writing of global analysis programs. Standard analysis programs can be run for different countries and different periods with no need to modify the interface to programs for the statistical packages. The processing of the comparative database files is easier than analysing the original panel studies. This way, the researcher does not need to be familiarized with the data organisation of the various country panels.

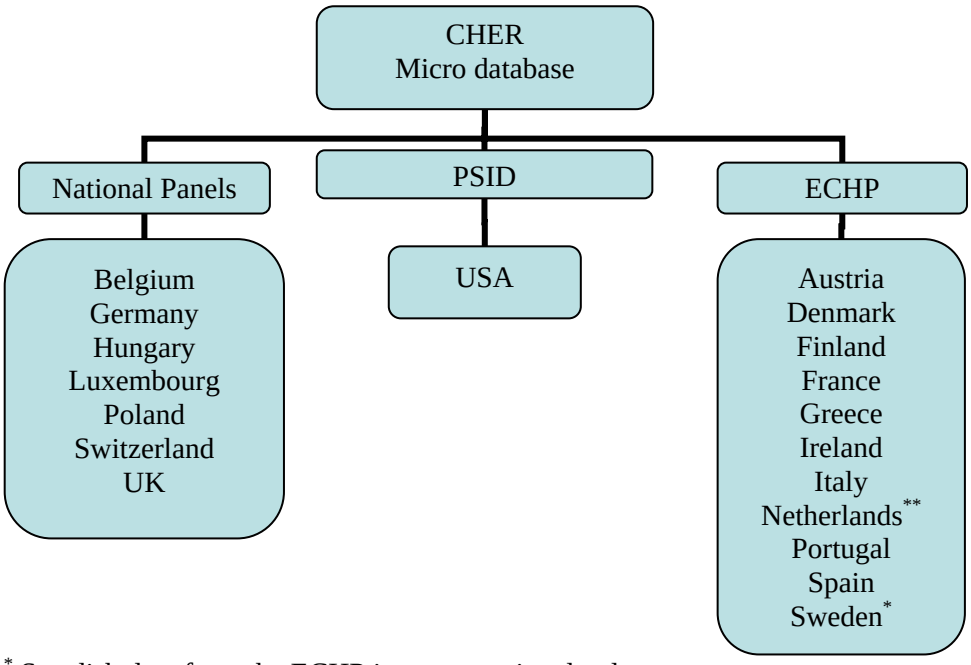
The information relating to datasets is being made comparable according to a common plan, and is built by using standardized international classifications where available. The database contains harmonized and consistent variables. The comparative database contains identical data structures for each country. Information in the CHER files is available for households and individuals on the micro level for single years and as longitudinal information. It can therefore increase the accessibility and use of panel data for research.

The comparative database thus contains harmonized and consistent variables and identical data structures for each country included. All files are held in a relational database structure. The data are stored as system files for the statistical packages SPSS, SAS and Stata. They contain identical variable names, labels, values and data structures. Each country file is adequately anonymized and can therefore be rated as a scientific use file.

1.4 Scientific methods for data preparing and analysis

The prerequisite for high quality cross-national research is the existence and availability of high quality micro-databases offering comparable data for the different countries under study.

Figure 1-1: Input files for CHER database



* Swedish data from the ECHP is cross-sectional only
** The Dutch subset will be replaced at a later stage by data drawn from the original panel

The consortium has not conducted its own surveys using standardized questionnaires and ex-ante harmonization. But the consortium created a comparative micro database from existing panel data, using ex-post harmonization (CHER), by integrating longitudinal datasets in Europe over as large a number of years and from as many country household panels as

possible and from the available country datasets present in the ECHP. The database holds micro-data from 19 countries (15 European Union member states, plus Switzerland, Poland, Hungary and the United States). It contains a relevant subset of variables from original panel data.

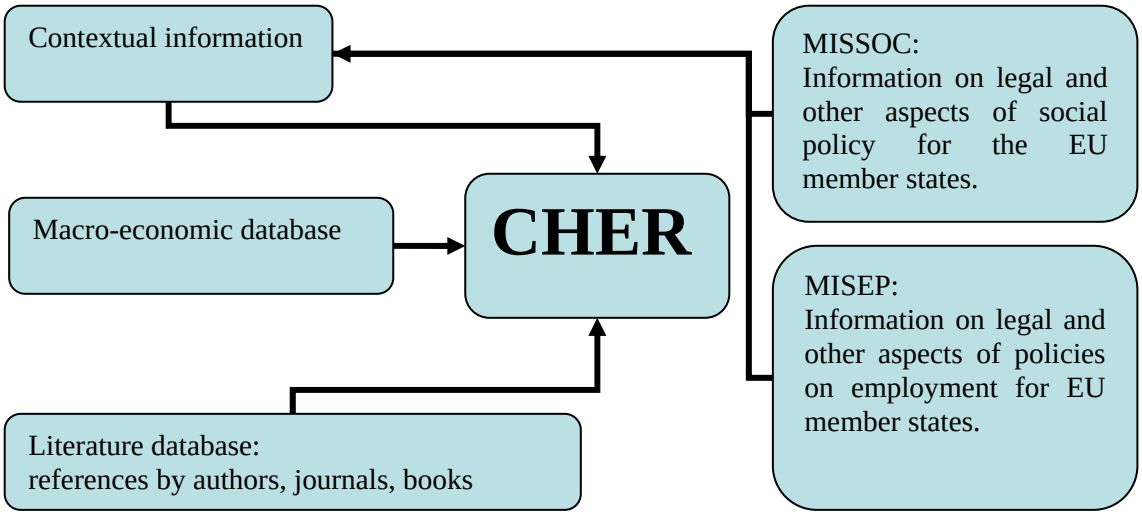
1.5 Data management

The advantage of longitudinal panel information compared to cross-sectional information lies in its potential for analysis of socio-economic dynamics on the micro-level. A classical example for illustrating the usefulness of panel data is given in the field of poverty analysis: before the existence of panel studies, cross-sectional data only showed a certain percentage of poverty in year one and another percentage, perhaps the same, in year two. It was impossible to know whether the 'poor' population was the same in year one and two, or how many of the 'poor' managed to exit from poverty. Panel data shed light on these movements, since they make it possible to follow individuals over a life cycle.

The added value to the ECHP from the CHER project is that the CHER dataset can serve as a gateway encouraging researchers to explore further research questions available for those country datasets for which the questionnaire is sufficiently in line with the ECHP questionnaire. CHER is an easily usable dataset. For ease of use, a table of summary variables is added to CHER which are not directly available from the ECHP. Thus CHER is perfectly suited for acting as an enticement to use the ECHP. Furthermore, CHER includes more countries than are available in the ECHP and allows East-West comparisons. Additionally, more years of data are available for selected countries than were converted into ECHP format.

Researchers can now start with a completed dataset rather than trying independently to harmonize the smaller subset of variables that is most useful for their research topic; a process that is repetitive and thus expensive and inefficient. The work already done on data harmonization considerably enhances the efficiency in using the micro data: researchers using CHER data will not have to repeat various basic activities ad hoc to standardize the data.

Figure 1-2: Reference databases for the CHER database



The CHER micro database – together with key information from existing macro data databases and institutional information about social security (MISSOC) and employment policies (MISEP) – can best be understood as a tool for improving (policy) relevant socio-economic knowledge. Advanced comparative analyses will be able to exploit differences and changes in policy rules across countries by isolating their impacts from those of other

macroeconomic and social changes.

The CHER database will enable researchers to do within-country comparisons at the same time as cross-national comparisons. Therefore, it will be possible to focus on national uniqueness and cross-national contrasts, as well as on cross-national similarities.

International comparisons allow for some ranking of national results concerning, for example, questions of poverty, unemployment or labour force participation. One particularly relevant finding is the fact that advanced western-type states face socio-economic problems that are similar, while the relative importance of these problems within national economies may be quite different.

The database will help in monitoring the outcomes of concrete political decisions and measures by way of cross-national comparisons. This can be done by observing the consequences of one specific national policy intervention (which occurs in one country and not elsewhere) for a relevant subgroup in the national population. The results for this subgroup are then compared with the situation of similar subgroups in other countries, subject to the same socio-economic trend over time.

National officials and other policy actors are increasingly interested in the problems of ageing. Because demographic ageing is at different stages around the world, opportunities exist for nations to learn from the different approaches used in different countries, what works where, and what does not, and in what direction policies are moving. Many explanations can be found for the fact that some countries are doing better in solving their problems than others. The CHER database will make it possible to explore the factors involved in change, including the heterogeneity of national labour markets, the differing importance and influence of social security systems and tax systems, and variations in the socio-economic and demographic structures of the population.

The CHER micro database will be a powerful tool for monitoring the outcomes of political decisions and measures, in response to the interest being shown by political decision makers and actors, public and private, both at the level of the EU and in member states. What can be learned from the approaches adopted in the different countries? What works where and what does not, and under what conditions? Which are the different trends? CHER will help analysts to find answers to these questions.

1.5.1 The CHER micro database

The CHER micro database is being made available on CD-Rom. The data are stored as system files for the statistical packages SPSS, SAS and Stata. They contain identical variable names, labels, values and data structures. Each country file has been adequately anonymized and can, therefore, be rated as a scientific use file. The consortium is setting up an internet system about household panel studies with key information from existing macro data databases and institutional information about social security and employment policies.

The longitudinal structure of CHER makes it possible to produce cross-sectional time series data, to describe the dynamics of households and individuals and to estimate transition probabilities for households and individuals.

The availability of the CHER database is restricted due to Eurostat regulations (See 5.1, General dissemination strategy), which at the time of writing this report does not allow CHER data coming from the ECHP to be disseminated to researchers outside the CHER consortium.

1.5.2 Meta database

Interpretation from cross-national research using micro-data requires complementary analyses of macro- and meso data to be provided by the statistical and administrative agencies of the respective countries (some of these data are available at Eurostat). Furthermore institutional data are necessary to understand and to complement the empirical findings. Such information are stored in MISSOC (Mutual Information System on Social Security) and in MISEP (Mutual Information System on Employment Policies). But there were no user-friendly links to these micro datasets.

So the CHER database has been complemented by key information from existing macro databases and institutional datasets about social security from the Mutual Information System on Social Security (MISSOC) and employment policies from Mutual Information System on Employment Policies (MISEP).

The consortium has set up a small database containing key information about:

- macroeconomic information and social information
- Social Security
- Employment Policies

The macroeconomic information, social information database contains key information about demography, labour force participation, unemployment, social protection, labour costs, price indices and purchasing power parities as well as similar items. The information has been extracted from existing publications/databases such as the Eurostat-CD (yearbook), New Cronos, ESSPROS, OECD series and some already existing comparative welfare state data sets.

The data for the Social Security database have been extracted from the MISSOC publications and the data for the Employment Policies database from the MISEP/ERSEP publications.

This database is linked to the relevant variables in the CHER micro database. They help in the interpretation of results from national and cross-national research with the comparative CHER micro databases and the original datasets from the panel studies.

1.6 Policy-relevant findings

The CHER database is relevant to policy in two interconnected ways: it constitutes a data management and infrastructure tool while also contributing to the knowledge base through its analytical component.

1.7 Testing and validation

The consortium concentrated on harmonizing data prior to analysis and substantive research. Nevertheless, only the interaction between data production/harmonization and analysis of the data guarantees that the database production is orientated towards the research needs. Values and problems of standardizing micro data derived from original surveys can only be identified by performing analyses on these products. For these practical reasons, the consortium conducted exemplary analyses (mainly on labour market problems and corresponding social security transfers).

The finalized CHER micro database was used by the project partners for comparative

research with panel data. Each of the partners in the consortium was responsible for dealing with specific research topics, as shown in Table 1-1. The second aim of this research is to illustrate for the user community the potential of the CHER database for cross-national research on a wide range of socio-economic issues.

Table 1-1: Research topics by country

Country (institution)	Topical key words for panel analysis	Countries to be covered
Belgium (UIA)	Health status, family structures, social relations, subjective variables	Belgium, Denmark, UK, Netherlands, Portugal, Spain, Greece, Italy
France (LASMAS)	Young people, itineraries, labour market trajectories, family organization, education, labour market transitions, cultural patterns, trajectories of immigrants	Austria, Spain, Belgium, Denmark, UK, France, Germany, Greece, Italy, Portugal, Luxembourg, Hungary, Netherlands, Ireland, Poland
Germany (DIW Berlin)	Income distribution, poverty, family related transfers, children	Denmark, Netherlands, Finland, Luxembourg, Belgium, UK, Germany, France, Austria, Ireland, Poland, Greece, Spain, Italy, Switzerland, Hungary, Portugal
Greece (EKKE)	Income inequality, SES differences, decomposition of inequality by population subgroups and by income components, education, impact of taxes and social security contributions, pensions	Denmark, Netherlands , Austria, UK, Germany, Luxembourg, France, Finland, Ireland, Italy, Greece, Spain, Portugal
Hungary (TARKI)	Income inequality and decomposition, income mobility, poverty and family composition, children, well-being, fertility behaviour	Poland, Hungary, Western Europe, East vs. West Germany, Hungary, Poland
Italy (CEIS)	Labour force status, retirement, ageing, non sampling problems, health	Austria, UK, Belgium, Denmark, Netherlands, Germany, Greece, Italy, Ireland, Portugal, Spain, Finland, France

Luxembourg (CEPS/I)	Early retirement, labour supply, older workers and income dynamics	Luxembourg, Germany, Netherlands, Finland, France, UK, Denmark, Austria, Italy, Ireland, Hungary, Spain, Greece Portugal, Poland,
Netherlands (TISSER)	Income distribution and labour market dynamics	Finland, Sweden, Denmark, Netherlands, Germany, Belgium, France, Luxembourg, Austria, Italy, Greece, Portugal, Spain, Hungary, Poland, Ireland, UK
Poland (UWARS)	Income and wage inequality and mobility , poverty and social policy, cost of children, unemployment and labour force participation, patterns of saving	Poland, Luxembourg, France, Belgium, UK, Hungary; Austria, Denmark, Germany, Greece, Hungary, Ireland, Italy, Spain, Netherlands, Portugal
Spain (UIIIM)	Labour force participation, childcare, public expenditure, female labour supply, retirement decisions, demand for health	Belgium, Germany, Hungary, Italy, Netherlands, U.K., Austria, Denmark, Finland, France, Greece, Ireland, Portugal, Spain
UK (ISER)	Integration of technology into households, non-monetarian poverty indices	all available countries

To conduct this research, advanced statistical methods for analyzing longitudinal data were used. The most important techniques are transition matrix-based procedures, linear models for panels, event history models and discrete choice models. These exemplary panel analyses were used to test the technical usability of the database, to improve the user friendliness where necessary, to detect and remove remaining inconsistencies and errors in the database, and to validate the database by comparing the empirical findings with external statistics.

1.8 Application of CHER

1.8.1 Income, welfare and work dynamics across Eastern and Western Europe

The empirical analyses explore how welfare and employment regimes in Europe coped with changes in the social and economic context over the 1990s and how their respective policies might have affected the economic and social performance of their systems. The empirical analyses are particularly aimed at researching the role and performance of welfare states and employment regimes in West-Europe and comparing these with the performances of East-European countries which, in the 1980s, were still socialist or communist. During the 1990s, the latter group of countries belonged to a cluster of so-called transitional economies moving towards a capitalist welfare state and who were transforming their economic and social systems to match the conditions for joining the European Union in the twenty-first century.

The innovative aspect is the combined focus on the social and economic performance of regimes over time and the comparison of mature systems of welfare state capitalism and former socialist transitional economies (economies being eventually considered as liberal, Mediterranean, conservative, social democratic and post-communists).

We tried to achieve a better understanding of the differences between East and West and of the problems and constraints which transitional economies still face after a decade of transforming and recalibrating their systems. East-West comparisons allow the exploration whether the trend is towards convergence or divergence over the 10-year period and whether there is scope for European interference.

The analyses have mainly two parts, one on the East-West comparison of economic and labour market performance, the other on income, poverty and deprivation. The empirical analytical parts deal primarily with dynamic and comparative analyses of welfare state and employment regime performances. They include a synthesis of the facts found and discuss lessons to be learned for European policies.

The empirical analytical part deals primarily with dynamic and comparative analyses of welfare state and employment regime performances. The comparative East-West analyses have two parts, one on the economic and labour market performance of regimes and one on the regimes' successes in tackling income, poverty and deprivation. The CHER dataset covers the 10-year period of the 1990s. The empirical analyses are aimed at using as many countries and time periods as possible. They were carried out from various disciplinary angles and perspectives, such as the micro-economic, sociological and socio-political approaches to social and economic change. The results will be critically reviewed and, where possible, lessons for European policies will be drawn.

1.8.2 East-West comparison of the economic and labour market performance

The social and economic performance of the various employment regimes over time are studied. We concentrate particularly on the comparison of mature systems of welfare state capitalism with the so-called transitional economies, which are still in the process of building up their market economy. The interest is in the social and economic performance of the various employment regimes over time. One may be interested in whether it is true that liberal regimes tend to build a flexible labour market without much concern for work security. For this reason, the extent of labour market mobility from unemployment to permanent employment, from flexible jobs to permanent jobs, from part-time to full-time employment and from low-level jobs to higher level jobs in terms of wages are studied. Of particular

interest to find out how the transitional economies perform in this respect. The empirical results are of interests in the perspective of the enlargement of the European Union.

The labour force behaviour of young people is another important issue for the analyses in progress. Youth and unemployment are one of the topics to be studied. Childbearing affects women's opportunities in the labour market. The costs of children in terms of impact of birth of a child (and presence of small children) on both female earnings and labour supply behaviour are to be quantified. Furthermore, it will be estimated how often young adults leaving home are forming a new household with and without a partner or living as a lone-parent family.

In recent years, policy makers and researchers have paid growing attention to older people and older workers, due to the persistence of high unemployment in many countries and the rapidly growing proportion of older people in the European population. Furthermore, early retirement schemes have been used to encourage employed workers to retire early in favour of younger employees and to guarantee unemployed individuals permanent and higher benefits while being pre-retired instead of being unemployed.

1.8.3 Comparisons of regime performance in tackling social exclusion

From a policy perspective, it is important to know the extent to which overall income inequality in the EU is attributed to inequality between countries and within countries. Different typologies of welfare state regimes and other factors are tested to find out if differences in income inequality between countries and their contribution to overall EU inequality can be explained. In this context, the magnitude of income mobility over time is analysed. Such a novel approach makes it possible to clarify whether the rich, the poor or the middle class experience the greatest mobility and to assess their respective impact on the overall mobility level

Understanding poverty and the low social status often ascribed to living in or on the verge of poverty requires consideration of more than just the financial resources available to individuals and their households. Access to goods and facilities over time has been shown to have a significant link with levels of poverty, but this association is complex, and the dynamics of lacking basic items over time are not restricted to households struggling to make financial ends meet. Therefore, the relationship between the degree of non-monetary deprivation is explored. Non-monetary deprivation is defined here as not possessing certain household goods and living in a house that lacks facilities and presents problems that impact on quality of life and on income position.

Welfare regimes across Europe differ considerably with respect to the support given to families and households with dependent children. In striving for a harmonisation of social policy across EU-countries more insight in these cross-national differences is needed. Our research agenda is thought to add to this by concentrating on a comparison of some selected monetary indicators of economic well-being of children (up to 16 years of age) across Europe. This research tackles the incidence and relevance of family related public transfers. This includes also an analysis of the connections between (insufficient) family transfers and resulting child poverty. Here poverty rates, poverty gaps, sequences of poverty spells and income mobility are studied. The results may help in assessing the role of family benefits for income formation and income situation. They will give empirical evidence on how successful the different welfare regimes are in safeguarding children from poverty.

1.9 Conclusions: project achievements and the future of CHER

The CHER project remains ambitious. CHER created an international comparative database that contains socio-economic cross-sectional and longitudinal micro data from both EU and non-EU countries. CHER also includes complimentary national-level institutional, social policy, and macro-economic details to facilitate analysis by the wider scientific community.

National officials and other policy actors are increasingly interested in the problems of ageing. Because demographic ageing is at different stages around the world, opportunities exist for nations to learn from the different approaches used in different countries, what works where, and what does not, and in what direction policies are moving. Many explanations can be found for the fact that some countries are doing better in solving their problems than others. The CHER database will make it possible to explore the factors involved in change, including the heterogeneity of national labour markets, the differing importance and influence of social security systems and tax systems, and variations in the socio-economic and demographic structures of the population.

The CHER micro database is a powerful tool for monitoring the outcomes of political decisions and measures, in response to the interest being shown by political decision makers and actors, public and private, both at the level of the EU and in member states. What can be learned from the approaches adopted in the different countries? What works where and what does not, and under what conditions? Which are the different trends? CHER will help analysts to find answers to these questions.

2. Background and objectives of the project

Empirical-comparative research on economic and social phenomena at the European level is one of the most urgent needs for the understanding of the various national economies and societies and for their integration into a common Europe. As already mentioned, the problem for micro-analytic research on European topics and issues is the non-existence or non-accessibility of sufficient micro data which have to be both comparable and longitudinal. In order to overcome these problems the consortium wanted to create the international comparative micro database CHER containing longitudinal datasets from many national household panels and from the European Community Household Panel Study (ECHP) complemented by key information from existing macro/ institutional datasets linked to the comparative database and supported by utilities for panel analyses.

At a future date following the conclusion of the main CHER project, the database will be supplemented with more data waves for the United States which will be made available in our common European format[1] which fits the purposes of European research much better than the "transatlantic format". The model for content and the data structures will be taken from the European panels.

The final CHER database contains comparable variables transformed according to a common plan and has been built by using international standardized classifications from a European point of view, where available. Information in these files will be available (a) for households and individuals on the micro level, (b) for single years and (c) as longitudinal information, all of them linked to meso- and macro data.

The chosen approach - using highly standardized variables and files - facilitating user-friendly analysis of panel data in the following respects:

- Standardized utilities enable the user to retrieve and to match the database files more easily.
- The database structure allows to write global analyses programs.
- Standard analyses programs can be run for different countries and different periods with no need to modify the interface to programs for the statistical packages.
- The processing of the comparative database files is easier than analysing the original panel studies.
- The researcher does not need to be familiarized with all original panel survey organization.

The consortium created a high-quality cross-national, comparable, longitudinal micro-database on the levels of households and individuals. Longitudinal information integrated into the database allow study of changes in social and economic situations at a given point in time and in historical perspective. It can be used to facilitate comparative cross-national and longitudinal research in Europe and to study processes and dynamics of policy issues related to family structures, education, labour force participation, income distribution (in particular social security transfers and poverty), problems of the elderly. The ultimate goal is to offer the final database to the European social science research community.

The comparative CHER database and its complementary modules are valuable and effective tools for improving the socio-economic knowledge base: improving our understanding of social and economic change, and its implications for the individual, social institutions and policy-making. The existence of this database largely advances the development of European social research infrastructures in this field.

[1] e.g. by focussing on monthly and annual incomes

Table 2-1: Availability of CHER data, by country and year

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Belgium			X	X	X	X	X	X	X			
Germany	X	X	X	X	X	X	X	X	X	X	X	
Hungary			X	X	X	X	X	X				
Luxembourg						X	X	X	X	X	X	X
Poland					X	X	X	X	X	X	X	
Switzerland										X	X	
UK		X	X	X	X	X	X	X	X	X	X	X
USA	X	X	X									
ECHP[2]:												
Austria						X	X	X	X	X	X	
Denmark					X	X	X	X	X	X	X	
Finland							X	X	X	X	X	
France					X	X	X	X	X	X	X	
Greece					X	X	X	X	X	X	X	
Netherlands					X	X	X	X	X	X	X	
Ireland					X	X	X	X	X	X	X	
Italy					X	X	X	X	X	X	X	
Portugal					X	X	X	X	X	X	X	
Spain					X	X	X	X	X	X	X	
Sweden[3]								X	X	X	X	
TOTAL	2	3	5	4	13	15	16	17	16	16	16	2

The CHER project was jointly undertaken by a consortium of 12 partners. Eight worked with national panels of their own (Belgium, Germany, Hungary, Luxembourg, Netherlands, Poland, Switzerland and the United Kingdom). These partners have long standing experience in running panel surveys and carrying out panel analyses. All project partners who are data owners agreed to forward their country's panel data to the consortium and its partners. The participating members of the consortium exchanged their national data files on a non-cost basis. One of these seven partners (Switzerland) did not participate in the ECHP and developed a new panel study. Thus, the consortium comprises nearly all the relevant national household panel studies in the EU, and in addition two longitudinal datasets from candidate states (Poland and Hungary). Four of the partners (France, Greece, Italy and Spain) do not have panel data of their own, but they do have proven experience with longitudinal analyses and/or are experts in designing or setting up databases on social issues. They were included in the project because their countries are participating in the ECHP.

The CHER database contains micro data on 19 countries in Europe and Northern-America. Comparing years available from the national panels with those from the ECHP, one can see that for some of the national panels we have information for the year 2001, but – unfortunately - the most recent data from the ECHP is only from 2000. Furthermore we have more country years available from the national panels for the early years of the nineties.

The reasons for these differences in data coverage are two-fold:

a) The ECHP started in 1994 and so cannot provide data for earlier years than 1994.

[2] The CHER data for the ECHP countries are only available in the consortium CD (Deliverable C). On the public version (Deliverable A) of the CD there are syntax programs (Deliverable B) available which allow the users to produce the ECHP based CHER versions themselves (in case they have access to the ECHP user database).

[3] Data from Sweden are cross-sectional only

b) The data production and delivery of ECHP data is rather delayed. The “ordinary” external user (as is the case for the CHER consortium) as for July 2003 has access only to ECHP data up to 2000.

The CHER database offers a set of harmonized micro data covering economic situation, family and household composition, housing and living conditions and individual wellbeing. The income situation can be identified at the level of households as well as on the level of individuals. The country data included in the CHER database are summarized in Table 2-1.

3. Scientific description of the project results and methodology

3.1 Concept and rules for standardization

The consortium had and has unrestricted access to the original national panel surveys included in the CHER database. The members of the CHER network were only granted access to the ECHP User database (UDB) excluding the possibility to exploit any relevant additional information from the ECHP production database (PDB). This had as a consequence that we had to restrict the content of the CHER database to the information level which is available from the ECHP user database only.

The content of the CHER household panel database has been defined according to the procedures outlined in this section:

First, we analyzed the coding scheme used in the existing micro datasets and checked the existing standard classifications. At the brainstorm workshop, we set up and discussed the first version of a CHER variable list. After the meeting we send out check lists (see appendices **Error! Reference source not found.** and 7.8), which the partners used to find out which variables were available or could be created out of their national data sets and whether any modification would be necessary. At our second network meeting the CHER variable list was finalized (see Annex 7.7).

In particular, the following CHER standardization items were agreed upon:

- selection of variable topics
- definition of specific variables
- definition of the statistical units of observation in the database
- specification of years included

The following decisions were taken:

The Consortium focussed on demographic, labour force, and income variables. In addition, the CHER data also include smaller sets of variables on education, health, housing, durables, expenditure variables, subjective variables and social relations.

The definitive list of CHER variables covers the following topics:
- Activity status
- Demographic background
- Education and training
- Employment
- Expenditure
- Health
- Household durables
- Housing quality
- Income
- Social relations
- Subjective variables
- Organisational variables, weights and population factors

The standard classifications NUTS (Nomenclature of Territorial Units for Statistics), ISIC (International Standard Industrial Classification of all Economic Activities), ISCO (International Standard Classification of Occupation) and ISCED (International Standard Classification of Education) were included. We used NUTS as regional information coding system, but details are very limited because of data privacy regulations. No regional

information is provided for Luxembourg. For Germany the only available level is "Bundesländer". To make this variable user friendly for analysis, a 4-digit coding scheme was devised.

The seven category ISCED classification was used for education. The profession is coded via ISCO (2 digits) and the industries are classified via ISIC(1 digit).

The majority of variable definitions used other than income variables are based on already existing datasets such as PACO[4] (Panel Comparability), LIS[5] (Luxembourg Income Study) and ECHP. The details of harmonised income variables in existing data sets ranges from the highly disaggregated income variables in PACO to the highly aggregated variables in the Cross National Equivalent File (CNEF[6]), with the ECHP occupying an intermediate position. CHER includes a set of income variables similar to those available in the ECHP. The partners agreed that a reliable gross/net conversion factor which works equally well for all countries would be difficult to derive. The partners agreed to adopt the conventions employed by the national surveys. It was decided to make the distinction between net and gross income, the variable system will allow the user to differentiate clearly between gross and net incomes. In the final version we decided – where possible - to convert gross incomes into net or *vice versa.*

It was decided that the CHER project would not re-weight the data, but instead use the weights supplied with the national surveys. The national data producers know their data best, and the CHER partners see no need to engage in re-weighting the data with the exception of some rare cases where national data producers saw reasons to engage in re-weighting the national survey. The changes have been carefully documented, and the nature of the bias is described in the documentation.

It was, however, decided to "normalise" the weights supplied by the national partners. Weights were re-calibrated so that the mean value is equal to one. In addition, population factors are supplied which allow the inflation of the sample to population size. Regarding longitudinal weighting factors, it was decided to use the cross-sectional weights from the last wave of the panel survey, which in most cases include information from attrition analyses carried out by the national data producers.

Two specification documents have been designed with in-depth information on the variables. First, the "variable list" document displays the name, label, value labels, default value, and unit for each variable. Second, the "definition" document lists the detailed definition of variables for a subset of variables, the possible missing values and filtering information where necessary. Both documents are part of the CHER User Guide (Part D3).

CHER and ECHP format

The CHER format mirrors ECHP UDB format to the extent for which such mirroring is appropriate. In some cases, CHER includes variables relevant to data from partners which have not been included in the ECHP UDB. Thus, CHER provides a complement to the ECHP by serving as a bridge between information contained only in one of the sets of files but not the other for researchers working with comparative data.

[4] http://www.ceps.lu/paco/pacopres.htm, accessed at 22 October 2003
[5] http://www.lisproject.org/, accessed at 10 October 2003
[6] http://www.human.cornell.edu/pam/gsoep/equivfil.cfm, accessed at 22 October 2003

3.2 Years and countries included in CHER

Core years of CHER database

The inclusion of the panel data from 1980s will invariably entail problems as the content of the questionnaires and also the data collection methods have evolved, often dramatically. In the case of Germany, there is only full information on West **and** East Germany starting with 1990. These changes make it very difficult to deliver a dataset of satisfactory quality for the period prior to 1990.

The consortium took the decision to start integrating only 1990s data during the first phase of CHER. Data from the latest and/or still continuing panel studies should be included: in the case of Luxembourg only PSELL II (Socio Economic Panel: "Living In Luxembourg") and not PSELL I for 1990-1994. We made one exception in the case of Poland, as two separate panels from 1994-1997 and from 1998-2000 produce time series data that allow for more fruitful East-West analysis across the 1990s than would have been possible with only the most recent Polish panel.

Country datasets included in CHER

The CHER consortium decided that only one data set per country would be included (with the exception of Poland); and that the data would only cover variables which could be created at least for the majority of countries. The dataset selected for each country is the one data set that covered the widest range of the selected time period for CHER (1990-2001) and is most widely used for academic research relying on data for that country. The reference data set for Germany would be the SOEP, for Netherlands the SEP, for the UK the BHPS, for Luxembourg the PSELL-II and for Belgium the PSBH. This explicitly excludes the ECHP clones and also the ECHP datasets for Germany, Belgium, UK and Luxembourg which only are available for a very restricted number of years. This decision limits the potential for confusion that can arise when differences between survey designs or data conversion procedures yield variant results for the same country.

At this point, the Dutch dataset inside the CHER database is extracted from the ECHP. Currently, our Dutch partner is working hard to adapt the Dutch SEP database to the CHER format. In the foreseeable future, we plan to replace the ECHP based dataset for the Netherlands with the original Dutch data. The implementation will take place after the projects official end date. Therefore, the information on the Dutch subset in this final report will always refer to the current situation where the ECHP is the source for the Dutch data inside CHER. After the conversion of the original SEP panel into CHER format, the available waves for the Netherlands will be extended with three waves as the ECHP started in 1994 while the SEP is available from 1991 on.

3.3 Technical specifications of the CHER database

"Survey year" versus "calendar year" approach

The design of a panel database must specify the method to store annual income information, which relates to the previous year. Here the decision was taken to adopt the "survey year" rather than the "calendar year" approach. Under the "survey year" approach, information collected on the same questionnaire will be stored together i.e., demographic, housing, activity status information from year t will be stored together with income information collected in year t for year t-1. Under the "calendar year" approach, income information

collected in year t+1 for year t would have been stored together with the other information for period t collected at time t. It should be mentioned that the "calendar year" approach is nested within the "survey year" approach, necessitating only minor transformations using syntax files for data analysis.

The consortium made the decision to store the CHER data only as yearly files, where all country data are concatenated together. The multi-file approach has the advantage that it is easy to understand and that it does not necessitate the use of additional database software. This format is one with which many data users currently be familiar.

This data structure is in fact very similar to the data structure used for the ECHP-UDB. This has the advantage that there should not be high transaction costs involved for experienced ECHP-users when they want to analyse CHER-data as well.

The CHER database contains three types of cross-sectional files and one longitudinal metafile. These files are:

- household files for each country for each year
- inventory files for each country for each year
- person files for each country for each year
- a meta file covering all countries and all years

Household files

These files contain all households which completed an interview for the current wave (year).

Inventory files

These files cover all individuals living in the sampled households (independent of age and interview status).

Person files

These files contain all adults who completed personal interview. These persons are normally older than sixteen years, though in some countries, people older than sixteen who had not yet finished full-time education are excluded.

Meta file

This longitudinal file contains selected data from all the waves for every person (independent of age) who has ever been a member of a sampled household in at least in one year. It was decided to store all time invariant information as well as survey interview result information in a metafile covering all survey years. Household identifiers are also included in the meta-file to allow for the possibility of creating alternative versions of combining longitudinal household information.

Organisational Variables

The CHER database includes personal and household identifiers and a number of additional organizational and link variables. The personal identifier is constant throughout the entire lifetime of the panel. The household identifier is year-specific. In both cases, the identifiers from the survey of origin were included without modification. Thus the identifier variables in the CHER database were set up in such a way that the user will have the possibility to link the

original data with the CHER database. In addition, the CHER partners created constant household identifiers that allow the cross-time tracking of households rather than of individuals where such identifiers did not already exist. Furthermore pointers to household reference person, main household bread winner, spouse or partner of the respondent, as well as mother and father or the respondent were provided. These pointers to other persons are included in the yearly person inventory file, with the exception of the pointers to the parents which are supposed to be time invariant.

The following diagrams illustrate the CHER file structure:

Figure 3-1: Structure of the CHER files

Meta file	Inventory file	Person file	Household file
Time overlapping	Yearly	Yearly	Yearly
All individuals who ever appeared in the panel	Respondents Non-respondents Children	Respondents	Households
Date of Interviews Interview Results Weights Time invariant variables Time invariant pointers to father and mother Time varying household id's	Relationship to Head Marital Status Co-habitor Status Time variant pointers	Activity Status Employment Health Demographic Background Education and Training Income Subjective Vars Social Relations	Housing Durables Income Demographic Background

The above structure was agreed as the best database development structure to allow partners to check the consistency and quality of the conversion process from the original data sets, and to then allow an assessment of the cross-nationally comparative quality of the data.

The CHER variable list notes the files where each variable appears (see appendix 7.7). Some variables placed in the meta file are also included in other files. Gender and birth year also appear in the inventory and person files. Weights are stored in both the household and the person files as well as the metafile.

Also producing some redundancy, such small restructuring of the data improves the user friendliness of the CHER database.

Variable naming conventions

Variable names are based on the variable naming conventions already employed in the context of the PACO project. In principle, variable names are composed of six characters. The first character denotes the unit of observation: "p" for person variables or "h" for household

variables. The next two characters (only for time-dependent variables) are numbers for the year to which the data refers e.g., “00” if the data refers to the year 2000. This is followed by a letter describing the context of a given variable e.g., “d” for demographic variables. Finally, two additional numbers are added at the end of the variable name to distinguish that variable within its variable group.

Missing value conventions

We did not impute missing values on top of what has been done by the national surveys. It was also decided that in the final version of the CHER database, there should be no system missing values. We used different strategies to avoid system missing scores for income as opposed to other variables.

a) non-income variables:

Any remaining missing values will be coded as follows: -1 “non-response; refused to answer or otherwise not available”; -2 “does not apply”; -3 “not asked by that country”.

b) income variables:

A new concept for the imputation indicator for income variables (most of them are aggregated income information) has been developed. These variables will take on five possible values:

1 not available in questionnaire
2 item non-response, completely missing
3 partly missing
7 imputed
8 all information is valid, none is imputed

Although relatively detailed, such an indicator system for income variables turns out to be much more user-friendly than the one used by the ECHP. In addition, unlike the indicator system adopted by the ECHP, we cover variables both at the household level and at the individual level.

3.3.1 Conversion of income variables

All underlying panel studies for CHER contain information about the total sum of all household net incomes (total net income question). But the detailed information given by income sources differs between the countries and panel studies (see Table 7-12). Some panel studies ask for gross income elements but the majority of the other panel studies contain only net income elements. Comparisons of income distributions between countries based on different income definitions (gross or net) are severely biased. To solve this dilemma, two options would have been possible. We could adopt one of two options:

- to use only one common version (all incomes will be provided as gross with the exception of sum of total net income and deductions)
- to produce simultaneously two versions (gross and net version) for the income variables

The consortium opted for the latter option and created two sets of income variables for each country data set:

- one set of gross income variables
- one set of net income variables

This has the consequence that a "net version" had to be created for such datasets where only gross versions were given and a "gross version" for those with net incomes.

This procedure has the advantage that the original incomes (gross or net) as given by the panel studies remain available in the CHER files. Besides this an additional set of income variables (gross income variables where net income were given or net income variables where gross were given) has been created. This allows the analyst to use the original incomes from the survey or the generated income variables from CHER.
The transformation from gross incomes into net incomes or vice versa is a not a trivial task because it must ideally reflect the existing tax and social security contributions rules for each country.

However we restricted our conversion process to the following:

a) The consortium did not develop its own tax and social contribution functions.

b) The conversion gross/net or vice versa was done by applying transformation factors.

c) We converted only gross or net income where such conversion factors are already provided or can be derived from the original data sets.

d) We assume that all individuals in a household are taxed with the same tax/deduction rate, thus individual taxation and applying different tax rates were ignored.

e) In most countries, transfer income is not taxed. For this reason, we did not attempt to calculate gross and net values for transfer income. In consequence, household which rely solely on transfer income have identical gross and net income values.

The availability of reliable transformation factors is a pre-requisite for being able to convert gross incomes into net and vice versa. Such factors exist for 10 out of 19 data sets. For two countries (Germany and UK) such factors could be produced from the national data sets. Additional information about which income variables were created can be found in annex 7.10, Conversion of incomes. We now give some details regarding main tasks in this conversion process.

Task 1: Generating net incomes.

New net income variables have been created for four countries (Finland, France, Germany and UK). It was possible from information in these four datasets to calculate the total sum of all gross incomes on household level, the sum of all net incomes were already available (e.g., in the German SOEP these net incomes figures result from a simulation of direct federal taxes and social security contributions which are readily available from the original survey). Thus in a first step the conversion gross/net factor[7] (on household level) was calculated as follows.

[7] In order to create consistent gross/net incomes for Finland and France we did not use the net/gross factors provided by Eurostat.

(1) Household income: gross/net factor = 1/(sum of all gross incomes/sum of all net incomes)

In the second step theses factors were applied to the net incomes on household level.

(2) Household income: net income element = gross income element * gross/net factor

In the case the factor was not within a plausible range (0.30-1.05) no net incomes were created. In the last step the factors were also applied to the person incomes.

(3) Person incomes: net income element = gross income element * gross/net factor

Task 2: Generating gross incomes only.

Gross income elements have been created for eight ECHP based CHER files. To do so we used the net/gross factors provided by Eurostat[8]. The factors given by Eurostat have a range of: 1 to 2.5. In the first step the factors were applied to the net incomes on household level.

(1) Household incomes: gross income element = net income element * net/gross factor

In the second step the factors were applied to the person incomes.

(2) Person incomes: gross income element = net income element * gross/net factor

Task 3: Special Case Poland.

The Polish team was able to simulate tax and social insurance contributions for their datasets.

Summary of the gross and net income conversion tasks

For all CHER countries with original gross income data, detailed net income variables have been created. For most of the other countries – those having original net incomes - detailed gross incomes could be imputed. However it was not possible to create gross incomes for five countries (Belgium, Hungary, Luxembourg, Sweden, Switzerland) which only contain net incomes. For more information see Table 3-3.

3.3.2 Timing of variables

The CHER data are organized as yearly files (household, inventory and person file). Each yearly CHER file for year 'n' (except for Luxembourg[9]) is generated from the data from the corresponding original panel wave 'n'.

In consequence the majority of all CHER variables reflect the status given at time of the interview in year 'n'. The exact dates for the interview in each year can be retrieved using the interview dates variables[10]. In a strict sense, the status of a person is given for only for one point in time (interview date). As an example, the variable "labour force status"[11] in year "n" may reflect for one specific person the status as of 1st March in year "n" (when interview was conducted on 1st. March), where for another specific person the status may be given for 15. October in year "n" (when interview was conducted on 15th October).

[8] Eurostat 1999 ECHP UDB Manual: "The value before tax is estimated on the basis of a net/gross ratio. (The net/gross ratio is estimated using a simple statistical procedure on the basis of reported ratios for income from employment, for which both the net and the gross amounts are solicited.)".
[9] The Luxembourg CHER files for year n are derived from PSELL wave n + 1
[10] hxxt01, hxxt02, hxxt03
[11] pxxs01

Only a small set of variables does not follow the rules explained above. The yearly file "n" contains the yearly amounts for income for the **previous calendar year**[12]. The number of months spent in various labour force states[13] and number of visits to doctor, dentist and nights spent at the hospital[14] are also given **for the previous year**.

Analysts wishing to connect income data with other CHER variables from year n should use the appropriate income variables from year n+1 instead of n.

Table 3-1: Timing of the CHER variables

Year "n -1": Summary information from previous year	Year "n": Information at time of interview
Income variables (except global income question[15])	Global income questions[15]
Number of months spent in various labour force states [13]	All other CHER variables
Number of visits to doctor, dentist and nights spent at the hospital[14]	

Users combining income data and demographic data from CHER files for the same year (e.g. calculating equivalent incomes) should be aware of the fact that using the income data for t-1 with demographic information as of wave 1 may be misleading. However, the alternative which is incorporated in the "calendar year" approach requires longitudinal matching over two years ("balanced panel dataset") which by itself introduces a selection as well.

Table 3-2 : Country specific deviations for selected variables

Country	
Hungary	Income variables (except global income question[15]) are given in yearly file n for the period April,1 (n-1) and March,31 (n)
Luxembourg	- Income variables (including global income question[15]) - Number of months by labour force participation[13], - Number of visits to doctor, dentist and nights spent at the hospital[14] are referring to year n in yearly file n All other variables refer always to a fixed date (31. December of year n), independent of the date of interview
Poland	Income variables are referring to year n in yearly file n
Switzerland	1999: Income variables (excluding global income question[15]) are given in the yearly file 1999 for the period twelve months prior to the interview date 2000: Income variables (excluding global income question[15]) are given in yearly file 2000 for the period twelve months prior to the interview date

[12] For Luxembourg and Poland the yearly file "n" contains the yearly amounts of income for the current calender year
[13] pxxs11,pxxs12,pxxs13
[14] pxxh04, pxxh05,pxxh06
[15] hxx_17g/hxx_17n

Table 3-3: After conversion (household income)

Country	Gross income elements available	Sum of all Gross income elements available	Net income elements available	Sum of all Net income elements available
Austria (ECHP)	X	X	X	X
Belgium (PSBH)			X	X
Denmark (ECHP)	X	X	X	X
Finland (ECHP)	X	X	X	X
France (ECHP)	X	X	X	X
Germany (SOEP)	X	X	X	X
Greece (ECHP)	X	X	X	X
Hungary (HHP)			X	X
Ireland (ECHP)	X	X	X	X
Italy (ECHP)	X	X	X	X
Luxembourg (PSELL II)			X	X
Poland (PHP,1994-1996)	X	X	X	X
Poland (PHP,1997-2000)	X	X	X	X
Portugal (ECHP)	X	X	X	X
Spain (ECHP)	X	X	X	X
Sweden (ECHP)			X	X
Switzerland (SHP)			X	X
The Netherlands (ECHP)	X	X	X	X
United Kingdom (BHPS)	X	X	X	X

3.4 The creation of the CHER database

The main part of work performed under this project has been devoted to creating the harmonized CHER database. This involved the following steps:

- find adequate definitions,
- analyse the questionnaires,
- identify the source variables
- restructure original panel files
- specify the rules for producing comparable variables from the source variables
- implement the variables and result files via syntax of statistical packages
- test and verify the resulting files

Major time slots of all partners were devoted to step by step improvement of the quality of the CHER database. Practical work with the improved version of CHER-CD has shown that for some critical CHER variables more detailed explanations and specification were required and these new algorithms had to be programmed. The linking of household information in a longitudinal form requires the creation of longitudinal household identifiers for some datasets. Numerous checks on completeness and consistency resulted in further improvements of the data quality in the CHER database files.

Table 3-4: Sources of micro data from European Community Household Panel

Country	Base dataset	Years
Austria	European Community Household Panel (ECHP)	1995 - 2000
Denmark	European Community Household Panel (ECHP)	1994 - 2000
Finland	European Community Household Panel (ECHP)	1996 - 2000
France	European Community Household Panel (ECHP)	1994 - 2000
Greece	European Community Household Panel (ECHP)	1994 - 2000
Ireland	European Community Household Panel (ECHP)	1994 - 2000
Italy	European Community Household Panel (ECHP)	1994 - 2000
Portugal	European Community Household Panel (ECHP)	1994 - 2000
Netherlands	European Community Household Panel (ECHP	1994 - 2000
Spain	European Community Household Panel (ECHP)	1994 - 2000
Sweden[16]	European Community Household Panel (ECHP)	1997 - 2000

Table 3-5: Source of micro data for national panel studies

Country	Base dataset	Years
Belgium	Panel Study on Belgian Households (PSBH)	1992 - 1998
Germany	German Socio-Economic Panel (GSOEP)	1990 - 2000
Hungary	Hungarian Household Survey (HHS)	1992 - 1997
Luxembourg	Panel Socio-Economic Liewen zu Letzebuerg (PSELL2)	1995 - 2001
Poland	Household Budget Survey (HBS)	1994 - 2000
Switzerland[17]	Swiss Household Panel (SHP)	1999 - 2000
UK	British Household Panel Survey (BHPS)	1991 - 2001
USA[18]	Panel Study of Income Dynamics (PSID)	1990 - 1992

[16] Swedisch data are cross-sectional and not longitudinal

[17] The work on the Swiss file is funded by the Swiss National Science Foundation for Scientific Research (Grant No. 5004-067304).

[18] The work on the files for USA is done using private funds by CEPS/INSTEAD. At time for this report the USA files are only available as a beta version.

In a first step, the partners produced systematic listing and classification of all relevant source variables to be used for standardization. For each country Table 3-4 and Table 3-5 give the original dataset and the relevant years finally used for the CHER micro database. The partners collected the names of variables and their location in the respective panel study and summarized the available variables by detailed topics.

3.4.1 Creation of the CHER database out of country panel datasets.

This part of the work was done by the partners with national panel studies independent of the ECHP. In those cases where the study used in CHER has also been used to create ECHP files for that country, the partners created CHER data from the original survey data, not from the ECHP clone.

University of Antwerp (UIA):	Belgium data
Deutsches Institut für Wirtschaftsforschung (DIW):	German data
Social Research Informatics Centre (TARKI):	Hungarian data
Warsaw University (UWARS.DE):	Polish data
Swiss Household Panel (SHP):	Swiss data
Institute for Social and Economic Research (ISER):	British data
Centre for Population, Poverty and Public policy Studies (CEPS/I):	Luxembourgish and United States of America data

3.4.2 Creation of CHER database out of panel datasets included in the ECHP

This part of the work was done by the partners from countries where panel data were only available from the ECHP. We allocated work and reports on the conversion task by variable topic and not by country.

The partners from France, Spain, Greece and Italy were each responsible for the conversion variables relating to a set of topics (e.g. labour market) which then had to be applied to all country data in the ECHP.

Centre National de la Recherche Scientifique (CNRS):
health, housing, housing durables, regional variable

National Centre for Social Research (EKKE):
demographic variables, overall income variables, expenditure

Università degli Studi di Roma Tor Vergata (CEIS):
organizational variables (general information, identifiers, weights),
education/training, subjective variables (satisfaction information),
social relations

Universidad Carlos Tercero de Madrid (UIIIM):
labour market variables (employment, activity status)
previous job, calendar of activities, weights

The four partners involved in this work package sent their sub files to CEPS/I where the sub files were re-organized to get the final structure required for CHER.

The consortium always used the data from the latest available wave from ECHP and revises the data from previous waves. This means that the data contained in CHER and in the ECHP

UDP are consistent and comparable.

3.5 Checking of the Micro data

During different phases of the project, the partners produced new national and harmonized datasets and sent them, together with revised documentation, to CEPS/I. The coordinator then ran intensive data checks on the newly received data and prepared checking reports.

Four kinds of checks have been developed.

1) Primary checks:

checking the number of observations and the number of variables in the files
tracking missing values, undefined variables and duplicated identifiers

2) Cross sectional checks

Cross-sectional checks testing the consistency of the data in the same year are:

- checking the variables values
- producing cross tables between correlated variables (e.g. age and economic activity)
- checking the constructed variables (e.g. size of the household, household income)
- checking the link variable for matching files

3) Time series checks

Time-series checks compare aggregated information for the same variables year by year at the macro level. All variables except identifiers, weights, population factors, and pointers underwent these checks.

4) Longitudinal checks

Longitudinal checks compare the same variables at the micro level year by year. Durables, housing quality, demographic background, education and health are the themes involved with these checks. The reports were sent back to the partners, who corrected their data and returned them in a revised form to CEPS/I. In this iterative process, CEPS/I collected all partners' corrected files and re-checked the quality of the data, and regularly updated the CHER CD. The partners used the CHER-CD to do their own exemplary panel analysis. The results of the analysis were presented and discussed at various network meetings. Overall, six versions of the CHER micro database have been produced over the period 2000-2003 (See Table 3-6).

Table 3-6: Release dates of the CHER CD

February 2001
December 2001
April 2002
June 2002
November 2002
March 2003

Following the identification of problems found during the preliminary research, the partners improved the CHER data and sent revised data to CEPS/I for additional checks.

3.6 Documentation of Micro data

CEPS/I loaded "meta" data (variable specification and availability lists) into the system which can be retrieved by the internet (http://cher.ceps.lu/scripts/CherViewer.cgi). The consortium web site also lists answers to frequently asked questions.
(http://cher.ceps.lu/scripts/CherFaq.cgi)

Table 3-7: Content of the CHER User guide

Part	Topic
A	Introduction into CHER
B	Introduction and overview on panel studies included in the CHER database
C	The matching of CHER files
D	CHER Database Definition
D1	Units
D2	List of variables
D3	Definition of CHER variables
D4	Timing of CHER variables
D5	List of variables in files
E	Available CHER files/Variable
E1	Available files
E2	Available variables
E3	Deviation from the norm documentation
F	Context information
F1	Macro database
F2	MISSOC information
F3	MISEP information
F4	Bibliographical database
G	Survey characteristics by country
H	References

The guide details the full process of the creation of CHER, and is also designed to assist users with both the use of the CHER micro data and the additional databases compiled during this project Table 3-7 shows the basic structure of the documentation. The current version of the CHER user guide is organised as a set of Word documents that is available in three forms: (a) paper for those requesting documentation in this format; (b) on the CHER data CD; and (c) as an internet document on the CHER website.
(http://www.ceps.lu/Cher/User_Guide/User_Guide.htm)

In the User guide extensive documentation on the CHER dataset and the singles variables as well on the original surveys can be found. The detailed information covers the following three levels of detail.

3.6.1 Norm document

The norm document contains in detail every variable in the CHER database. It includes the variable name, variable label, value label, default value and unit for every variable. For a subset of variable additional text explanations are given concerning possible missing values and filtering information. In addition it gives the exact income components to be included into the income variables.

3.6.2 Deviation document

It was possible to produce most of the CHER variables - from the national panels and from the ECHP - exactly in the form as requested from the CHER norm document. However this was not possible in every case. In most of these cases there remain slight differences between the norm and the actual realization of variables[19]. Each partner collected systematic information about the differences between the way national (or ECHP) variables had been collected or computed and the agreed definition used to compute them on the CHER format. The co-ordinator collected the information about deviations within each country's data set and stored into a large table (deviation document). The table contains for each country and each variable (where relevant) a note about selected variables and there deviations from the standard CHER definition. The deviation documentation will guide the analyst in using CHER.

3.6.3 Survey document

The survey document gives detailed information about sample design, population and income coverage, etc. of the underlying panel data set. The information in the "survey document" is compiled according a survey document (see Appendix 7.6) which had to be completed by each partner for each national survey. The survey document is composed of six topics filled in by partners given the particularities of the national surveys underlying the CHER database. It is designed to provide CHER users with useful information about survey design and quality of the panels used to generate CHER.

The first topic covers the name, description and the major features that characterise the original dataset. It presents in addition, the methods used to collect the data. This section notes any data matched to questionnaire information from other data sources.

The second topic focuses on the coverage of the population. It is useful to know how the studies dealt with people in care, people living in hall of residence, people in elderly care, prisoners, diplomats as well as homeless people.

The third topic covers non-response biases, weighting and sample design. After a brief description of the sample design this report includes information on attrition and potential indication of any known bias.

The fourth topic is based on computation assumptions. It informs users about item non-response treatment and imputation. It generally displays for most of the countries an indicator that shows which variables had the largest incidence of item non-response. Observations are made on variables that have been top- or bottom coded. Finally, information is given whether income observations are gross or net.

The fifth topic is based on the accuracy of data. Partners were asked to display how much data were collected by proxy interviews. This section mainly focused on how income data has been collected (supplied by employer, checked against employer's statements). This part synthesizes articles and references made by researchers on the national panel.

Finally, it explains how subjective variables in the original panels vary from the subjective questions included in CHER. It shows that even with variable labels for national and CHER

[19] E.g. The norm document allows negative values (=losses) for "income from employment". In the BHPS data negative values for "income from employment cannot be found because the negative values were recorded as zeros

variables being very similar, sometimes CHER variables could not be computed because of incompatible methods of coding or because they didn't strictly correspond to the expected content of the CHER variable.

3.7 The construction of the Macro Misep Missoc (MMM) database

The MMM database, covering national level macro information, as well as information from the Missoc and Misep databases, provides social policy and country-wide data needed to interpret variations between the countries. Such information is stored elsewhere. European Union member states maintain MISSOC (mutual information system on social security), and the European Union maintains MISEP (mutual information system on employment policies in Europe). Nevertheless, there are no user-friendly interfaces to link these sources to micro data, and the data are not compiled for ease of use by CHER data users

The consortium has set up an Access database containing key information about:

- Macroeconomic information and social information
- Social security
- Employment policies

In a first step templates (programs) for Access databases concerning Macro, MISSOC and MISEP databases were developed and sent to the partners. The partners used these templates to enter of their macro and context data and returned them back to CEPS/I. CEPS/I provides the data via two means of access. The database is available for download in the Access 97/2002 format or can be browsed via the CHER metadata/MMM Web page.

A User Guide for the database has been made available through the CHER public web page

MMM Access database:	http://cher.ceps.lu/members/display.cfm?public
MMM/Metadata web page	http://cher.ceps.lu/scripts/CherViewer.cgi
CHER Public web page	http://cher.ceps.lu/scripts/public.cfm

Various search options give the possibility to search for specific information and a keyword system. The HASSET (Humanities and Social Science Electronic Thesaurus) keyword system links CHER variables to the relevant Macro, Missoc or Misep data.

These efforts resulted in the MMM (Macro, Missoc, Misep) database. This database provides additional information for the CHER variable/metadata web pages via two sorts of links: CHER variable name or HASSET keywords. The MMM database will also be included as a file on CHER data CDs distributed to registered users."

A User guide for the database has been made available through the CHER public web page (http://cher.ceps.lu/public.cfm).

Keywords

Both the micro database and the CHER metadata web page use a common keyword thesaurus (a simplified and modified version of HASSET). This allow linking across all data sources on the final database/web page.

3.8 Content of the Macro Misep Missoc (MMM) database

3.8.1 The MMM Macro data

The MMM database gives macro-level information for CHER countries on various topics. Key information is available for different years on the indicators summarized in Table 3-8. A full list of available Macro information can be found in Table 7-15.

Table 3-8: Summary of the Macro database

Area
Demography
Labour Force Participation
Unemployment
Social Protection

3.8.2 The MMM MISSOC database

The MISSOC (Mutual Information System on Social protection in the member states of the European Union) database contains information on laws and policies concerning social protection in European countries. Table 3-9 lists available MISSOC topics concerning CHER. A full list of available MISSOC information can be found in Table 7-16.

Table 3-9: Summary of the MISSOC database

Area
Employment injuries
Family benefits
Finance
Guaranteeing sufficient resources
Health care
Invalidity
Maternity
Old age
Sickness insurance
Survivors benefits
Unemployment

3.8.3 The MMM MISEP database

The MISEP (Mutual Information System on Employment Policies in Europe) database contains information on employment laws and policies in European countries. Table 3-10 list MISEP topics available in CHER. A full list of available MISEP information can be found in Table 7-17.

Table 3-10: Summary of the MISEP database

Area
Employment flexibility
Employment policies
Promotion of lifelong learning

3.8.4 The bibliographic database

The bibliographical database produced by the Spanish partner catalogues relevant articles and working papers related to topics covered by the CHER project. Primary source for the underlying search was Econlit (American Economic Association's electronic bibliography), which is a most reliable source of citations and abstracts to economics research going back to 1969. EconLit includes journals indexed in the Journal of Economic Literature (JEL) and now listed quarterly in JEL on CD as well as books and dissertations. In addition, EconLit includes citations to articles in collective volumes indexed in the annual volumes of the Index of Economic Articles and the full-text of JEL book reviews. EconLit also incorporates the Abstracts of Working Papers in Economics (AWPE) database licensed from Cambridge University Press or Sociofile, the premier online resource for researchers, professionals and students in sociology and related disciplines. Sociofile is a subset of Sociological Abstracts, distinguished only by dates of coverage: 1974 to the present.

Since the original databases are not exhaustive in their collection of working papers, we would expect to find all the relevant articles published in economics or sociology journals, but not all the working papers from all institutions. In order to generate the entries for the CHER bibliographical database, we have developed a program in C in order to process all the relevant information extracted from more general databases, like Econlit and Sociofile.

The entries of the bibliographical database have then been arranged in a Microsoft Excel worksheet, and converted afterwards into a Microsoft Access database. From the Microsoft Access database it is possible to search entries according to different filters for any of the database fields (e.g., by author, by publication year, by any word in the title/abstract/keywords, etc.). The usual tools of Microsoft Access to generate reports can also be applied. A screenshot of this bibliographical database can be found in Appendix 7.15.

3.9 Enhancement of the data

The objectives of this work package are to enhance the data processing techniques of using panel data. We developed three utilities which simplify access and easy use of the CHER database.

a) SAS support

CEPS/I developed three sets of SAS macro program (containing seven programs) which enable SAS users to create longitudinal analysis files on the household, person and inventory levels.

b) SPSS support

Another set of eleven SPSS macro programs has been created by CEPS/I to support the SPSS users to create longitudinal analysis files at the level of all available files within the CHER database.

c) Automatic SPSS/SAS/Stata program generator

(http://cher.ceps.lu/scripts/CherProg.cgi)

This feature is intended to save the user time. Rather than developing an algorithm for SPSS/Stata/SAS for simple frequencies and cross tabulations, such programs can be created automatically. The user chooses one (or more) CHER variables, then selects a statistical

operation (such as univariate frequencies, crosstabs) as well as out of three statistical software packages (SPSS/SAS/Stata). The web page automatically displays the resulting program on the screen for the user to simply "cut and paste" into the appropriate software system. The advantages of having a WWW interface are familiarity, ease of access and general availability.

3.10 Set up on an information system about existing original household panel studies

To be widely attractive to researchers, CHER data need to be simple to access and use. This includes the provision of some high quality "value added" products. The strategy that we have adopted is based on our consideration about typical groups of researchers who will use CHER once it is released to the scientific community. These users can be classified along two dimensions (1) whether they are new to CHER or alternatively have some knowledge of it or the underlying datasets and (2) whether their working environment includes access to the internet or not.

In order to add value to the CHER database, we have produced several web based "products" and an Access database (for those without access to the internet) which will assist the analyst (or anyone else) in getting to know more about (and hopefully to go on to use) CHER data.

CHER frequently asked questions web page
(http://cher.ceps.lu/scripts/CherFaq.cgi)

For the user new to CHER there is the CHER frequently asked questions page. This is to answer all the questions that the user is likely to ask when approaching CHER for the first time. As questions are asked by "real" users, we will update this web page with the appropriate answers.

CHER variable and metadata web pages
(http://cher.ceps.lu/scripts/CherViewer.cgi)

We have designed two entry points to the web-based metadata pages. Firstly, we offer keywords for those new to CHER, and secondly, CHER variables for those users more familiar with CHER. From either of these starting points the user can get to the variable metadata and associated Macro/Missoc/Misep data within a few clicks. This database is presently stored on the CHER public web page, under the MMM database directory. See http://cher.ceps.lu/members/display.cfm?public for more information.

3.11 Research with the CHER database

CHER is not only a data management and infrastructure project but it has an important analytical component as well. As such the CHER consortium had the task to highlight some of the advantages of CHER by running exemplary panel analyses. This is on one hand to test the data for errors and on the other hand to promote CHER data among researchers, who are interested in the analyses of social-economic phenomena and their policy implications.

The interaction between data production/harmonization and analysis of the data guarantees that the database is accurate and useful. The value and problems of standardized files derived from the underlying original files can only be identified by carrying out substantive analyses on these products. For these reasons constant updates and corrections to the database were made during the analytic phase of the project. Several times improved versions of the CHER micro data has been distributed to the project partners for careful and systematic data

consistency checking.

Based on these analyses the CHER consortium developed a series of articles based on CHER data. These articles will be intentionally collected and published in a book, which is foreseen for publication in 2004. The articles are also published as CHER working papers on the CHER website, and some may be published independently as journal articles. We are now coming to the research findings using CHER in Part 4.

4. Conclusions and policy implications

4.1 Research with the CHER database

The main focus of the CHER project has been the production of a high quality micro database. The project has achieved the production of this database, and the CHER data are now ready for release to the wider research community. The ultimate test of the acceptance of CHER among European academics and policy analysts will be the degree to which the data are used in reports and publications. The outcome of this test can only be judged in the long term beyond the finishing of this project. To facilitate a successful outcome to this test, however, the CHER partners have initiated exemplary research using CHER data, and CHER partners have presented work using CHER data at academic conferences, and the partners have long term plans to continue to promote the use of CHER data. The book featuring the research summarised in this section will serve one of the early publications to increase the profile of CHER.

In planning for this book, the CHER partners chose both to demonstrate the power of the longitudinal research potential of CHER and to exploit one of CHER's unique benefits by focussing principally on East and West European comparisons. As the research for the book also serves the purpose of improving the CHER database and identifying weaknesses and errors, the CHER partners co-ordinated research efforts to ensure that all topics covered by CHER were included in at least one of the research projects. Explaining income levels and exploring issues for people in poverty and or experiencing deprivation served as major themes in the research for the CHER book, though partners also covered a range of other topics, from transitions to adulthood, wage levels and mobility, visits to doctors, and women's labour market participation. Most papers cover at least five years of the CHER data, and most compare results from at least half of the countries included in CHER[20]. Some research projects find circumstances in Southern European countries to be more divergent from general European trends than conditions in the two Eastern European countries. Specific policy implications and findings are noted in each research summary.

4.2 Research summaries

4.2.1 Family related transfers and children's economic well-being in Europe

By Joachim R. Frick & Birgit Kuchler
Keywords: Family Related Transfers, Economic Well-Being, Children, Europe
JEL-Codes: I38, J13, P51

Background of the analysis

Welfare regimes across Europe differ considerably with respect to the support of families and households with dependent children (cf. e.g. Esping-Andersen 1990, Headey et al 1997).

[20] The CHER working papers did not include data from the United States or from Sweden. In the case of the United States, CEPS/I undertook the conversion of PSID into CHER format independently in parallel with the main CHER project. As this conversion work is largely funded by CEPS/I discretionary funds, CEPS/I did not have the time or the resources to advance this work beyond the beta version before the end of the project. Thus a working version of the US data was not available in time for inclusion in the analysis. The data from Sweden are drawn from the cross-sectional Swedish data included in the ECHP. As the projected CHER book will focus on longitudinal analysis, the Swedish data are not appropriate for inclusion in this exercise.

Relevant policy instruments reach from in-kind transfers (like free access to education, (subsidized) health care, etc.) to means-tested benefits (e.g., social assistance) and even benefits with unrestricted access. In striving for a harmonization of social policy across EU-countries more insight in these cross-national differences is needed. However, when interpreting cross-national differences, one should keep in mind that individual behaviour – for our analysis mainly with respect to fertility – is not independent from family related public transfers as well as other institutional settings (labour market, child care facilities, etc).

Data and methods

Our research agenda is thought to add to this by concentrating on a comparison of some selected monetary indicators of economic well-being of children (up to 16 years of age) across Europe. We are explicitly interested in incidence and importance of family related public transfers (FRT); as such, our major income information is disposable household income as of the previous year with special attention to the share of the above mentioned transfers. Besides being a valuable contribution to a rather underdeveloped area of research (cf. Vleminckx and Smeeding, 2001), our focus on the subpopulation of dependent children helps to better understand the impact of family related transfers for the economic position of an original target population (cf. Immervoll et al, 1999). In order to control for differences in children's household needs according to size and composition we make use of the modified OECD equivalence scale (1.0; 0.5; 0.3). Using cross-sectional and longitudinal micro-data from the new CHER database we compare income levels, relative income positions, and selected poverty indicators (using p-alpha as suggested by Foster et al 1984).

In order to better understand differences across countries, and even more across welfare regimes, we then apply multivariate analysis methods. Using adequate regression techniques (random effects GLS models) we try to isolate correlates of a high dependence of children on FRT at the level of each country. Finally, we make full use of the cross-nationally harmonized information available in the CHER-database by pooling data across all countries and using clustered OLS regression models in order to check for country and welfare regime effects while simultaneously controlling for individual characteristics.

Results

Most important results of our analyses include that children's income is below the population average in all countries and welfare regimes. According to the results of a static micro simulation we find that:

- Social-democratic regimes are most successful in reducing child poverty by means of family related transfers, followed by Corporatist regimes, Liberal regimes, and worst performing are Southern countries.
- The results for Eastern welfare regime are heterogeneous and difficult to interpret due to the ongoing process of changing national family policies from "generous and comprehensive" to "means-testing". However, these countries are still more successful in reducing child poverty than Southern regimes are.

Multivariate analyses confirm these descriptive results when controlling for socio-economic structure across all countries. Children living in households associated with above-average poverty risks are also more likely to profit from FRT (e.g., multi-children families, single parent households, unemployed or inactive persons of prime age). High education, good health and homeownership are negatively associated to the dependence on FRT.

In general, we find considerable heterogeneity across as well as within regime types. Overall, the empirical findings are in line with an aggregate picture on national expenditures for FRT and welfare regime patterns of family policy instruments (cf. MISSOC 1997, European

Commission 2001):

- Countries with high expenditures on social protection for families and a large variety of family policy instruments are more successful in reducing child poverty.
- In Southern countries with a residual welfare regime the basic FRT (e.g. child allowances) are typically means-tested.
- In Liberal regimes we find the expected "targeting" of social transfers.
- Corporatist regimes often show a mix of means-tested and universal benefits.
- Differences are also partly caused by variation in the granting of specific FRT (to single parents, handicapped children, etc.).

Above and beyond these results, there is clear need to consider the historical development of family policy (incl. the religious background) as to better capture country specificities. In this respect, the "path dependency" concept (cf. Esping-Andersen 1999) may help to explain why countries/regimes react differently to challenges caused by socio-economic changes.

Outlook

Future research may need to additionally consider country-specific phenomena other than public transfers in cash, as there are regulations of the national tax systems (e.g., deductibility of child related costs) as well as the provision of in-kind transfers (e.g., subsidized housing). However, micro-data often is severely limited in this respect.

Finally, we need to improve our understanding and the modelling of the link between institutional framework and individual outcomes. This can be accomplished by:

- improving availability, quality and transparency of aggregate or macro-data (e.g., child care provision and its take-up for children up to three years of age)
- including of such indicators of family policy outcomes at national or regional level into the micro-model as to discriminate "true" cross-national differences from institutional differences. The inclusion of improved measures on policy outcomes will most likely reduce significance and size of country or welfare regime effects – which may be just proxies for a given national policy.

4.2.2 Accounting for inequality in the EU: Income disparities and overall income inequality

By Christos Papatheodorou & Dimitris Pavlopoulos
Keywords: Income inequality, decomposition analysis, welfare state regimes, EU.
JEL Classification: D31, D63, I30

Background of the analysis

Based on empirical results, the dominant perspectives in both political and economic debates have emphasized the differences between the rich countries of the north and the poor countries of the south (including Ireland) in order to explain a large part of economic inequality in the EU. Thus, during the last two decades, the EU policy priorities have been mainly focused on reducing the differences between EU countries and/or regions regarding their performance in certain macroeconomic indicators, such as the GDP per capita. However, from a policy perspective it is important to know the extent to which overall inequality in the EU is attributed to inequality between the individual countries and the extent to which it is attributed to the inequality within them. In addition, it is important to know the extent to

which income disparities in each individual member state contribute to overall EU inequality. Policy analysts and policy makers could benefit greatly from such information in evaluating, designing and implementing interventions to deal with inequality and poverty in the EU.

Data and methods

The aim of this study was to investigate the extent to which overall inequality in the EU is attributed to inequality between the individual countries and the extent to which it is attributed to inequality within them. Furthermore, the aim was to examine the extent to which income disparities in each county contribute to overall EU inequality. The typology of welfare state regimes which is suggested by Esping-Andersen (1990, 1999), expanded by Ferreras' (1996) hypothesis for the southern model, was also examined in order to explain the differences in income inequality between countries and their separate contribution to overall EU inequality (see also Gelissen, 2002).

Following certain assumptions, hypotheses and alternative scenarios, this paper investigates the above questions, employing a decomposition analysis of income inequality by population subgroup (see Bourguignon 1979, Shorrocks 1984 and Cowell 1995) and utilizing data and information provided by the CHER programme for EU countries. A number of alternative inequality indices were used to capture the different aspects of inequality and test the robustness of the estimates. In order to make households of different size and composition comparable, the modified OECD equivalence scale (1, 0.5, 0.3) was used.

Results

The results show that any attempt to rank countries according to the degree of inequality is affected significantly by the particular index used. Estimates based on inequality indices more responsive to transfers at the lower parts of the distribution show that the countries of the Southern welfare regime are those with the highest inequality. By contrast, countries of the Social Democratic welfare regime show relatively low levels of inequality, which are much lower than the corresponding figures for overall inequality in the EU(13). The countries of the Corporatist welfare regime vary significantly between them in the way that income is distributed among their population.

All indices used for the decomposition analysis show that the between countries inequality component accounts only for a small part of overall inequality in the EU. The policy implication of these findings is apparent. Policies aiming to reduce inequality within each EU country would be far more effective in reducing overall inequality (and consequently income poverty) in the EU than policies targeting to reduce disparities only in average per-capita income (or GDP) between member states. In light of these findings, we argue that the enforcement of social policies aiming to reduce inequality should become top priority on the national and EU policy agenda.

Examining each country's contribution to the within group component of overall EU inequality we saw that the results vary according to the inequality index used. Indices more sensitive to disparities at the low income strata show that the countries of the Southern welfare state regime type have a larger contribution to overall EU inequality than their proportional contribution of EU population. The contribution of these countries to overall inequality decreases, as indices more sensitive to transfers at the higher income strata are used. However, all the other countries show an opposite trend. Their contribution to the within part component of overall EU inequality increases as indices more sensitive to disparities at the higher income strata are used. UK, the EU country that represents the Liberal welfare regime, appears to have a high contribution to the overall EU inequality. This contribution is always higher than the country's contribution to EU population, irrespective of the inequality index used. By contrast, the countries of the Corporatist welfare regime show

very mixed results. However Germany, the most representative country of the Corporatist regime, is the only one where all the indices used show a lower contribution to overall EU inequality than its contribution to EU population. The rest of the countries in this group appear to have a lower contribution to overall EU inequality than their relevant contribution to EU population only when indices more sensitive to the transfers at the low income strata are used. Finally, the countries of the Social Democratic welfare regime were found, in general, to have a low contribution to the within group component of overall EU inequality.

Of course, the welfare state regimes, as introduced in the present analysis, cannot fully explain the differences in inequality between countries and/or the contribution of each country to overall EU inequality. However, the findings show that we cannot diminish their significance as a valuable frame of reference for examining and appraising differences between countries. Countries of the Southern welfare regime were found, in general, to have high income inequality which, compared to the rest of the EU countries, is largely attributed to income disparities at the lower income strata. This group of countries also appears to have a high contribution to overall EU inequality. The UK, the country that represents the Liberal welfare regime, is always found to have a higher contribution to overall EU inequality than the country's contribution to total EU population, irrespective of the index's sensitivity to transfers at various parts of the distribution. It could, therefore, be argued that the Southern and Liberal welfare regimes are those which perform worse when it comes to income inequality figures and in regards to a country's contribution to overall EU inequality. By contrast, countries of the Social Democratic welfare regime are generally found to perform better on these matters. This group of countries show low rates of inequality -lower that the average figures for the total EU- and low contribution to the within country component of overall EU inequality. Further refinement of the welfare state regimes typologies would allow us to elucidate these matters even more and appraise more accurately the impact that various welfare regimes have on income inequality and poverty.

4.2.3 Exploring relations between non-monetary deprivation and income position

By Kimberly Fisher
Keywords: Non-monetary Deprivation, Housing Conditions, Household Goods, Europe
JEL-Codes: I31, Z00

Background of the analysis

Understanding poverty and the low social status often ascribed to living in or on the verge of poverty requires consideration of more than the financial resources available to individuals and their households. European institutions from EUROSTAT to the European Foundation for the Improvement of Living and Working Conditions have commissioned recent research to explore the relationship between the possession of goods and financial resources. Researchers in the USA have identified consumer spending on household goods over time as one dimension of understanding the dynamics of poverty (National Research Council 1996). Access to goods and facilities over time has been shown to have a significant association with levels of poverty (Betti and Cheli 2001, Gordon et. al. 2000), but this association is complex, and the dynamics of lacking basic items over time are not restricted to households struggling to make financial ends meet (Whelan, Layte and Maître 2001). This research explores these dynamics using CHER data.

Data and methods

This research defines non-monetary deprivation as living in a household with one or more

structural or quality problems (such as having a leaking roof or lacking hot and cold running water inside the dwelling) and also not possessing goods generally considered desirable (such as having access to a car or home computer). The CHER data include 18 non-monetary deprivation items. The scale of non-monetary deprivation is an ordinal scale computed by adding one to the scale for each housing problem and one for non-possession of each item of household technology. Zero scores represent households which do not have any of the asked housing problems and have all of the household goods asked in the questionnaire.

This analysis developed a scale of household income position in 20 percentile groups rather than using equivalised household income to examine non-monetary deprivation. The analysis also examines income change across time in relation to the income position of any given household relative to other households in the same country rather than in relation to the purchasing power of the income at the household's disposal.

This investigation used whole range of CHER data for all countries. This poses a significant challenge, as surveys in the different countries asked different sets of housing quality and household goods questions, and some surveys in the same country asked different questions in different years. To address this variation, the relation between income position and non-monetary deprivation score are analysed separately for each country for each year. The research uses binary logistic regression models to assess which factors are associated with zero scores as well as with scores at the high end of the scale for each country in each year. The research then pools the whole of the CHER data to analyse factors associated with zero scores and high scores across Europe, controlling for year and region and again using binary logistic regression.

Results

Key results from this research include the following:

- Ordinal analysis works best in countries which asked the same series of questions each year. The ordinal scales are more problematic for countries which ask questions intermittently or asked different questions each year.
- Possession of household facilities, including an indoor toilet and indoor running water, and household goods (with the exception of a private car) has steadily increased across all countries, and plateaus when between 0.1 percent and 2 percent of the households in each country lacks each item. There are few consistent trends in the housing quality variables.
- There is a strong bivariate association between income position in fifths and the non-monetary deprivation score for all countries. Gamma scores are statistically significant at the $p<.000$ level for all countries for all years (with one exception, where $p<.001$), and the gamma scores are negative in all countries for all years (meaning that higher income positions are associated with lower deprivation scores. While the Gamma scores alternate between a weak and a moderate level for Germany, the Gamma scores for all other countries are consistently moderate to strong. Scores for each year are above -.450 for Finland, France, Hungary, Ireland, the Netherlands, Poland, and Switzerland. The significant associations remain for all countries for all years on one or more of the income positions when the lowest, second lowest, second highest, and highest fifth (the middle fifth is in the constant) are added to the binary logistic regression models.
- While significant national differences emerge, the general results of this analysis are more similar than different across the countries represented in CHER.
- Households in the Southern European countries (Italy, Greece, Portugal, and Spain) and the Eastern European countries (Hungary and Poland) are more likely to have housing problems and less likely to have household facilities and goods than households in the rest of Europe. Households in the Eastern European countries are

less likely than households in the Southern European countries to score zero on the non-monetary deprivation scale, but households in the Southern European countries are more likely than households in the Eastern European countries to score at the high end of the non-monetary deprivation scale.

- Across Europe, households with more members than rooms are particularly likely to have a high non-monetary deprivation scores and unlikely to have a zero score.
- A number of other factors are also consistently associated with high non-monetary deprivation scores and a low likelihood of a zero score across Europe. These include: fewer than 50 percent of household members aged 20 to 64 are working; a working age household member lost a job in the last year; the household members rent their dwelling or live rent free; all adults in the household have a low level of education; a household member lost a partner through divorce, death, or separation in the last year.
- Across Europe, households including members aged 10 to 25 are less like to score highly on the non-monetary deprivation scale and more likely to score zero.
- Curiously, across Europe households that drop to a lower income fifth from one year to the next year are more likely to score zero and less likely to score highly on the non-monetary deprivation scale; while households that move up to a higher income fifth from one year to the next are less likely to score zero and more likely to score highly.

Outlook

Future research would ideally include additional technological items, particularly information technology items, and also cover means of access to the internet. Future research could also account for the environmental impact (such as energy efficiency ratings, durability and degradability or recyclability) of household goods, as well as covering whether goods are acquired new or second hand. The present internationally comparable micro data do not include such details at this time.

This research also demonstrates the need to maintain a level of consistency of housing quality and household goods items included in each year of data collection in longitudinal research to produce reliable scales for cross-time analysis of ordinal position on a scale of non-monetary deprivation.

4.2.4 Poverty and inequality trends in Europe in the context of the welfare regimes.

By Christos Papatheodorou & Dimitris Pavlopoulos
Keywords: Income inequality, poverty, social transfers, welfare state regimes, Europe.
JEL Classification: D31, D63, I32, I38

Background of the analysis

The main aim of this research work is to investigate the differences in the inequality and poverty profiles and trends found among European countries and to examine whether and to what extent the suggested typologies of welfare state regimes could help explain these differences. Furthermore, it is aiming to evaluate the performance of each welfare regime in reducing income inequality and poverty.

Data and methods

Following certain assumptions and hypotheses, this paper investigates the above questions utilizing data and information provided by the CHER programme for 16 European countries

and regions, for the period 1990-2000. We make use of the welfare state regimes typology suggested by Esping-Andersen (1990, 1999), expanded by Ferrera's (1996) hypothesis of southern model (see also Gelissen, 2002). The category of Eastern Countries (Economies in Transition) is also added, as a separate family of countries. Thus, European countries are clustered in five welfare regimes: the liberal, the corporatist, the social democratic, the southern and the eastern. In order to investigate the impact of the unification of Germany on income inequality and poverty in the country we have divided Germany into "West Germany" and "East Germany" according to the pro – 1990 border. A number of alternative inequality indices were used to capture the different aspects of inequality and test the robustness of the estimates. The concept of income used was the disposable household income (after taxes and social security contributions). Two additional concepts of household disposable income were used in order to investigate the distributional impact of social transfers; the income after pensions but before other social transfers and the income before total social transfers. In order to make households of different size and composition comparable, the modified OECD equivalence scale (1, 0.5, 0.3) was used. Finally, for investigating poverty rates and trends, the poverty line was defined as 60% of the country's median equivalent household income.

Results

The distribution of income was found to vary considerably between European countries. Countries which are categorized as belonging to the Southern welfare regime type (except Italy) are generally those with the highest inequality. However, inequality in these countries shows a decrease between 1994 and 1999. By contrast, countries belonging to the Social Democratic regime, and particularly Denmark, were found to have the lowest inequality. Nevertheless, inequality was found to increase slightly over time. The countries of the corporatist welfare regime show rather mixed results. West Germany and Austria have relatively low inequality but Belgium has high inequality. The countries of the liberal welfare regime show the highest inequality following the southern European countries. Finally, economies in transition show also mixed results. Among these countries/regions, West Germany has the lowest inequality followed by Poland and Hungary. When selecting the country of each welfare regime generally regarded as representative of the cluster, we see more profound differences in inequality profiles and trends among welfare regimes.

Poverty rates also vary considerable between these countries showing trends that are similar to those of income inequality. The countries which are categorized as belonging to the Southern welfare regime type show the highest rates of poverty. However, poverty rates in these countries show a decrease during the period 1994-1999. By contrast, the countries of the Social Democratic Regime have the lowest poverty rates, but the percentage of the poor increased during the above period. The countries of the Liberal welfare regime also show high poverty rates. The countries belonging to the Corporatist Regime show mixed results. West Germany, Austria and Luxembourg have relatively low rates of poverty. By contrast, Belgium shows quite high poverty rates. The Economies in transition show also mixed results. Among these countries, West Germany has the lowest poverty rates followed by Hungary and Poland. In the latter two countries, inequality increases overtime.

Finally, differences between these countries were also evident in the impact that total social transfers and various transfer components have on overall inequality and poverty. Although the welfare state typologies used in the present analysis cannot fully explain the differences in inequality and poverty between countries, they do provide a valuable frame of reference for examining these differences and for appraising the distributional impact of social transfers between countries.

4.2.5 Entry to the labour market and leaving the parental home for young people in Europe

By Yaël Brinbaum, Alain Degenne, Annick Kieffer, Marie-Odile Lebeaux
Keywords: Transition to adulthood, Europe, Longitudinal analysis

Background of analysis

Research into the transition to adulthood is dominated by three questions:

- What long term changes are apparent?
- How can we explain the major differences that we observe between different countries, in particular within the European Union?
- What proportion of the variations can be put down to cultural factors, to the welfare measures in place in the various countries and to individual factors?

Five life-cycle events are usually used as indicators of the transition to adulthood: leaving full-time education, finding work, living as part of a couple, leaving the parental home and having children. It is, of course, not possible to consider that an individual is only an adult if all five of these conditions are satisfied. For this reason, researchers tend to examine how individuals accomplish the different stages and what the interactions are between each of them. The CHER database does not allow us to analyze the historical dimension, but it does let us conduct comparative analyses between different European countries and hence to formulate general propositions and identify national characteristics.

Data and methods

Using the CHER database we have constructed analysis files for fifteen countries which cover, in general, six consecutive years (1994-1999 in the case of most countries).

In order to study entry into adult life we shall concentrate on the population of between 15 and 35 years of age. There is a strong likelihood that this age group will be particularly subject to attrition as it is the group which is most likely to leave the home where they were contacted during the first wave of the survey. Overall attrition over the six waves varied between 23% for the United Kingdom to 57% for Hungary. However, the order of magnitude of attrition was the same for the entire 15-35 year old age group, so it is not a major obstacle to studying entry into adult life. When conducting this study we were faced with three alternatives:

- Considering that all those who left the panel through attrition had left the parental home. This results in an underestimation of the age of leaving the parental home,
- Considering that the young people who left the panel had not left the parental home, which results in an overestimation of the age of leaving,
- Eliminating all the young people who left the panel before experiencing the event under analysis. This is the alternative we selected, which represents a “middle way” between the first two.

Results

a) Leaving the parental home

We shall present below the main findings of a semi parametric study (using the Cox model and the TDA program) of age of leaving the parental home. The first model used the

following explanatory variables: gender, employment status, the young person's educational attainment, the parental household's income group and the country. Analysis was then conducted for each country. In all countries, men leave the parental home later than women. The earliest departures have been observed in the Netherlands, the United Kingdom, Denmark, Spain and Belgium. The latest take place in Poland, Ireland, Portugal and Italy. Being unemployed or without work discourages early leaving in France, Germany, Hungary, Italy and Spain. Student status encourages early departure to live alone, but not to live as part of a couple. Young people who live with high-income parents leave home later than others, irrespective of whether they do so to live alone or as part of a couple.

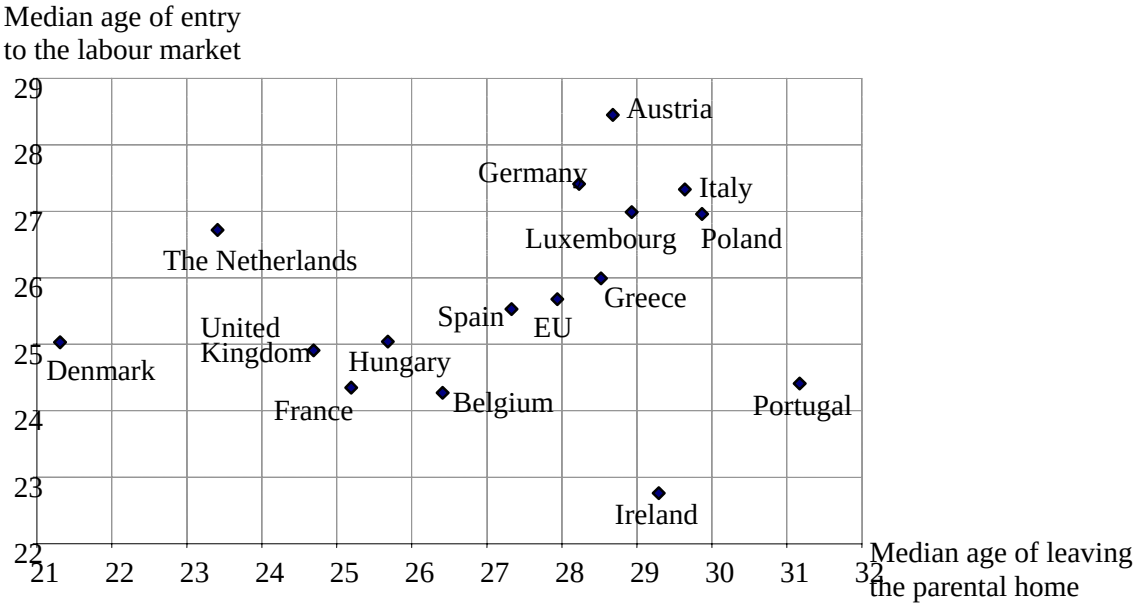
b) Entry to the labour market (either employed, unemployed or as trainee)

Living with one's parents is positively correlated with early entry to the labour market in all countries. Men enter the labour market earlier than women in Austria, France, Hungary, Ireland, Italy, the Netherlands and Spain. They enter it later than women in Denmark. Young people from low-income families enter the labour market earlier in Denmark, Germany, Luxembourg, the Netherlands and Spain. Low incomes are associated with unemployment in France, Italy and Luxembourg.

c) Interaction between entry to the labour market and leaving the parental home

Figure 4-1 shows the variations between different countries with regard to the interactions between these two variables, on the basis of the median ages at which both events take place:

Figure 4-1: Interaction between labour market entry and leaving parental home



Correspondence analysis reveals the existence of three groups:

- the United Kingdom, and Denmark, and to a lesser degree Spain and France where young people leave the parental home early, often before having a job,
- Poland, and to a lesser extent Italy, Austria and Portugal which are characterized by late entry to the labour market and late leaving of the parental home,

- the other countries (Ireland, Belgium, Germany, Luxembourg, Greece, Hungary, the Netherlands) are characterized by entry to the labour market that takes place before departure from the parental home.

To conclude, as a result of the differences observed between countries, it is difficult to arrive at a general theory. Other analyses which take into account the state of the labour market in the country in question and the cost and availability of housing or the existence of measures which encourage the independence of young people would appear to be required.

Outlook

With regard to making recommendations, it is difficult to know what the aim should be. It would seem that those countries (such as Denmark) which have put in place benefits for young people during the period of transition between the school system and the labour market encourage the young to become autonomous. A benefit of this type has been discussed in France, but has not yet been introduced. We do not know whether it would reduce the time it takes young people to gain access to the labour market or the rate of unemployment among this group.

4.2.6 Wage mobility

By Brunon Gorecki, Marian Wisniewski
Keywords: wage mobility, job mobility, human capital, panel data
JEL-Codes: D31, D60, I32

Background of analysis

Wage mobility is the change of earnings of an employed person that takes place in time. This change can be nominal or real - measured on a money scale, or relative – represented by a change in the relative position of a person’s wages measured on a wage distribution scale. Wage mobility is an interesting issue for at least two reasons. Firstly, it plays a dominant role in moulding the wage distribution and wage inequality at a given moment in time. Secondly, as a dynamic component of wage inequality, it can have a more significant impact on motivation and satisfaction than wage inequality itself.

It is impossible to describe all factors that have an impact on wage mobility. Part of the factors can be located on a macro level (associated with transformation processes of the economy, or technological, demographic or market changes). However, crucial for determining wage mobility will be microeconomic factors. Some of them have a long-term, predictable character and are associated with human capital changes in the life cycle of a person or with changes in needs and preferences in the life cycle of the family or household the person belongs to. Others will be unpredictable and accidental and can be seen as a lucky or unlucky coincidence that will have an impact on a person’s labour force participation decisions. In this paper we are not going to deal with all aspects of wage mobility. We will focus on three issues.

In the first part we will look at wage mobility from a macro perspective and will try to measure the intensity of wage mobility in different countries. Mobility measure proposed by G. Fields & A. Ok [1996 &1999] will be used, because of its important properties, namely: scale invariance, symmetry, subgroup decomposability, and multiplicative path separability.

The second part of this paper will be devoted to the microeconomic level. We will argue that

mobility is the total effect of interactions between several groups of different individuals: those who win, those who loose and those whose situation doesn't change. Applying the concept of income mobility trajectories, proposed by J. Gershuny, and J. Brice (1996), we disaggregate the set of individuals in our sample into four groups, due to their upward or downward movements, or remaining stable.

In the third part we are going to continue the microeconomic analysis, but we focus on another factor that plays an important role in determining wage mobility: job mobility. We will argue that the decision to continue or to change jobs has a significant impact on wage changes. We will also attempt to quantify the wage gains (or losses) of individuals who change jobs, taking into account if the job change has been voluntary or forced.

Results

The most striking results are reported for Poland which has the highest mobility coefficients for the whole period. The results also indicate fairly high wage mobility for Ireland. Greece and France fall in the group of countries with relatively small wage mobility. The highest wage stability is reported for the Netherlands and Luxembourg.

High wage mobility in some countries could be caused by a high growth rate of the economy which is likely to reward most workers, but the benefits might significantly differ in size. It could be also caused by extensive structural changes that would result in an absolute advance of some workers and a demotion of others.

Factors that increase the probability of belonging to the upwardly mobile group are very similar across all three countries. It is worthwhile to notice that the "opposite" group, the downwardly mobile, does not arise from reversing the characteristics that are favourable to falling into the upwardly mobile group. Interestingly, it is the same factors that make it more likely to belong to both groups, but in the case of the downwardly mobile all factors have a much lesser influence and most of them are statistically insignificant. Despite the fact that we managed to prove the existence of a self-selection mechanism only in the case of Poland, the similarity of factors behind falling into the upwardly mobile and downwardly mobile indicates that there are some unobservable characteristics that decide which individuals will experience a lasting wage growth or wage decline.

Our results from the third section are in line with the on-the-job training and job-matching theories. Stayers are a group of workers that have achieved a high position in the job market and they do not get any better job offers. They might also be very risk averse. Their wages are growing slowly since they are very likely to have used up all promotion possibilities in their current work place. Movers are still quite low on the wage ladder, so it's fairly easy for them to improve their position through a job change. The benefits from a job change will diminish after a few years.

There are three obvious conclusions. First of all, the negative shift value in all countries is indicative of transaction costs associated with a job change. They are measured by a lower income in the new work place, but in reality don't have to mean a lower wage in the new work place, but could be the result of a transitory period of unemployment after quitting the old job and before finding a new one. A lower wage in the new job would be in line with the on-the-job training theory since a job change would result in a massive reduction of job-specific human capital.

4.2.7 The doctor, a shoulder to cry on?

By Geert Schuermans
Keywords: Marital status, social support, consulting behaviour, illness behaviour

Background of the analysis

There are many reasons why people visit their general practitioner (GP) and the frequency with which they do so. Reasons include subjective health considerations, treatment and investigation, and reassurance. However researchers have revealed that the process of seeking medical aid is multidimensional phenomenon. Whereas their influence is minor to the role played by elements like symptoms severity, social and demographic variables interact with the amount of times people consult their GP. A crucial role in this process is played by the patient's family status (Ingham, 1986: 55). Some researchers even claim that general practitioners are fulfilling a role for those who need someone to talk to and they are seen as the appropriate confidante for problems that before where only confided to the clergy (Spence, 1992: 669-673).

Data and methods

The main aim of this paper is to examine previous findings in the CHER data and to elaborate the influence loneliness has on people's consulting behaviour. Here fore, eight countries from the CHER database were picked for this analysis: Belgium, Denmark, Greece, Italy, United Kingdom, The Netherlands, Spain and Portugal. The selection was made for the simple reason that the central variable, number of visits to a doctor, is not available for the remaining countries. For these countries the waves for the years 1995 to 1998 were examined. This four-year-period gave the most information for as many countries as possible.

In a first part the possible associations between consultation and the lay environment of the patient were examined. The marital status and the aspect of loneliness got special attention. In the second part of this chapter moments of change in people's family life, will be singled out. Could it be that for some, the doctor is a shoulder to cry on in these moments of crisis?

The longitudinal character of the CHER-panel makes it possible to distinguish points of transition in the family life of the respondents such as death of spouse or divorce. Therefore this study will investigated the effect of a change in family status, and more specific a change in having a partner or not, on the amount of times one visits it's doctor. The cross-sectional analysis was conducted using analyse of variance (ANOVA), whereas t-tests identified statistically significant time and group variations in the longitudinal part.

Results

Most important results of our analyses include the following:

- The results of the analysis were similar in all eight countries that were investigated. In the cross-sectional part as well as in the longitudinal section the trends found showed parallels between the different national data.
- The results found in the CHER data confirm previous research that claims that marriage has a beneficial effect on consulting behaviour (Waldron, 1998: 1387).

The cross-sectional part showed that:

- Biological factors as gender and age have a considerable effect on the number of times people visit their doctor. Elderly visit their doctor more than young people do,

like women consult more often than men.
- Marriage is also an important factor. The results show a higher frequency in consults for divorced women compared to their married counterparts, remarkably this was not the case for Spain and Portugal. In both countries divorced women visited their general practitioner less often than married women do. In Spain however the divorced men frequented their physician significantly more than then their married colleges did. This is in contrast with the general idea found in previous research
- Some evidence that loneliness could be considered as a predictor of frequency of consultation. People living alone and patients that see their friends seldom or never tend to consult more often. Although significant, the strength of the associations found, was very low.

The results of the longitudinal part however moderately fed the thesis that a physician for some is an appropriate confidante. It was shown that transitions in married life, rather than prior health differences, were responsible for variations in consulting behaviour. In this way:

- Widowed people that got remarried had a drop in the number of times they visit their general practitioner
- Married people who lost their spouse had an increase in their number of consults.

Outlook

The value of this research lay in the fact that it shows that visiting a doctor is not a linear consequence of being sick. Symptoms occur frequently, almost daily, but only rarely do consultations result. Except for factors as symptoms severity, also social factors play an important role. The results show that in all European countries that were examined, the doctor is not only the person that informs and cures his patients, but also a confidant who (lonely) people use as a shoulder to cry on.

Future research may need to additionally consider country-specific phenomena like the effect of the different types of healthcare system on consulting behaviour. The priorities of this paper lay on another level, but it probably makes a difference for individual behaviour if a country/welfare regime is publicly providing health services free of charge, or if the system is privately organized, or if there is a mix of both elements

It would also be interesting to investigate for which problems patients choose their doctor as their confidant and not someone else out of their lay environment. For such research however a qualitative approach could be more useful than working with quantitative data

4.2.8 Poverty dynamics among families with children

By Péter Szivós & András Gábos
Keywords: Poverty, Families with Children, Children, Family Related Transfers, Europe

Background of the analysis

Child poverty is a well-examined topic both in country analyses and cross-country comparisons as well (Vleminckx, 2001). However, panel analyses of this notion, especially in European context is far less common (Spéder, 2002). Classifications of welfare regimes show great variety of social policy spending, structure and instruments (Esping-Andersen, 1990). As regarding children family support is the main issue. Nevertheless, not only social protection, but also demographic settings of the families and labour market characteristics are

determinants of the well being of the families with children. Paper intend to cover these relevant factors, although it is clear that lot of others are out of the current scope.

Data source and methodology

In order to get a wide picture of the longitudinal nature of children's poverty, this paper examines seven European countries belonging to different regime types. Hungary and East-Germany represent East European transitional regimes, Germany (included East-Germany) and France the conservative one, UK the liberal one, Italy the Mediterranean one and Denmark the social-democratic one. The period of analysis is the same for all countries: 1994-1997, inclusive. Population in focus of our analysis are persons living in families with children (PFC). Household members aged 16 or less were considered children. Disposable net annual equivalent (new OECD equivalence scale: 1.0; 0.5; 0.3) income was use to construct income groups for analysis. Transitional matrixes were used as main methodological tools in the paper. We used binary logistic regression models with to evaluate the main determinants of poverty dynamics of PFCs. Two events were used as a dependent variable: leaving and entering poverty from year t-1 to year t. Two major group of explanatory variables were considered: status variables and event variables. Events are cases in the working file instead of persons. Method of clustered standard residuals was applied in order to avoid autocorrelation by household members and years. Delivery of March 2003 of CHER Dataset was used as the data source of analysis.

Results

Results of our analyses could be summarised as follows:

- Poverty rates of persons living in families with children (PFCs) are higher than overall poverty rates in all countries, except Denmark. Largest differences are measured in UK, smallest ones in France. Relatively stable poverty rates could be observed at the middle of 90's, even in East-Germany. The exception is the other country in transition, Hungary, where poverty rates at the beginning of the period are close to French ones, while at the end of period close to British ones.
- The general income mobility among PFCs is the highest in Hungary and is also high in UK, Italy and Denmark. Lower mobility is measured for conservative countries, specially for France.
- Balanced movements of PFCs among income groups are observed for the conservative countries, Italy and East-Germany, while a downward mobility characterised UK, Denmark and at a pronounced rate Hungary in this period.
- No obvious pattern of mobility among PFCs relative to the overall population can be observed in a cross-national comparison. PFCs are most mobile relative to overall population in Hungary and UK, while less mobile than average in East-Germany.
- There are significant differences in poverty spells of PFCs across countries. About one third of PFCs in UK and Italy experienced poverty between 1994 and 1997, while only one tenth of them in Denmark and less than one fifth in East-Germany and Germany. One fifth of British PFCs were at least twice poor in this period, while only 2% of them in Denmark.
- PFCs are 1,3-1,5 times more likely to be permanently poor than the population average. Highest scores are registered in UK, lowest Hungary and East-Germany.
- Hungarian, Italian and British PFCs are most likely to enter poverty. PFCs are more likely to enter poverty than overall population, excepted East Germany and Denmark.
- PFCs are more likely to enter poverty and are less likely to leave poverty than population average in Hungary, UK, France and Italy. The relative risk of entering poverty for PFCs is the highest in Hungary and the lowest in East-Germany.
- Share of FRT relative to the total disposable income is far the largest in Hungary: 21% at the beginning of the examined period and 20% at the end of the period. This

rate is twice as largest as in France or Germany. Extremely low FRT share characterises the Italian welfare system.
- FRT gives the majority of public transfers for PFCs in all countries excepted Italy. Highest share of FRT relative to (non-pension) transfer incomes are scored in Germany and UK. A significant increase in FRT share relative to other (non-pension) transfers could been observed in East-Germany and Italy between 1994 and 1997.
- Various patterns can be observed when analysing associations between FRT share relative to PFC average and income mobility. Higher than average shares for downward mobile groups were found in all countries except Italy, where FRT share was lower than average in this period. Inverse associations across countries were found for upward mobile groups.
- Poverty and higher than average FRT shares are going together among PFCs in all countries. Indices are very high among those remaining poor from one year to other and for those many times poor during the period in analysis. FRT plays a considerably weaker role in income structure of households with children never poor between 1994-1997.
- Event variables seem to play a more important role than status variables when explaining poverty dynamics. Activity of the main breadwinner and change of main breadwinner are the most important determinants of poverty dynamics that characterise all countries for both type of events. Number of children, education of main breadwinner, change in FRT share and change in number of active members also play significant role. In contrast, number of children aged 6 or less, gender and age of the main breadwinner, as well as birth do not play any role in most of countries included in analysis.

Outlook

Results of this current research may enlighten relations of one demographic event, namely birth and income dynamics of the families. The link between birth and impoverishment is not considerably strong in many countries, but attachment to the labour market, in this respect with relation to fertility, is crucial. Further research may give focus on institutional settings and business cycle effects, which would be a strong determinants, especially in the case of East European countries.

4.2.9 Effect of fertility on female labour force participation and mothers' wages

By Joanna Ciecielag
Keywords: fertility; panel data; women's wages; women's labour force participation
JEL-Codes: C23, J13, J31

Childbearing affects women's opportunities in the labour market. Motherhood reduced women's labour force participation and earnings. Understanding of the relationship between children and labour supply is important for a number of theoretical and practical reasons.

This study tries to quantify the cost of children in terms of impact of birth of a new child (and presence of preschool children) on both female earnings and labour supply behaviour. CHER data re used to compare the forgone earnings due to childbearing in Poland, Hungary and Germany. Female participation in the labour market is modelled by probit for panel data, where the outcomes are "employed" and "not employed". The specification allows the presence of children in different age intervals, especially new born infants, to affect the participation decision. In the second part of analysis women's incomes from employment were estimated as a function of age, education and "children" variables. Probit estimates from

previous section now are used as selection equation for model of earnings.

It's generally accepted that the presence of children, especially young children, decreases the labour supply of the mother, as well as wages. Withdrawal from the labour force (or reduction in the intensity of work) impose a direct cost in terms of forgone earnings and an indirect cost in terms of reduction in human capital accumulation. Our estimates indicate that a new birth has a strong impact on both mother's labour force participation and earnings. This negative effect becomes smaller for older children, and disappears when child achieves a school age. Presence of children, especially new-borne, significantly influences female wages, too. For Poland this impact becomes smaller and smaller with age of child and also disappeared for school-age children.

4.2.10 Uncertainty of households income in the EU and Poland

By Barbara Liberda, Brunon Górecki & Marek Peczkowski
Keywords: household, income, uncertainty, household structure, panel data
JEL-Codes: D31, D91, C23

The paper examines the uncertainty of household income in the European Union countries and in one accession country - Poland. We have used the data from the Household Budget Surveys for a panel of twelve European Union countries in years 1995-1998 and a Polish households panel for 1997-2000. The uncertainty of household income was decomposed into a variance of shocks to permanent income and a variance of shocks to transitory income. For particular countries we assess these two measures of income uncertainty using different criteria: age, gender, main economic activity, education and a professional status of the household head.

Our results indicate that for most EU countries the uncertainty of transitory income is higher than the uncertainty of permanent income. However in Spain, Belgium, Italy and Greece the uncertainty of households' transitory income is exceptionally high. Cross tests of households' uncertainties of permanent and transitory income by different criteria show mixed picture for particular countries, but some regularities are visible. The income uncertainty of Polish households is in the range of a medium value for the EU countries.

4.2.11 Redistributive effect of social benefits in Poland vs. Europe

By Ewa Aksman
Keywords: income mobility, income volatility, panel data
JEL-Codes: D31, D60, I32

The purpose of the paper was to analyse redistributive effect of social benefits in Poland in comparison with analogous effects in a dozen or so other European countries. It enabled to verify an assessment if the fact that Poland, as one of the Central and East European Countries, which inherited from former socialist (communism) system generous social benefit scheme, translates into current peculiarity of impact of benefits on household income distribution.

The Gini coefficients were computed to assess the inequality of original income and gross income. J. A. Pechman and B. Okner redistributive effects of benefits were used to evaluate relative change in income inequality, arising from the allocation of benefits. N. C. Kakwani

formula of benefit regressivity index was applied to assess regressivity of benefits. Also N. C. Kakwani relevant decomposition of the Gini coefficient of gross income was adopted to express contribution of original income and benefits to the inequality of gross income.

The empirical results demonstrated that Poland was characterized by the second highest redistributive effect of benefits (the average value was equal to 44,49%). At the same time, the highest redistributive effect of benefits referred to Hungary, the second in the research sample representative of the so-called former east block countries (the average value was equal to 46,45%).

The analysis confirmed that the Polish social benefit system was distinguished for the fact that redistributive effect of benefits was mainly a consequence of very high average benefit rate with respect to original income (the average value was equal to 57,22%) and not high benefit regressivity with respect to this category of income (the average value was equal to 0,9091). Since simultaneously the highest average benefit rate with respect to original income applied to Hungary (the average value was equal to 67,35%), just this feature should be recognized as a specific one for the Central and East European Countries.

The division of benefits into two groups, one including all types of pensions and the second covering all other benefits confirmed that in Poland redistributive effect of aggregated benefits was made up predominantly of redistributive effect of benefits from the first group (the average value was equal to 30,60%). This phenomenon could not have been attributed only to Poland but at the same time redistributive effect of benefits from the first group and redistributive effect of benefits from the second group belonged to the highest ones in Poland.

Decomposing the inequality of gross income into the sum of the inequality of original income and the inequality of benefits helped to demonstrate that the inequality of gross income in Poland resulted from the inequality of both components of this category of income (the average value of contribution of original income to the inequality of gross income was equal to 89,83% and the average value of contribution of benefits to the inequality of gross income was equal to 10,17%). Notably, it derived from both uneven distribution of original income over gross income in favour of units with the highest gross income and uneven distribution of benefits over gross income in favour of units with the highest gross income.

4.2.12 Married women's labour supply: a comparative analysis

By César Alonso-Borrego and Sergi Jiménez-Martín
Key words: labour supply, married women, family benefits.
JEL Class.: H55

Background of the analysis

The analysis of female labour supply has deserved great attention because of the fact that female labour supply is more sensitive to economic conditions and policies than male labour supply is. In this project we analyze married women labour supply patterns in relation to both family financial conditions and family benefits across fourteen European countries.

Data and methods

We carry out our exercise using data from the CHER database, which combines the ECHP data with data for other non-EU countries such as Hungary or Poland in the 1994-1999 period. Our sample consists on households composed of married couples with or without

children, where the wife was born between 1941 and 1965. Therefore, given the ages of these women, they are old enough to have already finished their education cycle, and young enough in order to disregard retirement decisions.

There is an extensive literature devoted to the analysis of the labour supply of married women (see, for instance, the survey by Killingsworth and Heckman, 1986, or, more recently, Blundell and MaCurdy, 1999), but little work has been devoted to comparative studies. Recent examples are Mincer (1985) and Knudsen and Peters (1994). The later paper studies labour supply in the US, Canada, UK and Germany. More specifically, we could mention Mroz (1987), who studies the influence of the family financial conditions and taxes on the participation of a sample of married women from the PSID.

Using this information, we estimate for each country a discrete choice model for participation. In such model, we postulate the probability of participating Pi to differ by individuals as a function of individual and household characteristics. The rationale behind this model can be summarized, following McFadden (1981), assuming random utility maximization with additively separable errors. Under the hypothesis of random utility maximization, the individual chooses to participate in the labour market provided that she is better off if she participates.

Results

We find that the higher the educational level, the higher the probability to participate. This effect is particularly strong in the case of university education. Furthermore, the effect of education is a particularly important determinant of participation in the South European countries, the ones with the lowest female participation rates.

Children have a significantly negative effect on married women participation, particularly in the case of children, who entail higher childcare costs. Remarkably, the incidence of children in participation is lower in Southern countries, pointing out that additional factors are behind their low female participation rates.

The effect of income (excluding employment or unemployment wife's income) is clearly negative and significant in most countries. However, the figures are not comparable due to the fact that the variable is measured in purchasing power parity -deflated currency units. Family benefits are insignificant, what can reflect that in most cases they are no related with the labour market decisions. By contrast, the disability transfer appear to have a negative effect. There is evidence about the importance of financial conditions on wife's participation, given by the fact that having a mortgage debt increases her participation probability between 5.5 and 11.5 percent.

Our results appear in line with previous work by Mroz (1987) and others. However, there is much scope for future research. First, institutional differences are crucial to understand the differences in the qualitative and quantitative results among countries. In order to shed light on this, information on the labour market institutions and on the social benefit systems is needed. Second, our results can serve as a basis for a latter analysis the determinants of working hours by married women.

Outlook

The results from our comparative studies show that there are remarkable similarities in household behaviour across most countries in the effect of several variables. In the case of demand of physician services, the stock of health, the labour market status, and the family structure have similar qualitative effects among household from different countries. In the case of female participation, the educational level, the family composition and the household

income affect participation decision in a similar way across countries.

Nevertheless, there also appear to be remarkable differences, some of them being attributable to cultural and institutional differences, from which we would like to stress the tax system, the welfare state (what includes the coverage of social services publicly provided, and subsidies for family care, disability, etc.), and the labour market regulations. Precisely, these differences, as well as the possible institutional changes that may have occurred during the sample period, can be exploited in order to analyze the potential effects of economic policy changes in individual and household behaviour.

In particular, the effect on the demand for health (an eventually on the individuals' health) of changes in the regulation of the public offer of medical services is of special concern. This issue could be investigated by exploiting the differences in the public health systems among countries.

In the case of female labour supply, labour market regulations and public incentives or disincentives are behind the strong differences in female participation among countries. There is evidence about the fact that highly regulated labour markets tend to have lower participation rates of women. In addition, the public expenditure on childcare seems to be a powerful tool for economic policymakers to boost female activity rates.

4.2.13 An anatomy of household income volatility in European countries

By Philippe Van Kerm
Keywords: Income mobility, income volatility, panel data
JEL-Codes: D31, D60, I32

Background of analysis

Following the increased availability of panel datasets, tentative cross-national income mobility comparisons have flourished over the last decade. Income mobility analysis is basically concerned with looking at the change in the economic position of individuals from one point in time to another. Empirical analysis usually attempt to provide answer to such questions as "Do individuals keep a constant household income over time?", "Do poor people manage to obtain income gains rapidly?", "Is social inequality substantially reduced by a re-ordering of agents positions over time?" Many comparisons have contrasted Germany to the USA. If other analyses have sometimes added further OECD countries in the comparison, it remains difficult to build a comprehensive picture of how different countries (or different Welfare state regimes) fare with regard to income mobility, by contrast to what can be done with respect to income inequality. The main reason for this is probably the diverging nature of the aspects of mobility that are examined in the different studies. Income mobility can indeed be assessed in a variety of ways. It has frequently been assessed indirectly, by its impact on income inequality over time, and the degree to which it equalizes incomes in the long run. Most of these indirect approaches, have normative considerations and associate mobility measurement with social desirability. By contrast, other approaches attempt to capture some intuitive descriptive content of the concept of mobility. Many analyses have used transition matrices (and summary statistics thereof) to measure and compare mobility levels. Finally, a series of analyses have adopted various other approaches to describe income mobility, looking e.g. at correlation or rank correlation coefficients, or more recently, using simple summary statistics for average income.

Data and methods

The objective of this analysis is to offer a detailed description of income volatility in Europe in the 1990s using the latter of these approaches. Rather than targeting at an evaluation of 'mobility', this paper documents in detail the volatility of family size adjusted household disposable income at the individual level. The analysis can be viewed as looking at the primitives of income mobility at the individual level, as opposed to many of the existing analyses that assess, using other more sophisticated concepts, the aggregate outcome (like inequality of long-term income) resulting from these individual income variations. Given the simplicity of the methods used here for assessing volatility, we are able to inspect in great details the structure of volatility: both its level and its distribution are analysed. This exercise helps uncover patterns that may help understanding mobility differences based on other more sophisticated concepts.

The issue of accounting for the observed cross-national differences is addressed. Important determinants of household income, and of its variability over time, such as labour market flexibility and family formation habits vary across countries and may explain cross-national differences in income volatility. This paper attempts to evaluate how much of these cross-national differences can be accounted for by differences in the socio-demographic structure of the populations, as well as in cross-national variations in the dynamics of labour market and household formation. In particular, volatility levels are compared after controlling jointly for cross-national differences (i) in the prevalence of female-headed households, (ii) in household composition (by size, number of children, and age of household head), (iii) in the frequency of household composition changes, and (iv) in the frequency of changes in the household labour market attachment. To this aim, non-parametric (or semi-parametric) methods are derived from those developed by DiNardo, Fortin and Lemieux (Econometrica, 1996) in the context of intertemporal income distribution comparisons.

Results

The analysis offers an exploratory look of household income volatility in the 1990s in fourteen EU countries and two future member states, namely Hungary and Poland. The evidence is derived from the newly generated data of the Consortium of Household Panels for European Socio-Economic Research (CHER). The objective of this "expedition into the CHER data" is to find common patterns across countries in the structure of income volatility, as well as to identify Welfare regime or country specificities. The CHER dataset, covering the whole span of European welfare regimes (Nordic/Social democratic regime, Corporatist regime, Anglo-Saxon/Liberal regime, Southern/Residual regime, as well as, importantly the former socialist regimes), is an invaluable resource for such an exercise.
The empirical analysis points to a number of results summarised as follows:

- Cross-national differences in expected income increases are moderate. Ireland and southern European countries fared best in the period considered, while Hungary is lagging behind the other countries.

- Most cross-national differences are found in the overall lottery faced by individuals: if expected gains are similar in levels, the dispersion around the mean increases varies substantially across countries. This result is confirmed by looking at absolute income changes that varies more widely across countries than the signed change.

- Patterns of income volatility in Poland and Hungary (and in East Germany in smaller extent) tended to differ from the other countries in that more people experienced small to moderate income changes but less people experienced large changes, compared to countries with similar average level of income change.

- When conditioning the estimation upon the rank of individuals in the base period income distribution, a catching up of individuals at the bottom of the distribution over the richer individuals is observed: their lottery is more favourable than the lottery for the middle class or the richest. The general impression, at least in short run I focus on, is a regression to the mean rather than low income traps as some theories of cumulative (dis-) advantage may predict. It would however be worthwhile to consider a longer time period for testing this, but this requires longer panels than available in most countries in the CHER database.

- Controlling for population characteristics tends to reduce cross-national differences in expected log-income increases and changes. The sum of the differences to the UK for all countries is reduced by about 23 percent for expected income increases, but only 9 percent for expected income changes. However the degree of accounting varies widely across countries. Controlling for differences in household composition patterns appears to be the most important factor when looking at expected income increases. Controlling for differences in labour market attachment and household demographic dynamics is also important, especially when looking at the dispersion of individual income changes. However, even after controlling for the latter factors, a great deal of 'unexplained' cross- national differences remain.

Outlook

There remains scope for research in the lines of this analysis. In particular, although the aim of the analysis is descriptive and exploratory, more attention still needs to be devoted to interpreting the results obtained in light of differences in labour market institutions or welfare regime, and relating it to analyses that have considered more sophisticated measures of income mobility. The issue of measurement error also deserves more attention. The robustness of the results should be checked against various assumptions regarding the extent of measurement error in the data. In particular, it is on the agenda to assess to the role of measurement error in driving the 'regression to the mean' results. The degree of harmonisation of the data used should also be a concern. But only cumulating research and experience on the CHER database will help identifying the degree of harmonisation in the data.

4.2.14 Labour market mobility patterns across East and West

By Ruud Muffels & Didier Fouarge
Keywords: Labour supply, mobility, life-course

Background of the analysis

In modern, Western societies, employment careers are supposedly increasingly unstable. Responding to the demands of the globalizing economies, workers would be more flexible than they were before, showing lower levels of permanent employment, a higher share of flexible and part-time jobs, and a higher level of mobility throughout the working life. On the down side, however, individuals' employment security (in terms of payments) is threatened.

In this paper we wonder to what extent welfare state arrangements affect the flexibility and work security of workers. Earlier cross-sectional analyses suggested that there are systematic differences in workers' flexibility and work security among countries, following a clustering into welfare state regimes. To be more specific, countries belonging to the Southern welfare regime (Italy, Greece, Spain and Portugal) tend to have much lower flexibility in terms of the

likelihood for people to improve their position on the labour market than regimes in central and Northern Europe, but also much lower levels of social protection and work security due to less generous benefits and more temporary employment (Muffels and Fouarge 2002, Muffels et al., 2002).

Our aim has been to extend this research along two lines. First, we address welfare state differences in labour market patterns across the lifetime. Previous research into this issue has mostly been limited to an assessment of employment patterns at one point in time. Flexibility and work security need, however, to be assesses over the lifetime just because the labour market demands workers to be more flexible and to accept the need to switch regularly during the working life. Welfare states may also have different effects on the employment situation, depending on which life cycle stage one focuses. Second, we would like to extend previous research by including Eastern European countries. These countries belonged during the 1990s to a cluster of so-called transitional economies moving from a socialist state towards a capitalist welfare state and who were transforming their economic and social systems in order to match the conditions for joining the European Union in the 21st century. It is particularly interesting to find out how the transitional economies -who are still at the stage of building their market economy- perform in comparison to the more matured welfare states of the West: do they perform like the Southern regimes or do they perform better, and why so?

The main research questions we addressed are:

- To what extent do (work-life) employment patterns vary across countries?
- Can we find common patterns across welfare state regimes? Or, to put it otherwise, does the regime typology make sense?

Data and methods

We used the data from the international comparative panel database CHER. This database consists of long-running panel studies in East and West-Europe. We selected all countries with data for the 1994-98 waves (1993-97 for Hungary, 1996-1998 for Finland and 1997-99 for Poland). The sample is restricted to individuals aged 20 to 55, excluding non-employment due to retirement. We performed separate analyses for men and women, because they have different levels of labour market participation and mobility.

We used the following clustering of countries: liberal (Ireland, UK), social democratic (Finland, Sweden, Denmark, the Netherlands), corporatist (Germany, Belgium, France, Luxembourg, Austria, Italy) Southern/residual (Greece, Portugal, Spain), Eastern-Europe (Hungary, Poland).

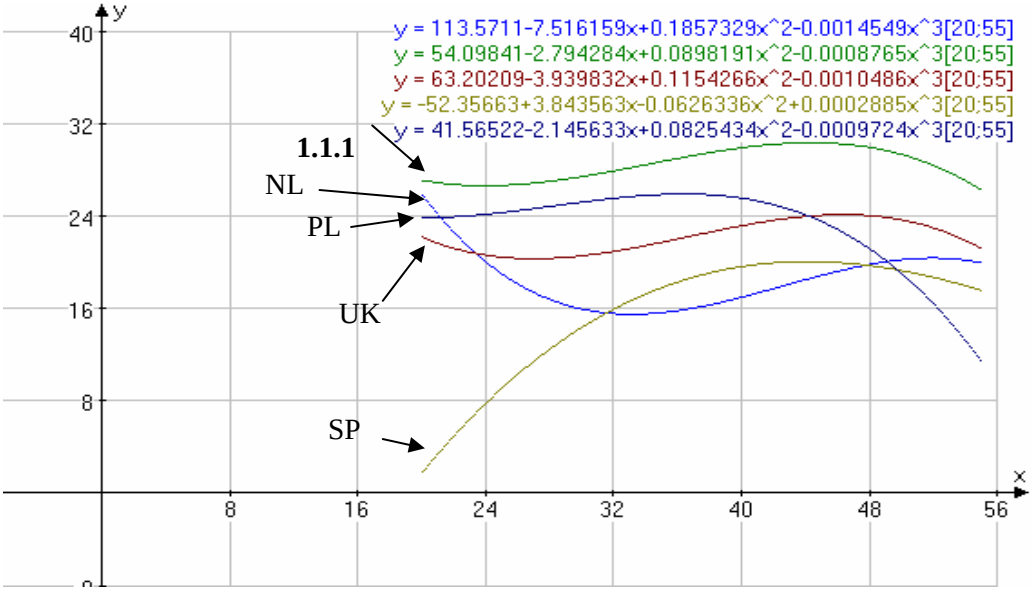
We studied flexibility and work security by a number of indicators: (a) transitions from non-employment to employment, (b) transitions in working hours (including between part-time and full-time jobs), and (c) wage mobility. The method we use is panel analysis. Using a specific panel model (fixed effects model), we estimate and depict for countries and welfare regimes people's life-cycle employment profiles. An additional advantage of this model is that it corrects for differences in the composition of the population of different countries.

Results

Analyses have been conducted with respect to the number of working hours of individuals. Cross-sectional analyses show findings that are well documented for men and women in the different countries and welfare state regimes. The employment levels of men do not vary much between countries, yet women display large variation. In Eastern European and social democratic countries (the Netherlands excluded), women work much more hours than women in conservative countries, whereas women from liberal and Southern countries occupy an

intermediate position.

Figure 4-2: Estimated average hours worked at every age, result from fixed effects panel model (CHER data); women



Our panel analyses show that the country and welfare state differences in female participation rates are also reflected in the stability of work hours during the working life. Women in Eastern and social democratic regimes tend to have relatively high levels of stability in work hours (see the lines for Danish and Polish women in the figure below). This is also true for women from liberal countries (see UK line), yet their work hours are on average much lower: they tend to remain much more in a situation of non-employment. Women from Southern countries (here: Spain) show greater instability: late entry into the labour market and overall low participation rates. Our analyses also show that a simple typology of welfare state regimes is not enough to explain the country differences. Dutch women, for example, show a much weaker level of labour market participation and a higher level of hour instability than could be expected by their belonging to the social-democratic regime type.

The analyses indicate that welfare state arrangements affect the life-time employment patterns of workers. Further analysis has shown to what extent the patterns observed above also hold when we address the wage mobility or wage careers of workers by gender. Eastern European women show a high level of employment participation during their lives, though their wages are rather low and their chances of downward mobility high. To understand the country differences, we have gone beyond a simple application of Esping-Andersen's welfare state typology and address in more detail the institutions that can influence the employment patterns, such as social security payments and childcare arrangements. In addition, we also address a rival, economic explanation of country differences: the level of affluence After all, the high employment rate of Eastern European women may be driven by the economic need to work and earn a living.

Outlook

The analyses were exemplary for what the researcher in the social sciences might be allowed to do with the panel data at hand. In this work we focused on the comparison between the advanced capitalist economies and the economies in transition and we tried to learn from their existing differences. We used as a starting point the regime type classification and tried to test

whether the transition economies posit themselves as a separate regime type cluster in terms of the existing balance between efficiency and equity goals. We found evidence that the Eastern regime indeed distinguishes itself from the other regimes when it comes to labour market participation patterns and wage career patterns, which in itself is an important finding and relevant for policies in the domains of employment and social inclusion. It implies that policies should take account of the ruling institutions in each country and regime type and to learn from their likely impact on labour market outcomes defined in terms of efficiency and equity standards. With a view to the enlargement of the EU and the access of the eastern economies these lessons are necessary as input for the political process at the EU level known as the process of open coordination for adjusting the rules and institutions at the national level to become more efficient without distorting equity

4.2.15 Health, aging and retirement in Europe: a cross-country comparison

By Franco Peracchi & Francesca Tuzi
Keywords: Health status, labor force participation, retirement, structure of wages and pensions, Europanel

Background of analysis

This paper describes what the CHER data base can tell us about the economic and social conditions of the elderly across Europe. Information of this kind is very important for public policy given the rapidly growing fraction of elderly in the European population. We focus on health status, labor market activity, in particular employment and exit rates into retirement, income level and structure, home ownership, social relations and well-being.

Data and methods

The comparability of the CHER data base across countries and waves represents its main advantage over other data sets. Further, by extending availability of data to countries (such as Hungary and Poland) not jet in the European Community (EU), CHER allows us to make interesting comparisons between experiences of EU and non EU members. When carrying out cross-countries comparison, however, a number of important issues related to survey nonresponse and to measurement errors have to be taken into account. These issues are largely a consequence of problems with the original surveys from which the CHER data base is derived.

The analysis of CHER data shows that some basic relations between aging and socio-economic characteristics of the individuals and the household they live are qualitatively the same across Europe. In all countries considered, aging is associated with a substantial reduction in the size of a household, and with changes in its composition. These phenomena partly offset the observed fall of the household income, causing only modest decline in the median equivalized household income. While aging increases the differences in the household income with respect to people of younger ages, it does appear to reduce household income differentials within the various age groups and cohorts.

Results

In all countries, aging is accompanied by a steady deterioration of health status, as measured by a variety of indicators. Over the age range considered, however, we see no evidence that this deterioration accelerates with age.

In terms of labor market outcome, aging is characterized by a rapid decline in labor force participation an a parallel decline of the importance of labor earnings as a source of personal income. After age 70, labor earnings become negligible and personal income is made up almost entirely by old-age and survivors pensions. In several countries, other types of social insurance benefits play an important role during the transitional period from activity to inactivity, but become negligible afterwards. The role played by other types of private income, instead, is always negligible.

Although the CHER data contain little information on wealth, the decline in home ownership with age and parallel increase in the fraction of elderly people living in rented homes leads support to the life cycle hypothesis which predicts some form of asset decumulation at older ages.

Finally, we see no evidence that socialization and the level of satisfaction with various aspects of own life (main activity, health, income, etc.) decline with age. We also find no evidence of differences in the patterns of satisfaction and socialization before and after retirement. In particular, satisfaction does not decline after retirement and in some countries people tend to socialize more after they are retired.

Outlook

The precise nature of all these trends, however, differs across countries. What accounts for these differences is an open issue. On the one hand, these differences are likely to reflect genuine differences linked to economic, social and institutional diversities across countries. On the other hand, they may also be related to nonsampling problems, such as the differential importance of measurement errors and survey nonresponse.

4.2.16 Pattern of retirement and exiting out of work

By Günther Schmaus
Keywords: labour force participation, retirement, replacement rates, economics of the elderly, demographic economics, semiparametric and non-parameteric methods, social security and public pensions
JEL-Codes: J26, J14, J65, C14, H55

Background of analysis

Over the last years increasing attention is given to the elderly and the elderly workers from policy makers and researchers. One reason for this higher attention is the permanent existence of high unemployment in many countries. Early retirement schemes have been used (a) to encourage employed workers to retire early in favour of young employees (b) to guarantee unemployed individuals permanent and higher benefits while being pre-retired instead of being unemployed. Disability pensions were not explicitly designed to induce early retirement but have been increasingly used to encourage early retirement by broadening the definition of disability.

We will explore the retirement process for elderly workers for two dimensions: a) Exit from labour market and/or b) Receipt of first social security. Here we will study the individual retirement decisions as well as the joint retirement decisions of couples.

Data and methods

The aims of comparative research are to identify and describe the similarities and differences of retirement behaviour between countries, to account for them and to describe socio-economic change in the countries concerned.

The CHER database will be used as the micro database for the empirical analyses. The analyses will be done for as many countries are possible.

Outlook

In the first part we will describe and discuss the methodology we used and the comparable variables we created for studying problems of aging. In the second part we will analyse the process of retirement by using descriptive tables. In the third part we will run (Cox) regressions to identify the factors that could best explain exiting out of work. The regressions will be run (a) separately for each country and (b) combined on concatenated data sets. This approach will allow us to find retirement factors which are country specific and factors valid in several countries.

4.2.17 Saving from permanent and transitory income: the case of Polish households

By Barbara Liberda, Brunon Górecki & Marek Pęczkowski.
Keywords: Households saving, income uncertainty, households structure
JEL-codes: E21, D91, C23

The paper analyses the impact of income uncertainty on household saving. Using a panel of Polish households for 1997-2000 we decompose uncertainty of household income into a variance of shocks to permanent income and a variance of shocks to transitory income. Then we regress household savings on the estimated measures of income uncertainty controlling for demographic and social variables. Our empirical results indicate that both measures of income uncertainty are statistically significant in predicting saving. The permanent income uncertainty affects savings more than the uncertainty of transitory income.

5. Dissemination and exploitation of results

5.1 General dissemination strategy

CHER stands alone as a valuable harmonised cross-national longitudinal database. CHER also can serve as a gateway to invite researchers to go on to use the more complex and detailed ECHP-UDB for the subset of CHER countries included in the UDB. The consortium members have already used the CHER database for research. The consortium also has negotiated an extension for those members who do not independently have access to use the ECHP to continue to use the ECHP-UDB in conjunction with CHER for the next two years.

The dissemination proposal[21] for the release of the entire CHER data was rejected by EUROSTAT on the grounds that legal constraints placed by member states on the distribution of the ECHP data prevent EUROSTAT from permitting other agencies to release ECHP data independently of EUROSTAT. As the following letter from EUROSTAT explains.

Except from letter from EUROSTAT[21]:

"The dissemination rules for the anonymized ECHP UDB have been decided after long discussions with the Member States before the first UDB was available, and have consequently been incorporated into the ECHP research contracts. After the coming into force of the new Commission Regulation (EC) 831/2002 concerning access to confidential data for scientific purposes, which also defines the access rights to the ECHP data, Eurostat has had to sign bilateral agreements with the Member States. It is therefore impossible for Eurostat to agree for a different organization (i.e. CEPS/I) to pass on their database, which is in part based on ECHP data, to organizations, including organizations currently holding an ECHP research contract with Eurostat."

Eurostat certainly is restricted by the institutional arrangements, which have also changed over time quite drastically (cf. Commission Regulation 831/2002). As a positive solution for compensating for these drastic restrictions, the CHER consortium developed the following dissemination strategy: it will release two data deliverables as defined below.

Deliverable A - General release CHER data:

This deliverable will be a subset of the complete CHER database. It would be obtained by maintaining only the countries running autonomous national panels and could comprise presently up to nine countries.

European Union countries included in the general release version of CHER include Belgium, Germany, Luxembourg, the United Kingdom, and possibly the Netherlands. Countries included from outside the European Union include Hungary, Poland, Switzerland, and, at a future point, the United States

Dissemination of and access to this database under appropriate modes would fall under the sole responsibility of the countries concerned - Eurostat not being involved at all.

CEPS/I, the coordinator of CHER acting in the interest of all consortium partners, disseminates any outcome of CHER excluding the ECHP-UDB based data.

[21] for the full letter see appendix 7.14

Deliverable B - Conversion programs for ECHP-UDB:

As EUROSTAT does not allow the CHER consortium to distribute CHER data drawn from the ECHP-UDB, the co-ordinating partner, CEPS/I, will provide appropriate algorithms developed by the CHER partners in SPSS, Stata, and SAS to EUROSTAT-licensed ECHP-UDB users to create the CHER data for themselves. CEPS/I will attach an "alert" to all such programs making clear that this algorithm should not be applied to ECHP-clones from the panel studies in Belgium, Germany, Luxembourg, the Netherlands and the UK to avoid the problems which may arise from double-cloning. This procedure avoids the legal difficulties and objections raised by EUROSAT to the use of ECHP-derived CHER data. Researchers using the ECHP-UDB derived elements of CHER will already have had to gain approval from EUROSTAT to use the UDB, and users will derive the CHER version from the latest release of the ECHP-UDB. This solution nonetheless means that the credit for creating the conversion programs will remain with the CHER consortium.

Deliverable C - Consortium release CHER data:

The consortium CD contains CHER data from national panels (Deliverable A) and CHER data drawn from the ECHP UDB. This CD is distributed only to the CHER consortium members.

5.1.1 Large scale facility approach

CHER uses a harmonised variable format. Researchers who develop programmes using part of the CHER data could apply to the Integrated Research Infrastructure in the Socio-Economic Sciences (IRISS[22]) or The European Centre for Analysis in the Social Sciences (ECASS[23]) to run their programmes on the ECHP country data at CEPS/I or ISER. Perhaps arrangements could be made for the programmes to be run at EUROSTAT as well.

5.1.2 Book publication

The project partners intend to produce a book where the CHER methodology will be explained and the core results about the social and economic dynamics from the exemplary panel analysis will be presented. The publishing work will be done after the project has officially ended.

5.1.3 Training and education

CEPS/I organized a practical training session "Training in Cross-National Research with Longitudinal Household Panel Studies" (June 12- 21, 2002 in Differdange/Luxembourg). The participants, who came from around Europe, were trained to use the CHER database to study such topics as unemployment, women's careers, family information and poverty dynamics. The CHER database is a user friendly tool for running cross-national analyses with panel data. However it is clear that the process of using CHER requires a sound knowledge of statistics and experience with statistical packages. For this reason the project partners have and will also in future offer training in panel analyses. It is our understanding that each CHER partner is free to organize similar workshops in their own countries to promote the CHER

[22] http://www.ceps.lu/iriss/iriss.htm, accessed at 10 November 2003.
[23] http://www.iser.essex.ac.uk/ecass/, accessed at 10 November 2003

database. CEPS/I plans to run a series of panel study training courses in the future, starting in 2004.

5.1.4 Documentation and user support

Detailed information about the CHER database will be available from the CHER homepage. We are also planning to update the documentation as necessary after the project ends and as long as funding follows. The Internet based MMM database will be another tool for the user support. We are also intending to produce a CHER newsletter. The newsletter will give information about problems and solutions for using the CHER database. Such a newsletter will also be a place where CHER users can announce the titles of CHER working papers (including abstracts). The newsletter will be posted at the CHER homepage.

5.2 Plan of exploitation

This project produced a CHER micro database which contains comparable and longitudinal micro-data at an adequate level of anonymization and confidentiality for general release to the European research community. CHER compromises a set of scientific use files together with documentation which will be stored on a CD-ROM. After agreement with the data produces/owners the CD-ROM will be distributed to interested researchers.

The documentation about CHER variables and the user guide will be stored on the internet and will be available without any restriction to the scientific community. The same procedure will also be used for the complementary modules:

- Meta database containing information about original variables in panel studies
- Macroeconomic and social information database
- Employment policies and social security database
- Panel literature bibliography

Each of the project partners will use the data for its own research purposes and will improve the usability of the database. The aim is to offer the final databases to the European social science research community.

Data production and harmonisation on one side and analysis and substantive research on the other side are complementary rather than overlapping activities. Therefore, the consortium will promote the database among other European researchers and research groups doing analysis and substantive cross-national research, either on the national panel data or on the ECHP. The consortium database then can be used for cross-national scientific research also covering East vs. West comparisons.

The diversity and the experience of various partners in the CHER consortium (among those Europe's most front-end panel analysis centres running the longest panel surveys in Europe) will ensure that the dissemination of project results and data expertise will be passed on at a quantitatively and qualitatively high level. We are sure that the empirical analyses based on CHER data will become substantial contributions to the socio-economic literature (working papers, dissertations, journals, etc.) hoping that some readers of these outcomes eventually may turn into new CHER users as well.

Due to the transparency of the CHER files and the extensive documentation, the database could also serve as a teaching device for students at universities. By publishing articles based

on the CHER files, the consortium intends to promote the database as much as possible.

Different members from the partner institutes (Belgium, Germany, Italy, Luxembourg, Poland, Spain, and United Kingdom) are also involved in workshops for training young researchers in panel methodology, which are organized by the co-ordinator in Luxembourg while the main partners at DIW Berlin and ISER are running (annual) user workshops on how to use their national panel studies, the SOEP and the BHPS, respectively. This valuable co-operation network, which was already functioning before the launching of CHER, offered the project a solid base from which the final database could be constructed. Besides that all three organizations are successfully engaged in the EU-financed project EPUNET (European Panel Users Network) which tries to maximize the use of panel research based on the ECHP (see http://epunet.essex.ac.uk).

The database is available on a CD-ROM and will be distributed to the scientific community under appropriate rules for confidentiality and data protection. To ensure data security, the CHER data files only will be sent to users as encrypted, password-protected CD-ROMs. Users will be able to access CHER data in two and possibly three formats. First, researchers can acquire a CD containing data files for analysis package formats of their choice (SPSS, STATA, and SAS). Second, we are planning that researchers will also be able to locate CHER variables (labels, categories, and frequency distributions or descriptive statistics) through the NESSTAR (Network Social Science Tools and Resources) service developed by the UK Data Archive and available through the network of European data archives. If the project attracts funding for a future phase, the CHER partners will discuss the feasibility of also making the CHER data available in a relational database format in which one file contains all the information.

The consortium has already created a set of working papers. The empirical results will be made available within the new CHER working paper series. This is the final product foreseen in Work Package nr 17 (deliverable nr 17). The complete set of working papers will be made downloadable from the internet for free (http://cher.ceps.lu/private.cfm).

5.3 Future plans

The CHER database is ready for release to the scientific community. The current version contains data up to the year 2001. We hope to integrate the last year of the ECHP (2001) into CHER format at a future point. Furthermore it is planned to add further waves from national panels (years 2000+) to CHER.

For this reason the co-ordinating institute of CHER (CEPS/I) together with the partner institutes will continue co-operation. All partners will utilize the CHER database for advanced analyses of dynamic problems in the social science.

6. Acknowledgments and references

6.1 Data acknowledgment

The original datasets on which CHER is based are the national panel studies and the ECHP from Eurostat. We thank the following institutions for that they made the data available for CHER.

Table 6-1: Data acknowledgment

Country	Base dataset	Years
Belgium	Panel Study on Belgian Households (PSBH), Antwerp and Liége. (www.ulg.ac.be/psbh) and (www.uia.ac.be/psbh/index2.html)	1992 - 1998
Germany	German Socio-Economic Panel (GSOEP), Berlin. (www.diw-berlin.de/english/soep/)	1990 - 2000
Hungary	Hungarian Household Survey (HHS), Budapest. (www.tarki.hu/adatbank-h/panelcd/english/)	1992 - 1997
Luxembourg	Panel Socio-Economic Liewen zu Letzebuerg (PSELL2), Differdange (http://www.ceps.lu/psell/pselpres.htm)	1995 - 2001
Netherlands [24]	Socio Economic Panel (SEP), Voorburg. (http://center.kub.nl/research/facilities/sep.html)	1991 - 1998
Poland	Household Budget Survey (HBS), Warsaw. (http://www.ceps.lu/paco/pacopopa.htm)	1994 - 2000
Switzerland	Swiss Household Panel (SHP), Neuchatel. (www.swisspanel.ch)	1999 - 2000
UK	British Household Panel Survey (BHPS), Essex. (www.iser.essex.ac.uk/bhps/)	1991 - 2001
USA	Panel Study of Income Dynamics (PSID), Ann Arbor. (www.isr.umich.edu/src/psid)	1990 - 2000
Austria	European Community Household Panel (ECHP), Luxembourg. (http://forum.europa.eu.int/Public/irc/dsis/echpanel/home) (http://forum.europa.eu.int/irc/dsis/echpanel/info/data/information.html)	1995 - 2000
Finland		1996 - 2000
Denmark		1994 - 2000
France		
Greece		
Ireland		
Italy		
Netherlands		
Portugal		
Spain		
Sweden		1997 - 2000

The working papers produced by the users of the CHER database will contain the following statement:

This research was carried out as part of the work of the Consortium of Household Panels for European Socio-economic Research (CHER), within the programme “Improving the Human Research potential and the Socio-Economic Knowledge Base” (Project number HPSE-CT-1999-00037).

[24] This dataset will be used in the future. Because the SEP data is not converted into CHER format yet, the data for the Netherlands in CHER is currently drawn from the ECHP.

6.2 Co-operation with Eurostat

Co-operation with Eurostat was established by the CHER consortium - following the recommendations of the European Commission - on all the specific parts of the CHER project dealing with the European Community Household Panel (ECHP). The cooperation with Eurostat was not what the CHER consortium would have liked it to be: In terms of general accessibility as well as in terms of pricing, the data dissemination policy by Eurostat represents an obstacle for accessing ECHP micro data for cross national panel research in Europe. However, the CHER consortium has done its best in overcoming this situation by developing appropriate algorithms at least for those researchers who already are licensed ECHP users.

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6.4 List of abbreviations

AWPE	Abstracts of Working Papers in Economics
BHPS	Britisch Houshold Panel Survey
CEIS	Universita degli Studi di Roma Tor Vergata
CEPS /INSTEAD CEPS/I	Centre d'Études de Populations, de Pauvreté et de Politiques Socio-Économiques/ International Networks for Studies in Technology, Environment, Alternatives, Development
CHER	Consortium of Houshold panels for European Socio-economic Research
CNEF	Cross National Equivalent File
CNRS	Centre National de la Recherche Scientifique
DIW Berlin	Deutsches Institut für Wirtschaftsforschung Berlin
ECHP	European Community Household Panel
EKKE	National Centre for Social Research
EPUNET	European Panel Users Network
ERSEP	Electronic Retrieval System on Employment Policies
ESSPROS	European System of integrated Social Protection Statistics
EU	European Union
FRT	Family Related public Transfers
GDP	Gross Domestic Product
GLS	Generalized least squares
GSOEP	German Socio Economic Panel
HASSET	Humanities and Social Science Electronic Thesaurus
HBS	Household Budget Survey
HHS	Hungarian Household Survey
ISCED	International Standard Classification of Education
ISCO	International Standard Classification of Occupation
ISER	Institute for Social and Economic Research
ISIC	International Standard Industrial Classification of all economic activities
JEL	Journal of Economic Literature
MISEP	Mutual Information System on Employment Policies
MISSOC	Mutual Information System on Social securety
MMM	Macro/Misep/Missoc
NESSTAR	Network Social Science Tools and Resources
NUTS	Nomenclatura or Territorial Units for Statistics
OECD	Organisation for Economic Co-operation and Development
OLS	Ordinary least squares
PACO	Panel Comparability
PDB	Production DataBase
PFC	Person living in Family with Children
PSBH	Panel Study on Belgian Housholds
PSELL	Panel Socio-Economique "Liewen zu Letzebuerg"
SHP	Swiss Household Panel
SOEP	Socio Economic Panel
TARKI	Hungarian Statistical office
TDA	Transition Data Analysis
UDB	User DataBase
UIA	Universitaire Instelling Antwerpen
UIIIM	Universidad Carlos Tercero de Madrid
UWARS	Uniwersytet Warszawski

7. Annexes

7.1 List of deliverables

The CHER working papers can be found at http://cher.ceps.lu/scripts/public.cfm and http://cher.ceps.lu/private.cfm.
The Deliverables can be found at http://cher.ceps.lu/private.cfm.

No.	Deliverable title	Status / Location
1	Brainstorming workshop/State of the art report	**Final**, CHER working paper 3
2	Concepts and rules for standardization (including the definition of the CHER format)	**Final**, Included in the User Guide, parts D1, D2 & D3 (CHER Working paper 2) (http://www.ceps.lu/Cher/User_Guide/User_Guide.htm)
3	Technical specification for the comparative CHER database	**Final**, Deliverable n°3
4	Meta Database containing information about original variables in panel studies	**Final**, Deliverable n°4 (contains two excel databases and one document) The completed survey questionaires can be found in the User Guide, part G2
5	CHER database out of country panel datasets (not directly included in the ECHP)	**Final**, CHER-CD Deliverable A and C
6	CHER database out of country datasets (included in the ECHP)	**Final**, CHER-CD Deliverable B (syntax programs) and C (micro data). The conversion programs are also available as Deliverable n°6
7	Country datasets (CNEF[25] format) converted into CHER format	**Abandonned**[26] [27]
8	CHER database out of country panel datasets (not directly included in the ECHP) converted into ECHP format	**Abandonned**[26]
9	Country datasets (CNEF[25] format) converted into ECHP format	**Abandonned**[26] [28]

[25] Cross National Equivalent File (Cornell University)
[26] WP 7 to 9 planned before the project started have been reorganized into the WP 5-6 (see yearly report February 2000 - January 2001). The consortium had a straightforward reason to scratch deliverables 7, 8 and 9. These deliverables would have required "double-cloning" which we found out to produce less reliable results. In all three cases, the problem would have emerged, that the CHER database may support the production of contradicting results for a single country. For the very same good reasons we decided to leave out the ECHP-versions for UK, LUX, and Germany and took into account the original databases only.
[27] The equivalent files are already the result of a conversion exercise. For the purpose of the CHER project, we went back to the original data for UK (BHPS) and GE (SOEP) and US (PSID) as to convert these into CHER-format.
[28] The equivalent files are already the result of a conversion exercise. "Double-cloning" into ECHP-format would also pretend that we could simulate the underlying decisions

No.	Deliverable title	Status / Location
10	Documentation about the created variables of the CHER database a) Available variables b) Deviation document	**Final**, Included in the User Guide, part E (CHER Working paper 2) (http://www.ceps.lu/Cher/User_Guide/User_Guide.htm)
11	User guide for the CHER database	**Final**, CHER Working paper 2 and a webversion at http://www.ceps.lu/Cher/User_Guide/User_Guide.htm
12	Macroeconomic and social information database	**Final**, Macro-economic data is available as SPSS database Full Macroeconomic and social information database is available from the internet: http://cher.ceps.lu/scripts/CherViewer.cgi
13	Employment policies and social security database	**Final**, available on the internet at http://cher.ceps.lu/scripts/CherViewer.cgi
14	Panel literature bibliography	**Final**, Deliverable n°14
15	Enhance the data processing techniques of using panel data	**Final**, Deliverable n°15 and http://cher.ceps.lu/scripts/CherProg.cgi
16	Internet Consortium homepages	**Final**, http://www.ceps.lu/Cher/Cherpres.htm
17	Experiences and results from exemplary panel analyses done on the CHER database	**Final**, CHER Working paper series, also available as Deliverable n°17
18	Progress half-year Reports	**Final**, Deliverable n°18
19	Yearly Reports	**Final**, Deliverable n°19
21	Final Conference	**Final**, Final conference in Schengen, 19 and 20 june 2003
22	Final Report	**Final**, Deliverable n°22

of the ECHP-PDB-->UDB conversion process which is certainly not the case.

7.2 List of CHER papers

Nr	Title	Status
1	Schmaus, G., Birch, A., Fisher, K., Frick, J., Haag, A., Schaber, G., Kuchler, B. and Villeret, A. under support of Hegerle, N. and Lefebure, S. (2003) - "**The CHER project",** CHER Working paper 1, CEPS/INSTEAD, Differdange, G.-D. Luxembourg.	final
2	Birch, A., Haag, A., Lefebure, S., Villeret, A. and Schmaus, G. under support of Fisher, K., Frick, J. Kuchler, B. and Hegerle, N. (2003) - "**User guide",** CHER Working paper 2, CEPS/INSTEAD, Differdange, G.-D. Luxembourg.	final
3	Schmaus, G., Fisher, K., Frick, J. Haag, A. and Kuchler, B. under support of Lefebure, S. (2003) - "**State of the art report",** CHER Working paper 3, CEPS/INSTEAD, Differdange, G.-D. Luxembourg.	final
4	Frick, J.R. and B. Kuchler (2003) - "**Family related transfers and children's economic well-being in Europe",** CHER Working paper 4, CEPS/INSTEAD, Differdange, G.-D. Luxembourg.	final
5	Fisher, K. (2003) - "**Exploring Relations Between Non-Monetary Deprivation and Income Position Using the CHER Data",** CHER Working paper 5, CEPS/INSTEAD, Differdange, G.-D. Luxembourg.	final
6	Schuermans G. (2003) - "**Does your spouse keeps the doctor away? An international comparison",** CHER Working paper 6, CEPS/INSTEAD, Differdange, G.-D. Luxembourg.	draft
7	Allonso Borrego C. and Jimenez-Martin S. (2003) - "**Married women labour supply: A comparative analysis",** CHER Working paper 7, CEPS/INSTEAD, Differdange, G.-D. Luxembourg.	final
8	Brinbaum, Y., Degenne, A., Kieffer, A. and Lebeaux, M. (2003) - "**Getting a job and leaving home in Europe",** CHER Working paper 8, CEPS/INSTEAD, Differdange, G.-D. Luxembourg.	final
9	Papatheodorou, C. and Pavlopoulos, D. (2003) - "**Accounting for inequality in the EU: Income disparities between and within member states and overall income inequality",** CHER Working paper 9, CEPS/INSTEAD, Differdange, G.-D. Luxembourg.	final
10	Gábos, A. and P. Szivós (2003) - "**Poverty dynamics among families with children in Europe",** C CHER Working paper 10, CEPS/INSTEAD, Differdange, G.-D. Luxembourg.	final
11	Peracchi F. and Tuzi, F. (2003) - "**Health, aging and retirement in Europe: A cross-country comparison using the CHER data base",** CHER Working paper 11, CEPS/INSTEAD, Differdange, G.-D. Luxembourg.	final
12	Aksman, E. (2003) - "**Redistributive effects of social benefits in Poland vs. analogous effects in other European countries",** CHER Working paper 12, CEPS/INSTEAD, Differdange, G.-D. Luxembourg.	final
13	Liberda B., Górecki, B. and Pęczkowski, M. (2003) - "**Uncertainty of Households Income in the European Union Countries and in Poland",** CHER Working paper 13, CEPS/INSTEAD, Differdange, G.-D. Luxembourg.	final
14	Górecki, B. and Wisniewski, M. (2003) - "**Wage mobility",** CHER Working paper 14, CEPS/INSTEAD, Differdange, G.-D. Luxembourg.	final
15	Liberda B., Górecki, B. and Pęczkowski, M. (2003) - "**Savings from permanent and transitory income. The case of Polish households",** CHER Working paper 15, CEPS/INSTEAD, Differdange, G.-D. Luxembourg.	final
16	Van Kerm, P. (2003) - "**An anatomy of household income volatility in European countries",** CHER Working paper 16, CEPS/INSTEAD, Differdange, G.-D. Luxembourg.	draft

7.3 Consortium members

Table 7-1: List of partners from the CHER consortium

Institution	Location
Centre National de la Recherche Scientifique (CNRS)	Paris, FR
CEPS/INSTEAD	Differdange, LU
Deutsches Institut für Wirtschaftsforschung Berlin (DIW Berlin)	Berlin, GE
Institute for Social and Economic Research (ISER)	Colchester, UK
Katholieke Universiteit Brabant (KUB.WORC.TIS)	Tilburg, NL
National Centre for Social Research (EKKE)	Athens, GR
Social Research Informatics Centre (TARKI)	Budapest, HU
Universidad Carlos Tercero de Madrid (UIIIM)	Madrid, ES
Università degli Studi di Roma CEIS (CEIS)	Roma, IT
Université de Neuchâtel (SHP)	Neuchâtel, CH
University of Antwerp (UIA)	Antwerp, BE
Warsaw University (UWARS.DE)	Warsaw, PL

Table 7-2: List of participants on the CHER project

Institution	Country	Name
CNRS (LASMAS)	France	Brinbaum, Yael Degenne, Alain Kieffer, Annick Lebeaux, Marie-Odile Lemarchant, C.
UWARS	Poland	Ciecielag, Joanna Gorecki, Brunon Kuhl, Karol Liberda, Barbara Morawski, Leszek Peczkowski, Marek Wisniewski, Marian
SHP	Switzerland	Budowski, Monica Gabadinho, Alexis Wernli, Boris Zimmerman, Erwin
ISER	UK	Berthoud, Richard Birch, Adrian Fisher, Kimberly Taylor, Marcia
UIA	Belgium	Schuermans, Geert Marijnissen, Rudi
KUB.WORC.TIS	Netherlands	Engelfriet, R. Fouarge, Didier Grimm, Rob Janssen, C. Muffels, Ruud
CBS	Netherlands	Linden, Ger
DIW Berlin	Germany	Frick, Joachim Kuchler, Birgit
TARKI	Hungary	Gàbos, András Czeglédi, Tibor Kiss, Annamária Medgyesi, Márton Sik, Endre Speder, Zolt Szabó, Vali Szivos, Peter Toth, Istvan Werne, Katalin Zoltan, Fabian Zsadányi-Nag, Csaba
CEIS	Italy	Cheti, Nicoletti

Institution	Country	Name
		Ciccarelli, Carlo Foschini, Ana Karina Foschini, Jose Antonio Genga, Chiara Giordano, Rossella Mastrobuoni, Giovanni Peracchi, Franco Punzi, Maria Teresa Tuzi, Francesca Vecchi, Giovanni
U III M	Spain	Alonso-Borrego, Cesar Jimenez, Sergi Sanchez, Rocio
EKKE	Greece	Frydakis, Marios Kallas, John Linardis, Apostolis Papatheodorou, Christos Pavlopoulos, Dimitris
CEPS/INSTEAD	Luxembourg	Birch, Adrian Haag, Antoine Hégerlé, Nicole Heinrich, Georges Herschbach, Sylvie Hildebrand, Vincent Lefebure, Stijn Marlier, Eric Schaber, Gaston Schmaus, Günther Van Kerm, Philippe Villeret, Anne Wagner, Nancy Warner, Uwe

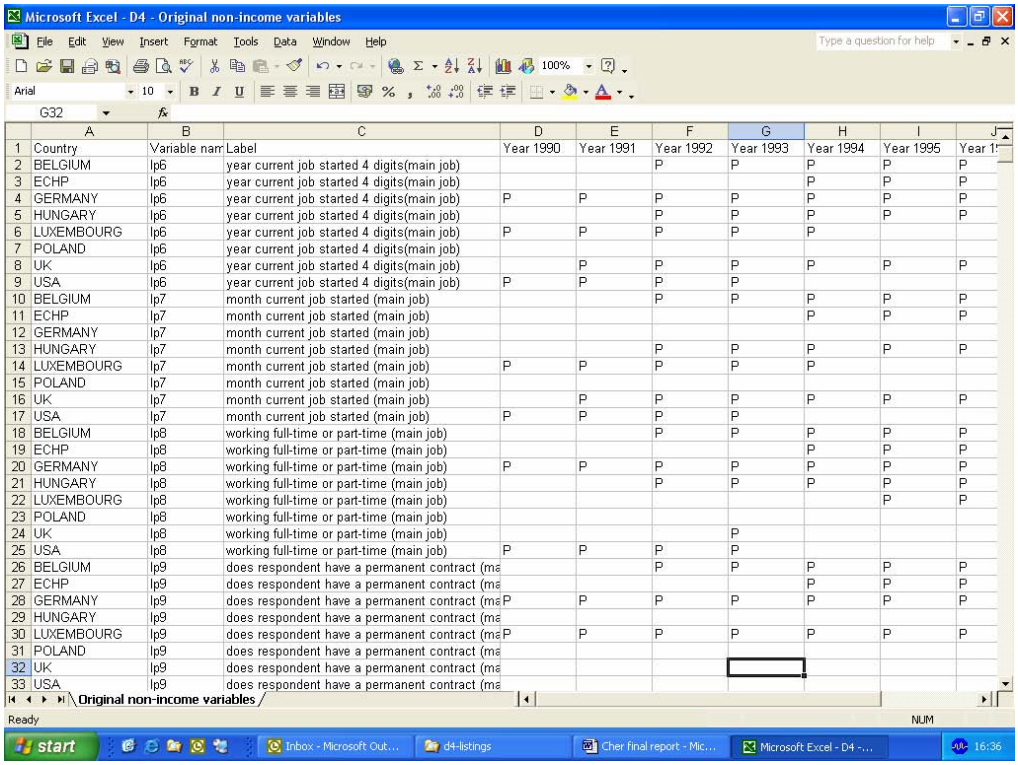
7.4 Consortium meetings

Table 7-3: List of the CHER network meetings

Host	Location	Country	Period
CEPS/INSTEAD	Differdange	Luxembourg	17-18 March 2000
CEPS/INSTEAD	Differdange	Luxembourg	26-27 April 2000
TARKI	Budapest	Hungary	19 June 2000
DIW Berlin	Berlin	Germany	23-24 November 2000
CEPS/INSTEAD	Differdange	Luxembourg	2 February 2001
CEPS/INSTEAD	Differdange	Luxembourg	12-16 February 2001
EKKE	Paros	Greece	11-13 June 2001
CEIS	Rome	Italy	25-26 January 2002
U III M	Mallorca	Spain	9-10 September 2002
KUB.WORC.TIS	Tilburg	Netherlands	20-21 January 2003
CEPS/INSTEAD	Schengen	Luxembourg	19-20 June 2003

7.5 Checklist for non-income and income variables

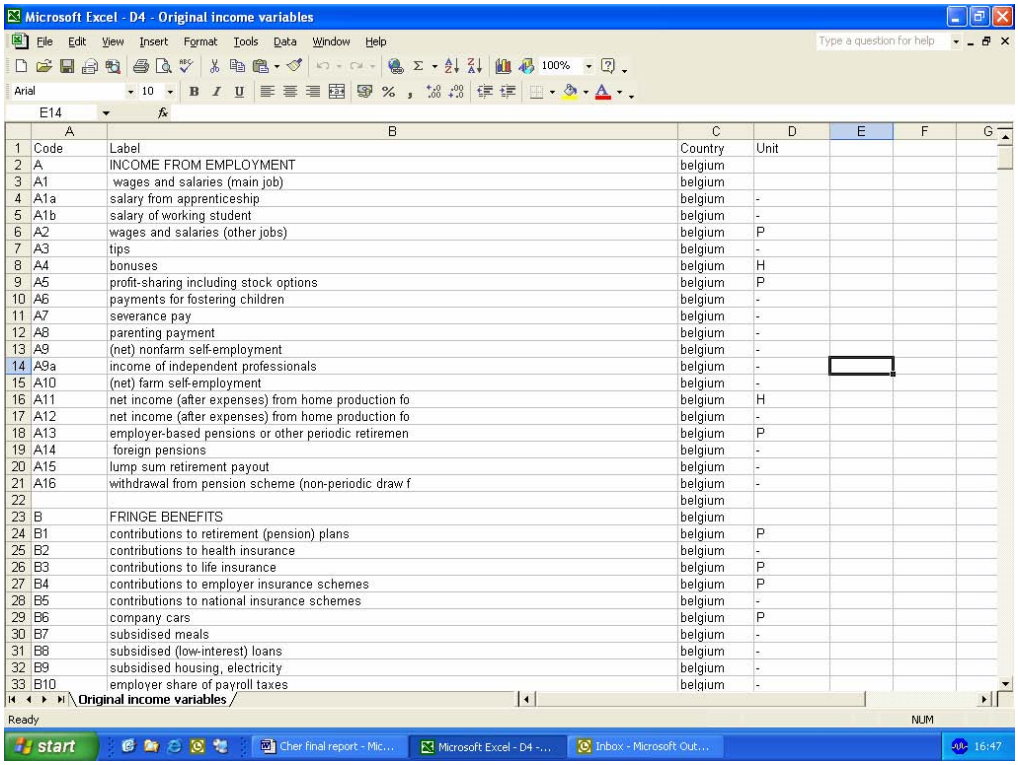
Figure 7-1: Screen image of the checklist for non-income variables the national panels completed



Microsoft Excel - D4 - Original non-income variables

	A	B	C	D	E	F	G	H	I	J
1	Country	Variable nam	Label	Year 1990	Year 1991	Year 1992	Year 1993	Year 1994	Year 1995	Year 1
2	BELGIUM	lp6	year current job started 4 digits(main job)			P	P	P	P	P
3	ECHP	lp6	year current job started 4 digits(main job)					P	P	P
4	GERMANY	lp6	year current job started 4 digits(main job)	P	P	P	P	P	P	P
5	HUNGARY	lp6	year current job started 4 digits(main job)			P	P	P	P	P
6	LUXEMBOURG	lp6	year current job started 4 digits(main job)	P	P	P	P	P		
7	POLAND	lp6	year current job started 4 digits(main job)							
8	UK	lp6	year current job started 4 digits(main job)		P	P	P	P	P	P
9	USA	lp6	year current job started 4 digits(main job)	P	P	P	P			
10	BELGIUM	lp7	month current job started (main job)			P	P	P	P	P
11	ECHP	lp7	month current job started (main job)					P	P	P
12	GERMANY	lp7	month current job started (main job)							
13	HUNGARY	lp7	month current job started (main job)			P	P	P	P	P
14	LUXEMBOURG	lp7	month current job started (main job)	P	P	P	P	P		
15	POLAND	lp7	month current job started (main job)							
16	UK	lp7	month current job started (main job)		P	P	P	P	P	P
17	USA	lp7	month current job started (main job)	P	P	P	P			
18	BELGIUM	lp8	working full-time or part-time (main job)			P	P	P	P	P
19	ECHP	lp8	working full-time or part-time (main job)					P	P	P
20	GERMANY	lp8	working full-time or part-time (main job)	P	P	P	P	P	P	P
21	HUNGARY	lp8	working full-time or part-time (main job)			P	P	P	P	P
22	LUXEMBOURG	lp8	working full-time or part-time (main job)						P	P
23	POLAND	lp8	working full-time or part-time (main job)							
24	UK	lp8	working full-time or part-time (main job)				P			
25	USA	lp8	working full-time or part-time (main job)	P	P	P	P			
26	BELGIUM	lp9	does respondent have a permanent contract (ma			P	P	P	P	P
27	ECHP	lp9	does respondent have a permanent contract (ma					P	P	P
28	GERMANY	lp9	does respondent have a permanent contract (ma	P	P	P	P	P	P	P
29	HUNGARY	lp9	does respondent have a permanent contract (ma							
30	LUXEMBOURG	lp9	does respondent have a permanent contract (ma	P	P	P	P	P	P	P
31	POLAND	lp9	does respondent have a permanent contract (ma							
32	UK	lp9	does respondent have a permanent contract (ma							
33	USA	lp9	does respondent have a permanent contract (ma							

Figure 7-2: Screen image of the checklist for income variables the national panels completed



Microsoft Excel - D4 - Original income variables

	A	B	C	D	E	F	G
1	Code	Label	Country	Unit			
2	A	INCOME FROM EMPLOYMENT	belgium				
3	A1	wages and salaries (main job)	belgium				
4	A1a	salary from apprenticeship	belgium	-			
5	A1b	salary of working student	belgium	-			
6	A2	wages and salaries (other jobs)	belgium	P			
7	A3	tips	belgium	-			
8	A4	bonuses	belgium	H			
9	A5	profit-sharing including stock options	belgium	P			
10	A6	payments for fostering children	belgium	-			
11	A7	severance pay	belgium	-			
12	A8	parenting payment	belgium	-			
13	A9	(net) nonfarm self-employment	belgium	-			
14	A9a	income of independent professionals	belgium	-			
15	A10	(net) farm self-employment	belgium	-			
16	A11	net income (after expenses) from home production fo	belgium	H			
17	A12	net income (after expenses) from home production fo	belgium	-			
18	A13	employer-based pensions or other periodic retiremen	belgium	P			
19	A14	foreign pensions	belgium	-			
20	A15	lump sum retirement payout	belgium	-			
21	A16	withdrawal from pension scheme (non-periodic draw f	belgium	-			
22			belgium				
23	B	FRINGE BENEFITS	belgium				
24	B1	contributions to retirement (pension) plans	belgium	P			
25	B2	contributions to health insurance	belgium	-			
26	B3	contributions to life insurance	belgium	P			
27	B4	contributions to employer insurance schemes	belgium	P			
28	B5	contributions to national insurance schemes	belgium	-			
29	B6	company cars	belgium	P			
30	B7	subsidised meals	belgium	-			
31	B8	subsidised (low-interest) loans	belgium	-			
32	B9	subsidised housing, electricity	belgium	-			
33	B10	employer share of payroll taxes	belgium	-			

7.6 Survey questionaire and letter send to the partners

CHER DATABASE ROBUSTNESS ASSESSMENT EXERCISE (DRAE)
QUESTIONNAIRE

2 June 2000

This is a questionnaire to be completed by CHER country respondents regarding the longitudinal micro-data source used as the core database for their country. The objective of this document is to collect information on survey design, weighting, attrition rates… in the various national panel studies, and to provide some background to aid the interpretation of CHER results. The questionnaire is based on the Canberra Group questionnaire by Harris (1998)[29].

At this stage, we would like to ask you to:
NOW: Take a look at this questionnaire and tell us if, in your opinion, additional information should be asked for in this questionnaire. We would appreciate if you could get back to us on this topic within a week (+/- 15 June 2000)
LATER: We ask you to complete this questionnaire to the best of your abilities and send it back to the co-ordinator (until a date to be specified later) who will check your responses. If you cannot supply the information asked for in the questionnaire, we ask you to specify the reason.

It is not expected that Country Respondents will have all the information requested at their fingertips. Some of it may not exist. However, they are expected to engage in a dialogue with national statistical offices (or the other relevant bodies) who may have the answers. The sort of information that is requested is of relevance in many contexts, as may be the adjustment strategy that is developed in response to identified problems. It should be noted that LIS conducted a similar exercise some years ago and that this could be a useful starting point. (Even if the datasets are different, this could be a source of national control information.) See http://lissy.ceps.lu/countries.htm for the most recent technical documentation that LIS holds.

Once we have received completed questionnaires, we will use them as a basis to develop the CHER project documentation, but we will also discuss a common strategy to deal with possible problems arising from differing sampling frames, weighting, attrition rates, respondent's groups (i.e., we will discuss whether additional variables should be generated to capture certain effects, or if we are simply going to document these effects and supply the information to the users).

[29] Harris G., (1998), "Income Distribution Data for the United Kingdom: Robustness Assessment Report", Papers and Final Report of the Second Meeting on Household Income Statistics, Voorburg, The Netherlands, March 9-11th, Canberra Group: Expert Group on Household Income Statistics.

CHER DATABASE ROBUSTNESS ASSESSMENT QUESTIONNAIRE (DRAE)

COUNTRY

_____

No spaces have been left for answers. The intention is that answers will be entered electronically, to make revision easier. You can use as much space as the answer requires.

CONTENTS

1. NAME, DESCRIPTION AND MAJOR FEATURES OF DATASET
2. COMPLETENESS OF COVERAGE OF THE POPULATION
3. SAMPLE DESIGN, NON-RESPONSE BIASES, WEIGHTING
4. ITEM NON-RESPONSE, IMPUTATION AND EDITING
5. ACCURACY OF INCOME DATA
6. OTHER PROBLEMS
7. ADJUSTMENTS

1. NAME, DESCRIPTION AND MAJOR FEATURES OF DATASET

1.1. What is the name of the dataset?

1.2. Name of the organisation responsible for collecting the data?

1.3. What is the sampling frame for the dataset?

1.4. What are the main purposes of the survey/register from which the dataset is drawn?

1.5. How are the data obtained? (e.g., face-to-face interview with head of household, indicate how much of the data are obtained by "proxy" - asked of one person about another).

1.6. If data are drawn from more than one source, how are the data linked?

1.7. Are there any important restrictions for the use of this data source? If 'yes', what are they.

1.8. Are the data collected throughout the year, or at one or more points in time?

1.9. What is the main purpose of the data, or in what subject areas is the data source particularly well-endowed? (More than one response is possible).

Demography	□
Household and family	□
Living conditions	□
Labour market	□
Education	□
Income	□
Health	□
Housing	□
Other	□

1.10. What is the measurement period, or reference period for the survey? (Annual? Monthly? Weekly?). If the measurement/reference period differs across variable groups, please be specific. In particular, please provide information on how income data relates to other survey data (e.g., labour force status, demographic characteristics).

1.11. Is it possible to construct an income calendar from the data source? If yes, for what income components, what is the periodicity, and are income amounts recorded?

1.12. Is it possible to construct a monthly activity calendar from the data source?

1.13. Does the data source include any other retrospective data? Please be specific.

1.14. What units are specified in the data source? (Person? Household? Family? Income group? Other?).

1.15. What is the definition of the household?

1.16. Please provide references to key publications that describe the base dataset (methodological aspects).

1.17. Please provide references to key publications that use the base dataset for research purposes (tabular output/estimation results).

2. COMPLETENESS OF COVERAGE OF THE POPULATION

2.1. What is the total population of the country? (Individuals. Please give number of households or families if these are also available. Indicate the year.)

2.2. Which groups are excluded, completely or in part, from the sampling frame of the base dataset, and what are the likely effects on analyses using the data? (Specify the relevant groups: the ones listed are simply suggestions)

Exclusion	Size of group excluded (specify individuals, families or households)	Likely effects on analyses
Geographical areas		
Groups defined by place of birth, citizenship, immigration status, nationality or ethnic origin		
Homeless people		
People in care or nursing homes; or in hospital		
People in hostels/halls of residence (students, nurses etc.)		
Children's homes		
Military, police, their families, civilians living in military installations		
Foreign armed forces, diplomats etc.		
Prisoners		
Others (E.g. defined by economic activity, age, income level, family size: please specify)		

3. SAMPLE DESIGN, NON RESPONSE BIASES, WEIGHTING

3.1. What are the sampling fraction(s) and sample design? (Was the sample stratified? If so, how?) What is known about the effects of sample design on sampling error?

3.2. What information is available on response rates, year-by-year? How many of the original sample are left in any given year. Is the sample 'refreshed', and if 'yes', how so?

3.3. Is a standard set of cross-sectional and/or longitudinal weights available? If so, what is their purpose and how are they derived? (Describe in detail the dimensions employed - e.g., age of individual adults in 10-year age bands - and the reliability of any independent estimates used; and the grossing regime, e.g., CALMAR with range of weights constrained to 1:2.5.)

3.4. What non-response biases are known or strongly suspected?

3.5. (Describe and quantify wherever possible. Indicate how far weighting, if available, is thought to correct for these).

3.6. What conclusions can be drawn - from comparisons with tax records, benefit records other administrative records - about possible non-response biases likely to affect income distribution estimates?

3.7. Are there any groups (besides those identified above) where non-response problems are suspected (e.g. immigrants working without work permits).

3.8. Is unit non-response allowed (persons non-responding in respondent households)? If so, what information is available on the non-respondent individuals?

3.9. How is the missing information dealt with?

4. ITEM NON RESPONSE, IMPUTATION AND EDITING

Note that this section relates to known non-response, not to assumed under-reporting. Carry out this exercise in one year only (last available data point) but if you have reasons to believe that there are significant differences across years, please state this and provide some more information.

4.1. Which variables have the largest incidence of (visible) item non-response? Lists the three non-income items with the highest non-response rates, as well as the three income items with the highest non-response. What is the incidence of non-response for these variables? (Measured as ratio of 'don't know plus refusals' to numbers reporting non-zero amounts. Exclude any income components for which >95% of respondents report zero income).

4.2. Which variables have the largest incidence of (visible) item non-response? Lists the three non-income items with the highest non-response rates, as well as the three income items with the highest non-response. What is the incidence of non-response for these variables? (Measured as ratio of 'don't know plus refusals' to numbers reporting non-zero amounts. Exclude any income components for which >95% of respondents report zero income).

4.3. Are any other variables significantly affected by item non-response? (Where 'don't know plus refusals' exceed 10% of numbers reporting valid information)

4.4. What imputation techniques have been used for the variables identified above? (e.g., hot-decking, closest class menu, neural networks. Indicate the classes into which data was divided for imputation purposes.)

4.5. What top- or bottom coding has been employed? How many observations are affected? How have negative incomes been treated?

4.6. Are incomes gross of taxes and contributions recorded directly for all observations. If gross incomes have been imputed or estimated, explain the method used.

4.7. What other editing has been employed, affecting over 5% of the sample? How large an impact is this thought to have on specific variables?

5. ACCURACY OF INCOME DATA

Carry out this analysis for one year only (last data point) and state if there are reasons to suspect that the answers significantly differ across time. Please be precise in this case.

5.1. How much of the income data was collected by proxy (by one person on behalf of another)?

5.2. How much of the data on earned income was (a) supplied by employer (b) checked against employer's statements?

5.3. How does weighted gross income data from the micro dataset compare with National Accounts estimates? (It may be helpful to use the table below. Use other categories or sub-categories of income as appropriate. Comment on any weaknesses in National Accounts data, and difficulties with the comparison with micro-data. Other data sources may be used if they are judged superior to National Accounts or provide useful additional information.)

Income component	Weighted estimate from micro-data as % of national accounts	Comments
Wages and salaries		
Self-employment income		
Property income		
Other market income		
Transfers		
Other income		
Direct taxes		

5.4. Can any comparisons be made with independent **distributional** information?

5.5. Is the picture of employment patterns, in the incomes micro-dataset, consistent with information from Labour Force Survey or other data sources? Comment on any difficulties in the comparison. (The following aggregate statistics would be useful but please use the list as a guide, and substitute other similar statistics if necessary. Choose convenient definitions of part-time, unemployed, coverage of group considered etc according to comparability of definitions between the two sources, and state what these are. Provide the name of the independent source of data).

Employment status/activity		
(I) % of population aged 16+ who are:		
In full-time employment		
In part-time employment		

In self-employment		
Retired, sick, students or unoccupied		
Unemployed		
(should add to 100)		
(II) proportion of full-time employed who are:		
Male		
Female		
Female and married		
(III) proportion of part-time employed who are:		
Male		
Female		
Female and married		
(IV) proportion of self-employed who are:		
Male		
Female		
Female and married		

5.6. Please provide references to any national validation/comparison studies that are relevant.

6. OTHER PROBLEMS

6.1. Are there other deficiencies in the base dataset that you would like to draw attention to?

7. ADJUSTMENTS

7.1. What adjustments are currently made by statistical offices or users of the base dataset to compensate for the deficiencies that have been identified above? Please provide references to relevant publications and documentation and distinguish between 'official' or established practice, and other experiments.

7.2. Do you have views about the adjustments that we should make in the CHER project database (a) for your country (b) for all countries?

Finally, do you have any comments on this questionnaire?

7.7 Check list of income components by income source

LIST OF INCOME COMPONENTS BY INCOME SOURCE FOLLOWING CLASSIFACTION SCHEME EMPLOYED BY CANBERRA GROUP

The following list is an exhaustive list of income components based on the Canberra Group document on international comparisons of income data (Daniel Weinberg, April 2000). The income components and codes in italics have been added to this list as income components available is PACO but which cannot be classified under the "Canberra" scheme.

A INCOME FROM EMPLOYMENT
A1 wages and salaries (main job)
A1a salary from apprenticeship
A1b salary of working student
A2 wages and salaries (other jobs)
A3 tips
A4 bonuses
A5 profit-sharing including stock options
A6 payments for fostering children
A7 severance pay
A8 parenting payment
A9 (net) nonfarm self-employment
A9a income of independent professionals
A10 (net) farm self-employment
A11 net income (after expenses) from home production for home use
A12 net income (after expenses) from home production for barter transactions
A13 employer-based pensions or other periodic retirement including pensions bought with additional employee voluntary contributions
A14 foreign pensions
A15 lump sum retirement payout
A16 withdrawal from pension scheme (non-periodic draw from retirement account)

B FRINGE BENEFITS
B1 contributions to retirement (pension) plans
B2 contributions to health insurance
B3 contributions to life insurance
B4 contributions to employer insurance schemes
B5 contributions to national insurance schemes
B6 company cars
B7 subsidised meals
B8 subsidised (low-interest) loans
B9 subsidised housing, electricity
B10 employer share of payroll taxes
B11 subsidised vacations
B12 subsidised child care

C INCOME FROM PROPERTY
C1 interest received
C2 royalties
C3 dividends
C4 rental income
C4a rental income on land earned by households as unincorporated enterprises
C4b rental income on non-land earned by households as unincorporated enterprises

C5 estates, trusts
C6 realised capital gains
C7 unrealised capital gains
C8 profits from small business capital investment

D INCOME FROM GOVERNMENT – UNIVERSAL BENEFITS
D1 family or child benefits/credits/allowance
D2 government-subsidised health care services
D3 public education
D4 maternity benefits/allowances/grants

E INCOME FROM GOVERNMENT – SOCIAL INSURANCE
E1 social security (retirement and survivors) benefits
E1a social security (retirement benefits) - public
E1b social security (retirement benefits) - private
E1c social security (survivors benefits) - public
E1d social security (survivors benefits) - private
E1e orphan benefits/pension
E2 disability insurance/incapacity/disablement
E2a care allowance (sickness, disability)
E3 private disability insurance/incapacity/disablement benefits
E4 government unemployment benefit/job search allowance
E5 private unemployment benefit/job search allowance
E6 government workers' compensation (on-the-job injuries)
E7 private workers' compensation (on-the-job injuries)
E8 medical expenses reimbursed by government sickness, accident, or hospital insurance
E9 medical expenses reimbursed by private sickness, accident, or hospital insurance
E10 government scholarships & education assistance (excluding loans)
E11 private scholarships & education assistance (excluding loans)
E12 reduction in interest on student loans
E13 government sickness/medical benefit
E14 private sickness/medical benefit
E15 payments for child care to permit employment
E16 veterans' benefits (injury, pension etc.)

F INCOME FROM GOVERNMENT – TRANSFER PROGRAMS
F1 child support assurance (public) benefits
F2 public assistance or general welfare benefits
F3 public assistance for elderly
F4 rental allowances (housing subsidies)
F5 food subsidies or vouchers
F6 publicly owned housing subsidy
F7 surplus food and clothing
F8 means-tested unemployment
F9 means-tested disability support
F10 means-tested age pension
F11 other transfer programs (catch-all item)
F12 child tax credit
F13 earned income tax credit
F14 other tax credits
F15 war damages

G PRIVATE TRANSFERS
G1 alimony received from another household
G2 child support received from another household

G3 in-kind interhousehold transfers
G4 one-time cash interhousehold transfers received (gifts)
G5 regular cash interhousehold transfers received (gifts)
G6 inheritances
G7 other regular payments from outside household

H DEDUCTIONS FROM INCOME
H1 interest paid on mortgage loans
H2 interest paid on non-mortgage loans
H3 alimony paid to another household
H4 child support paid to another household
H5 payments on behalf of another household
H6 interhousehold transfers paid (gifts)
H7 regular inter-household transfers paid (gifts)
H8 employee contributions to private social insurance (pensions, health, etc.)
H9 employee contributions to government-mandated insurance premiums (including payroll taxes)
H10 employer reimbursements for non-discretionary work expenses
H11 employer reimbursements for discretionary work expenses
H12 transportation costs
H13 child care costs
H14 union and professional dues
H15 income tax net of refunds
H16 property (real estate) taxes
H17 sales or value-added taxes
H18 medical expenses not reimbursed by insurance
H19 government-mandated contributions to unemployment insurance
H20 privately purchased health insurance premiums
H21 privately purchased unemployment/redundancy insurance premiums
H22 compulsory fees and fines
H22a compulsory fees and fines for hunting, shooting and fishing
H22b compulsory fees and fines other than for hunting, shooting and fishing

K INCOME FROM OTHER SOURCES
K1 allowances payable to military families, expatriate workers, those in remote locations etc.
K2 increase in value from life insurance
K2a Life-annuity from private persons
K2b regular payments from private insurance
K3 union sick or disability pay
K4 union strike pay
K5 lottery or gambling winnings
K6 net imputed return on the equity in one’s own home
K7 support from charitable organisations
K8 pension or annuity income from self-financed investments

7.8 Check list of non-income elements

Variable name	Label	Yr'90	Yr'XX
dp1	sex		
dp2	year of birth		
dp3	family status		
dp4	cohabiting or legally married		
dp5	relation to household reference person		
dp6	is person a national of the country of residence		
dp7	is the person currently in full time education		
dh8	actual household size		
dh9	urban/rural indicator		
dh10	region identifier		
dh11	expanded household typology		
dp12	country of birth		
dp13	year of arrival in country (4 digits)		
dp14	country of citizenship		
dp15	do you have citizenship of more than one country		
lp1	was the respondent working for 1 hour or more per week at time of interview		
lp2	professional status in employment (main job)		
lp3	number of hours usually worked per week (main job)		
lp4	number of hours actually worked in the week before the interview (main job)		
lp5	size of local establishment (main job)		
lp6	year current job started 4 digits(main job)		
lp7	month current job started (main job)		
lp8	working full-time or part-time (main job)		
lp9	does respondent have a permanent contract (main job)		
lp9a	year stopped last main job		
lp9b	month stopped last main job		
lp10	do you have a second job		
lp11	have you ever worked in a job		
lp12	age at which respondent started the first job (2 digits)		
lp13	currently available for work in the next weeks		
lp14	currently registered unemployed		
lp15	does the respondent work in the state sector		
lp16	is the respondent a civil servant		
lp17	current occupation (nace 2 digit codes)		
lp18	current occupation code (go for as much detail as possible)		
lp19	shift work		
lp20	evening work		
lp21	night work		
lp22	Saturday work		
lp23	Sunday work		
lp24	working at home		
lp25	if presently unemployed are you seeking or intention to seek work		
lp29	reasons person stopped working in the last job (as much detail as possible)		
lp30a	professional status in employment (second job)		

Variable name	Label	Yr'90	Yr'XX
lp30b	number hours usually worked weekly (second job)		
lp30c	number of hours actually worked(second job).		
lp30d	size of local establishment (seasonal job)		
lp30e	year started job 4 digits (second job)		
lp30f	month started job (second job)		
lp30g	full time/ part time (second job)		
lp30h	permanent contract (second job)		
lp31	looking for work in the last (timeframe) weeks		
lp32	employment/economic activity status		
lp32a	are you retired		
lp32b	are you disabled / long term sick		
lp32c	are you on maternity leave		
lp32d	are you in military service		
lp32e	are you in community service		
lp32f	are you unemployed		
lp32g	are you a full time student		
lp32h	are you a part time student		
lp32i	are you in family care /housewife		
lp32j	are you an unpaid family worker		
lp32k	are you in a government training scheme		
lp32l	are you in an employer-based training scheme /apprenticeship		
lp33	activity calendar		
ed1	are you currently receiving job related training		
ed2	ISCED code for education		
ed3	years in full time education		
ed4	years in education and training		
ed5	age left full time education		
gh1	does household have access to a car		
gh2	does household have a phone		
gh3	does household have a home computer		
gh4	does household have a colour tv		
gh5	does household have a vcr		
gh6	does household have a microwave		
gh7	does household have a dishwasher		
hh1	own or rent the home		
hh2	year moved to this household		
hh3	number of rooms excluding the kitchen		
hh4a	amount of gross rent per month (renter)		
hh4b	amount of mortgage repayment including interest (owner occupiers)		
hh5	indoor toilet		
hh6	running water		
hh7	shortage of space		
hh8	noise problems		
hh9	dark /not enough		
hh10	adequate heating		
hh11	leaky roof		
hh12	damp problems		
hh13	problems with rot		
hh14	problems with pollution		
hh15	are housing cost a burden		

Variable name	Label	Yr'90	Yr'XX
hh16	landlord - public, private, employer, family member		
hh17	receive subsidy towards rent		
wp1	have a chronic condition		
wp2	does health hamper daily activities		
wp3	physical problems hamper activities		
wp4	mental problems hamper activities		
wp5	number of visits to doctor		
wp6	number of nights in hospital		
wp7	number of visits to a dentist		
wp8	are you a smoker		
wp9	number of cigarettes smoked		
wp10	index of ability to perform basic activities (stairs, walk)		
wp11	height		
wp12	weight		
wp13	body mass		
sp1	did you vote in the last election		
sp2	political party member		
sp3	trade union member		
sp4	attend religious services		
sp5	member of club		
sp6	member of social group		
sp7	do voluntary work		
sp8	member of neighbourhood community		
sp9	do you talk to your neighbours		
sp10	number of times you see your friends per week		
ep1	amount spent monthly/yearly on food		
ep2	amount spent monthly/yearly on housing		
ep3	amount spent monthly/yearly on clothing		
ep4	amount spent monthly/yearly on child care		
ep5	amount spent monthly/yearly on education		
ep6	amount spent monthly/yearly on health		
fp1	able to save out of normal monthly income		
fp2	debts (not mortgage)		

7.9 CHER variable list

Table 7-4: Variables included in the household file

Codes	Labels
	Organisational variables, weights and population factors
country	country
year	year
pid	person identifier (constant for all years)
hxxy01	household identifier
hxxy09	longitudinal household identifier
py08	case-ID (the household identifier of this person in the first wave in which they entered the data)
hxxpop	household population factor
hxxyear	year
hxxwgt	cross-sectional household weight
	Demographic background
hxxd10	region
hxxd11	urban/rural indicator
hxxd12	sociological household typology
hxxd14	actual household size
	Expenditure variables
hxxx01	amount spent on food (monthly)
hxxx02	amount spent on housing (monthly)
hxxx03	amount spent on child care (monthly)
hxxx04	able to save out of normal monthly income
hxxx05	do you have debts (other than mortgage)
	Household durables
hxxg01	does household have access to a car
hxxg02	does household have a phone
hxxg03	does household have a home computer
hxxg04	does household have a colour television
hxxg05	does household have a VCR
hxxg06	does household have a microwave
hxxg07	does household have a dishwasher
	Housing quality
hxxa01	year moved to this dwelling
hxxa02	number of rooms (excluding the kitchen)
hxxa03	size of dwelling (in m2)
hxxa04	own or rent home
hxxa05	landlord
hxxa06	amount of gross rent per month (renter)
hxxa07	amount of mortgage repayment including interest (owner occupier)
hxxa08	does household receive subsidy towards rent
hxxa09	are housing costs a burden
hxxa10	does the household have an indoor toilet
hxxa11	does the household have running water
hxxa12	does the household have a shortage of space
hxxa13	is the household too dark
hxxa14	does the household have adequate heating
hxxa15	does the household have a leaky roof
hxxa16	does the household have damp problems
hxxa17	does the household have problems with rot

hxxa18	does the household have noise problems
hxxa19	does the household have problems with pollution
	Gross income
hxxb01	total pre-government income – gross version
hxxb02	income from employment – gross version
hxxb03	wages and salaries – gross version
hxxb03a	wage/salary regular take home pay – gross version
hxxb03b	wage/salary lump sum – gross version
hxxb04	self employment income – gross version
hxxb05	income from sales of agricultural produce – gross version
hxxb06	income from property – gross version
hxxb06a	property – capital income – gross version
hxxb06b	property – rental income – gross version
hxxb07	imputed rent – gross version
hxxb08	total (non pension) public transfer income – gross version
hxxb09	unemployment benefits – gross version
hxxb10	health and disability related transfers – gross version
hxxb11	family related transfers – gross version
hxxb11a	family related benefits – gross version
hxxb11b	social assistance – gross version
hxxb11c	housing allowance – gross version
hxxb12	other transfers – gross version
hxxb12a	other transfers, education related – gross version
hxxb12b	other transfers, other – gross version
hxxb13	total pension income – gross version
hxxb13a	pension income - old - old age related – gross version
hxxb13b	pension income –survivor's benefit – gross version
hxxb14	total private transfers – gross version
hxxb15	total income from other sources – gross version
hxxb16	gross income
hxxb19	deductions
hxxb20	indicator gross income
hxxb21	net/gross factor
	Income
hxxi01	total pre-government income
hxxi02	income from employment
hxxi03	wages and salaries
hxxi03a	wage/salary regular take home pay
hxxi03b	wage/salary lump su
hxxi04	self-employment income
hxxi05	income from sales of agricultural produce
hxxi06	income from property
hxxi06a	property – capital income
hxxi06b	property – rental income
hxxi07	imputed rent
hxxi08	total (non-pension) public transfer income
hxxi09	Uemployment benefits
hxxi11	family related transfers
hxxi11a	family-related benefits
hxxi11b	social assistance
hxxi11c	housing allowance
hxxi12	other transfers
hxx12a	other transfers, education related

hxxi12b	other transfers, other
hxxi13	total pension income
hxxi13a	pension income -old- age related
hxxi13b	pnsion income -survivor's benefit
hxxi14	total private transfers
hxxi15	total income from other sources
hxxi16	disposable (net) income
hxxi17g	gross disposable income (monthly) at time of survey
hxxi17n	net disposable income (monthly) at time of survey
hxxi20	indicator net income
hxxi21	gross/net indicator
	Flag indicators for income variables
hxxf01	total pre-government income – imputation flag
hxxf02	income from employment - imputation flag
hxxf03	wages and salaries - imputation fla
hxxf03a	wages and salaries, regular take-home pay - imputation flag
hxxf03b	wages and salaries, lump sum - imputation flag
hxxf04	self-employment income - imputation flag
hxxf05	income from sales of agricultural produce – imputation flag
hxxf06	income from property – imputation flag
hxxf06a	income from property, capital income – imputation flag
hxxf06b	income from property, rental income – imputation flag
hxxf08	total (non-pension) public transfer income – imputation flag
hxxf09	unemployment benefits - imputation flag
hxxf10	halth and disability related transfers - imputation flag
hxxf11	family related transfers – imputation flag
hxxf11a	family related transfers, family related benefits – imputation flag
hxxf11b	family related transfers, social assistance – imputation flag
hxxf11c	family related transfers, housing allowance – imputation flag
hxxf12	other transfers – imputation flag
hxxf12a	other transfers, education related – imputation flag
hxxf12b	other transfers, others – imputation flag
hxxf13	total pension income - imputation flag
hxxf13a	total pension income, old-age related - imputation flag
hxxf13b	total pension income, survivor's benefits - imputation flag
hxxf14	total private transfers – imputation flag
hxxf15	total income from other sources – imputation flag
hxxf16	disposable net yearly income – imputation flag
hxxf17g	gross disposable income (monthly) at time of survey – imputation flag
hxxf17n	net disposable income (monthly) at time of survey – imputation flag

Table 7-5: Variables included in the person file

Codes	Labels
	Activity status
pxxs01	main economic activity status
pxxs02	respondent is full-time student
pxxs03	respondent participates in training scheme / apprenticeship
pxxs04	if respondent participates in training scheme, is it a government training scheme
pxxs05	respondent mainly takes care of family
pxxs06	respondent carries out military or community service
pxxs07	respondent is an unpaid family worker
pxxs08	respondent is on maternity / paternity leave

pxxs09	respondent is long-term sick or disabled
pxxs10	respondent is retired
pxxs11	number of months employed during last year
pxxs12	number of months unemployed during last year
pxxs13	number of months inactive during last year
	Education
pxxe01	Highest completed level of general education (ISCED)
pxxe02	Years of education necessary to reach achieved qualification level
pxxe03	currently in full-time education
pxxe04	currently receiving job related training
pxxe05	age when left full-time education
pxxe06	Year in full-time education
pxxe07	Highest completed level of education - short (ISCED)
	Employment
pxxl01	was respondent working for at least 1 hour per week at time of interview
pxxl02	professional status
pxxl03	economic activity of establishment (ISIC)
pxxl04	occupation
pxxl05	does respondent work in state sector
pxxl06	is respondent a civil servant
pxxl07	number of persons working at local establishment
pxxl08	working full-time or part-time
pxxl09	permanency of job contract
pxxl10	number of hours per week usually worked
pxxl11	number of hours actually worked last week
pxxl12	Year started with current employer
pxxl13	Month started with current employer
pxxl14	Type of jobs hold
pxxl15	number of hours worked weekly in second job
pxxl16	experience of employment
pxxl18	main reason for leaving last job
pxxl19	seeking employment (or intention of seeking employment) for respondent without employment during the reference week
pxxl20	presently looking or recently looked for a job
pxxl21	availability to start working within 2 weeks
pxxl22	is respondent currently registered unemployed
pxxl23	year when stopped last main job
pxxl24	month when stopped last main job
pxxl25	occupation (ISCO68)
	Health
pxxh01	does respondent have a chronic condition
pxxh02	Does any health problem limit the respondent’s daily activities
pxxh03	subjective health status
pxxh04	number of visits to doctor (excluding dentist) in the last year
pxxh05	number of nights spent in hospital in the last year
pxxh06	number of visits to dentist in the last year
pxxh07	is respondent a smoker
	Gross income
pxxb02	income from employment – gross version
pxxb03	wages and salaries – gross version
pxxb03a	wage/salary regular take home pay – gross version
pxxb03b	wage/salary lump sum – gross version
pxxb04	self employment income – gross version

pxxb09	unemployment benefits – gross version
pxxb10	health and disability related transfers – gross version
pxxb12a	other transfers, education related – gross version
pxxb13	total pension income – gross version
pxxb13a	pension income - old - old age related – gross version
pxxb13b	pension income –survivor's benefit – gross version
pxxb16	gross income
pxxb19	deductions
pxxb20	indicator gross income
pxxb21	net/gross factor
	Income
pxxi02	income from employment
pxxi03	wages and salaries
pxxi03a	wage/salary regular take home pay
pxxi03b	wage/salary lump sum
pxxi04	self-employment income
pxxi09	unemployment benefits
pxxi10	health and disability related transfers
pxxi12a	other transfers, education related
pxxi13	total pension income
pxxi13a	pension income – old-age related
pxxi13b	pension income – survivor benefits
pxxi16	net income
pxxi18	did respondent/household complete income questionnaire
pxxi20	indicator net income
pxxi21	net/gross factor
	Flag indicators for income variables
pxxf02	income from employment – imputation flag
pxxf03	wages and salaries – imputation flag
pxxf03a	wages and salaries, regular take-home pay – imputation flag
pxxf03b	wages and salaries, lump sum – imputation flag
pxxf04	self-employment income – imputation flag
pxxf09	unemployment benefits – imputation flag
pxxf10	health and disability related transfers – imputation flag
pxxf12a	other transfers, education related – imputation flag
pxxf13	total pension income – imputation flag
pxxf13a	total pension income, old-age related – imputation flag
pxxf13b	total pension income, survivor's benefits – imputation flag
	Organisational variables, weights and population factors
country	Country
year	year
pid	person identifier (constant for all years)
py08	case-ID (the household identifier of this person in the first wave in which they entered the data)
hxxy01	household identifier
hxxy09	Longitudinal household identifier
pxxyear	year
	Social relations
pxxr01	frequency talks to neighbours
pxxr02	frequency sees friends
pxxr03	is respondent member of club or social group
pxxr04	does respondent attend religious services
	Subjective
pxxv01	satisfaction with life in general

pxxv02	satisfaction with job
pxxv03	satisfaction with income
pxxv04	satisfaction with housing
pxxv05	satisfaction with health

Table 7-6: Variables included in the meta file

Codes	Labels
	Demographic background
pd02	gender
pd03	year of birth
pd04	month of birth
pd08	born in country of survey
pd09	year of arrival in country
pl17	age at which respondent started first job
	Organisational variables, weights and population factors
hxxt01	date of interview - day
hxxt02	date of interview – month
hxxt03	date of interview - year
pxxires	individual interview result
hxxires	household interview result
py06	person identifier(pid)of the respondent's father
py07	person identifier(pid)of the respondent's mother
pxxwgt	cross-sectional person weight
hxxwgt	cross-sectional household weight
pxxpop	person population factor
hxxpop	household population factor
pxxyear	year
hxxyear	year

Table 7-7: Variables included in the inventory file

Codes	Labels
	Demographic background
pd02	Gender
pd03	year of birth
pxxd01	relationship to reference person in the household
pxxd05	marital status
pxxd06	cohabiting or legally married
pxxd07	country of citizenship
	Organisational variables, weights and population factors
pxxy02	person identifier(pid)of the household reference person
pxxy03	person identifier(pid)of the main breadwinner in household
pxxy04	person identifier(pid)of the spouse of the reference person
pxxy05	person identifier(pid)of the respondent's partner
	Organisational variables, weights and population factors
country	country
year	year
pid	person identifier (constant for all years)
py08	case-ID (the household identifier of this person in the first wave in which they entered the data)
hxxy01	household identifier
hxxy09	longitudinal household identifier
pxxwgt	cross-sectional person weight

pxxpop	person population factor
pxxyear	year

7.10 Conversion of incomes

Table 7-8: List of household income variables for which gross and net versions were produced

Name	Label
Hxx_01	total pre-government income
Hxx_02	income from employment
Hxx_03	wages and salaries
Hxx_03A	wage/salary regular take home pay
Hxx_03B	wage/salary lump sum
Hxx_04	self-employment income
Hxx_05	income from sales of agricultural produce
Hxx_06	income from property
Hxx_06A	property- capital income
Hxx_06B	property- rental income
Hxx_13	total pension income
Hxx_13A	pension income -old- age related
Hxx_13B	pension income -survivor's benefits

Table 7-9: List of household variables where the gross amounts equal net income amounts

Name	Label
Hxx_07	imputed rent
Hxx_08	total (non pension) public transfer income
Hxx_09	unemployment benefits
Hxx_10	health and disability related transfers
Hxx_11	family related transfers
Hxx_11A	family-related benefits
Hxx_11B	social assistance
Hxx_11C	housing allowance
Hxx_12	other transfers
Hxx_12A	other transfers, education related
Hxx_12B	other transfers, other
Hxx_14	total private transfers
Hxx_15	total income from other sources

Table 7-10: List of person income variables for which gross and net versions were produced

Pxx_02	income from employment
Pxx_03	wages and salaries
Pxx_03A	wage/salary regular take home pay
Pxx_03B	wage/salary lump sum
Pxx_04	self-employment income
Pxx_13	total pension income
Pxx_13A	pension income -old- age related
Pxx_13B	pension income -survivor benefits

Table 7-11: List of person variables where the gross amounts equal net income amounts

Name	Label
Pxx_09	unemployment benefits
Pxx_10	health and disability related transfers
Pxx_12A	other transfers, education related

Table 7-12: Before conversion (household income)

Country	Gross income elements available	Summation variable for all Gross income elements can be derived	Net income elements available	Summation variable for all net income elements available	Net/Gross factors available
Austria (ECHP)			X	X	X
Belgium (PSBH)			X	X	
Denmark (ECHP)			X	X	X
Finland (ECHP)	X	X		X	X
France (ECHP)	X	X		X	X
Germany (SOEP)	X	X		X	
Greece (ECHP)			X	X	X
Hungary (HHP)			X	X	
Ireland (ECHP)			X	X	X
Italy (ECHP)			X	X	X
Luxembourg (PSELL II)			X	X	
Poland (PHP,1994-1996)			X	X	
Poland (PHP,1997-2000)			X	X	
Portugal (ECHP)			X	X	X
Spain (ECHP)			X	X	X
Sweden (ECHP)			X	X	
Switzerland (SHP)			X	X	
The Netherlands (SEP)	X	X	X	X	X
United Kingdom (BHPS)	X	X		X	

(*) Gross = sum of (Hxxi01 + Hxxi08 + Hxxi13 + Hxxi15).
Net = Hxxi16

7.11 Content of the CHER-CD

The CHER CD consist of the following parts:

- CHER Data
- CHER Definition
- CHER Deviation documents
- CHER MMM Database
- CHER Programs
- CHER Survey documents
- CHER Variable documents
- CHER User guide

The CHER data and programs are available in SPSS, SAS and STATA format. As to ensure data security, the CHER data-files have been encrypted and password-protected on CD-ROMs. For distributional reasons two versions of the CHER CD exist: First there is a consortium version that has data for all the CHER countries, second there is a public version where the ECHP based country files are left out. With help of the programs on the CD researchers can add the ECHP countries themselves after they obtained the data from Eurostat.
The CHER Definition document contains definitions for all the CHER variables. The possible deviation to these definitions can be found in the Deviation Document.

The availability of the data on both CHER CD is as shown in the table below.

Table 7-13: Content of deliverable C, Consortium version CD

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Austria						X	X	X	X	X	X	
Belgium			X	X	X	X	X	X	X			
Denmark					X	X	X	X	X	X	X	
Finland							X	X	X	X	X	
France					X	X	X	X	X	X	X	
Germany	X	X	X	X	X	X	X	X	X	X	X	
Greece					X	X	X	X	X	X	X	
Hungary			X	X	X	X	X	X				
Ireland					X	X	X	X	X	X	X	
Italy					X	X	X	X	X	X	X	
Luxembourg						X	X	X	X	X	X	X
Netherlands		X	X	X	X	X	X	X	X			
Poland					X	X	X	X	X	X	X	
Portugal					X	X	X	X	X	X	X	
Spain					X	X	X	X	X	X	X	
Sweden[30]								X	X	X	X	
Switzerland										X	X	
USA	X	X	X									
UK		X	X	X	X	X	X	X	X	X	X	X
TOTAL	2	3	5	4	13	15	16	17	16	16	16	2

[30] Data from Sweden are cross-sectional only

Table 7-14: Content of deliverable A, public version CD

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Belgium			X	X	X	X	X	X	X			
Germany	X	X	X	X	X	X	X	X	X	X	X	
Hungary			X	X	X	X	X	X				
Luxembourg						X	X	X	X	X	X	X
Netherlands		X	X	X	X	X	X	X	X			
Poland					X	X	X	X	X	X	X	
Switzerland										X	X	
UK		X	X	X	X	X	X	X	X	X	X	X
USA	X	X	X									
ECHP[31]:												
TOTAL	2	4	6	5	6	7	7	7	6	5	5	2

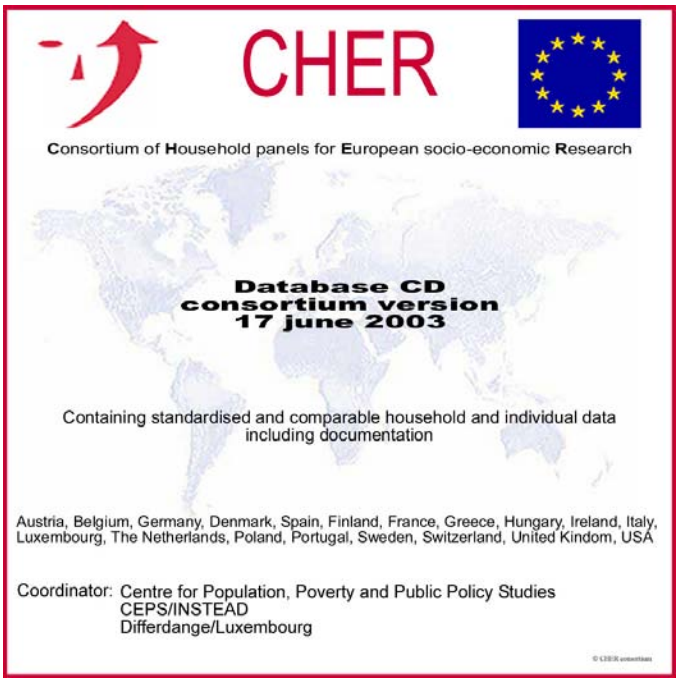
The MMM database is available as an ACCESS database. Also instructional documentation is available for both the ACCESS database format and the online MMM database.

All the programs used to create the ECHP based CHER country files are available to the user.

The characteristics of the different national datasets and the ECHP are available as WORD documents. Special situations for specific countries regarding the calculations of certain variables or weight factors are also available as Word documents.

The CHER User guide is available in a full version and in a "Survival Guide" version. This last version does not contain the availability tables for each variable. Since it is much shorter, it is much more convenient to researchers. Both the versions are available as PDF and WORD documents.

Figure 7-3: Cover of the CHER CD, consortium version



[31] The CHER data for the ECHP countries are only available in the consortium CD (Deliverable A). On the public version (Deliverable B) of the CD there are syntax programs available which allows the ECHP licensed users to produce the ECHP based CHER versions by themselves.

7.12 Directory of the CHER user guide

A. Introduction to CHER
A.1 Research objectives
A.2 Rationale for the choice of the participating countries
A.3 Scientific methods for data collection and analysis
A.4 Problems encountered in carrying out the research
A.5 Solutions proposed to improve comparability
A.6 Findings anticipated
A.7 Relevance for policy
B. Introduction and Overview on Panel Studies Included in the CHER database
B.1 Description of National Panels included in CHER
B.2 GSOEP
B.3 BHPS
B.4 HBS
B.5 HHS
B.6 PSBH
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B.8 PSID
B.9 SHP
B.10 ECHP
C. The matching of CHER files
D. CHER Database Definition
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G. National Survey Characteristics by country
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H. References

7.12.1 Example from user guide: "deviation from the norm documentation"

Country code	Variable name	Variable label	How does this variable deviate from the standard CHER definition ?	To what years does this deviation apply ?
PL	_xxf all imputation flags	-	It could happen that there are the same value of imputation flags for all individual in the sample. It's due to way of the panel construction. Households included to panel were selected ex-post - when survey was already finished. So, in CHER data are included only households that participated in the survey during 4 years and did not refused to be investigated.	All years
PL	_xxi all incomes	-	There was a denomination in Poland in 1995 (by factor 10 000), so all incomes in 1994 were corrected with appropriate factor.	1994
UK	_xxi01	Total pre-government income	The BHPS does not include negative values for capital or own business losses, losses are recorded as 0	All years
PL	_xxi02	Income from employment	Negative values of incomes. Incomes were allowed to be negative in Polish original survey.	All years
UK	_xxi02	Income from employment	The BHPS does not include negative values for own business losses, losses are recorded as 0	All years
UK	_xxi03	Wages and salaries	The BHPS did not ask about bonuses until 1997, this value only includes wages until 1997	1991-1996
LU	_xxi03b	Wage/salary lump sums	This question was not asked in PSELL2	All years
UK	_xxi03b	Wage/salary lump sums	The BHPS did not ask about bonuses until 1997, no value until 1997	1991-1996

7.13 Content of the Macro Misep Missoc (MMM) database

Table 7-15: Content of the meta database (Macro database)

Area	
Demography	
	Fertility and life expectation by sex and at different ages (0, 65 years)
	Information on ageing (forecasts for population growth by age class in 2020 and 2050
	forecasts of professional dependent population growth by age and sex in 2020 and 2050)
	Population by age and sex and country of origin
	Ratio of retired versus active
Labour Force Participation	
	Net labour force participation rates by age and sex
	Net labour force participation rates by country
	Employment rates by age and sex
	Employment by type of contract (permanent, temporary contract)
	Annual inflow in employment programmes
	Annual outflow out of employment programmes
	Flows in and out of self-employment
Unemployment	
	Unemployment as % of professional dependent population of 15 to 65 years (according to ILO, OECD and Eurostat definition)
	Net unemployment rate by sex
	Long-term unemployment (>1yr) by age and sex
Social Protection	
	Public expenditures on labour programmes total
	Public expenditures on labour programmes by sector

Table 7-16: Content of the meta database (MISSOC database)

Area	
Employment injuries	
	- Basic legislation
	- Field of application
	- Risks covered
	- Conditions
	- Benefits
	- Taxation and social contributions
Family benefits	
	- Basic legislation
	- Child benefits
	- Other benefits
	- Special cases
	- Taxation and social contributions
Finance	
	- Financing principle
	- Contributions of insured and employers
	- Other special contributions
	- Public authorities participation
	- Financing system for long-term – Benefits
Guaranteeing sufficient resources	
	- Designation
	- Basic legislation
	- Basic principle
	- Entitled persons
	- General conditions
	- Guaranteed minimum
	- Guaranteed amount
	- Recovery
	- Indexation
	- Taxation and social contribution
	- Social and professional integration
	- Associated rights
	- Specific minima
Health care	
	- Basic legislation
	- Beneficiaries
	- Conditions
	- Organisation
	- Benefits
Invalidity	
	- Basic legislation
	- Basic principles
	- Field of application
	- Exemptions from compulsory insurance
	- Risks covered
	- Conditions
	- Benefits
	- Adjustments
	- Accumulation with other social benefits
	- Accumulation with earnings from work

	- Return to active life
	- Taxation and social contributions
Maternity	
	- Basic legislation
	- Field of application
	- Conditions
	- Benefits
	- Taxation and social contributions
Old age	
	- Basic legislation
	- Basic principles
	- Field of application
	- Exemptions from compulsory insurance
	- Conditions
	- Benefits
	- Adjustments
	- Partial pension
	- Accumulation with earnings from work
	- Taxation and social contributions
Sickness insurance	
	- Basic legislation
	- Beneficiaries
	- Conditions
	- Benefits
	- Taxation and social contributions
Survivors benefits	
	- Basic legislation
	- Field of application
	- Exemptions from compulsory insurance
	- Entitled persons
	- Conditions
	- Benefits
	- Taxation and social contributions
Unemployment	
	- Basic legislation
	- Basic principles
	- Field of application
	- Conditions
	- Benefits
	- Partial unemployment
	- Taxation and social contributions

Table 7-17: Content of the meta database (MISEP database)

Area	
Employment flexibility	
contract specifications	
	Hiring staff/Probationary periods
	Fixed-term contracts
	Individual redundancy, Mass redundancy
	Retirement and early retirement
working time	
	Legal and limitations on working time
	Organisation of working time
	Work-sharing
	Part-time contracts, Short-time working
	Leave for family reasons or education
	Partial retirement
Recruitment incentives	
	Reduction for lower labour costs
	Reduction to encourage recruitment
	Financial incentives to employers
Employment policies	
incomes policies	
	Minimum wage
	Wage negotiation
	Wage restraints
measures to promote equal opportunities	
	Equal pay and equal treatment of sexes
	Equality audits
	Positive action
	Measures for unemployed women
	Child-care services
	Individualisation of rights, separate taxation
	Measures in favour of disabled persons
measures for the young	
	Integration into the labour market
	Parity of esteem for vocational training
	Vocational training in education system
	Transition from school to work
	Second chance learning opportunities
	Access to initial training
	Apprenticeships
unemployment	
	Reintegration into the labour market
	Special training programmes
	Measures for older workers
Promotion of lifelong learning	
general	
	Provision of training
	Equality in vocational training
	Promoting access to training

	Informal training
	Special training program for long term unemployed
measures for the young	
	Access to initial training
	Apprenticeships
measures for the disabled	
	Measures in favour of disabled persons

7.13.1 MMM internet database

Figure 7-4: Example of MMM website, search screen

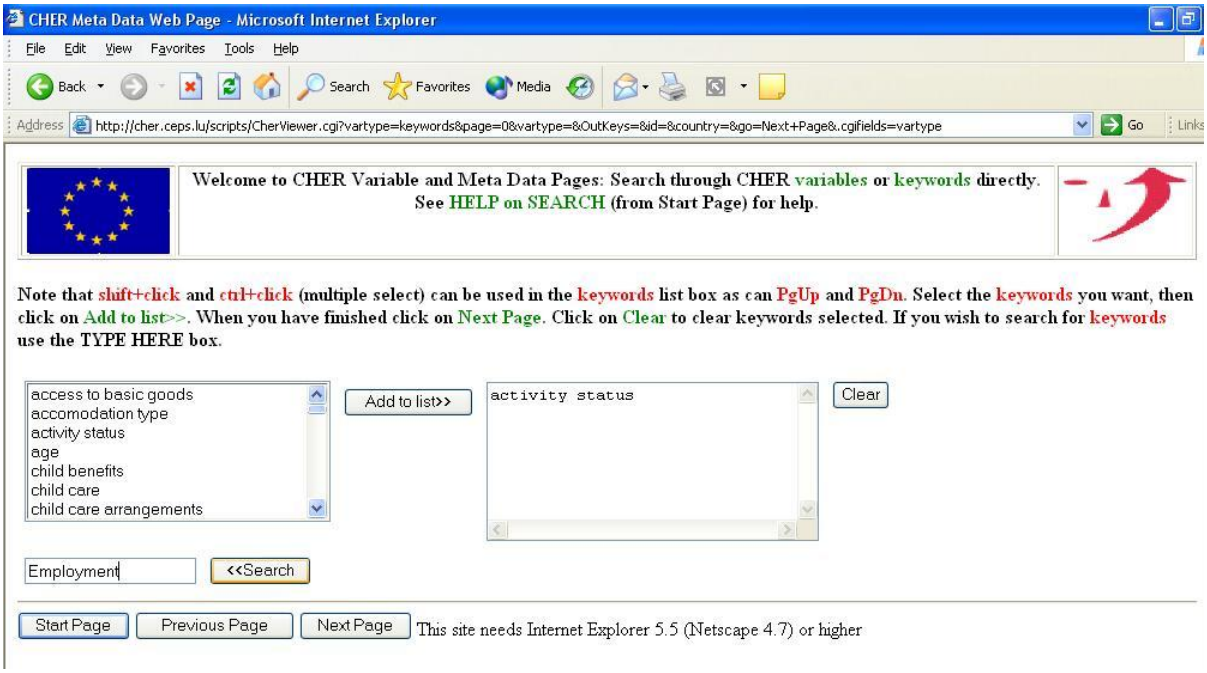


Figure 7-5: Example of MMM website, search screen

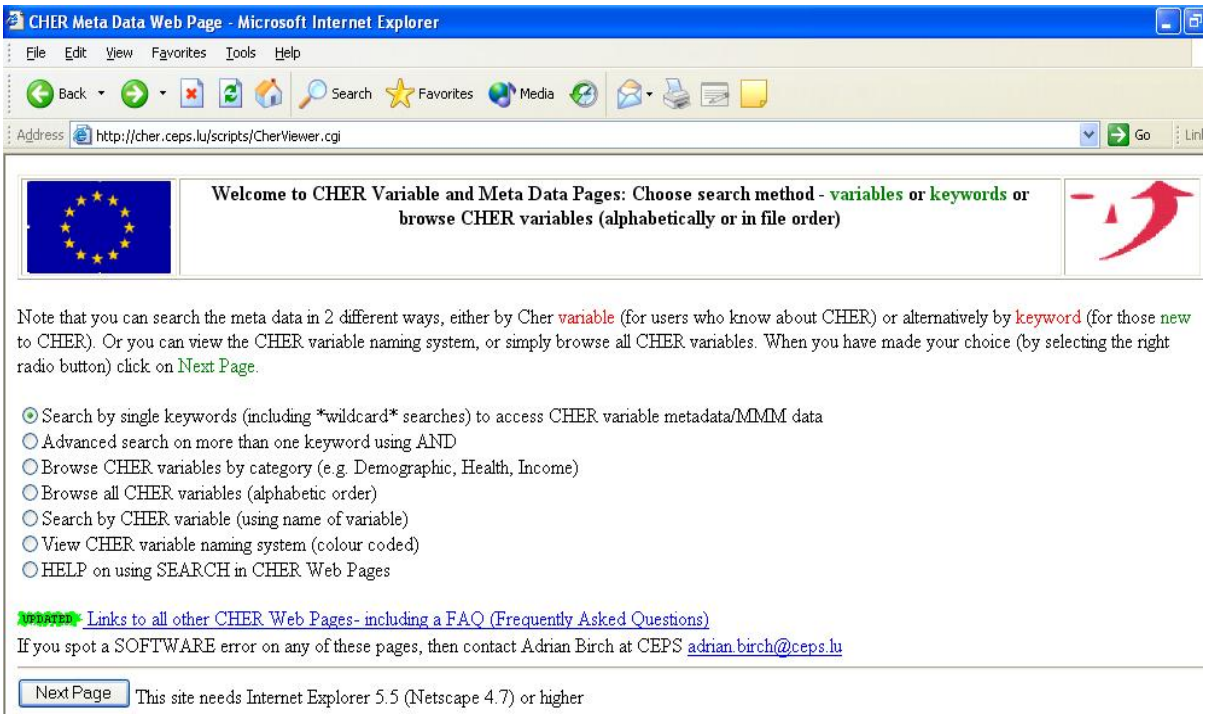
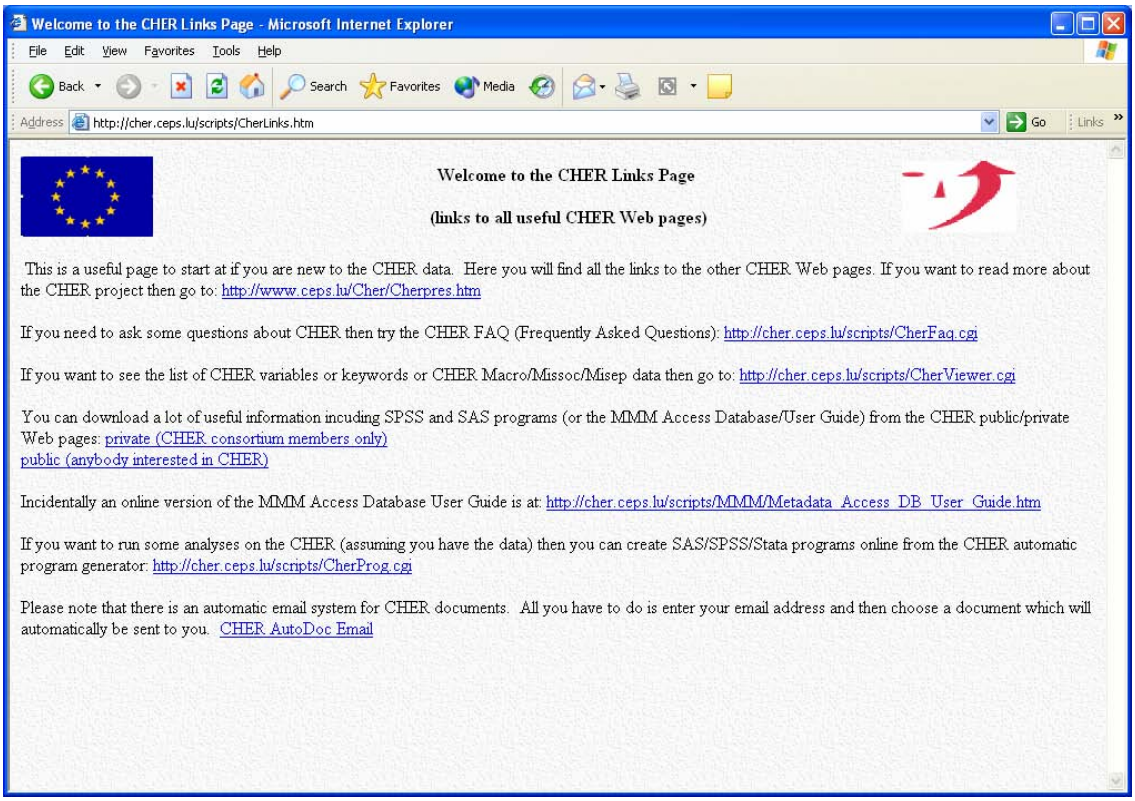


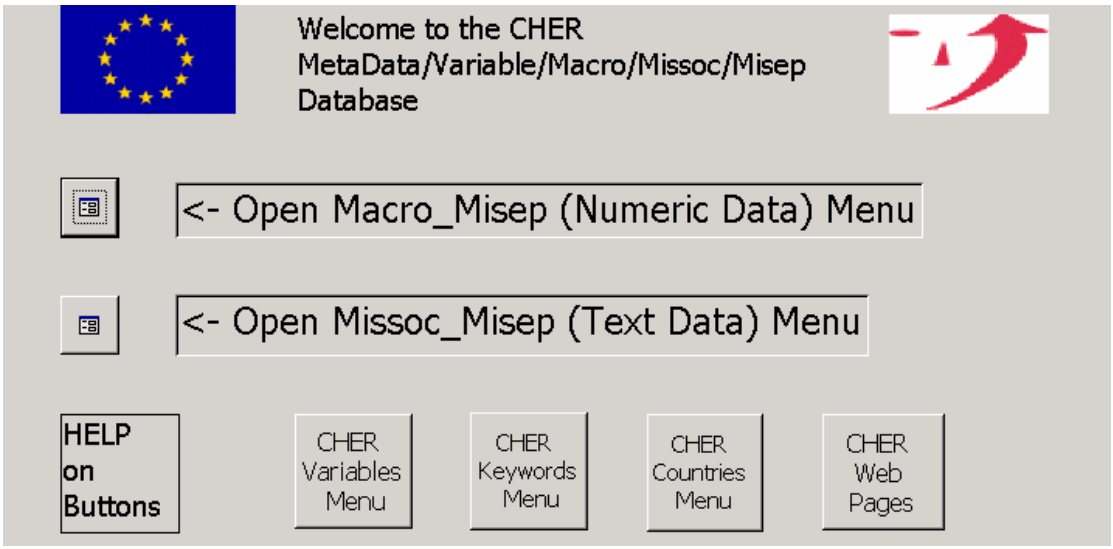
Figure 7-6: Example of MMM website, link to all CHER pages



7.13.2 CHER MMM Access database

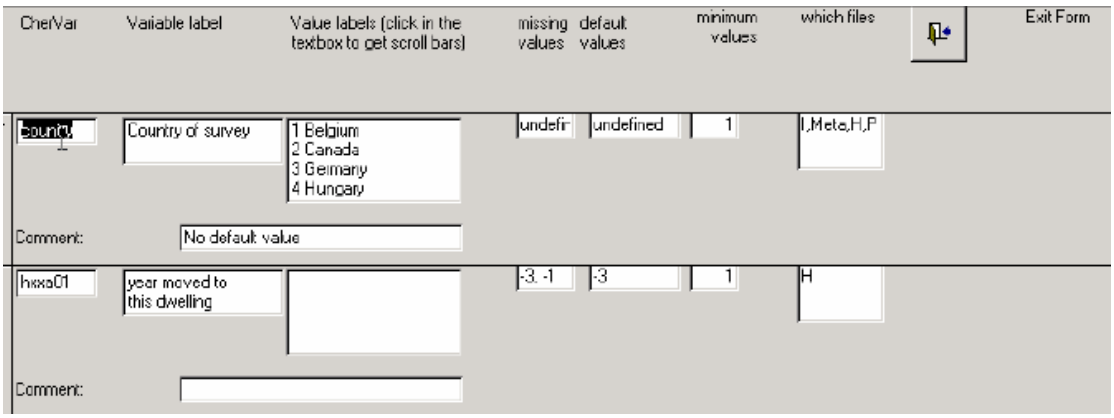
When you open the database you will see the following:

Figure 7-7: MMM Access database start screen



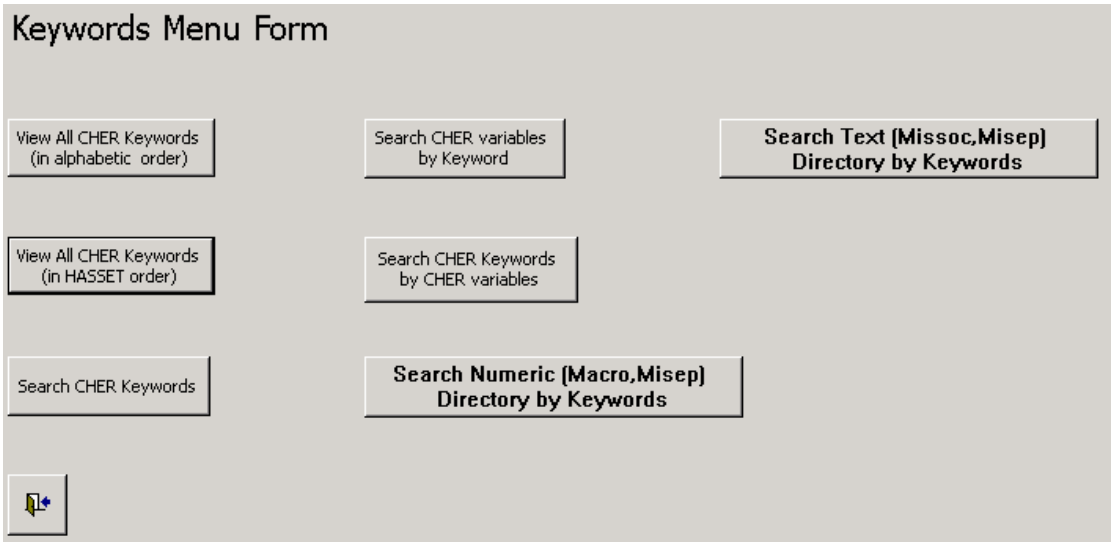
If you want to see the all the CHER variables and their metadata (but without Macro,Missoc, Misep data) the click on "View All CHER Variables and Meta Data" in the CHER Variables menu. This will open the following form

Figure 7-8: MMM Access database user interface



Cick on the CHER Keywords Menu (on Main Menu):

Figure 7-9: MMM Access database search screen



7.14 Communication with Eurostat

Letter to Eurostat, page 1 of 3

Centre d'Etudes de Populations, de Pauvreté
et de Politiques Socio-Economiques

International Networks for Studies
in Technology, Environment, Alternatives, Development

CEPS/INSTEAD

Differdange, 22nd October, 2002

European Commission - Eurostat

Mrs Anne Clemenceau
Head of unit E-2 Living conditions

Office BECH B2/427
Bâtiment Joseph Bech,
5 Rue Alphonse Weicker
L-2721 Luxembourg-Kirchberg

Subject : Data access request addressed to Eurostat by the Consortium of Household Panels for European Socio-economic Research (CHER)

Dear Mrs Clemenceau,

As you know, our Center is co-ordinating the work of the CHER Consortium. In this context, I have been asked by the CHER partners to forward to you the attached request concerning data access for your consideration.

Yours sincerely,

Gaston SCHABER
President of CEPS/INSTEAD

cc: G. Schmaus

B.P. 48, L-4501 Differdange - Tél. (352) 58 58 55-1 - Fax. 58 55 60 - N° TVA LU 15411859

Letter to Eurostat, page 2 of 3

Data access request addressed to Eurostat by the Consortium of Household Panels for European Socio-economic Research (CHER)

As the unit of EUROSTAT responsible for the European Community Household Panel, you will be aware of the importance of cross-national comparative data for the development of effective social policies and the monitoring of social change in Europe. The ECHP project has produced one of the most highly detailed cross-national data sets of this type. Nevertheless, the data in the ECHP have not been used as widely as they might have been used. A large reason for the limited use of this information is the present cost of accessing the data. The value of the work which you and your agency have completed has not gained the full extent of recognition deserved for this project from the relatively limited use of the ECHP.

The Consortium of Household Panels for European Socio-economic Research (CHER) project is creating a fully anonymised cross-national data file for social policy analysis with a more limited set of variables than ECHP. CHER draws on national household panel data from a few countries which have not participated in the ECHP – both European countries (Hungary, Poland and Switzerland) and non-European countries, USA and possibly Canada. The original data sets (with national weights and, if available, national imputations) that have served as the basis for the main contributions to the ECHP from Belgium, Germany, Luxembourg and the UK are also contributing data to CHER. It is planned that data for these countries will be available to users for a nominal cost covering the production and postage of a data and documentation CD. All users must sign an agreement to protect the confidentiality of the data and to abide by reporting and data use conditions set out by the producers of each study.

The CHER partners have registered as users of the ECHP users' data-base (ECHP research contract Nr ECHP/29/00) and have therefore harmonised data from ECHP participating countries and from Sweden. To enable us to conduct EU wide policy analysis using a harmonised format, we have converted the UDB data for those EU countries not separately participating in CHER into CHER format. We would like to be able to make our work on the data file more widely available to bona fide academic and government researchers. The participants in the ECHP project, i.e. Eurostat and ECHP National Data Collection Units, would benefit from the wider use of subsets of their data in CHER in three respects. First, this usage would increase the visibility and ultimately the use of ECHP. Second, the increased use of the data would also lead to more policy analysis for each participating country. Third, expanded policy analysis leads to an improved ability for agencies such as yours to attract funds to conduct further studies. As more quality analysis conducted with a data set, national agencies and private industrial sources will see increased value in the collection of data of this type, and will become more willing to contribute to the costs of the collection of future data sets.

.../...

Letter to Eurostat, Page 3 of 3

We request that you consider allowing ECHP data in CHER format for the 11 countries concerned (Denmark, Greece, Spain, France, Ireland, Italy, Netherlands, Austria, Portugal, Finland and Sweden) to be made available to those institutions having already signed an "ECHP research contract" with Eurostat – and exclusively under the stipulations defined in the said contract. This should preferably be done for no additional charges or for considerably reduced charges compared to what researchers must currently pay for access to the full ECHP users' data-base.

We thank you for considering this proposal.

The CHER Partners

Appendix 1 – list of CHER partners
Appendix 2 – list of CHER variables

Answer from Eurostat, page 1 of 2

EUROPEAN COMMISSION

EUROSTAT

Directorate E: Social statistics
Unit E2: Living Conditions

CEPS / INSTEAD
15
rentré le 21 AVR. 2003

Luxembourg, 10 -04- 2003
ESTAT/E-2/AC/sj20043
M/ECHP/Data

CEPS/INSTEAD
Mr Gaston Schaber
B.P. 48
L-4501 Differdange

Dear Mr Schaber,

Subject: CHER database

Many thanks for your letter dated 22 October 2002, asking for Eurostat approval regarding the dissemination of the CHER database.

Unfortunately, due to the following reasons we cannot approve of your suggestion:

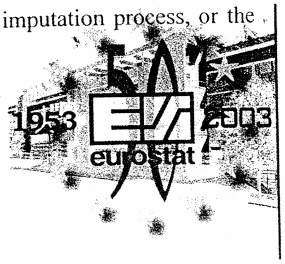
Legal reason:

- The dissemination rules for the anonymised ECHP UDB have been decided after long discussions with the Member States before the first UDB was available, and have consequently been incorporated into the ECHP research contracts. After the coming into force of the new Commission Regulation (EC) 831/2002 concerning access to confidential data for scientific purposes, which also defines the access rights to the ECHP data, Eurostat has had to sign bilateral agreements with the Member States. It is therefore impossible for Eurostat to agree for a different organisation (i.e. CEPS) to pass on their database, which is in part based on ECHP data, to organisations, including organisations currently holding an ECHP research contract with Eurostat.

Data quality / coverage:

- The CHER project suggests to deliver data up to 1998. However, the ECHP data will be available up to 2001, which may lead to inconsistencies.

- Due to its longitudinal nature, the ECHP is a dynamic project, i.e. the data are 'never' completely final. Panel data must be continuously updated using information collected in subsequent waves. Examples for this are the changes that were introduced to the ECHP UDB for the waves 4 issue after the review of the imputation process, or the update of the weighting procedure for the waves 6 issue.



EUROSTAT: 50 YEARS

Postal address: Bâtiment Jean Monnet — rue Alcide De Gasperi, L-2920 Luxembourg-Kirchberg
Offices: Bâtiment Joseph Bech — 5, rue Alphonse Weicker, L-2721 Luxembourg-Kirchberg
Telephone: (+352) 4301-1 (Switchboard) — Telex: COMEUR LU 3423/3446

Answer from Eurostat, page 2 of 2

However, also minor changes can be introduced, such as improvements of the construction of some variables, or the update of production data by some countries, etc. However, from previous information of the CHER project we have understood that the CHER database always only uses the data from the latest available wave, without revising the data from previous waves. This means that the data contained in CHER and in the ECHP UDB are not comparable. We therefore do not wish to send organisations that currently have an ECHP research contract with Eurostat the CHER database, as this would only lead to extreme confusion, considering that both databases would include different data from supposedly the same source for the same years and countries.

However, from the beginning of 2004 onwards, i.e. when all 8 waves of the ECHP will be available and no further changes will be made to the data, Eurostat would be interested in complementing the ECHP UDB with certain CHER outputs. Eurostat, together with CEPS, could create an extended version of the ECHP UDB, including all current variables of the ECHP, plus some additional CHER information, such as the data from the non-EU Member Countries available in the CHER database, as well as the informatics tool developed by CHER. For this, an amendment to extend the current ECHP research contract ECHP/29/00 with Eurostat could be foreseen.

Please accept my apologies for the delay in our response, which I hope has not caused you any inconvenience. If you require any further information or clarification, please do not hesitate to contact me.

Your sincerely,

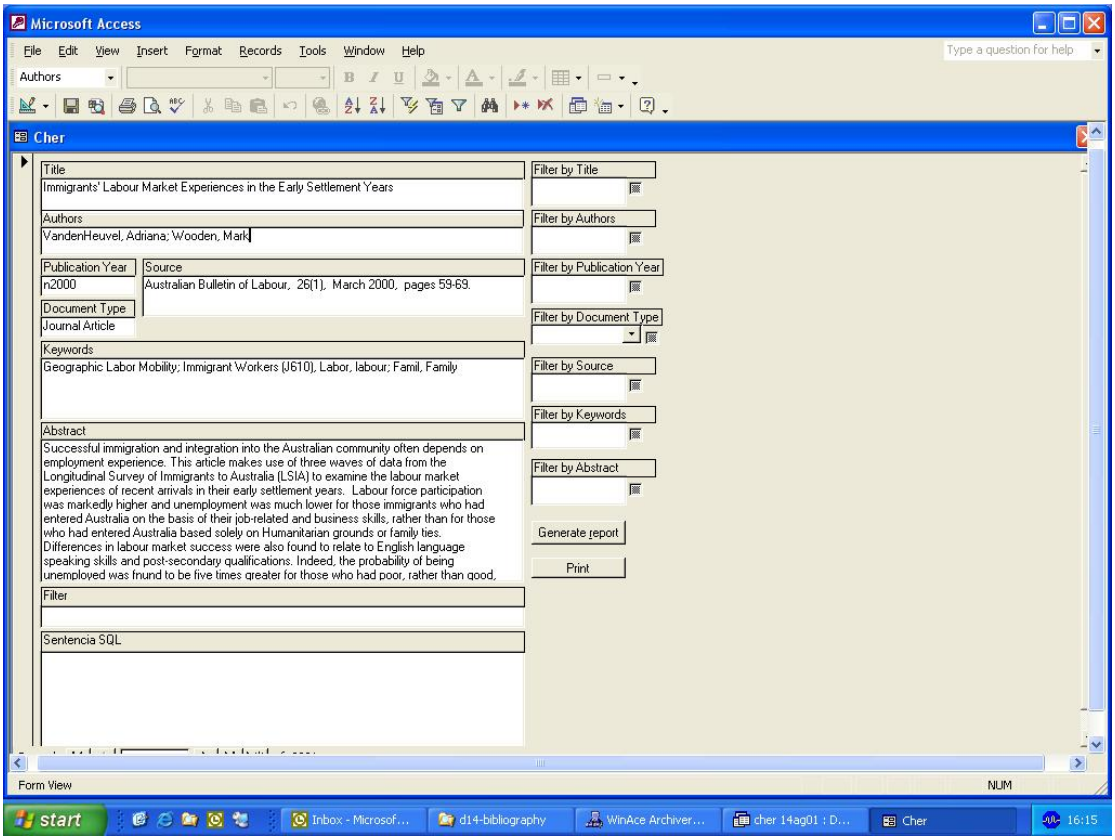
A Clémenceau

Anne Clémenceau
Head of Unit

2

7.15 Bibliographical database

Figure 7-10: Image of the bibliographical database



Printed version: 11/27/2003