Review of Income and Wealth
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A REVIEW OF *PUBLIC SPENDING AND THE POOR*

Dominique van de Walle and Kimberly Nead (eds.),
The Johns Hopkins University Press, Baltimore, 1995

It is increasingly recognized that a main function of government policy in industrialized countries is directed towards redistributive objectives, where redistribution is broadly interpreted to include not only redistribution of outcomes but also social insurance and equalization of opportunities. Moreover, a good deal of redistribution is accomplished on the expenditure side of the public budget. Despite the conventional view that a progressive tax system is the appropriate policy instrument for addressing inequality, tax systems are not all that progressive. Thus, programs in areas like education, health, social services, unemployment insurance, child care and pensions can all be interpreted as fulfilling, among other things, redistributive roles. Even pure transfer programs such as welfare payments are typically delivered separately from the tax system. The sheer magnitude of these various social programs and the size of the entitled population are responsible for the large share of GDP devoted to public expenditures in OECD countries.

In the developing world, the imperative of redistribution is as much a concern as in industrialized countries, yet the extent of government policies aimed at redistribution is much less. This, in itself, accounts for the considerably lower share of government spending in GDP. Few of them have the extensive social programs that characterize the welfare state, such as universal health insurance, unemployment insurance, welfare and public pensions. Moreover, tax-transfer systems in developing countries seem ill-equipped to deliver significant amounts of redistribution, given their reliance on consumption and trade taxes. Redistributive programs are much narrower in scope and tend to be directed particularly at the poor. They typically take the form of targeted public expenditures rather than entitlement programs available to a broad spectrum of the population. Given what is at stake for the poorest members of these societies, how well do these programs succeed at improving the lot of the poor? And, how can their program design can be improved?

This book represents a comprehensive attempt to evaluate the efficacy of public sector spending policies aimed at redistribution towards the poor in developing countries. Curiously, it takes for granted that spending on public services and in-kind transfers are appropriate instruments for redistribution, rather than, say, cash transfers. The focus is on the form such spending should take and the effectiveness it has exhibited in practice. The book starts with an introductory

Note: We would like to thank the Book Review Editor for many helpful comments on an earlier draft.

section setting out some theoretical principles, and then presents several sections addressing particular types of spending. Although the various studies are done by separate authors and in separate areas of policy, a number of common threads and concerns run through them, which are nicely summarized in the final chapter by van de Walle. She characterizes the key issues addressed in the book as threefold—the importance of the welfare objective used by government, the role of targeting for improving the distributive effects of policy, and the quantification of the distributive effects of public expenditures.

The traditional public finance literature, which was so thoroughly synthesized by Musgrave's justly famous textbook (Musgrave, 1959), neglected to address adequately with the expenditure side of the budget. According to the traditional view, public expenditures were for pure public goods and much of the literature fretted about how to get around the difficulties posed by the free-rider problem for implementing the so-called Samuelson rules. The fact that governments provided quasi-private goods and services was treated cursorily as instances of merit goods, largely begging the question of why these were not left to the private sector. Public sector insurance schemes, like unemployment and health insurance, were treated as legitimate roles for the public sector to the extent that they were plagued by market failure. There was little recognition that they too might be instruments for redistribution. Redistribution policy in the traditional literature was something that could and should be left to the tax-transfer mechanism, which included negative income taxation at the lower end of the income distribution.

This simple view of government's role in a modern economy not only did not accord well with the real world, it was also shattered by the revolution in public finance, now by consensus renamed "public economics," that was ushered in by the optimal tax theory of the 1970s. The lasting thrust of that theory was twofold. First, it provided the technical tools for analyzing the policy problem as a principal-agent one in a second-best (distorted) setting. Second, it introduced a crucial ingredient into policy analysis—the asymmetry of information that exists between a government and its citizens. Both of these ideas had implications for the form of government policy, including redistributive policy, two of which are particularly relevant for present purposes.

The first is that in second-best settings, the role of prices as social values is generally eliminated. This not only makes applied welfare economics and normative policy analysis more difficult (Blackorby, 1990), it also renders policy instruments potentially suitable that would otherwise not be. In particular, as shown by Guesnerie and Roberts (1984) in a seminal contribution, quantity controls will generally be welfare-improving in a second-best world. These could take various forms, including in-kind transfers, rationing schemes or mandates.

The second implication is that, if the policy-maker cannot observe relevant characteristics of the population, the static efficiency-equity trade-off is severely restricted. Formally, the utility possibilities frontier shrinks dramatically because household welfare ultimately depends on a mix of characteristics, at least some of which are not observable to policy-makers (ability, effort, health status, etc.). At best, policy-makers can observe variables which are correlated with underlying characteristics, but which depend upon household actions. For example, income might be observable but not the effort taken to earn that income. Policies that are conditioned on observed variables quickly run into incentive constraints: as one tries to redistribute more and more from the "better-off" to the "less-well-off," eventually it becomes worthwhile for the former to mimic the observed behavior of the latter. Once these incentive constraints become binding, the limits to redistribution are reached.

Viewing incentive constraints as the limit to redistribution owes much to Mirrlees (1971, 1974), who first characterized the policy problem in the context of asymmetric information between the government and the citizens.[1] It has now become the standard way of posing the static redistribution problem of government. There is an enormous literature on the implications of incentive constraints for redistributive policy (Stiglitz, 1987). For our purposes, the important lesson of the literature is that, as mentioned, the existence of incentive constraints severely restrains the utility possibilities open to the policy-maker, and this has led to a search for policy instruments and procedures that serve to relax the incentive (self-selection) constraints. Introducing rather dramatic non-linearities into the income tax system is one way of doing that. However, a couple of other ways are available.

One is to use various types of quantity constraints, especially in-kind transfers and mandated purchases. Thus, various contributions in the literature, briefly summarized in Boadway (1997), have shown how public provision of health care, education, unemployment insurance, minimum wages, and public pensions can potentially relax the incentive constraints and make the equity-efficiency trade-off more favorable.

The other is to attempt to improve the information available to the policy-maker. More information generally improves the equity-efficiency trade-off facing the policy-maker. One way to improve the information is referred to as "tagging" or targeting, which involves investigating attributes (signals) of households that might be correlated with underlying characteristics (Akerlof, 1978). Thus, for example, welfare agencies can be viewed as being responsible for tagging households by observing signals that are correlated with need (e.g. asset wealth, health status, expenditure needs, and so on). Transfers based on the observed signals improve the efficiency-equity trade-off by relaxing the relevant self-selection constraints. However, the obtaining of such signals is both costly and prone to type I and type II statistical errors. That is, some needy persons may not be tagged (type I errors) and some undeserving persons may be tagged (type II errors). Optimal targeting requires weighing the benefits from the improved information obtained by tagging against the costs and imperfections of tagging.

Hence, even in a relatively idealized second-best world in which distortions are a fact of life and governments are comparatively benevolent, spending policies and targeted transfers are suitable complements to cash transfers delivered through the tax system. In the developing world, which is the concern of this book, spending policies assume additional importance. Given the abject poverty faced by a segment of the population, the objective of government policy, as argued by

[1]The same idea was recognized, if less formally, by Vickrey (1945). A full statement of the relevance of asymmetric information for government policy may be found in Mirrlees' Nobel Lecture, published as Mirrlees (1997).

Amartya Sen in the initial chapter, may be concerned less with providing households the wherewithal to raise their own utilities through additional spending than with enhancing the capability of the households to improve their lives through education, health, and so on. To use the technical jargon, governments are not concerned with a welfaristic objective function in which the arguments are utility levels, but with one involving non-utility objectives captured by Sen in the term "capabilities." This leads naturally to the use of spending instruments like education, health care, nutrition supplements and public services directed to the poor.

Not only that, there are other reasons why spending policies may be preferred policy instruments for redistribution in developing countries. An obvious one is that redistributive tax-transfer mechanisms might not be in place for administering cash transfers. To the extent that they are, they might be prone to inefficiencies and severe agency problems, including administrative rent-seeking or outright corruption. While delivering services directly to the poor is not itself immune to these problems, the difficulties might be less severe and more readily monitored. Related to this, it may be difficult to identify the needy so that transfers can be directed to them. The provision of services of particular value to the poor may circumvent this problem to the extent that take-up is voluntary. The upshot is that redistributive policy in developing countries necessarily relies heavily on spending programs, especially those involving public services rather than cash transfers.

Once one moves to a dynamic setting, the relevance of redistribution policy, especially that involving spending instruments, takes on a further dimension. A rapidly evolving literature on the determinants of economic growth emphasizes the role of endogenous factors like human capital accumulation and the acquisition and dissemination of knowledge through investment, training, entrepreneurship and R&D. These determinants of growth are inherently susceptible to market failures of various types, including inefficiencies in human or knowledge accumulation because of credit market imperfections or externalities. It has been suggested that societies that are more equal may grow faster, and there is some evidence to support that. A reduction in inequality might not only mitigate the credit market imperfections that preclude optimal human capital investment, they might also reduce social and political conflict and the incentives for inefficient rent-seeking, corruption-prone and criminal behavior. (See, for example, the arguments and evidence discussed in Osberg (1995) and Bénabou (1996).) These dynamic arguments serve to enhance the potential role for expenditure-based redistributive policies, especially those targeted to the least well-off members of society. This makes the subject matter of this book even more timely.

The core of the book consists of empirical case studies addressing the effectiveness of mechanisms for targeting public services to the poor and the measurement of the distributive incidence of public expenditures. The stage is set by the theoretical contributions in the first part, in which several key problems in the design and assessment of poverty-alleviation programs are analyzed. A first focus of concern is that the relative efficiency of programs depends upon the way poverty is defined and measured, and ultimately upon the way policy objectives are stated. There is no consensus in the literature about how to define accurately the policy objective of programs aimed at alleviating poverty, and the book reflects this lack of agreement among advocates and opponents of welfarist and non-welfarist approaches. Also, among non-welfarists, there are those who only rely on income as a poverty indicator, and those who follow Sen, arguing that poverty is to be viewed as the lack of some basic capabilities to function individually and socially.

Several contributions in Part I and other chapters of the book stress how the choice of social policy objective molds the design of policy instruments. Kanbur, Keen, and Tuomala compare tax-transfer policy prescriptions and evaluation rules according to whether the policy objective is defined in terms of the income or the utility of the poor (the latter taking account of the preferences of the poor for both leisure and income). They show, for instance, that if the policy objective is to minimize an income poverty index, it may well be optimal to have a negative marginal tax rate (i.e. to subsidize income) for the poorest, because no weight is attached to their leisure time. On the other hand, except for the very poor, marginal tax rates can be relatively high, especially as one approaches those at the poverty line. The disincentive effects on labor supply of the high implicit marginal tax rates caused by targeted programs are neglected, given that the main objective is to get as much revenue to the poor as possible so as to reduce the measured poverty index. More generally, their analysis shows that some of the standard policy prescriptions obtained from the standard optimal redistributive tax-transfer literature are negated when non-welfaristic social objectives are used.

In his contribution, Anthony Atkinson argues against the narrow view that the sole objective of policy programs is to reduce a measured poverty index: for instance, typical social security programs have a multiplicity of objectives (going well beyond poverty alleviation). Atkinson's contribution emphasizes how programs with different degrees of targeting can generate the two standard types of statistical errors—leakages to the non-poor (type II) and failure to reach all of the poor (type I). In this regard, some of the contributions in the book start from the premise that a policy's success should be evaluated by its ability to focus benefits solely on the poor (i.e. avoid type II errors). However, Ravaillion and Datt in Chapter 15 warn that this emphasis on avoiding leakages to the non-poor is misplaced: policies having the highest impact on the poverty index will not necessarily minimize this type of error.

The second main concern in Part I is indeed the appropriate degree of targeting, defined as a "deliberate attempt to shift the benefits of public expenditures to the poor by means that aim to screen them as the direct beneficiaries." This definition goes beyond the narrow view of targeting that makes it synonymous with means (or income) testing. Sen's essay provides a clear, concise presentation of the arguments put forward by the proponents and critics of narrow targeting. The more finely a scheme attempts to target, the higher the costs it will cause, mainly as a result of the information and incentive distortions (as explained above). Further costs associated with targeted programs include the social stigma that they impose on beneficiaries (which explains the widespread phenomenon of low take-up) and their failure to achieve political support. These costs depend critically on program design, and Atkinson discusses how combining several categorical indicators correlated with low incomes allows one to achieve high levels of targeting for family benefits without costly and stigmatic means testing.

Several of the empirical chapters in Parts II through VII in the book attempt to measure the extent to which targeted transfer schemes cause individuals to modify their behavior, in ways that may entail additional costs and benefits. In a potentially important contribution, Cox and Jimenez find in their unemployment insurance simulations that public transfers to the unemployed in the Philippines cause private donors to reduce their own transfers dramatically: these donors behave as if they view the assisted unemployed as employed even though only half of their earnings are replaced by unemployment insurance when they are out of work. Fully 91 percent of the unemployment insurance transfer is offset by reductions in private transfers. Thus, not only are such public transfers ineffective in improving the lot of the unemployed, the distributive consequences of public transfer programs that cause the crowding out of private transfers can be quite perverse, given that the donors are relatively well-off. Empirical studies also provide evidence on the labor supply responses to programs of poverty alleviation. In Chapter 14, Sahn and Alderman estimate the effect of Sri Lanka's targeted rice subsidy on labor force participation and hours worked. They find that labor earnings are reduced by 33 percent for men and by 20 percent for women following the introduction of the targeted subsidy.

A recurring theme in the literature on the design of targeted schemes concerns their effectiveness as self-selection devices. Indeed, it is often argued that the use of public spending for redistributive purposes can ultimately be justified by its ability to induce take-up by those whose need is greatest (Blackorby and Donaldson, 1988; Boadway and Marchand, 1995). According to this view, workfare can be thought of as a scheme which targets transfers to the "most deserving" by inducing them to participate. Thus, it screens out those least willing to work, that is, those who are most likely to exploit conventional transfer schemes based solely on income. (Of course, it also screens out those least able to work because of disabilities and so on, but the presumption is that other schemes will be directed towards their needs.) There may well be other objectives behind workfare schemes, such as a desire to punish the poor who refuse to work. In any case, for self-selection into workfare schemes to work, some costs will be involved. There will be costs of administering the programs, but there may also be economic costs imposed on those who choose to participate. For example, persons who choose to participate in workfare schemes may have otherwise engaged in income-earning activities elsewhere. The output foregone will constitute a cost of participating. In their chapter, Ravallion and Datt carefully examine the impact of an employment guarantee scheme in rural India on the recipients' activities. They estimate that forgone incomes amount to about one-quarter of total wage earnings under the scheme. Taking account of other non-wage costs, they conclude that only about half of the size of the public spending involved in the workfare program constitutes a net transfer to the poor. Of course, this does not give any weight to the value of loss of leisure that participants incur who would otherwise be idle.

As one might have expected, the third major concern of the book is to assess how the benefits of public spending are distributed across poor and non-poor individuals in current poverty-alleviation programs. The various contributions in the book reflect the existing gap between the methodologies that theorists recommend adopting and those that applied economists actually use in benefit incidence studies, mostly because of the lack of appropriate data in developing countries. As discussed by Richard Cornes, benefit valuation is made difficult because the benefit that individuals or households derive from a public program depends upon some of their generally unobservable characteristics, because of the presence of quantity constraints that force individuals to consume more or less than the desired amount, and because market prices reflecting consumer values often do not exist. Given these difficulties, Cornes goes on to advocate consumer-surplus approaches that rely heavily on the estimation of the program recipients' behavioral responses as a function of their individual characteristics. Such an estimation would, in particular, solve the difficulty related to the assessment of the "pre-intervention" position of individuals in standard benefit incidence studies, in which the cost of public programs is allocated by income (or another welfare indicator) deciles to estimate their distributive impact. To assess this "pre-intervention" position (on which no information is generally provided by the available data) it is indeed necessary to know how the recipients' behavior has been changed by the program. The problem is that the data needed to estimate those behavioral responses (and to apply theoretical recommendations) are often not available.

Several contributions attempt to overcome this difficulty and provide estimations of behavioral responses that can simulate the net benefit of poverty-alleviation programs (e.g. the cases of unemployment insurance, nutrition programs and workfare). However, empirical studies on the distributive incidence of education and health programs in the book do not incorporate such estimations, and they are thus subject to the usual theoretical criticisms. Nor do they adopt the non-welfarist approach based on capabilities as advocated by Sen. Typically, they follow the methodology common to the impact incidence of taxation by simply assigning benefits according to an allocation of the costs of public services used by different income groups and neglecting any behavioral or indirect responses.

Despite these methodological caveats, the benefit-incidence studies in this book of existing health, education and social transfer programs provide conclusions that are broadly in agreement with one another. Public spending is at least mildly progressive in the sense that it is higher for the poor when it is measured as a percentage of the individuals' initial income, although it is regressive when it is measured in absolute value. However, these broad overall incidence patterns mask important differences obtained from looking at within-sector components. For instance, public spending on primary and often secondary education is progressive, while it is regressive when spent on tertiary education. Likewise, primary health care centers are usually more pro-poor than hospital services, and in the former communist countries of Eastern Europe pension schemes are generally regressive while family allowances are progressive.

As an initial foray into the redistributive effects of public spending in developing countries, this book is comprehensive and innovative. It provides some compelling evidence that governments do use spending as an instrument for redistribution, and do so with increasing effectiveness. At the same time, the behavioral responses that economists would predict are present and accounted for. If there is a disappointment with the book, it is with the relative absence of policy implications. Should policies for the poor be more targeted, and if so, how? Could cash transfers be relied on more than they are at present? Could services to the poor be more efficiently provided if the private sector were involved? What are the implications of redistribution for economic growth? Although this book does not address these broader policy issues, it at least provides some empirical foundations for addressing them in the future.

Similar issues are also being debated in OECD countries. The welfare state has come under increasing pressure because of globalization and demographic trends, and many countries are striving to cope with public deficits and debts. The ease with which financial capital apparently flows across borders now renders capital income taxation more difficult, and the possibility for physical capital to relocate at decreasing cost makes it more difficult to raise revenue through payroll taxes and other taxes on labor income. This, and the ability of higher-income professionals to migrate between countries, constrains the ability of the tax-transfer system to deliver redistribution objectives. However, the political and social pressures for redistribution are increasing: there is an increasing extent of inequality in market-generated earnings, as well as greater anxiety and economic insecurity brought about by rapid restructuring of national economies faced with ever-increasing interdependence in world markets. There is thus a keen interest in making redistribution more efficient, a preoccupation that happily the public economics literature has itself adopted.

Some countries are in the process of turning universal transfer programs into targeted ones, often through the tax system rather than through separate agencies. For example, refundable tax credits are being used to deliver transfers, gradually converting the tax system to a (non-linear) negative income tax system, something that economists have long advocated. Redistributive schemes that rely on self-selection for their take-up are also being experimented with, e.g. workfare schemes. Greater attention is being paid to muting the disincentives that characterized many transfer schemes, especially by reducing punitive tax-back rates. In federal countries, lower-level jurisdictions are being given more responsibility for delivering redistributive programs (a move that is abhorred by detractors as potentially leading to the competing away of redistribution). Pressures are also mounting for increased targeting in the provision of major public services, such as health care and education. These various reforms are not without their own contradictions; in particular, increased targeting is difficult to implement without raising tax-back rates, especially if tax rates are stacked as a result of individuals being eligible for more than one type of program.

To a great many economists, these various reforms ought to make the system of redistribution more efficient and thereby enhance the well-being of the least well-off at less expense to the public purse. The fear is that effective redistribution in a highly targeted world may not be politically sustainable because the least well-off have a weak political voice. Some opponents also stress the negative stigma that targeted programs impose on the least well-off. Many readers of this book would look forward to a study paralleling this one for OECD countries.

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MONDAY, AUGUST 24, MORNING:

Session 1. Integration of Social and Economic Statistics and the Measurement of Well-Being

Organizer: Henry Neuburger, Department of Environment, Transport and the Regions, U.K.

1. Steven Keuning, Statistics Netherlands, Netherlands, "Measuring Well-Being with an Integrated System of Economic and Social Accounts: An Application of the SESAME Approach to the Netherlands"
2. Harry Postner, Economic Consultant, Canada, "The New Information Technology and the Measurement of Economic and Social Well-Being"
3. To be announced.
4. Michael C. Wolfson, Statistics Canada, Canada, "LifePaths: Toward a Framework for Socio-Economic Statistics"
5. John Pullinger, Office for National Statistics, U.K., "The Income and Wealth of Society: A System of Social Contributions"

Discussants:
Lars Osberg, Dalhousie University, Canada
Stephan Klasen, King's College, U.K.

MONDAY, AUGUST 24, AFTERNOON:

Session 1. Intergenerational Transfers

Organizer: Lars Osberg, Dalhousie University, Canada

1. Miles Corak, Statistics Canada, Canada, "Death and Divorce: The Long-Term Consequences of Parental Loss"
2. Anthony King, University of Canberra, Australia and Peter MacDonald, Australian National University, Australia, "The Balance Across Australian Generations"
3. David Johnson, U.S. Bureau of Labor Statistics, U.S.A. and Timothy Smeeding, Syracuse University, U.S.A., "Measuring the Trend in Inequality Among Individuals and Families: Income and Consumption"

4. Patricia Ruggles, Department of Health and Human Services, U.S.A. "Lifetime Implications of Child Poverty"
5. Michael Wolfson, Statistics Canada, Canada, "Public Pension Sustainability in a LifePaths Generational Accounting Framework"
6. F. C. Rosati, Italy, "Mutual Interest, Self-Enforcing Constitutions and Apparent Generosity"

Discussants:
Thesia Garner, Bureau of Labor Statistics, U.S.A.
Joseph Quinn, Boston College, U.S.A.

MONDAY, AUGUST 24, EVENING

Preliminary Workshop—Public Sector Balance Sheets, Monday Evening Session A

Organizer: Graham Jenkinson, Office for National Statistics, U.K.
1. Andrew Holder, HM Treasury, U.K. "Developing the Public Sector Balance Sheet in the U.K."
2. Sean Thompson, Australian Bureau of Statistics, Australia, "Government Balance Sheets—The Australian Experience"

Discussant:
Kishori Lal, Statistics Canada, Canada

TUESDAY, AUGUST 25, MORNING:

Session 3. Measurement Under Inflation

Organizer: Jean-Etienne Chapron, International Monetary Fund, U.S.A.
1. Michael Ward, World Bank, U.S.A., "The Importance of Prices (and Which Prices are Important?)"
2. David Fenwick, Office for National Statistics, U.K., "The U.K. Retail Prices Index: How Good a Measure of Consumer Inflation?"
3. Gilda Santiago, Heloisa Valverde and Roberto Ramos, Instituto Brasileiro de Geografia e Estatistica, Brazil, "National Accounts Under Hyperinflation: The Brazilian Experience"
4. Soli Peleg and Ezra Hadar, Central Bureau of Statistics, Israel, "Efforts to Present Useful National Accounts under High Inflation"
5. Lidia Bratanova, UN Economic Commission for Europe, Switzerland, Jeyna Barbolova and Todor Todorov, Bulgarian National Statistical Institute, Bulgaria, "Transition and Inflation; a Challenge for National Accounting: The Bulgarian Experience"
6. Jacques Bournay, Virginie Madelin, Gerard Moreau, INSEE, France, "The Prices of Assets Under Inflation"

Discussants:
Kishori Lal, Statistics Canada
François Lequiller, INSEE

Contributed Paper:
C1. Andre Vanoli, INSEE, France, "Interest and Inflation Accounting"

TUESDAY, AUGUST 25, AFTERNOON:

Session 4a: The Role of National Accounting in Teaching Economics

Organizer: Steven Keuning, Statistics Netherlands, Netherlands

1. Edith Archambault, University of Paris I—Sorbonne, France; Jacques Debord, University of Poitiers and Serge Percheron, Poitiers Business School, France, "The Role of National Accounting in Teaching Economics in France"
2. Harry Postner, Economic Consultant, Canada and Thomas Rymes, Carleton University, Canada, "The Role of National Accounting in Teaching Economics: A Canadian Viewpoint"
3. Utz Reich, Fachhochschule Mainz, Germany and Dieter Brummerhoff, Rostock University, Germany, "Teaching National Accounts in Germany"
4. Yoshimasa Kurabayashi, Toyo Eiwa Women's University, Japan, "The Role of National Accounting in Teaching Economics: Japanese Experiences"
5. John Dawson, Grinnell College, U.S.A., "The Role of National Accounts in Undergraduate Teaching in the United States"
6. Jan van Heemst, Institute of Social Studies, The Hague, Netherlands. "The ISS, the Third World and the Teaching of National Accounting"

Discussants:

Robin Lynch, World Bank, U.S.A.

David Caplan, Office for National Statistics, U.K.

György Szilágyi, Hungarian Central Statistical Office, Hungary

Session 4b. The Changing Relationship Between the Distribution of Work and the Distribution of Family Income

Organizer: Stephen Jenkins, University of Essex, U.K.

1. Paul Johnson, Institute for Fiscal Studies, U.K., "Incomes in the Transition to Retirement in Britain"
2. Johannes Schwarze, University of Bamberg and German Institute for Economic Research (DIW) and Gert Wagner, European-University Viadrina at Frankfurt (Oder) and German Institute for Economic Research (DIW), "The Impact of Rising Female Employment and Non-Standard Employment Schemes in West Germany on the Distribution of Earnings and Household Income"
3. Ann Harding, University of Canberra, Australia and Sue Richardson, Adelaide University, Australia, "Low Wages and the Distribution of Family Income in Australia"
4. Hugh Davies, Birkbeck College, U.K., Heather Joshi, City University, U.K., and Romana Peronaci, Birkbeck College, U.K., "The Changing Duration of Two-Earner and Zero-Earner Couplehood in Britain"
5. Pierre Concialdi and Sophie Ponthieux IRES, France, "Low-Wage Employment and Poverty in France and Some Elements of Comparison with the U.S. (1983–97)"
6. Tim Callan and Brian Nolan, ESRI, Ireland, and Donal O'Neill and Olive Sweetman, Maynooth University College, Ireland, "Female Labour Participation and Income Inequality in Ireland"

Discussants:

To be announced

Contributed Papers: Monday Evening Session B

C1. Gerry Redmond, SPRC, UNSW, U.K. and Paul Kattuman, University of Durham, U.K., "Employment, Inequality and the Welfare State: Hungary and the U.K."

C2. Jochim Merz, Universitaet Lueneburg, Germany, "Changing Patterns of Household Paid and Unpaid Work and Its Distributional Impacts to Extended Income Dynamics: A Panel Analysis for Germany"

C3. Tindara Addabbo, Antonella Caiumi and Antonella Picchio, University of Modena, Italy, "Extended Income and Inequality by Gender in Italy"

C4. Raffaella Castagnini and Federico Perali, Universita degli Studi di Verona, Italy, "Household Composition, Gender Labor Supply and Farm-Household Extended Income: An Application to an Italian Rural Sample"

C5. Aedin Doris, NUI, Maynooth, Ireland, "The Labour Supply of Wives of Unemployed Men: Is the Means-Testing of Benefits Contributing to the Polarization of Work in the U.K.?"

WEDNESDAY, AUGUST 27, All-day Excursion to Ely Cathedral, Anglesey Abbey and punting on the river Cam.

THURSDAY, AUGUST 27, MORNING:

Session 5. Measurement of Growth and Distribution in Developing Countries

Organizer: Adam Szirmai, Eindhoven University of Technology, Netherlands

1. Angus Maddison, Chevincourt, France, "Chinese Economic Performance in Comparative Perspective"
2. Harry X. Wu, Hong Kong Polytechnic University, "Reconstruction of Chinese GDP in Manufacturing, 1949–94"
3. Siva Sivasubramonian, Madras, India, "Twentieth Century Economic Performance of India"
4. Markos Mamalakis, University of Wisconsin-Milwaukee, U.S.A., "The Boundary Problem in National Accounts in Developing Countries: Evidence from Latin America"
5. D. S. Prasada Rao, University of New England, Australia, "A Cross-Country Analysis of GDP Growth, Catch-up and Convergence in Productivity and Inequality"
6. Michel Seruzier, Bonnefamile, France, "A Synthetic View of Methodologies for Measuring the Informal Economy"

Discussants:

To be announced

Contributed Papers: Thursday Evening Session A

C1. Christophe Muller, Oxford University, U.K., "The Measurement of Dynamic Poverty with Geographical and Seasonal Price Variability: Evidence from Rwanda"

C2. Menno Prins and Adam Szirmai, Eindhoven University of Technology, Netherlands, "Manufacturing Statistics, Reconstructing Tanzanian Manufacturing GDP, 1961–95"

C3. Guido Ferrari, University of Florence, Italy, "Estimating Gross Domestic Product in Kazakstan"
C4. Tim Jones, Office for National Statistics, U.K., "Measuring National Income in Africa: Estimating Zambian GDP for 1994"

THURSDAY, AUGUST 27, AFTERNOON:

Session 6a. Long-Term Trends in Income Distribution

Organizer: Anders Björklund, Stockholm University, Sweden

1. Björn Gustafsson and Mats Johansson, University of Goteborg, Sweden, "Was Sweden Equal Before the Rapid Growth of the Welfare State? Findings from Microdata for the City of Goteborg, 1925–58"
2. Christian Morrisson, Université of Paris, France and Wayne Snyder, Grand Valley State Univesrity, U.S.A., "Long-term Income Distribution in France"
3. Peter Saunders, University of New South Wales, Australia, "Household Budgets and Income Distribution over the Longer Term: Evidence for Australia"
4. Robert D. Plotnick, University of Washington, U.S.A., Eugene Smolensky and Eirik Evenhouse, University of California, Berkeley, U.S.A. and Siabohan Reilly, Vanderbilt Univesrity, U.S.A., "The Twentieth Century Record of Inequality and Poverty in the United States"
5. Maury Gittleman, OECD, France and Mary Joyce, Bureau of Labor Statistics, U.S.A., "Have Family Income Mobility Patterns Changed?"

Discussants:
To be announced

Contributed Papers: Thursday Evening Session B

C1. Markus Jantti, Åbo Akademi University, Finland, "Explaining the Distribution of Income in the Long Run: Changes in Family Structure and Other Socio-economic Factors in Finland, 1920–92"
C2. Anders Björklund, Stockholm University, Sweden and Marten Palme, Stockholm School of Economics, Sweden, "Income Distribution in Sweden since 1951"
C3. Simon C. Parker, Brunel University, U.K., "Explaining the Determinants of U.S. Income Inequality, 1948–90"
C4. Klaas de Vos and M. Asghar Zaidi, Tilburg University, Netherlands, "Trends in the Economic Well-Being of the Elderly in the Netherlands"

Discussants:
To be announced

Session 6b. Analytical Uses of National Accounts

Organizer: Reiner Staeglin, Deutsches Institut fur Wirtschaftsforschung, Germany

1. Josef Richter, Bundeswirtschaftskammer, Austria, "Modeling Components in National Accounts and Their Implications for Analytical Uses"
2. John C. Dawson and Paul G. Munyon, Grinnell College, U.S.A., "Integrating the Analyses of Income and Product, Financial Flow, and Balance Sheet"
3. Jan W. van Tongeren, United Nations, U.S.A., "Integration of Indicators in Macro Accounting: Concept, Compilation and Analysis"

4. Terry Barker, Cambridge Econometrics, U.K., "The Use of National Accounts in Modeling Greenhouse Gas Abatement"
5. Yoshimasa Kurabayashi, Toyo Eiwa Women's University, Japan, "A National Accounts Approach to the Bubbles, Inflation and Depression of the Early Nineties in Japan: A Proposal"

Discussants:
Carsten Stahmer, Federal Statistical Office, Wiesbaden, Germany
Derek Blades, OECD, France

FRIDAY, AUGUST 28, MORNING:

Session 7. Milestones in Economic Measurement: 50 Year Retrospective of the IARIW

Organizer: John Kendrick, George Washington University, U.S.A.

1. Carol Carson, International Monetary Fund, Washington, DC, U.S.A., "The Early Period: 1948–60"
2. Richard Ruggles, Yale University, New Haven, CT, U.S.A., "The Middle Period"
3. Derek Blades, OECD, Paris, France, "The Recent Period"

Discussants:
Odd Aukrust, Kolbotn, Norway
Michael Ward, World Bank, Washington, DC, U.S.A.
Edward Wolff, New York University, New York, NY, U.S.A.

FRIDAY, AUGUST 28, AFTERNOON:

Session 8. Contributed Papers

Organizer: Edward Wolff, New York University, U.S.A.

Group 1. Topics in National and Historical Accounting and Productivity Comparisons

1.1 Noritoshi Ariyoshi, Kumamoto University, Japan, "A Complete SEEA: An Extension of the SEEA to the International Environmental Problems"
1.2 Mitsuhiko Iyoda, St. Andrews University, Japan, and Kent Matthews, Cardiff Business School, U.K., "The Business Cycle in the Japanese Economy, 1971–94: A Kaleckian View"
1.3 Johan W. Prinsloo, South African Reserve Bank, South Africa, "Corporate and Household Saving in South Africa: A Macroeconomic Perspective"
1.4 Bart Verspagen, MERIT, University of Limburg, Netherlands, "Long Run Growth, Convergence, and Factor Prices"
1.5 Hideyuji Kamiryo, Hiroshima Shudo University, Japan, "Compulsive Policies for Sustainable Growth Using the Measurement of the Golden Age by Country"
1.6 Milton Moss, Bethesda, MD, U.S.A., "Measurement of Economic Performance and Well-Being"
1.7 Itsuo Sakuma, Senshu University, Japan, "Integrated Environmental and Economic Accounting in Japan: An Application of the SEEA and its Evaluation"

1.8 Tom Rymes, Carleton University, Canada, "Fifty Years After the Cambridge Capital Controversy: Reflections on the Measurement of Capital and Technical Change"
1.9 Russell Krueger, International Monetary Fund, U.S.A., "National Accounts in Multicurrency Economies"
1.10 Guido Ferrari, University of Florence, Italy, Piero Ganugi and Giorgio Gozzi, University of Parma, Italy, "Integrated ESA National Accounts at the Sub-regional Level in Italy"
1.11 Francisco J. Goerlich, Universitat de Valencia, Spain, and Matilde Mas, Universitat de Valencia and IVIE, Spain, "Inequality and Convergence in the OECD Area"
1.12 Chris de Neubourg, University of Maastricht, Netherlands, "Productivity below Sea-Level: Economic Leadership and Market Distortions-Led Productivity Growth, 1973–94"
1.13 P. H. van Mulligen and Bart van Ark, University of Groningen, Netherlands, "Change in Price Measurement: Consequences for International Productivity Comparisons"
1.14 E. Dalgaard, C. Eff and A. Thomsen, Statistics Denmarks, Denmark, "Reliability of National Accounts Aggregates: The Danish Experience of the Last 50 Years"
1.15 Syamal K. Ghosh, Calcutta, India "Production Accounts in the SNA (1993) and its Implications for Comparisons"
1.16 Alessandra Coli, ISTAT, Italy, "The Compilation of a Social Accounting Matrix for Italy"
1.17 Bryan Haig, Australian Bureau of Statistics, Australia, "New Estimates of Australian GDP by Industry, 1860 to 1948"
1.18 Michael Harris, Melbourne Institute of Applied Economic and Social Research, Australia, "Hicksian Income in Open Economies with Exhaustible Resources"
1.19 S. H. Khamis, U.K., "Measurement of Real Product: Some Index Number Aspects.
1.20 Emilian Dobrescu, Bucharest, Romania, "Monetary Distortion in a Transition Economy: The Case of Romania"

Group 2. Issues in Income Distribution

2.1 Eric Schulte Nordholt, Statistics Netherlands, Netherlands, "The Causes of Moving Out of Poverty"
2.2 Menno Pradham, Economic and Social Institute, Netherlands, "Measuring Poverty Using Qualitative Perceptions of Welfare"
2.3 Deborah Schofield, University of Canberra, Australia, "The Distribution of Pharmaceutical Benefits in Australia"
2.4 Miguel Szekely, Inter-American Development Bank, U.S.A., "Household Saving and Income Distribution in a Developing Economy"
2.5 Kathleen Short, Martina Shea, David S. Johnson and Thesia I. Garner, Bureau of Labor Statistics, U.S.A., "Redefining Poverty Measurement in the U.S.: An Approach Using Data from the CEX and SIPP"
2.6 Bruce Bradbury, University of New South Wales, Australia and Markus Jantti, Åbo Akademi University, Finland, "Child Poverty Across Industrialised Nations: What We Do and Don't Know"

2.7 Margherita Garlucci and Roberto Zelli, Universita degli Studi di Roma, Italy, "Expenditure Patterns and Equivalence Scales"

2.8 Lars Osberg, Dalhousie University, Canada, and Andrew Sharpe, Centre for the Study of Living Standards, Canada, "An Index of Economic Well-Being for Canada"

2.9 Marie-Gabrielle David, Bertrand Lhommeau, and Christophe Starzec, INSEE, France, "French Tax-Benefit System and Work Incentives: Net Income Change of the Shift from Unemployment to Work"

2.10 Leif Nordberg, Åbo Akademi University, Finland, "Inequality, Poverty and the Intra-Household Distribution of Income"

2.11 Georges Heinrich, CERT, U.K., "The Prince and the Pauper Revisited: A Bootstrap Approach to Poverty and Income Distribution Analysis Using the PACO Data Base"

2.12 F. Thomas Juster, Survey Research Institute, U.S.A., "Recent Innovations in the Measurement of Income and Wealth"

2.13 Theo Mitrakos and Panos Tsakloglou, Athens University of Economics and Business, Greece, "Analyzing Inequality Under Alternative Concepts of Resources: Greece, 1994"

2.14 Madior Fall and Christian Loisy, INSEE, France, "National Accounts Consistent Household Saving Rates by Socio-Economic Groups in France"

2.15 Jolanda van Leeuwen, Social and Cultural Planning Bureau, The Netherlands, "Relation between Finding a Job and Escaping from Poverty: The Netherlands Experience 1989–96"

2.16 Jerome Accardo, INSEE, France, "A Generational Accounting Study for France in 1996"

2.17 Stephan Klasen, King's College, U.K., "Measuring Poverty and Deprivation in South Africa"

IARNIW/IARIW AND INDIAN GOVERNMENT SPECIAL CONFERNCE ON MEASURING DEVELOPMENT

November 16–20, Delhi, India

The Department of Statistics under the Ministry of Planning in India, along with the Indian Association for Research in National Income and Wealth (IARNIW) supported by the International Association for Research in Income and Wealth (IARIW), will co-host a Special Confernce in Delhi on "Measuring Development; the Past Fifty Years and Challenges for the Future." The Conference which is being sponsored by the World Bank, will be held from Monday, November 16 through Friday, November 20, 1998. The Department of Statistics, the primary agency responsible for providing macro-economic and social data for policy making in India, is an institutional member of the IARNIW and is taking a lead in facilitating proceedings.

India's 50th year of Independence has generated considerable debate, both domestic and international, about the country's past progress and the lessons it has learned in facing future development challenges. Public sector dominated activity has recently given way to a more open market environment and an expanding private sector involvement in the economy. This Conference aims to highlight what has happened and how the changing perspectives have influenced how development has been measured in India over the past half century. A major objective will be to define what the new strategic emphasis will imply for statistical policy in the year 2000 and beyond.

The IARIW Conference format of solicited papers and intensive discussion will be broadly followed but adopted to include a special survey of development progress, as presented in a comprehensive multi-topic study by leading analysts from India. A specific review of the statistical requirements to help push forward India's emerging development strategy more rapidly will also be undertaken. The sessions already planned include:

- Evaluating current development progress
- The changing history of measuring development
- Growth, capital and total factor productivity
- Poverty and inequality
- Patterns of social progress
- Consumption, savings and investment

Members of the IARNIW and IARIW are welcome to participate but there will be no general call for papers as the agenda has been carefully structured around a core set of issues for which the principal papers have been already commissioned and currently are being prepared. No funds are available to sponsor participants from countries other than certain invited presenters from India, but special arrangements are being made to obtain discount airfares and hotel accommodation in Delhi at very competitive rates. A mid-week field trip, as is customary in IARIW Conferences, is being planned and opportunities to take advantage of certain other especially arranged tours at the end of the meeting will also be available.

More details of the program will be announced in future issues of the Review. The Confernce is being organized jointly by Mrs. Uma Datta Roy Choudhury, Secretary of the IARNIW, and Dr. A. C. Kulshreshtha of the Department of Statistics in Delhi (nadsco@hub.nic.in@internet). Interested persons living in the U.S.A. and Europe may wish to contact Michael Ward at the World Bank in Washington, DC [telephone (202) 473-6318; fax (202) 522-3669; e-mail: mward@worldbank.org] for further background information.

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