Review of Income and Wealth
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# THE HAND OF HISTORY AND THE EQUITY–LEGITIMACY NEXUS

Review of *Income, Inequality and Poverty during the Transition from Planned to Market Economy* by Branko Milanovic (1997), and *Income Inequality and Poverty in Malaysia* by Shireen Mardziah Hashim (1998).

> "In the end what matters is people. In the end a country's transition will be judged by whether its citizens live better than they did before. Equity—how people share the benefits and pains of transition—is important..." (World Bank, 1996, p. 66).

Organizations such as the World Bank and the Organization for Economic Cooperation and Development (OECD) have recently begun to devote more attention to the study of inequality. A slow realization has emerged that there may be a relationship between equity and legitimacy, and that in the absence of legitimacy, social, economic and political reform become impossible. The World Bank's awareness of the equity–legitimacy nexus appears to have grown gradually over the early 1990s, as it became apparent that the transition of former Communist countries to Western-style capitalism was generating more pain than had been expected, prompting governments in these countries to slow down their reform programs in the face of popular discontent. Even the International Monetary Fund (IMF), whose policy prescriptions for countries in economic distress have tended to focus on financial stability, appears to have begun to grasp the importance of the equity–legitimacy nexus: "Policies that promote equity can boost social cohesion and reduce political conflict..." (IMF, 1998). In this case, the catalyst for a changed outlook was the economic collapse in East Asia. Popular unrest, particularly in Indonesia, seems to have almost forced the IMF to concede that it is sometimes necessary to subordinate financial and fiscal targets to social goals.[1]

The books reviewed here discuss inequality and poverty in two very different historical contexts. In this review article, I will argue that because the nature of legitimacy claimed by government in Malaysia is fundamentally different to that claimed by governments in the former Communist countries in transition, their social policies and their orientations towards greater equity have also differed. Mohammad Mahathir has portrayed Malaysia as a country with "Asian values," that is, strong government, strong attachments to family and community, and a prominent role for religion in public life (Mahathir and Ishihara, 1995). Khan (1997) on the other hand, argues that "Asian values" represent a vehicle which

[1]The IMF's first rescue program with Indonesia hardly mentioned the social costs of restructuring, but focused almost entirely on restoring confidence on the Indonesian currency (see International Monetary Fund, 1998). More recent statements stress that fiscal targets have been slackened in order to accommodate increased social spending (International Monetary Fund, 1999); and more generally, that fiscal reform can only be seen as complete "if it is consistent with the social goals endorsed by the international community" (Camdessus, 1998).

allows the concentration of power in the hands of a small ruling elite, and the pursuit of material gain. It is arguable, however, that the Malaysian public is happy to subscribe to "Asian values," if and when they coincide with increased prosperity and political stability. But what if the bubble bursts? How then can legitimacy be maintained? The question of the link between government policy and legitimacy is central to Hashim's analysis of inequality and poverty in Malaysia during the 1980s.

The question of legitimacy also looms large over Milanovic's analysis, although in a very different (and more indirect) way. Nearly all former Communist economies in transition have been in a state of economic crisis since 1990; few have managed to "turn the corner" and start on a trajectory of growth. The governments in these countries, in contrast with that in Malaysia, can generally be characterized as weak. After years of fairly intrusive Communist rule, even democratically elected governments often lack the popular legitimation that they would need to administer laws effectively, regulate commerce, collect taxes and control the informal economy. Rather, political support is dependent on a minimalist and unintrusive approach: invisible government is good government. However, people in transition economies are still concerned with equity and poverty in their societies. The challenge for governments in transition economies is to show that they are acting on these concerns, while at the same time retaining their essentially unintrusive character.

These two contrasting pictures raise interesting questions about the role of social policy in mobilizing popular support for governments in periods of economic expansion and decline. They suggest that in both Malaysia and in the transition countries, there is no blank canvas onto which social policy futures can be painted. Rather, even if social policies in Eastern Europe and East Asia have roughly the same aim (that is, reducing inequities and securing an administration's legitimacy), the parameters within which they are designed and implemented are clearly dependent on historical context.

## Poverty and Inequality in Malaysia

Hashim's analysis of poverty and inequality in Malaysia during the 1980s charts both its regional and its ethnic trajectories. Her thesis is that the New Economic Policy (NEP) adopted by the Malaysian government after serious race riots in 1969 had two objectives: (1) to promote economic growth targeted on eradicating absolute poverty and (2) to restructure society so that the association between race and income, economic function, and geographical location would be reduced. The strategy for poverty eradication had three elements: first, the provision of basic services, such as public utilities and health, to poor areas; second, the provision of land, technical assistance and credit to boost the productivity and therefore the incomes of farmers; third, the provision of education, training and technical skills that would facilitate the movement of labour from agriculture to more modern sectors of the economy. With the benefit of hindsight, we can label these policies as very "New Labour" in the Blairite sense (Stepney, Lynch, and Jordan, 1999)—the use of supply-side policies, such as training and enterprise-type assistance, to eradicate poverty.

The NEP also included an explicit redistributive goal—that the Bumiputera (indigenous peoples of Malaysia) share of ownership of wealth would be boosted to 30 percent (they made up 59 percent of the population in 1987), and that employment in different sectors of the economy would reflect the ethnic composition of the country. Hashim makes clear that the NEP did not aim to reduce inequality *per se*, but to reduce the gap between the average incomes of Bumiputeras and other (mainly Chinese and Indian) ethnic groups. One of the main purposes of the NEP was to underpin the cohesiveness and integrity of the Malaysian state itself, which was founded in the aftermath of a Communist and mainly ethnically Chinese revolt. The very borders of Malaysia were delineated so as to produce an ethnic mix that the Chinese could not dominate (SarDesai, 1994). The NEP sought to increase the economic power of Bumiputeras in absolute terms, and *vis-à-vis* the Chinese (who were generally better off), but not through direct redistributive policies. Rather, Bumiputeras would be encouraged to take the larger share in economic growth.

The bulk of Hashim's book concerns the analysis of Household Income Survey microdata for Malaysia for the years 1980, 1984, 1987, and 1989. Her analysis of inequality in Peninsular Malaysia shows that while average incomes grew during the 1980s, inequality fell (albeit from a very high level). Growth in incomes was particularly strong among households in the bottom 40 percent of the income distribution. Furthermore, inequality continued to fall during the mid-1980s, even as the country slipped into recession and average incomes temporarily declined. Inequality declined among both rural and urban households, and among the three major ethnic groups (Malays, Chinese, and Indians). While Malay incomes (in accordance with the targets of the NEP) rose faster than those of the other two ethnic groups, inequality among the Chinese fell fastest. However, only a small percentage of total inequality could be attributed to inter-ethnic differences in income—the big differences were within ethnic groups.

Hashim's analysis of changes in economic inequality during the 1980s in Malaysia has important implications. If political legitimacy is to be sought through the equitable distribution of the fruits of economic growth among <u>all</u> citizens, then more pro-active redistributive mechanisms than those proposed in the NEP may have to be implemented. On the other hand, if political legitimacy can be achieved through equality in average incomes between ethnic groups, and the main aim is to secure support among the different ethnic elites, then perhaps intra-ethnic inequality is less important.[2] It may well be the case in Malaysia that, in terms of mobilizing support for a governing regime, intra-ethnic inequality is relatively unimportant if all ethnic groups are seen to be getting a fair share of the growing national pie. During the 1980s and the early 1990s the NEP appeared to be successful in achieving this aim. However, what if the pie begins to shrink, as it has been doing since 1997 (The World Bank, 1999)? Can national cohesiveness still be maintained under prolonged adverse economic conditions when there is a high degree of intra-ethnic inequality?

[2]This second view is certainly one which has gained currency in the U.S., where the focus is often on differences in average income for White, Hispanic and Afro-Americans.

Hashim's analysis of where the NEP succeeded and where it failed is telling. General programs which involved the expansion of public services (such as piped water, electricity and medical care to rural areas) were clearly successful—life expectancy increased and infant mortality decreased. However, the real success of the NEP was in human resource development. Expenditure on education in Malaysia as a proportion of total public expenditure far exceeded that of neighbouring Asian countries during the 1980s, and participation in education, particularly among Bumiputeras, increased steadily throughout the 1980s. An explicit NEP goal was successfully attained: ethnic parity in third level institutions (a goal particularly important for the political support of Bumiputera elites). With increased educational attainment came increased mobility, enabling inter-ethnic inequality, and poverty in general, to decline. Before the introduction of the NEP different sectors of the economy were dominated by particular ethnic groups, but in 1990 this was much less the case—Bumiputeras had a substantial presence in growing areas of the economy, e.g. financial services and manufacturing.

However, Bumiputeras also continued to dominate in agriculture. Hashim argues that poverty is primarily a rural, agricultural phenomenon. Therefore Bumiputeras in the 1990s were still seriously over-represented among the poor. She compares her own 1989 data with 1970 data from Anand (1983), and shows that in peninsular Malaysia, although there was a large reduction in poverty overall, the Bumiputera share of poverty may have even increased over the period of the NEP. The NEP, therefore, was not so successful in raising the incomes of the rural poor—rather, it succeeded in reducing poverty in rural areas through the promotion of labour market flexibility: mobility out of agriculture and into industry and services. Above all else, the key to mobility was education.

Ahuja *et al.* (1997) argue that Malaysia has not been alone in this. They suggest that the provision of government services, particularly education, contributed the most to equitable growth in East Asia, especially where financing was biased towards elementary education. Like Hashim, they argue that education allows the children of farmers to get out of farming and become involved in more dynamic areas of the economy, which was of great political importance in Malaysia, where agriculture was a mainly Bumiputera endeavour, and Chinese and Indians were concentrated in industry and commerce. Although Ahuja *et al.* (1997) essentially argue for "more of the same" to reduce poverty in East Asia, they suggest that a relatively equal land distribution and support for farming through pricing policies also contributed to reduced inequality and poverty in East Asia. Hashim's rather more detailed analysis argues that direct support for farmers tended to benefit bigger farmers most, and that efforts to increase the productivity and incomes of small farmers could hardly be classified as an unqualified success. In Malaysia at least, huge amounts of money flowed into agricultural development, with apparently little to show for it in terms of income gains by poor farmers.

The Malaysian "New Labour" model depends on human capital investment, labour market flexibility and rapid economic growth—there is no welfare state "safety net" to help people cope with bad times. Ahuja *et al.* (1997) highlight the role of private transfers in reducing poverty and inequality in East Asia, a point echoed by Smeeding and Saunders (1998) in their study of welfare in

Taiwan. Surprisingly, private transfers hardly merit a mention in Hashim's book. If the burden of the elderly, disabled and unemployed people fell mainly on families what impact did this have on inequality, or on the incomes of the poorest households? Ahuja *et al.* (1997) appear to suggest that demographic trends such as ageing populations and rising levels of urbanization will eventually produce a need for a more active government role in the direct provision of welfare in East Asia.

Indeed, as the current crisis in Malaysia illustrates, NEP-type initiatives face many difficulties. How effective are supply-side policies likely to be if the demand side collapses? Will the institution of more direct redistributive policies come to be seen as more urgent if the economic crisis continues? Will the World Bank and the IMF begin to more actively support policies that involve direct transfers and other expensive redistributive mechanisms in the face of economic decline?

## Income, Inequality and Poverty During the Transition from Planned to Market Economy

World Bank reports on the former Communist states of Central and Eastern Europe tend to recommend privatization of industry, retrenchment in public service provision and targeting of welfare. However in the early 1990s, when the East Asian tigers were held up as models of economic development, governments of many of the former Communist economies in transition appeared reluctant to adapt to the new world order quickly enough to satisfy outside advisers. One can see why. Voters in these newly democratic countries, most of whom were suffering from transition-induced economic shock syndrome, were often quick to remember the apparently better days before the Iron Curtain was drawn open, when life was perhaps slightly less varied, but also less uncertain. As transition progressed in the former communist countries, democratic political legitimacy had to be secured. How did these countries fare?

Clearly, some countries failed. The Soviet Union and Czechoslovakia very rapidly disintegrated into more ethnically homogenous parts (echoes of the Singapore/Malaysia breakup). Ruling elites in these countries failed in their quest for legitimacy under the new political and economic order. Unlike Western industrialized economies where national boundaries and the institutions of government are reasonably secure (and therefore taken for granted, by economic policy advisers as well as ordinary people), the quest for legitimacy is more urgent for governments in most transition economies.

If economic success is one criterion for the achievement of political legitimacy, Milanovic's analysis of eighteen economies in transition suggests that no country fared particularly well, although some (those in Central Europe) did better than others (those in the Balkans and the former Soviet Union). The same holds true in terms of the distribution of resources, where the latter group of countries in particular are likely to have severe poverty and inequality-related problems for a long time to come. Their economies were still in steep decline in the mid-1990s, with real average incomes worth less than half their 1989 value in some countries, and a majority of people in severe poverty. Prospects for Central European countries, on the other hand, are somewhat brighter. The decline in average incomes was never as severe in these countries, and by the mid-1990s they had begun to grow again.

Milanovic is particularly glum about the prospects for countries of the former Soviet Union in the next 25 years. The cover of the book shows a graph plotting the U.S. GDP during the Great Depression years and the Russian GDP during early transition. The decline in U.S. GDP started in 1929 and had bottomed out by 1933 at about 75 percent of its 1927 level, but the decline in Russian GDP, which started in 1989, was still falling in 1995 when GDP was less than 70 percent of its 1987 level. The fall in wages has been even more severe: by 1996 they were at about half their real 1987 levels. The message is clear. The crisis in the countries of the former Soviet Union (most of which performed no better than Russia during the early 1990s) is deeper and so far more intractable than the greatest depression that Americans have ever witnessed.

One of Milanovic's main aims in this book is to propose ways in which governments and international agencies such as the World Bank can effectively intervene to reduce poverty and inequality in the very poor and not-so-poor countries. First, of course, economic growth must be restored (although here he has no real suggestions). Rather, he concentrates most of his energy on the need for effective income transfer systems.

Why income transfers? Why not a Ukranian, a Czech or a Latvian (Malaysian-style) NEP? That Milanovic does not even consider such an alternative speaks a lot, I think, about the nature and aspirations of the societies in Central and Eastern Europe undergoing economic transition. As Ferge (1999) argues, the welfare state is a key element of Western European civilization, and while the totalitarian character of Central and East European communism was essentially "de-civilizing," it nonetheless produced "premature" welfare state regimes which in some ways brought the East closer to the West. This is something that people in countries which aspire to formal integration into Western Europe (through the European Union, NATO, etc.) would be unwilling to give up, even as Western welfare states themselves are downsized. Moreover, people in Central and Eastern Europe got used to the "civilizing" habit of welfare (and education, and other services provided by the communist state). These provisions gave the state a degree of legitimacy. The removal, marketization or restriction of these provisions would pose problems of legitimacy for newly democratized governments. Did they really have a choice about the sorts of social policies they could pursue over the first decade of transition?

All the transition countries had large and comprehensive social transfer programs in place before the collapse of the Iron Curtain. In most countries these programs survived under the new political and economic order, but their provisions, designed for a state-capitalist full-employment society, were not always successful in addressing problems created by a high unemployment, post-Communist world. In examining the efficacy of social transfers in helping poor people, Milanovic finds family benefits, because of their generally universal character, to be poorly targeted. On the other hand, unemployment benefits and social assistance are well-targeted on poor people, the former because unemployed people are usually poor, and the latter because it is (and was before the onset of transition) means-tested.

No transition country has a fully developed means-tested safety-net system of the type found in the U.K. or Australia. In the preferred World Bank model of welfare a poverty line is set, and those who fall below it are helped, subject to administrative criteria such as their availability for paid work (see Ahuja, 1997, referred to above; World Bank, 1996; Deacon, 1998). Social Assistance in transition countries differs from this general model in two key aspects: first, low income is not a sufficient criterion for qualification on its own; some social "dysfunction" such as alcoholism or disability is sometimes also necessary. Second, social assistance is usually seen as temporary and highly residual, is not intended to cover the entire gap between a family's income and the poverty line and is seen as an adjunct to the categorical benefits which make up the majority of welfare expenditure in transition countries—family allowances, unemployment benefits and pensions. Milanovic accepts the need for income transfers in transition economies, what he does not appear to accept quite so readily is the need for *universal* transfers. Rather he argues for the efficiency and targeting advantages associated with means-testing provided a series of technical conditions are met.

(1) In order for such a system to work, it must be possible to observe income levels among families relatively easily. This is difficult if there is a large informal economy, or if employers are willing to collude with employees in order to obtain benefits.
(2) National and local bureaucracies must be able to administer a means-tested safety-net system.
(3) Governments must be able to afford to introduce means-tested safety-net systems that will cover the poverty deficit.

He argues that if any of these conditions are not met, then it may not be possible to implement a means-tested system. Central European countries may meet these criteria, but countries of the former Soviet Union are unlikely to.

Are these technical conditions sufficient for the introduction of widespread means-testing, even in Central European countries? Certainly, it is arguable that the "civilized state" thesis, while suggesting the need for a fairly comprehensive income transfer system, does not dictate the *form* of that system—if means-testing is OK for the U.K., Ireland, Australia and Canada, it may also be OK for the Poles, the Hungarians and the Lithuanians. But what of the "weak state" thesis? What if popular support for a particular government (or, indeed, for government institutions) is premised on the unintrusive nature of that government?

Szalai (1991) points out, in the case of Hungary, that daily participation in the informal economy (on top of regular work in state controlled firms) became the norm in most households during the late communist period. Production in the informal sector was family-based, and was of symbolic as well as economic importance: the family was the sphere of the private, free from the intrusive state. There was a tacit agreement between the State and the people during the later socialist era that people would formally support the communist regime and that the State would not interfere directly in the affairs of families. This arrangement may have continued. People are used to the unintrusive state in the private sphere, and sick of the intrusive state in the public sphere. Certainly, the informal economy has not withered away, and taxes are not easily collected. Even if a post-communist state had the *technical ability* to introduce widespread means-testing as a method of welfare allocation, would it actually have the *political ability* to carry it out? In terms of transformation, social policy and legitimacy, this to me is the crucial question.[3]

Given the political and cultural aspirations of Central and East European countries, and the economic realities that they face, the narrow, income transfer-oriented social policy agenda for reducing poverty and inequality that Milanovic proposes is not surprising. He clearly does not see any potential for Malaysian NEP-style policies in a situation of continuing economic decline. I would argue, however, that social policy choices are constrained by more than just the trajectory of the economy. Policies which involve intrusive measures by the state, whether assigning people to training or jobs, or asking intrusive questions about their incomes, would be viewed with some suspicion by people in transition economies, who are generally sceptical of state intervention.

Choices about the form targeted welfare should take (selectivist or universalist) may therefore be even narrower Milanovic suggests. If one basis for the legitimacy granted to post-communist administrations is their lightness of touch, they may have no choice but to implement non-interventionist and non-intrusive social policies. In spite of the popularity (among governments and sections of the population) of comprehensive income-tested and workfare-type schemes in countries such as the U.S.A., the U.K., and Australia, such policies have rarely been seriously placed on the political agenda in economies in transition.

The light touch that is expected of weak governments, in contrast to the firm hand of strong governments, may be one of the key drivers of social policy design in transition economies. Emerging literature suggests that in many transition countries, central governments are attempting to develop arm's length strategies for the delivery of social policies. For example, Coudouel and Marnie (2000) show how the delivery of means-tested social assistance in Uzbekistan has been devolved to local community councils. Micklewright and Nagy (1997) describe the rather arcane way in which social assistance in Hungary is delivered through local authorities. Where benefits are centrally delivered, they are often insurance-based (such as pensions or unemployment benefits), or universal (such as family benefits). Contentious questions relating to a government's intrusive behaviour are unlikely to be asked in the case of these benefits because they are based on accepted principles of contribution and citizenship. Moreover, these benefits do not interfere greatly with individual and family privacy.

The constrained arena of social policy design in Malaysia and the transition countries shows up a key characteristic of "New Labour"-type supply-side policies. Unlike cash transfers, particularly universal transfers, transfers of human capital aim to *change* the recipient: indeed the state is demanding that the recipient change if she or he is to continue receiving support. This kind of intervention might have been broadly accepted in Malaysia, at least while the economy was growing, because of its recent colonial history: Bumiputeras perhaps accepted the intrusive behaviour of a strong state as the price of political domination in Malaysia, and a growing slice of the national pie. However the historical legacy in

[3]In the case of Hungary, the answer may be "no." In April 1996, limited means-testing of universal Family Allowance was introduced. In 1999, after a change in government, Family Allowance was again universalized.

Central and Eastern Europe is different: such direct and intrusive social policies are simply not possible while the state attempts to regain popular legitimacy and redefine itself in the post-communist world. There are no global models of social policy design out there for the taking. The hand of history is heavy indeed.

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# INTERNATIONAL ASSOCIATION FOR RESEARCH IN INCOME AND WEALTH

*Twenty-sixth General Conference*
*Cracow, Poland—August 27–September 2, 2000*

## PRELIMINARY PROGRAM AS OF MAY 15 2000

*N.B. Updated information on the conference program can be accessed at web-link: www.econ.nyu.edu/dept/iariw. Papers will be posted for downloading as they become available. Papers will also be posted at web-link: www.stat.gov.pl.*

### MONDAY, AUGUST 28, MORNING:

*Session 1. Factor Productivity and Technological Change*

*Organizers:* Barbara Kondrat, GUS, Poland and Derek Blades, OECD, France
*Chairperson:* Barbara Kondrat, GUS, Poland

1. Michael Wolfson, Steve Gribble, and Dajin Li, Statistics Canada, Canada, "On Technical Change and the Measurement of Productivity"
2. Leszek Zienkowski, Research Centre for Statistical and Economic Analysis, GUS, Poland, "Labour and Capital Productivity in Poland"
3. Tom Rymes, Carlton University, Canada and René Durand, Industry Canada, Canada, "On Capital and Productivity: Harrodian and Keynesian Measures"
4. Bart van Ark and Marcel Timmer, University of Groningen, Netherlands, "Capital Formation and Total Factor Productivity in South Korea and Taiwan, 1951–98"
5. Paul Schreyer, OECD, France, "Contribution of Information and Communication Technologies to Output and Productivity Growth"

*Discussants:*
Andrew Sharpe, Centre for the Study of Living Standards, Canada
Derek Blades, OECD, France
Michael Ward, World Bank, U.S.A.
Barbara Fraumeni, Bureau of Economic Analysis, U.S.A.
Steven Keuning, Statistics, Netherlands, Netherlands

### MONDAY, AUGUST 28, AFTERNOON:

*Session 2A. Economic Performance and Income Distribution*

*Organizer:* Thesia Garner, Bureau of Labor Statistics, U.S.A.

1. Stephan Klasen and Carola Grün, University of Munich, Germany, "Growth, Income Distribution, and Well-Being in a Comparative Perspective"
2. Luis Ayala, University of Castilla-La Mancha, Spain and Jesús Ruiz-Huerta, University Complutense, Spain, "Inequality, Growth and Welfare: An International Comparison"

3. John A. Bishop, East Carolina University, U.S.A., John P. Formby, University of Alabama, U.S.A., and Lester A. Zeager, East Carolina University, U.S.A., "Economic Performance and the Distribution of Income in Germany Before and After the Wall Came Down"
4. Ratislav Bednarik, Research Institute of Labour, Social Affairs and Family, Slovak Republic, "The Development of Slovak Income Distribution During the Transformation (1988–96)"
5. Francisco H. G. Ferreira, Catholic University of Rio de Janeiro, Brazil, "Education for the Masses?: The Interaction between Wealth, Educational and Political Inequality: A View from Brazil"

*Discussants:*
Lars Osberg, Dalhousie University, Canada
Irwin Collier, Freie Universitat Berlin, Germany

*Session 2B. Balance Sheets*

*Organizer:* François Lequiller, INSEE, France
1. P. J. M. Van de Ven, Statistics Netherlands, Netherlands, "The Asset Boundary in SNA 93: Should We Extend the Current Definition?"
2. Paul West, ONS, U.K., "Recent Implementation, Conceptual and Practical Problems in the New SNA 93 Balance Sheets for the U.K."
3. Esben Dalgaard and Annette Thomsen, Statistics Denmark, Denmark, "A Comparison of PIM Estimates with Direct Stock Information on Buildings"
4. Michael Osterwald-Lenum, Statistics Denmark, Denmark, "Uncertainty in Financial Balance Sheet Data in the National Accounts"
5. Peter Hill, U.K. "The Theory of Economic Depreciation and the SNA"
6. Peter Harper *et al.*, ABS, Australia, "Interpreting the Balance Sheets"
7. Barbara Fraumeni, Bureau of Economic Analysis, U.S.A., "The Measure of Depreciation and Capital Stocks in the U.S. National Income and Product Accounts"

*Discussants:*
To Be Announced

MONDAY, AUGUST 28, EVENING:

*Session 2A. Continued. Economic Performance and Income Distribution*

*Organizer:* Thesia Garner, Bureau of Labor Statistics, Washington, DC, U.S.A.
C1. Shlomo Yitzhaki, Hebrew University, Israel and Quentin Wodon, World Bank, U.S.A., "Mobility, Inequality, and Horizontal Equity (Illustrated with Data from Mexico)"
C2. Javier Ruiz-Castillo, Universidad Carols III, Spain and Mercedes Sastre, Universite de Cergy Pontoise, France, "Distributive Implications of Income Aggregation Within the Household: An Approximation Through Mobility Indices Using Spanish Data"
C3. Conchita D'Ambrosio, Universita' Bocconi, Italy, "Household Characteristics and the Distribution of Income in Italy"

C4. Björn Gustafsson, University of Göteborg, Sweden and Edward Palmer, Swedish National Social Insurance Board, Sweden, "Was the Burden of the Deep Swedish Recession Equally Shared?"

C5. Miriam Beblo, Irwin Collier, and Thomas Knaus, Freie Universität Berlin, Germany, "The Distribution of the Unification Bonus (Malus) in Postwall Eastern Germany"

C6. Fabrice Murat, Nicole Roth, and Christophe Starzec, INSEE, France, "The Impact of Fiscal Reforms Between 1990 and 1998 on Income Distribution in France: Evaluation by Microsimulation"

TUESDAY, AUGUST 29, MORNING:

*Session 3. International Standards for Income Distribution Statistics*

*Organizer:* Paul van der Laan, Statistics Netherlands, Netherlands

1. Maureen McDonald, ABS, Australia, Pieter Everaers, Eurostat, Luxembourg, and Daniel Weinberg, Bureau of the Census, U.S.A., "Overview of the Proposed Standards for Income Distribution Statistics"
2. Anne Harrison, OECD, France, Judith Archibald, Statistics New Zealand, New Zealand, and Tim Harris, ONS, U.K., "Linking Micro and Macro Statistics on Household Income and Expenditure"
3. Pedro Sainz, ECLAC, Chile and Sylvester Young, ILO, Switzerland, "Income Distribution Data: Issues and Concerns for Economic Development"
4. Timothy Smeeding, Syracuse University, U.S.A., Ian Castles, Academy of Social Sciences in Australia, Australia, Michael Ward and Haeduck Lee, World Bank, U.S.A., "Making Cross-Country Comparisons of Income Distributions"
5. Tony Atkinson, Nuffield College, U.K., Andrea Brandolini, Bank of Italy, Italy, Timothy Smeeding, Syracuse University, U.S.A., "Trend Data for the Distribution of Income"
6. Gert Wagner, German Institute for Economic Research, Germany, Jon Epland, Statistics Norway, and Veli-Matti Törmälehto, Statistics Finland, Finland, "Potentials and Problems of Longitudinal Income Data"

*Discussants:*

To Be Announced

*Contributed Paper:*

Paul van der Laan, Statistics Netherlands, Netherlands, "The International Expert Group on Household Income Statistics (Canberra Group), 1996–2000"

TUESDAY, AUGUST 29, AFTERNOON

*Session 4A. Environmental Accounting*

*Organizer:* Anne Harrison, OECD, France

This session will be used to review the draft of the revised "Integrated Environmental and Economic Accounting Manual (SEEA-2000)" being prepared by the London Group on Environmental Accounting. The new manual will include six chapters:

1. Introduction and overview
2. Asset accounts

3. Flow Accounts
4. Environmental protection expenditure
5. Valuation and economic integration
6. Policy uses and applications

Drafts of these chapters will be available at the end of August to IARIW Members and those attending the Cracow meeting. The discussion of the draft will be introduced (with written, pre-circulated) comments by:

Keith Blackburn, Australia
Utz Reich, Fachhochschule Mainz, Germany
André Vanoli, INSEE, France

After floor discussion, several authors of the chapters will respond:

Alessandra Alfieri, UNSD, U.S.A.
Mark de Haan, Statistics Netherlands, Netherlands
Ole Gravgaard, Statistics Denmark, Denmark
Robert Smith, Statistics Canada, Canada
Knut Sorensen, Statistics Norway, Norway
Anton Steurer, Eurostat, Luxembourg

*Session 4B. Household Budget Expenditures and Budget Standards*

*Organizer:* David Johnson, Bureau of Labor Statistics, U.S.

1. Thomas F. Crossley, The Australian National University, Australia and Lori Curtis, Dalhousie University, Canada, "Progress on Child Poverty? Recent Changes in Canadian Policies and Outcomes"
2. Anna Ivanova, University of Wisconsin-Madison, U.S.A., and Alberto Martini, Universita del Piemonte Orientale, Italy, "Do Economies of Size in Household Consumption Matter in Belarus?"
3. David Johnson, Rob Cage, and John Rogers, Bureau of Labor Statistics, U.S.A., "Seventy-five Years of Family Budgets in the United States"
4. Peter Saunders, SPRC, UNSW, Australia, Jonathan Bradshaw and Michael Hirst, University of York, U.K., "Using Expenditure Data in the Measurement of Poverty: A Comparison of Australia and the U.K."
5. Olivia Ekert-Jaffé, INED, France and Christophe Starzec, INSEE, France, "Estimating the Cost of Children in Poland Using Panel Data"
6. Rebecca Taylor, Joanna Gomulka, and Holly Sutherland, University of Cambridge, U.K., "Creating Order Out of Chaos? Identifying Homogenous Groups of Households Across Multiple Datasets"

*Discussants:*
To Be Announced

WEDNESDAY, AUGUST 30

Full Day Excursion comprising a raft trip down the Dunajec River with views of a dramatic river canyon and valley and a visit to the Wieliczka Salt Mine, a working mine since the late 12th century.

THURSDAY AUGUST 31, MORNING

*Session 5. Measures of Economic Well-Being*

*Organizer:* Andrew Sharpe, Centre for the Study of Living Standards, Canada

1. Kirk Hamilton, World Bank, U.S.A., "Sustaining Economic Well-Being: New Estimates of the Genuine Saving Indicator"
2. Joachim Merz, University of Luneburg, Germany, "Time and Economic Well-Being: A Panel Analysis of Desired Versus Actual Working Hours"
3. Heinz-Herbert Noll, Centre for Survey Research and Methodology, Germany, "The European System of Social Indicators: An Instrument for Social Monitoring and Reporting"
4. Lars Osberg, Dalhousie University, Canada and Andrew Sharpe, Centre for the Study of Living Standards, Canada, "Estimates of an Index of Economic Well-Being for OECD Countries"

*Discussants:*

Thesia Garner, Bureau of Labor Statistics, U.S.A.

Utz-Peter Reich, Fachhochschule Mainz, Germany

Helen Boss, Vienna Institute for International Economic Studies

THURSDAY, AUGUST 31, AFTERNOON

*Session 6A. Measures of Povery and Social Exclusion*

*Organizer:* Stephen Jenkins, Institute for Social and Economic Research, U.K.

1. Andrea Brandolini, Bank of Italy, Italy, "Measuring Well-Being in the Functioning Space"
2. Panos Tsakloglou and Fotis Papadopoulos, Athens University of Economics and Business, Greece, "Identifying Groups at High Risk of Social Exclusion: Evidence from the ECHP"
3. Shelley Phipps and Lori Curtis, Dalhousie University, Canada, "The Social Exclusion of Children in North America: A Microdata Comparison of Canada and the United States"
4. Jonathan Bradshaw, David Gordon, Sue Middleton, Peter Townsend, Christina Pantazis, Ruth Levitas, Sara Payne, Glen Bramley, Universities of York, Bristol, Loughborough, Strathclyde, U.K., "Explorations of the Relationship Between Poverty and Social Exclusion in Britain"
5. Rosa Martinez and Jesús Ruiz-Huerta, Universidad Complutense, Spain, "Income, Multiple Deprivation and Poverty"
6. Neil McCulloch, University of Sussex, U.K., "Vulnerability and the Dynamics of Poverty in Rural China"

*Discussants:*

Ann Harding, NATSEM, Australia

Lene Mejer, Luxembourg

Lars Osberg, Dalhousie University, Canada

Holly Sutherland, Cambridge University, U.K.

*Session 6B. Measurement of Government and Other Non-Profit Institutions*

*Organizer:* Edith Archambault, University of Paris 1—Sorbonne, France

1. Markos J. Mamalakis, University of Wisconsin-Milwaukee, U.S.A., "Measurement of Collective and Semipublic Output in Developing Countries"

1.4. Knut O. Sorensen, Statistics Norway, Norway, "Environmental Accounts in Norway"
1.5. Erik Bjorn, University of Oslo, Norway, "Micro Data on Capital Inputs: Attempts to Reconcile Stock and Flow Information"
1.6. Asami Miketa, Keio University, Japan, "Environmental Accounting Framework and Policy Application"
1.7. Jan W. Van Tongeren, United Nations, U.S.A., "Integrated Analysis of Environmental Impacts Caused, Borne and Economic Responses: Colombian Experiences"
1.8. Harry X. Wu, Hong Kong Polytechnic University, Hong Kong, "Comparative Labor Productivity in Chinese and U.S. Manufacturing: What Could Explain the Gap in the Long Run?"

*Group 2: Issues in Income Distribution*

2.1. Simon Kelly, University of Canberra, Australia, "The Impact of Housing Values on the Wealth of Australians: A Dynamic Microsimulation of 1986–2036"
2.2. Ann Harding and Aggie Szukalska, NATSEM, Australia, "Making a Difference: The Impact of Tax/Transfer Policy on Child Poverty in Australia, 1982 to 1996–97"
2.3. Mads Ivar Kirkeberg and Jon Epland, Statistics, Norway, Norway, "The Distribution of Fringe Benefits: The Case of Norway"
2.4. Miles Corak, Statistics Canada, Bjorn Gustafsson and Torun Osterberg, University of Goteborg, Sweden, "Intergenerational Influences on the Receipt of Unemployment Insurance in Canada and Sweden"
2.5. Tomson Ogwang and Abdelia Abdou, University of Northern British Columbia, Canada, "The Choice of Principal Variables for Computing Some Measures of Human Well-Being"
2.6. Adam Szulc, Research Centre for Statistical and Economic Analysis, GUS, Poland, "Are Equivalence Scales in Poland Stable Over Time and Methods?"