

FOREWORD

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I am delighted that one of my first tasks as president of LIS is to contribute the foreword to this book edited by Janet Gornick, director of LIS, and Markus Jäntti, research director. I have been associated with LIS since the early days of its 30-year history, and I have followed with great interest its development and expanding horizons. And, as a researcher, I have benefited much from using LIS data.

The history is important. It is thanks to the farsightedness of LIS's founders, Gaston Schaber, Lee Rainwater (its first research director), and Tim Smeeding (its first director), that researchers today have access to the comparable cross-country data provided by LIS via its two databases—the *Luxembourg Income Study (LIS)* and the *Luxembourg Wealth Study (LWS)*—that have been employed to such advantage in this book. The assembly of microdatasets and, above all, the *ex post* harmonization of the data according to a common template involve a major investment of time. Such social science infrastructure cannot be created overnight.

We should therefore be looking ahead to future needs and be planning the infrastructural investments that we need to make today. Such planning is particularly important at the present time because of the major threat to one of LIS's core ingredients: the household survey. Despite the advances in technology and methodology, household surveys are labor-intensive and expensive, and around the world national statistical offices are subject to budget cuts. The survey instrument itself faces its own problems in the form of declining response rates and inability to expand the range of questioning to meet the increased need for data linked across different domains. These concerns have led to increased interest in the use of administrative records and to the exploration of data linkage methods. However, it is important

that such developments continue to provide individual researchers with the kind of access currently available via LIS.

LIS has been expanding its geographical coverage, and this is most welcome. Thus, while the chapters in this book largely concentrate on high-income countries, future LIS-based research will be able to encompass important middle-income countries. Each such development, however, leads one to ask for more. How else could the scope of LIS be widened? One priority immediately suggests itself. The economic crisis has highlighted the need for both up-to-date data and annual data. The events in which we are interested, such as the financial crisis that began in 2007, do not occur neatly vis-à-vis the intervals between waves of LIS data. Although LIS has shortened the interval from five to three years, more frequent data and more up-to-date data are needed, and this will require additional resources. Expansion means investment.

Substantively, the chapters in this book clearly demonstrate the importance of looking at the distribution as a whole. We cannot focus on just one part of the distribution in isolation. Some economists say that they are concerned about poverty but not about inequality. However, as Richard Tawney famously noted in 1913, “What thoughtful rich people call the problem of poverty, thoughtful poor people call with equal justice a problem of riches.” In between is situated the “middle class,” and this book reflects increased interest in distributional changes affecting those around the median. For those who see the growth of a middle class as a sign of development and as a guarantee of democracy, there are concerns about the possible “hollowing out of the middle” in high-income countries. It is perhaps reassuring to remind ourselves that such concerns are not new. In *The Grasmere Journal*, Dorothy Wordsworth in May 1800 records that a neighbor “talked much about the alteration of the times and observed that in a short time there would be only two ranks of people, the very rich and the very poor.” The difference today is that the observations that we make about “the alteration of the times”—like those in this book—can be more firmly based in empirical evidence.

REFERENCES

- Tawney, Richard. 1913. “Poverty as an Industrial Problem,” Inaugural Lecture, *Memoranda on the Problems of Poverty*. London: William Morris Press.
- Wordsworth, Dorothy. 2002. *The Grasmere and Alfoxden Journals*. Oxford: Oxford University Press.