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Title:

MetaSILC 1: An assessment of the content and cross-country comparability of the EU-SILC income variables

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Abstract

The European Union Statistics on Income and Living Conditions (EU-SILC) are currently the most important comparative survey on income statistics in Europe. The survey is very useful for studying income patterns, poverty and income inequality in all EU Member States and several other countries. Apart from analysing total household income, there is much interest in the distribution of particular income components. As a result, it is key that not only total household incomes are well harmonised, but also the various target variables related to more specific income components. Unfortunately, documentation of the exact contents of the income variables is not easily accessible. A general description of the target variables is available in the Guidelines (Doc065) distributed by Eurostat, and some more specific information is available in the national quality reports. However, these documents do not suffice to identify an exact classification of all income components in all countries. Given the different fiscal and social policy structures in EU countries, many target variables contain a mixture of different types of benefits, which should be kept separate for some research purposes. More generally, when analysing particular income variables in EU-SILC in a cross-national context, researchers have difficulties in finding out which income components are being compared, potentially biasing the results, undermining their validity, and definitely complicating the interpretation of the survey estimates.

Therefore, in this paper, we report on an effort to carefully document the composition of the income variables in EU-SILC. On the basis of a survey among national statistical institutes, an analysis of the

national quality reports, the comparative quality reports, and an analysis of the EU-SILC data, we have compiled a database which documents the exact classification of income components into the EU-SILC target variables. The focus of the database is on EU-SILC 2010. Currently, the database contains information for 20 countries on 13 income variables (the aggregated total income variables and 9 income benefit variables), which together cover over 1000 income components. For each of the income components, the database contains the official name (national language) and code in the national EU-SILC survey, the equivalent name in English, the target variable code and name, the source of the income information used (register data, questionnaire, imputation), the level of aggregation when it was collected, whether there have been important changes between wave 2005 and wave 2013, and additional remarks. The database allows researchers to easily find out which income components are covered in EU-SILC and how they have been classified into the EU-SILC target variables. By making this information easily accessible, we are convinced we can avoid frustration among researchers, and more importantly, we will allow researchers to increase the validity of their study.

On the basis of this exercise, we draw some more general conclusions. First of all, the definition of some of the target variables can be considerably improved. Second, a large number of income components seem to be borderline cases, which are not classified consistently across countries. This is especially the case for some housing cost related benefits, vocational training allowances and maternity benefits. In addition, it seems to be the case that in a number of countries some income components are not registered at all, even though they clearly contribute to total disposable household incomes. This seems to be the case for some tax credits, education-related allowances for children under the age of 16, and carers allowances in case the latter are not paid to the disabled person. Finally, we find some inconsistencies between the results in our own survey and the information in the national quality reports. To conclude, we are strongly convinced this new database will be helpful for many researchers using EU-SILC and will contribute to increasing the transparency and validity of cross-country comparisons. In addition, it will also help national statistical institutes and Eurostat to improve the quality of the EU-SILC microdata files.