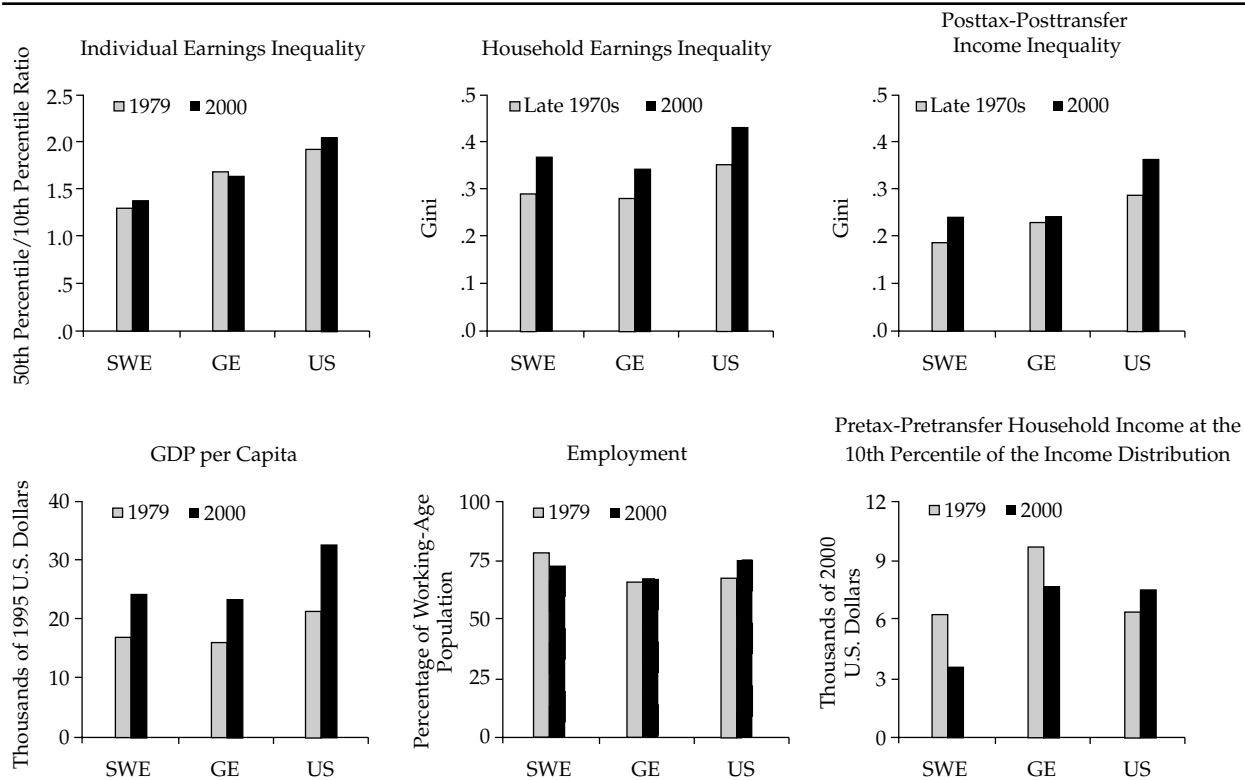


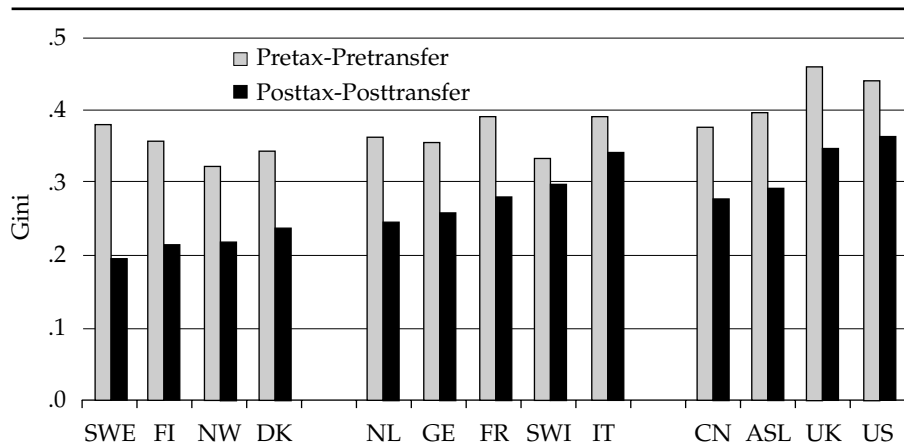
Figure 1.1 Inequality, Economic Growth, Employment Growth, and Real Income Growth in Sweden, Germany, and the United States, 1980s and 1990s



Source: Author's compilation; see appendix.

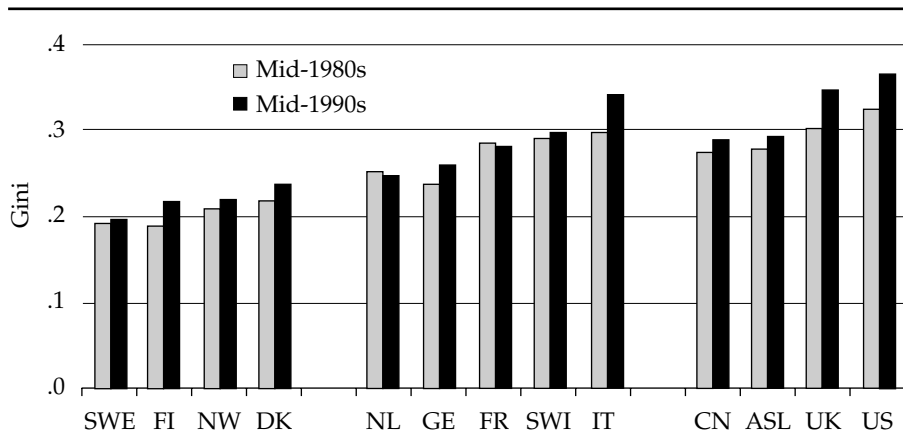
Note: Individual earnings inequality data refer to those employed full-time year-round. Posttax-posttransfer income inequality data are for households. GDP per capita and 10th-percentile household incomes are converted to U.S. dollars using purchasing power parities. Employment refers to the share of the working-age population that are employed. Data for inequality of household earnings and incomes and for 10th-percentile household incomes refer to working-age households. For variable descriptions and data sources, see the appendix.

Figure 3.1 Pretax-Pretransfer and Posttax-Posttransfer Household Income Inequality in Thirteen Countries, Mid-1990s



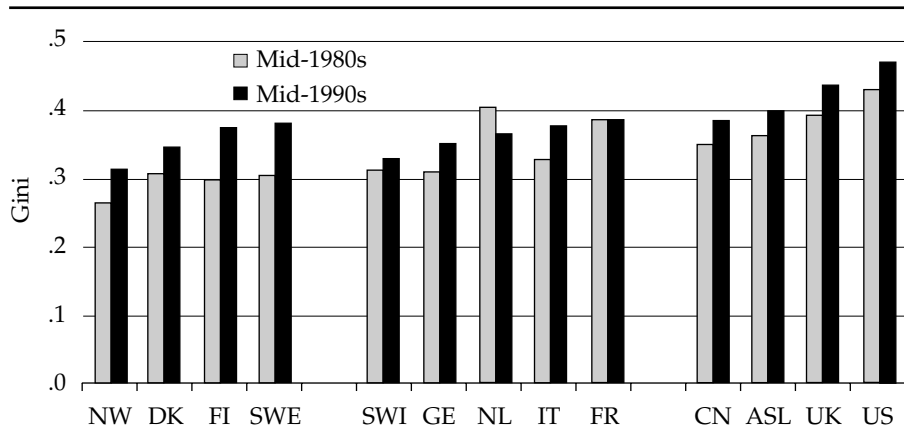
Source: Author's compilation; see appendix.

Figure 3.2 Posttax-Posttransfer Household Income Inequality in Thirteen Countries, Mid-1980s and Mid-1990s



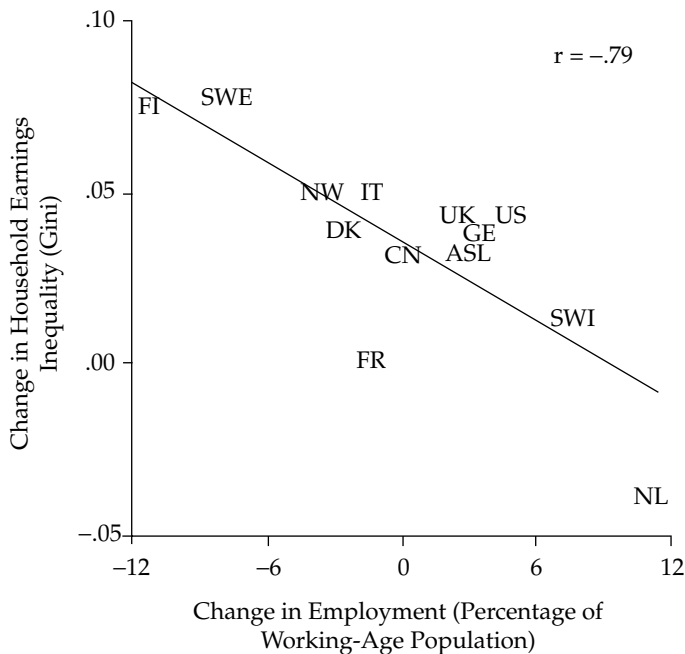
Source: Author's compilation; see appendix.

Figure 3.3 Household Earnings Inequality in Thirteen Countries, Mid-1980s and Mid-1990s



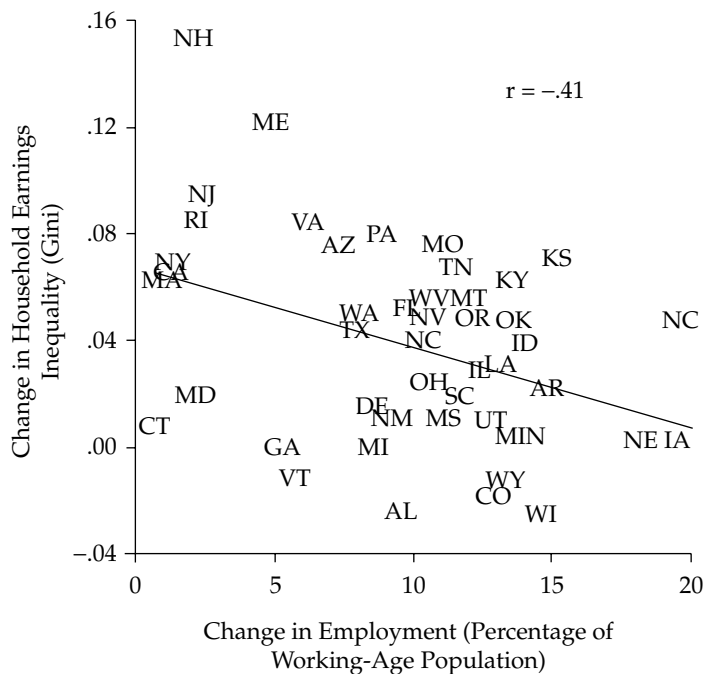
Source: Author's compilation; see appendix.

Figure 3.4 Change in Household Earnings Inequality by Change in Employment, Thirteen Countries, Mid-1980s to Mid-1990s



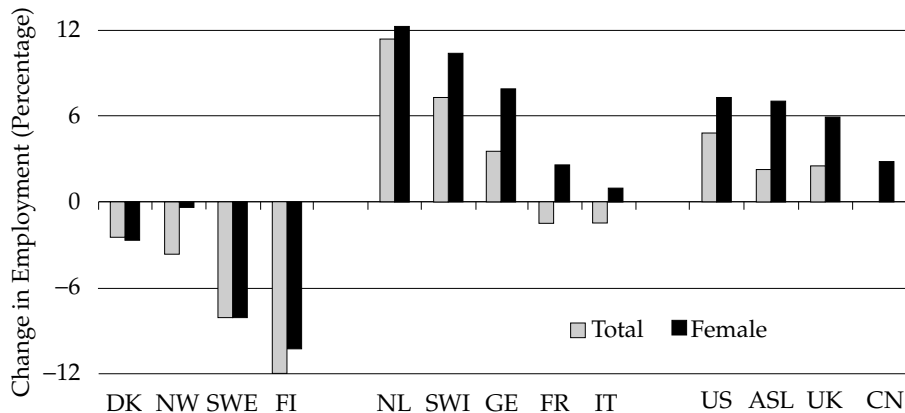
Source: Author's compilation; see appendix.

Figure 3.5 Change in Household Earnings Inequality by Change in Employment, U.S. States, Mid-1980s to Mid-1990s



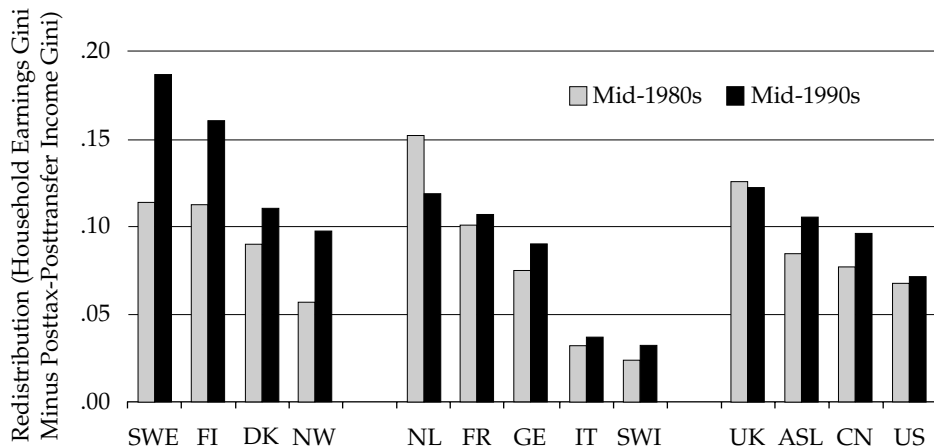
Source: Author's compilation; see appendix.

Figure 3.6 Change in Total Employment and in Female Employment in Thirteen Countries, Mid-1980s to Mid-1990s



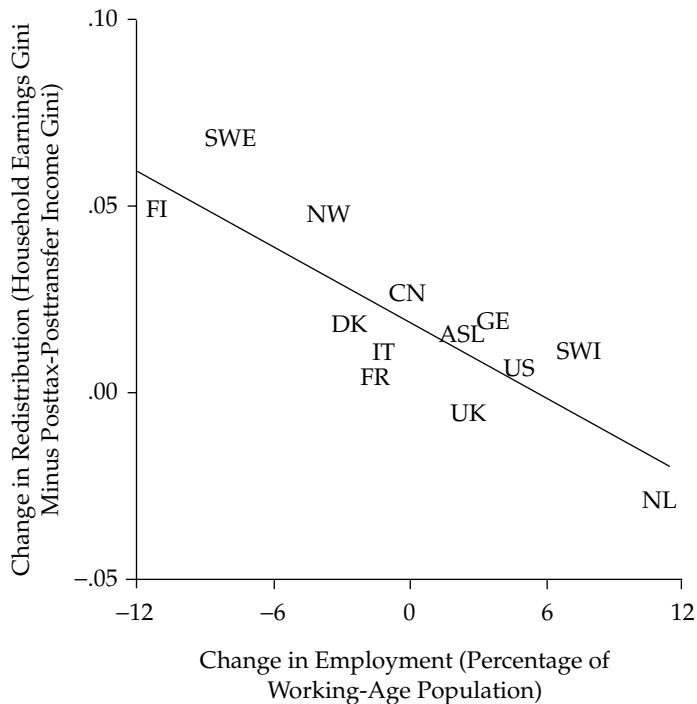
Source: Author's compilation; see appendix.

Figure 3.7 Redistribution in Thirteen Countries, Mid-1980s and Mid-1990s



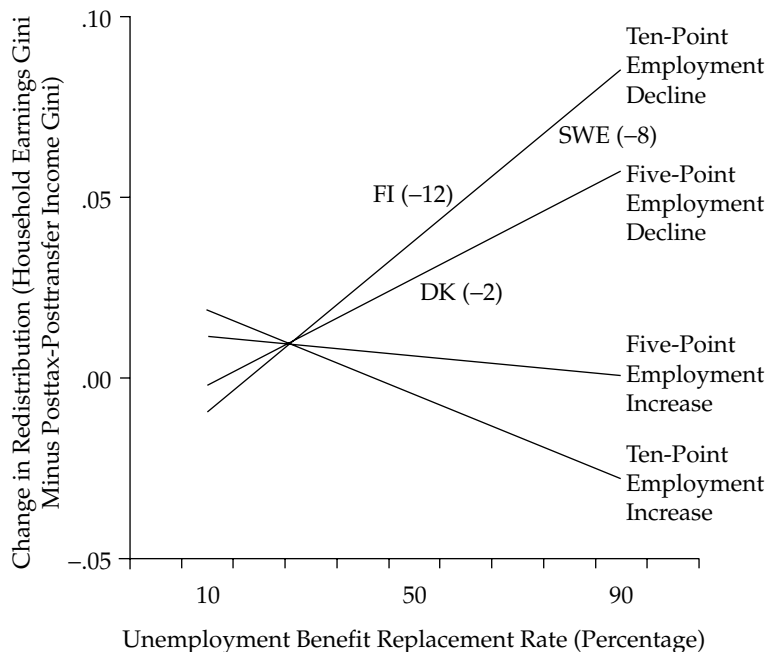
Source: Author's compilation; see appendix.

Figure 3.8 Change in Redistribution by Change in Employment, Thirteen Countries, Mid-1980s to Mid-1990s



Source: Author's compilation; see appendix.

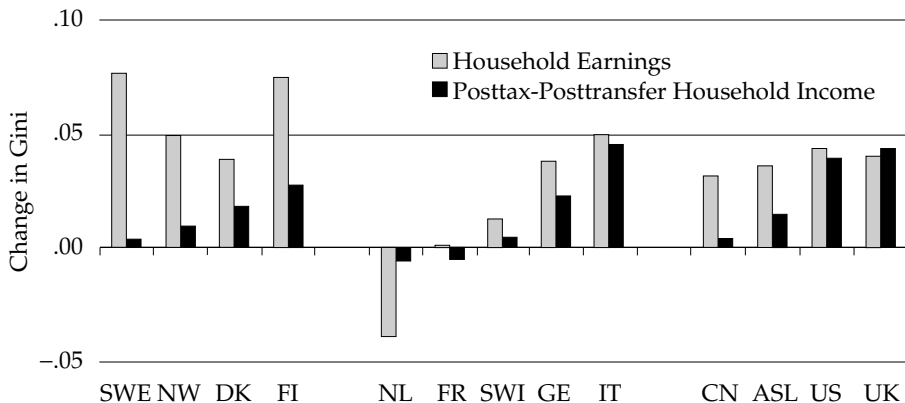
Figure 3.9 Estimated Impact of Changes in Employment on Changes in Redistribution, Depending on the Level of Welfare State Generosity, Mid-1980s to Mid-1990s



Source: Author's analysis.

Note: Numbers in parentheses indicate change in employment.

Figure 3.10 Change in Household Earnings Inequality and Change in Posttax-Posttransfer Household Income Inequality in Thirteen Countries, Mid-1980s to Mid-1990s



Source: Author's compilation; see appendix.

Table 3.1 Countries and Years Included in the Analyses

	Mid-1980s	Mid-1990s
Nordic		
Denmark	1987	1997
Finland	1987	1995
Norway	1986	1995
Sweden	1987	1995
Continental		
France	1984	1994
Germany	1984	1994
Italy	1986	1995
Netherlands	1983	1994
Switzerland	1982	1992
Anglo		
Australia	1985	1994
Canada	1987	1997
United Kingdom	1986	1995
United States	1986	1997

Source: Author's compilation; see appendix.

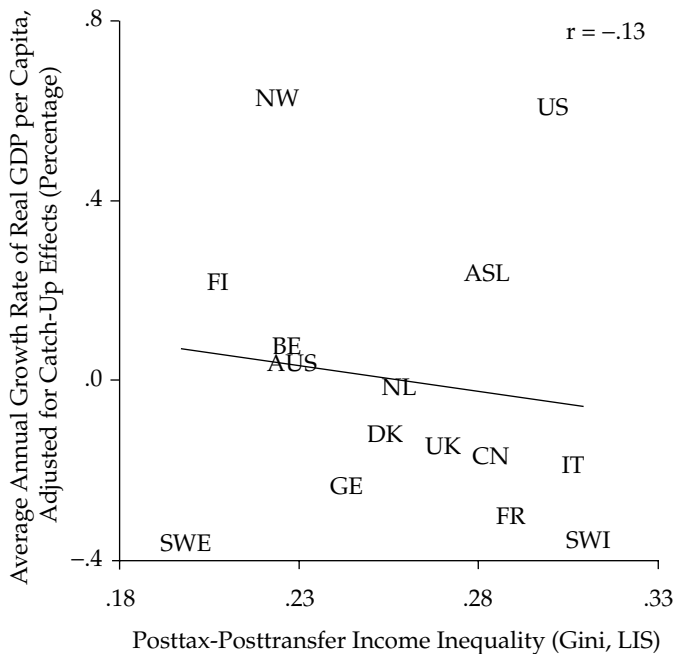
Table 3.2 Regression Results: Determinants of Change in Household Earnings Inequality, Mid-1980s to Mid-1990s

	Full Model	Best Model	All Possible Models		
			Minimum	Median	Maximum
Change in earnings inequality among full-time year-round employed individuals	.31 (2.50)	.34 (2.28)	-.13 (.57)	.15 (.61)	.35 (2.54)
Change in employment	-.69 (4.31)	-.75 (4.95)	-.87 (3.64)	-.64 (5.80)	-.52 (2.49)
Change in single-earner households	.09 (.40)		.11 (.49)	.51 (2.54)	.69 (2.33)
Change in marital homogamy	.34 (1.71)	.35 (2.37)	.26 (1.16)	.36 (1.82)	.65 (2.20)

Source: Author's analysis; see appendix.

Notes: Standardized coefficients, with absolute t-ratios (based on heteroskedasticity-robust standard errors) in parentheses. OLS regressions. Results for "all possible models" are low, median, and high coefficient for each variable from regressions using all possible combinations of the independent variables (four variables, fifteen regressions). "Best model" regression is the one with the largest adjusted R-squared. All variables are measured as mid-1990s value minus mid-1980s value. Minimum and maximum R-squared: .02, .75. N = 13.

**Figure 4.1 Catch-Up-Adjusted Economic Growth by Income Inequality
Circa 1980, Fifteen Countries, 1980 to 2000**



Source: Author's compilation; see appendix.

**Figure 4.2 Catch-Up-Adjusted Economic Growth by Income Inequality
Circa 1980, U.S. States, 1980 to 2000**

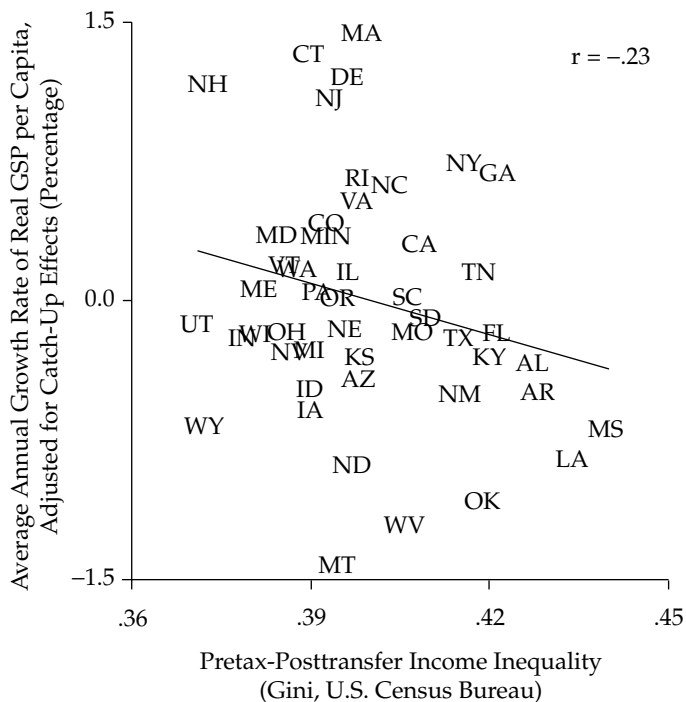
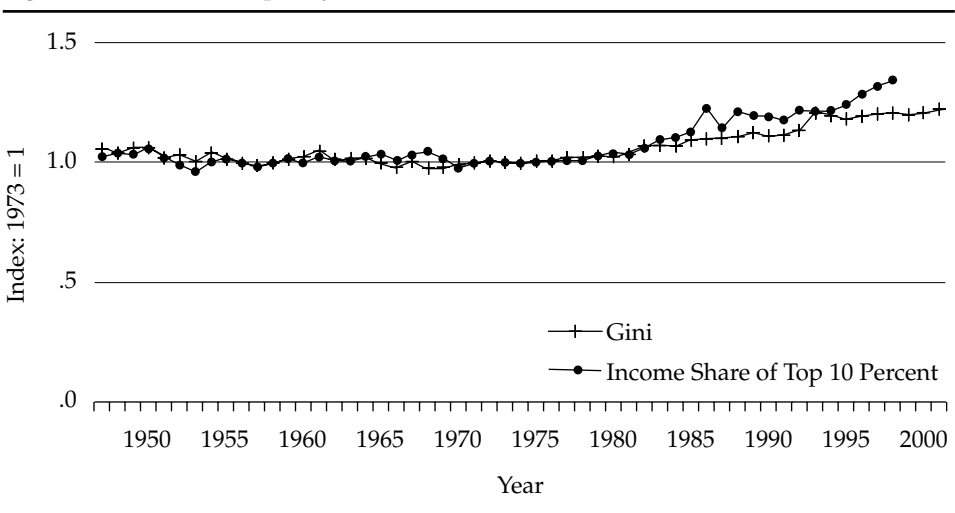
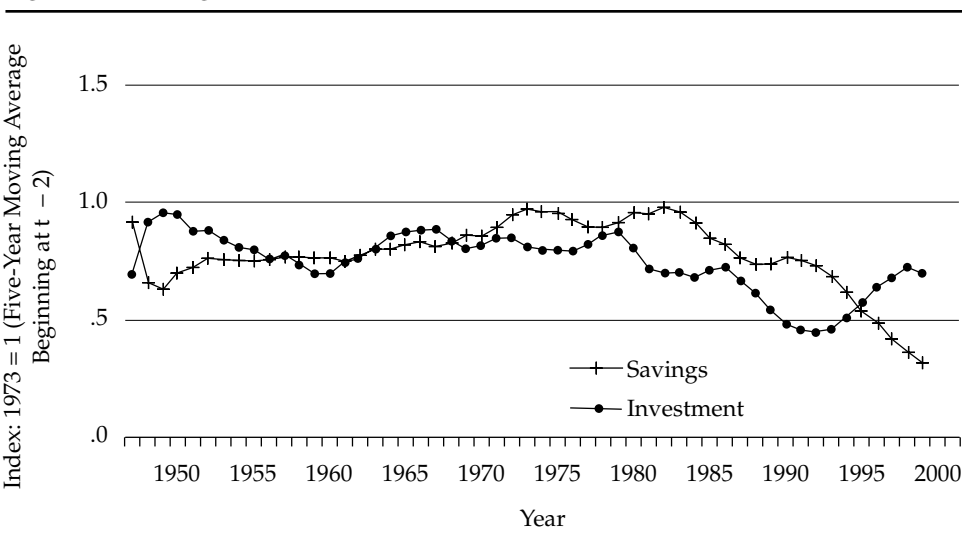


Figure 4.3 Income Inequality in the United States, 1947 to 2000



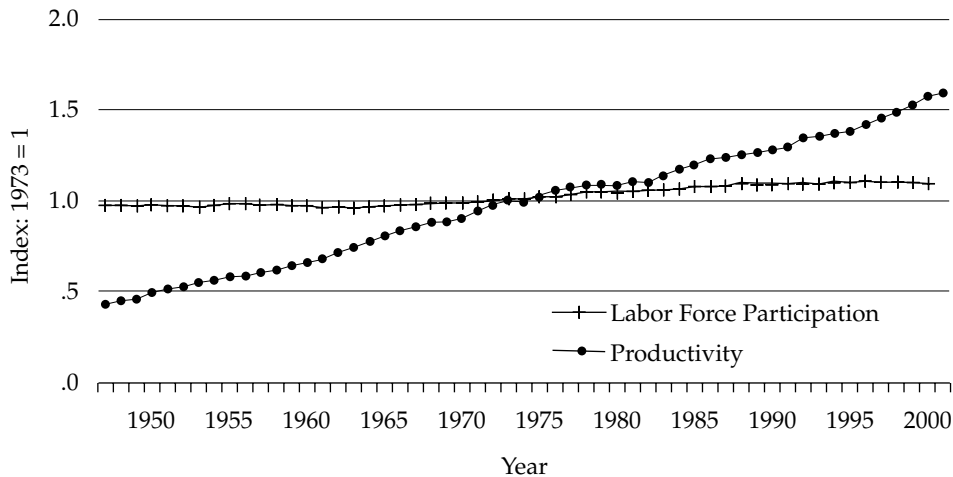
Source: Author’s compilation; see appendix.

Figure 4.4 Savings and Investment in the United States, 1947 to 2000



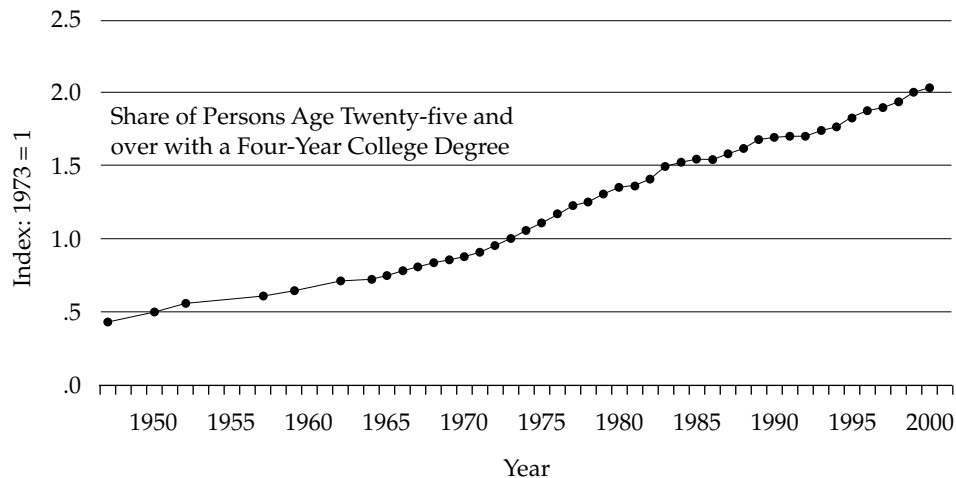
Source: Author’s compilation; see appendix.

Figure 4.5 Work Effort in the United States, 1947 to 2000



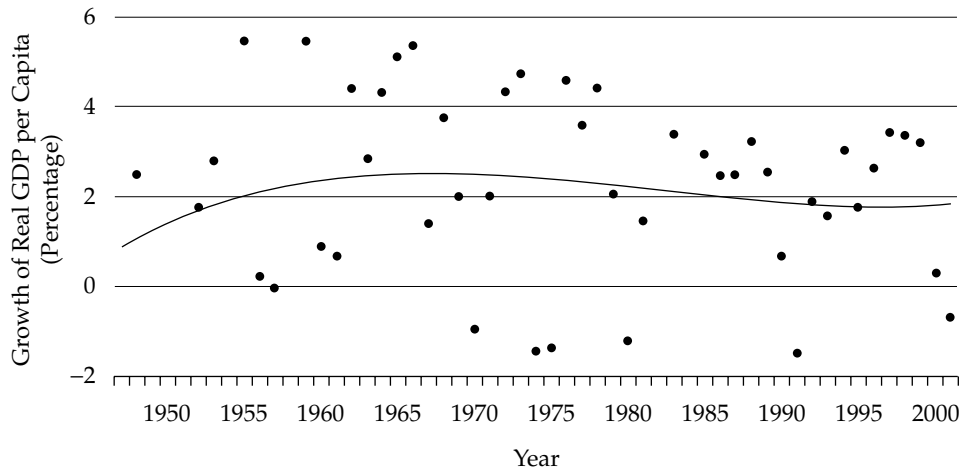
Source: Author's compilation; see appendix.

Figure 4.6 Educational Attainment in the United States, 1947 to 2000



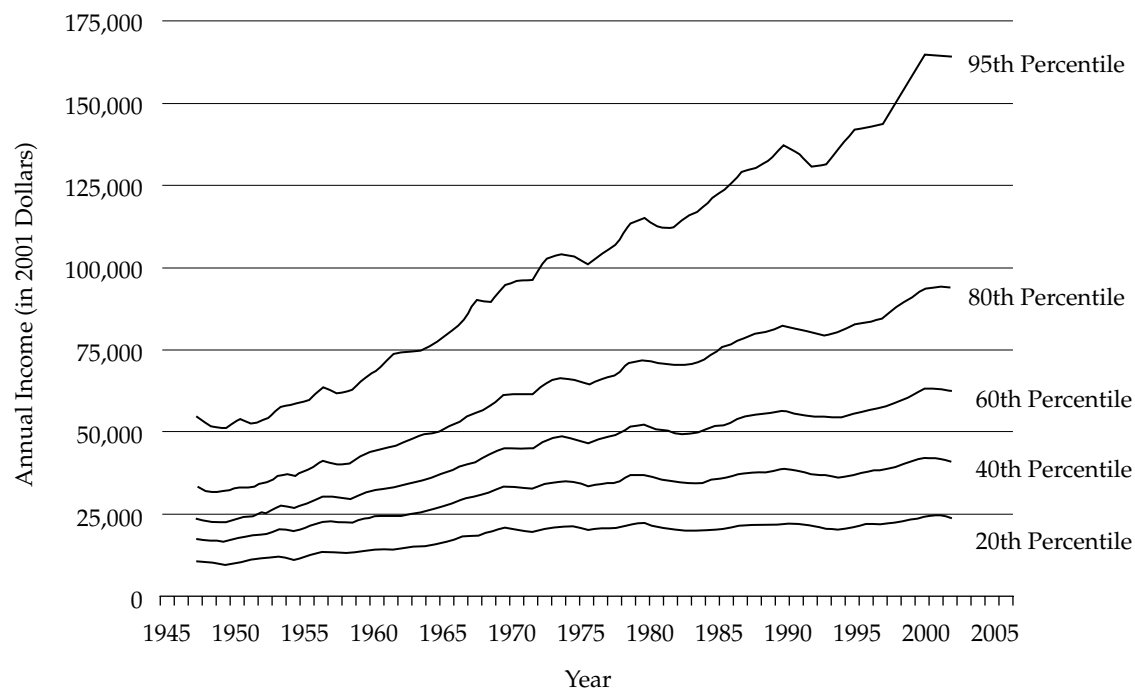
Source: Author's compilation; see appendix.

Figure 4.7 Economic Growth in the United States, 1947 to 2000



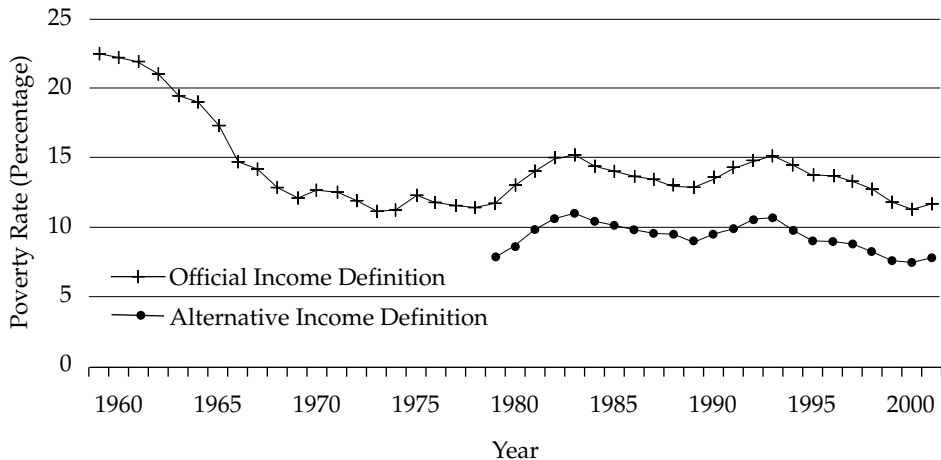
Source: Author's compilation; see appendix.

Figure 4.8 Family Income Trends in the United States, 1947 to 2001



Source: Author's compilation; see appendix.

Figure 4.9 Poverty in the United States, 1959 to 2000



Source: Author's compilation; see appendix.

Table 4.1 Regression Results: Effect of Income Inequality and Other Variables on Catch-Up-Adjusted Economic Growth, Fifteen Countries, 1980 to 2000

	All Possible Models of Three or Fewer Variables			Best Models	
	Minimum	Median	Maximum	1	2
Income inequality (posttax-post-transfer), circa 1980	-.57 (1.84)	-.22 (.78)	.01 (.11)	-.44 (2.14)	-.47 (2.30)
Other variables					
Government tax revenues	-.71 (2.30)	-.67 (2.25)	-.39 (1.44)	-.38 (1.58)	-.39 (1.79)
Terms of trade	.17 (.65)	.52 (1.95)	.59 (2.24)	.13 (.56)	
Educational attainment	.55 (2.46)	.68 (3.00)	.70 (3.08)	.48 (1.67)	.55 (2.44)
Inequality coefficient when investment is added	-.50 (1.56)	-.13 (.51)	.03 (.10)		
Inequality coefficient when change in investment is added	-.43 (1.43)	-.07 (.25)	.05 (.15)		
Inequality coefficient when labor force participation is added	-.56 (1.73)	-.14 (.41)	-.04 (.14)		
Inequality coefficient when change in labor force participation is added	-.58 (1.73)	-.30 (.99)	-.17 (.67)		
Inequality coefficient when educational attainment is added	-.47 (2.30)	-.24 (.98)	-.16 (.65)		
Inequality coefficient when social capital is added	-.39 (1.21)	-.01 (.04)	.05 (.19)		

Source: Author's analysis; see appendix.

Notes: Standardized coefficients, with absolute t-ratios (based on heteroskedasticity-robust standard errors) in parentheses. OLS regressions. Results in columns 1, 2, and 3 are from regressions using all possible combinations of three or fewer of the independent variables (12 variables, 296 regressions). Variables included in the regressions but not reported here owing to inconsistent signs and lack of absolute t-ratios greater than 1.00 in at least half of the regressions are: nonworking-age share of the population, change in nonworking-age share of the population, real long-term interest rates, left government, inflation, trade, change in trade, union concentration, institutional coherence, and firm-level economic co-operation. "Best models" regressions are those with the largest adjusted R-squared. The results in the lower portion of the table are from regressions with income inequality, the variable listed for the particular row of the table (for example, investment), and each of the other eleven control variables (eleven regressions). Aside from income inequality, all levels variables are measured as period averages. Change variables are measured as the average annual rate of change. Minimum and maximum R-squared: .02, .55. N = 15.

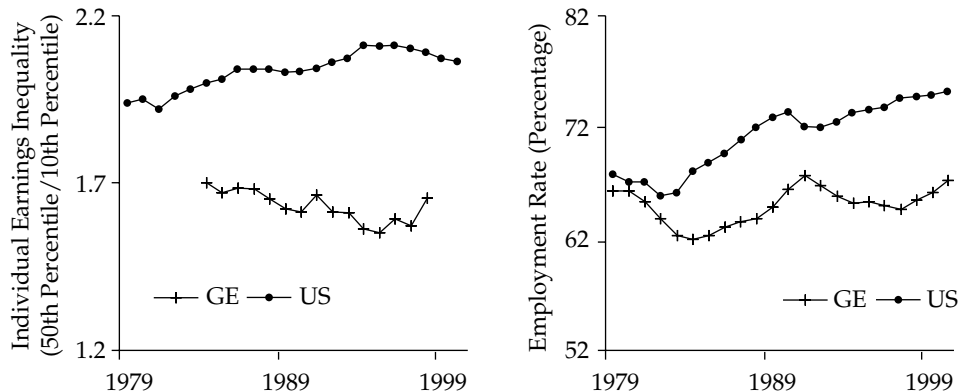
Table 4.2 Regression Results: Effect of Income Inequality and Other Variables on Catch-Up-Adjusted Economic Growth, U.S. States, 1980 to 2000

	1	2	3	4	5	6
Income inequality (pretax-posttransfer), 1979	-.18 (1.56)	-.04 (.26)	-.17 (1.39)	-.03 (.20)	-.22 (1.85)	-.21 (1.37)
Other variables						
Nonworking-age population	-.45 (3.65)	-.45 (3.65)	-.51 (3.28)	-.38 (3.12)	-.47 (3.81)	-.43 (2.87)
Government tax revenues	-.18 (1.55)	-.12 (1.01)	-.17 (1.46)	-.12 (1.04)	-.14 (1.22)	-.18 (1.55)
Business concentration	.14 (1.41)	.09 (.79)	.13 (1.16)	.05 (.42)	.13 (1.21)	.15 (1.20)
Economic develop- ment policies	.14 (1.85)	.24 (2.03)	.19 (1.54)	.12 (1.04)	.15 (1.16)	.23 (1.81)
Military expenditures by the federal government	.19 (1.61)	.18 (1.51)	.18 (1.46)	.05 (.36)	.18 (1.56)	.19 (1.60)
Labor force participation		.21 (1.20)				
Change in labor force participation			.08 (.61)			
Educational attainment				.37 (2.36)		
Change in educational attainment					.18 (1.51)	
Social capital						-.04 (.23)
R-squared	.50	.51	.50	.56	.52	.50

Source: Author's analysis; see appendix.

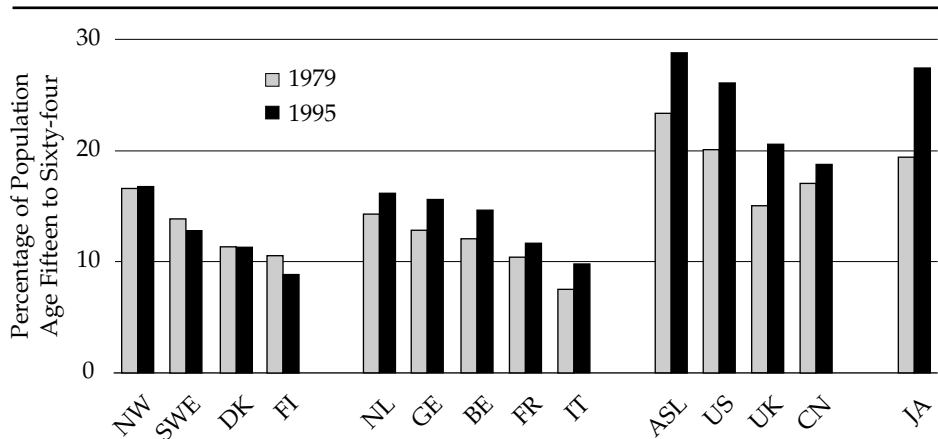
Notes: Standardized coefficients, with absolute t-ratios (based on heteroskedasticity-robust standard errors) in parentheses. Other independent variables were included but were inconsistently signed and had absolute t-ratios smaller than 1.00 in more than half of the regressions: change in nonworking-age population, left government, unionization, change in unionization, union concentration, sunbelt, change in military expenditures. Aside from income inequality, all levels variables are measured as period averages. Change variables are measured as the average annual rate of change. N = 48.

Figure 5.1 Earnings Inequality and Employment in Germany and the United States, 1979 to 2000



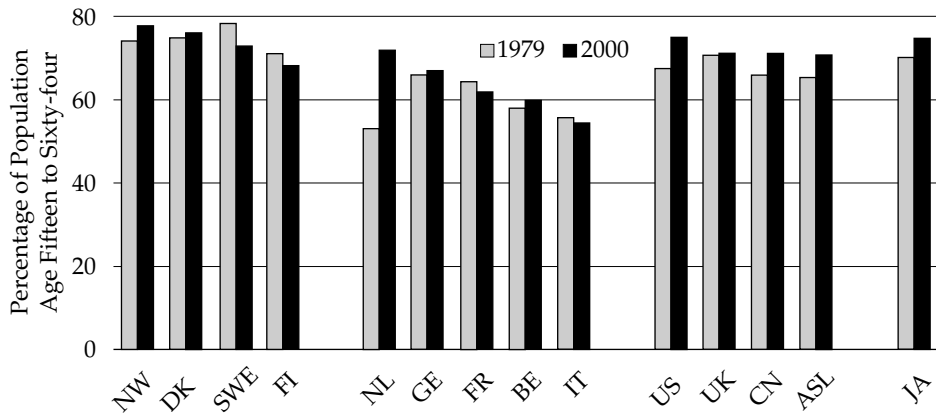
Source: Author's compilation; see appendix.

Figure 5.2 Employment in Private-Sector Consumer Services in Fourteen Countries, 1979 and 1995



Source: Author's compilation; see appendix.

Figure 5.3 Total Employment in Fourteen Countries, 1979 and 2000



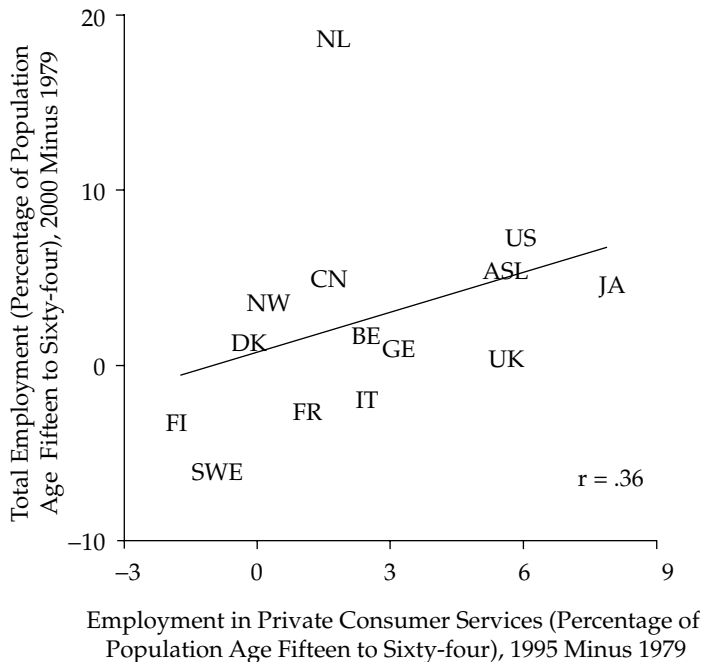
Source: Author's compilation; see appendix.

Figure 5.4 Private-Sector Consumer Services Employment Growth by Earnings Inequality in Fourteen Countries



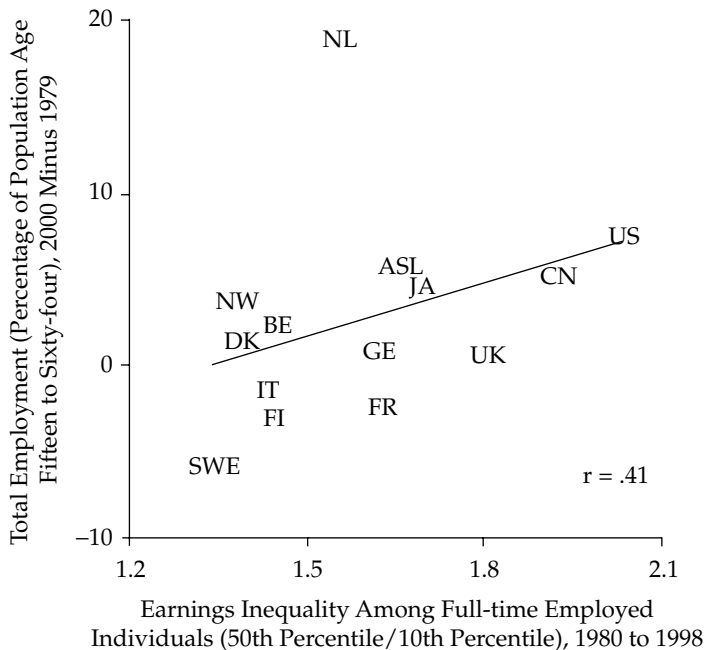
Source: Author's compilation; see appendix.

Figure 5.5 Total Employment Growth by Private-Sector Consumer Services Employment Growth in Fourteen Countries



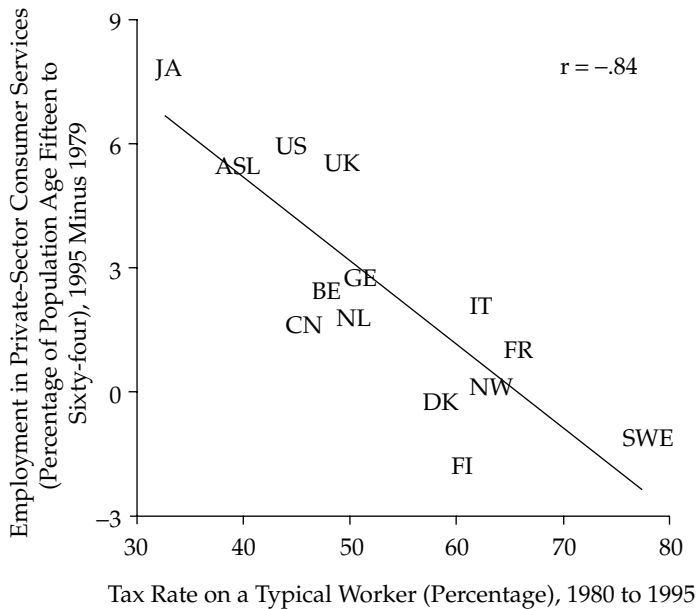
Source: Author's compilation; see appendix.

Figure 5.6 Total Employment Growth by Earnings Inequality in Fourteen Countries



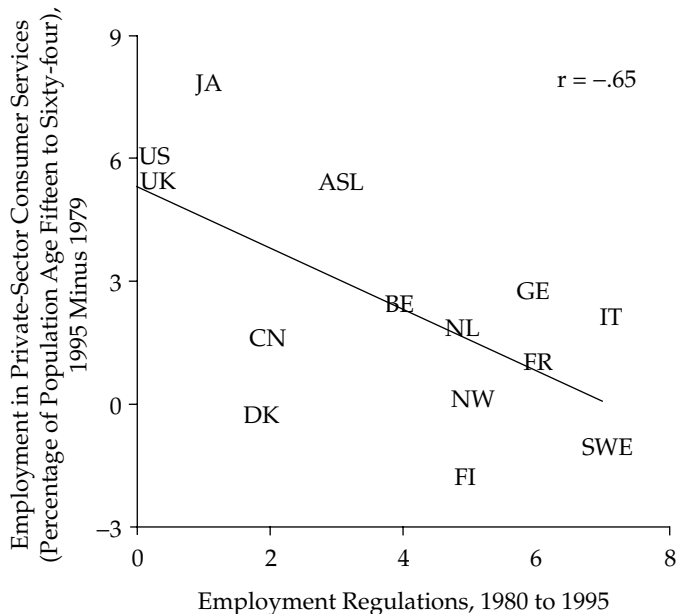
Source: Author's compilation; see appendix.

Figure 5.7 Private-Sector Consumer Services Employment Growth by the Tax Rate in Fourteen Countries



Source: Author's compilation; see appendix.

Figure 5.8 Private-Sector Consumer Services Employment Growth by Employment Regulations in Fourteen Countries



Source: Author's compilation; see appendix.

Table 5.1 Regression Results: Effect of Earnings Inequality and Other Variables on Employment Growth in Private-Sector Consumer Services, 1979 to 1995

	All Possible Models of Three or Fewer Variables			Best Models	
	Minimum	Median	Maximum	1	2
Earnings inequality among full-time year-round employed individuals	.03 .44 (.72)	.45 6.10 (1.79)	.66 8.91 (1.85)	.07 .96 (.34)	.16 2.15 (.84)
Other variables					
Growth of real GDP	.00 (.00)	.45 (2.00)	.75 (3.31)	.21 (1.34)	
Change in outward direct foreign investment	-.89 (3.32)	-.44 (2.14)	-.08 (.39)		
Public employment	-.64 (3.05)	-.41 (1.76)	.09 (.33)		
Change in public employment	-.86 (4.99)	-.53 (2.11)	-.27 (1.19)	-.33 (2.28)	
Tax rate on workers	-.90 (5.43)	-.74 (3.32)	-.57 (2.77)	-.42 (2.76)	-.57 (3.12)
Unemployment benefit replacement rate	-.81 (3.79)	-.47 (1.55)	.03 (.08)	-.20 (2.21)	-.31 (2.97)
Change in unionization	-.86 (3.57)	-.51 (2.20)	-.16 (.54)		

Source: Author's analysis; see appendix.

Notes: Standardized coefficients, with absolute t-ratios (based on heteroskedasticity-robust standard errors) in parentheses. The numbers in the second row for the earnings inequality variable are unstandardized coefficients. OLS regressions. Results in columns 1, 2, and 3 are from regressions using all possible combinations of three or fewer of the independent variables (16 variables, 696 regressions). Variables included in these regressions but not reported here owing to inconsistent signs and lack of absolute t-ratios greater than 1.00 in at least half of the regressions are: trade, change in trade, outward direct foreign investment, real long-term interest rates, change in tax rate on workers, change in unemployment benefit replacement rate, unemployment benefit duration, and change in unemployment benefit duration. "Best models" regressions are those with the largest adjusted R-squared. Active labor market policy, employment regulations, wage coordination, unionization, and left government are not included in these regressions because they are too highly correlated with earnings inequality. Levels variables are measured as period averages. Change variables are measured as 1995 value minus 1979 value. Minimum and maximum R-squared: .01, .91. N = 14.

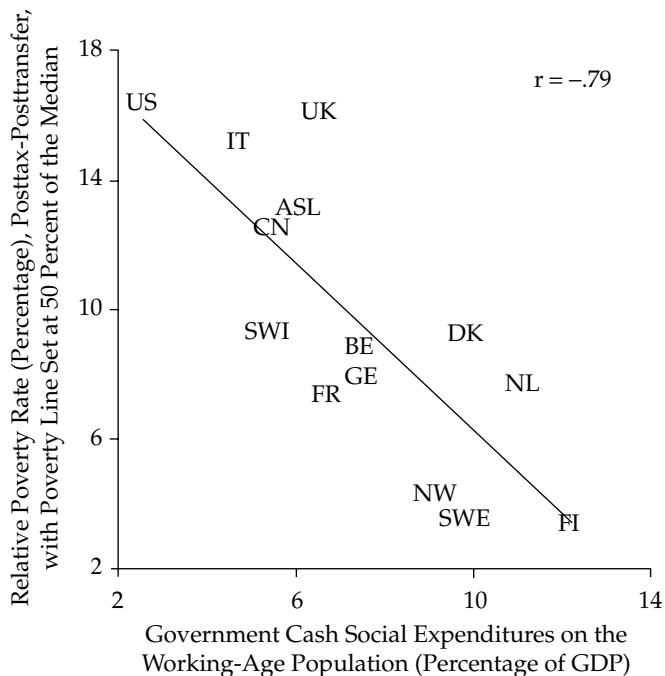
Table 5.2 Regression Results: Effect of Earnings Inequality and Other Variables on Total Employment Growth, 1979 to 2000

	All Possible Models of Three or Fewer Variables			Best Models	
	Minimum	Median	Maximum	1	2
Earnings inequality among full-time year-round employed individuals	.17 2.72 (.69)	.58 10.10 (2.08)	.87 15.19 (2.88)	.09 1.59 (.78)	.08 1.38 (.40)
Other variables					
Growth of real GDP	.31 (1.54)	.63 (2.55)	.85 (3.57)	.23 (.99)	
Agricultural and manufacturing employment in 1979	-.82 (5.53)	-.40 (2.29)	-.23 (1.11)	-.35 (3.71)	-.33 (2.68)
Outward direct foreign investment	-.71 (3.62)	-.36 (1.39)	-.12 (.52)	-.28 (3.36)	
Tax rate on workers	-.96 (4.03)	-.76 (3.18)	-.48 (2.01)	-.44 (2.48)	-.69 (5.28)
Change in tax rate on workers	-.76 (3.70)	-.40 (1.45)	-.09 (.34)		

Source: Author's analysis; see appendix.

Notes: Standardized coefficients, with absolute t-ratios (based on heteroskedasticity-robust standard errors) in parentheses. The numbers in the second row for the earnings inequality variable are unstandardized coefficients. OLS regressions. Results in columns 1, 2, and 3 are from regressions using all possible combinations of three or fewer of the independent variables (17 variables, 833 regressions). Variables included in the regressions but not reported here owing to inconsistent signs and lack of absolute t-ratios greater than 1.00 in at least half of the regressions are: trade, change in trade, change in outward direct foreign investment, real long-term interest rates, public employment, change in public employment, unemployment benefit replacement rate, change in unemployment benefit replacement rate, unemployment benefit duration, change in unemployment benefit duration, and change in unionization. Active labor market policy, employment regulations, wage coordination, unionization, and left government are not included in these regressions because they are too highly correlated with earnings inequality. Levels variables are measured as period averages. "Best models" regressions are those with the largest adjusted R-squared. Change variables are measured as 2000 (or most recent year) value minus 1979 value. Minimum and maximum R-squared: .01, .86. N = 13 (Netherlands is omitted).

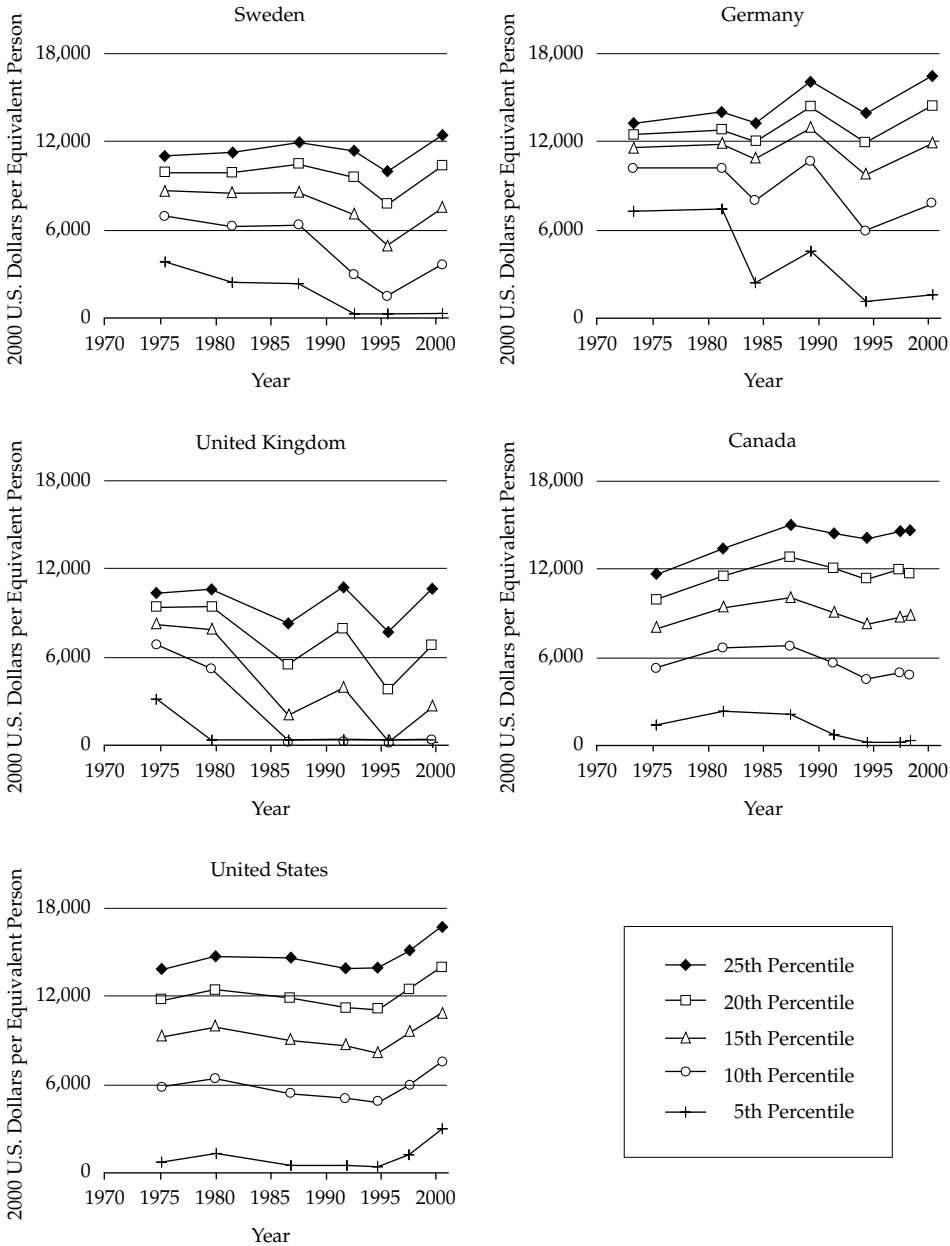
Figure 6.1 Relative Poverty by Welfare State Generosity, Fourteen Countries, Mid-1990s



Source: Author's compilation; see appendix.

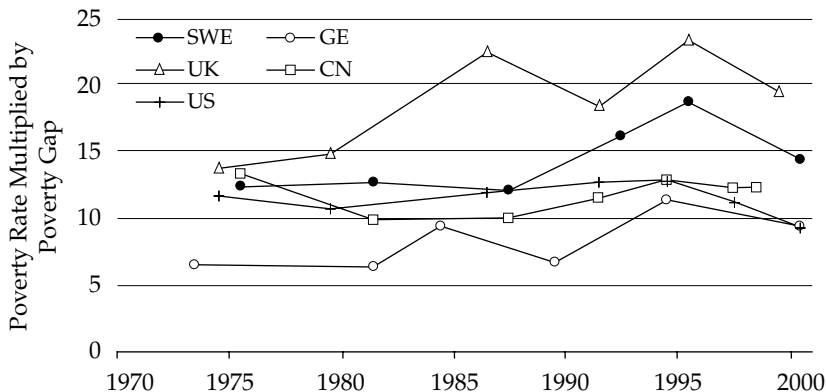
Note: Poverty data refer to working-age households.

Figure 6.2 Real Pretax-Pretransfer Incomes at the 5th, 10th, 15th, 20th, and 25th Percentiles in Five Countries, Mid-1970s to 2000



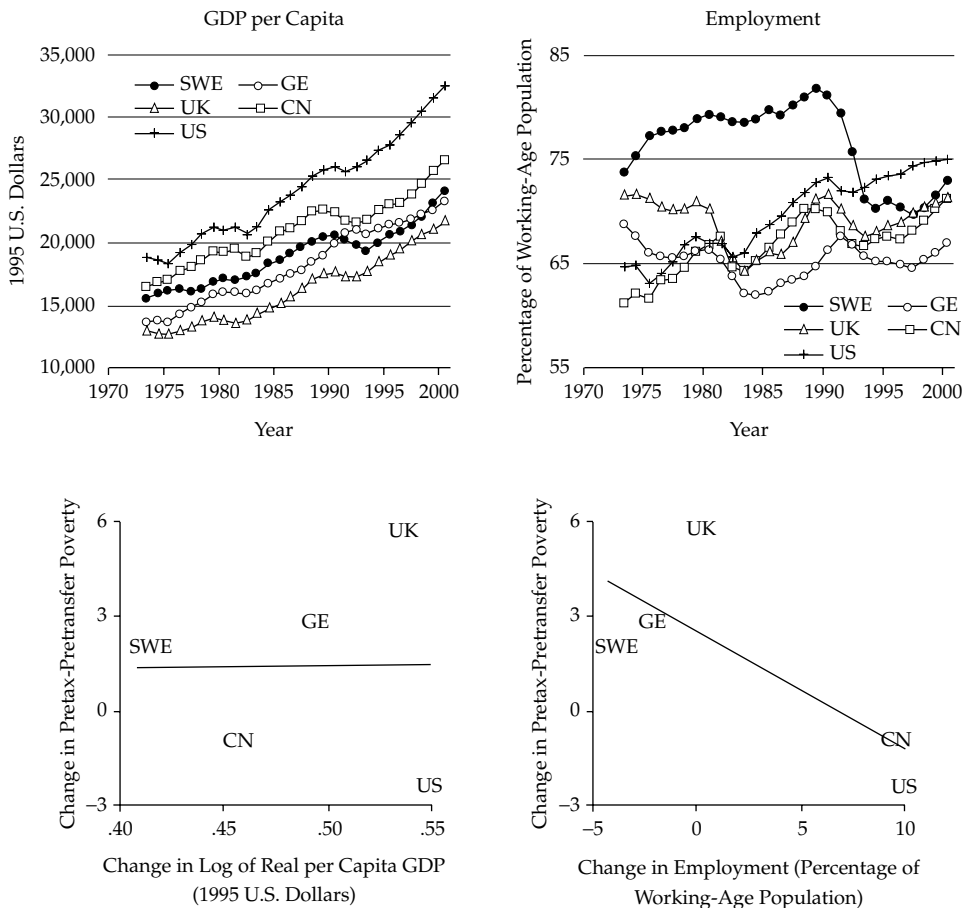
Source: Author’s compilation; see appendix.

Figure 6.3 Pretax-Pretransfer Absolute Poverty in Five Countries, Mid-1970s to 2000



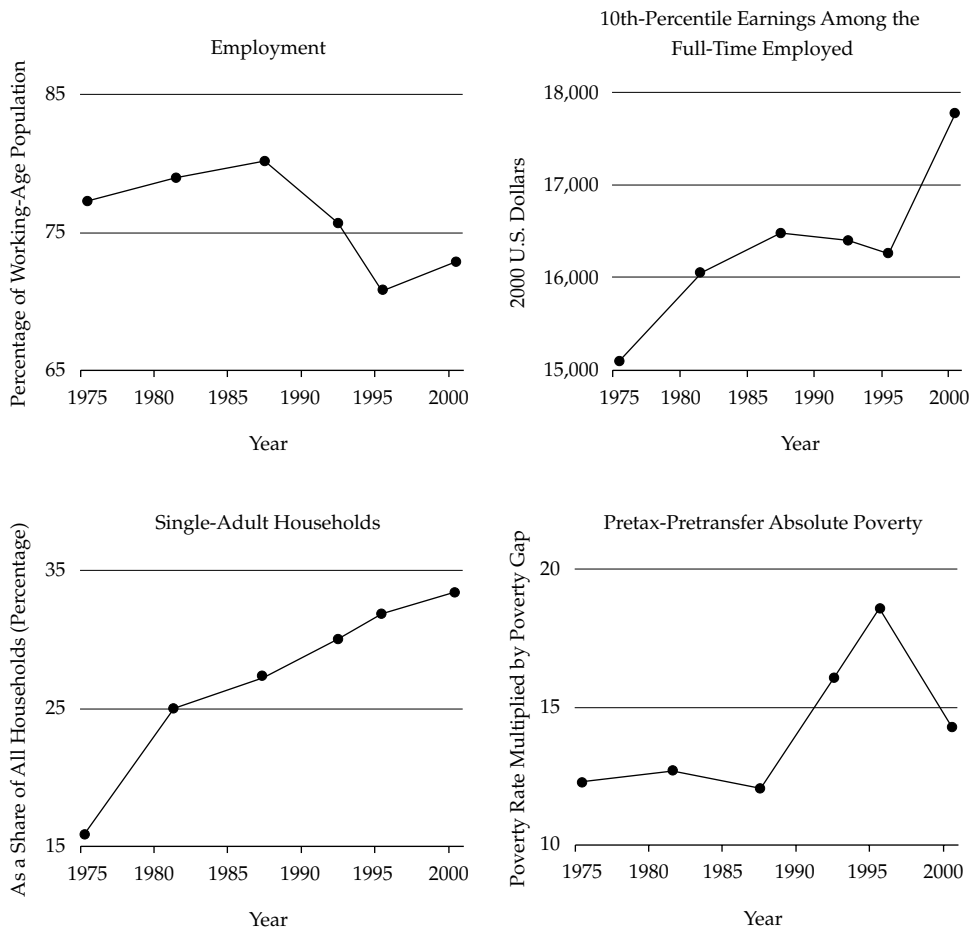
Source: Author's compilation; see appendix.

Figure 6.4 Potential Macroeconomic Determinants of Change in Pretax-Pretransfer Absolute Poverty in Five Countries, Mid-1970s to 2000



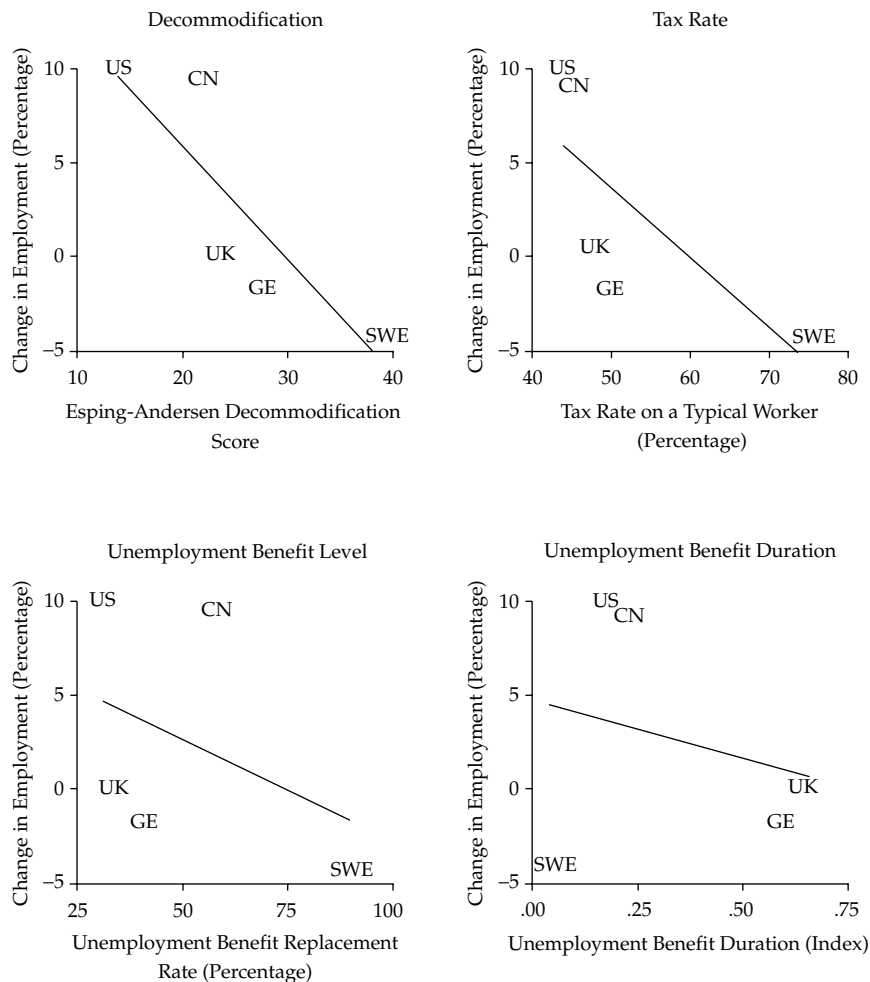
Source: Author's compilation; see appendix.

Figure 6.5 Employment and Other Potential Determinants of Change in Pretax-Pretransfer Absolute Poverty in Sweden, Mid-1970s to 2000



Source: Author's compilation; see appendix.

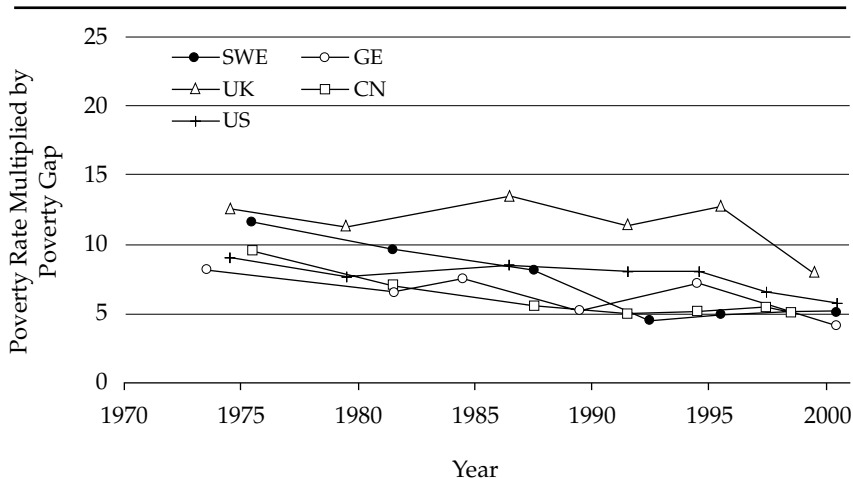
Figure 6.6 Potential Welfare State Determinants of Change in Employment, Five Countries, Mid-1970s to 2000



Source: Author's compilation; see appendix.

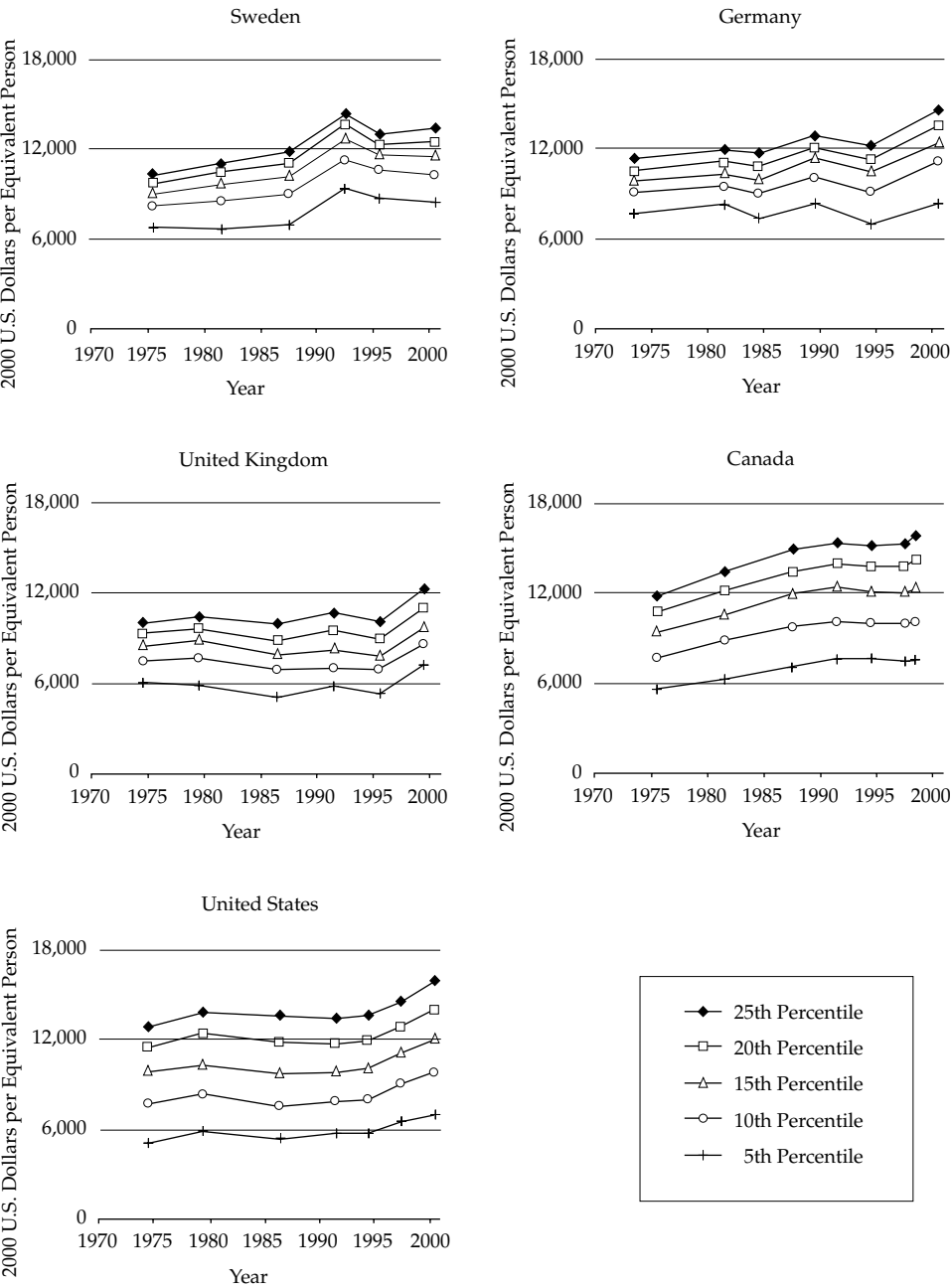
Notes: Employment change (vertical axes) is change in employment as a share of the working-age population: 2000 value minus mid-1970s value. Welfare state measures (horizontal axes) are averages of levels from the mid-1970s to 2000 (or the most recent year for which data are available).

Figure 6.7 Posttax-Posttransfer Absolute Poverty in Five Countries, Mid-1970s to 2000



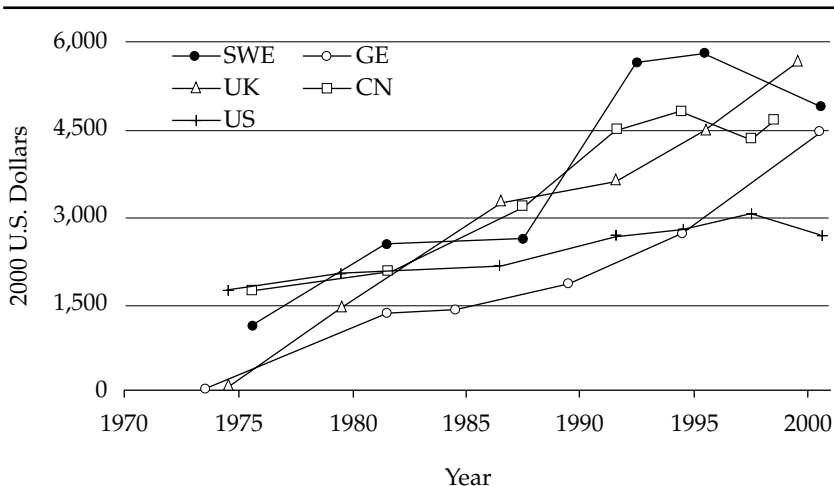
Source: Author's compilation; see appendix.

Figure 6.8 Real Posttax-Posttransfer Incomes at the 5th, 10th, 15th, 20th, and 25th Percentiles in Five Countries, Mid-1970s to 2000



Source: Author's compilation; see appendix.

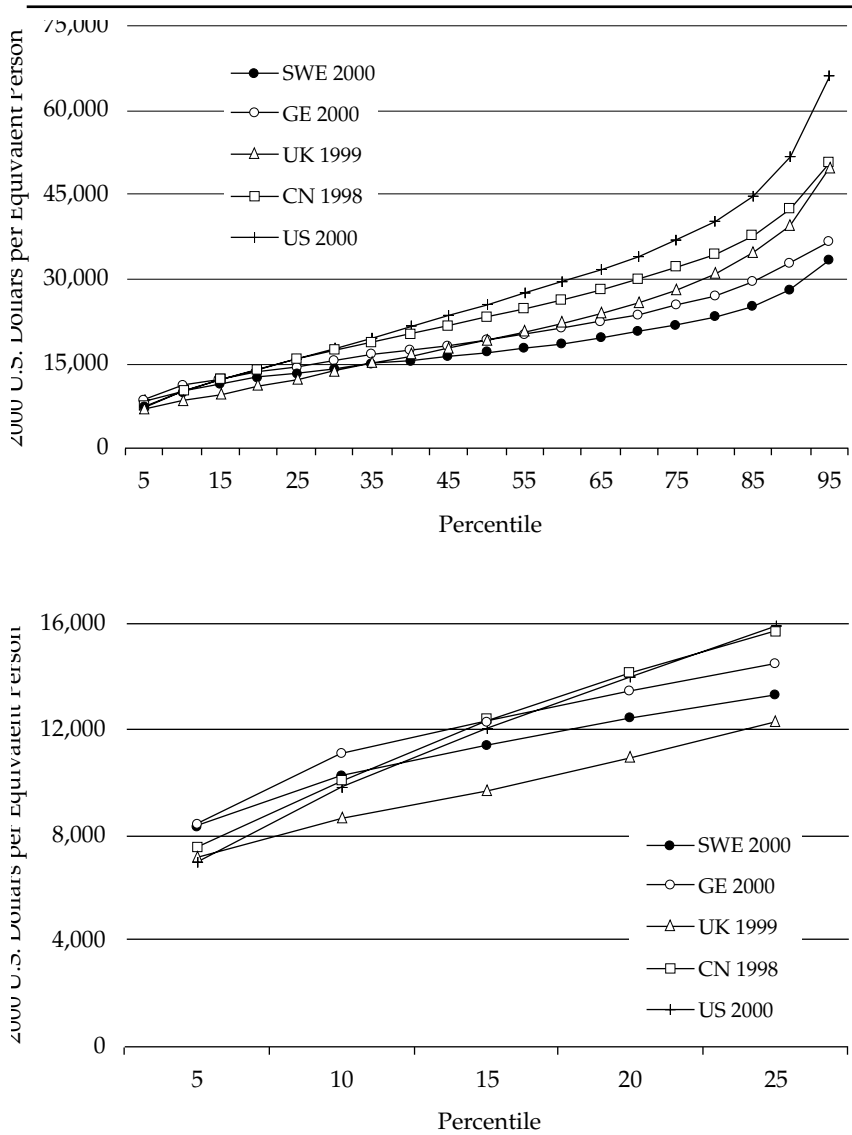
Figure 6.9 Net Government Transfers to the Poor in Five Countries, Mid-1970s to 2000



Source: Author's compilation; see appendix.

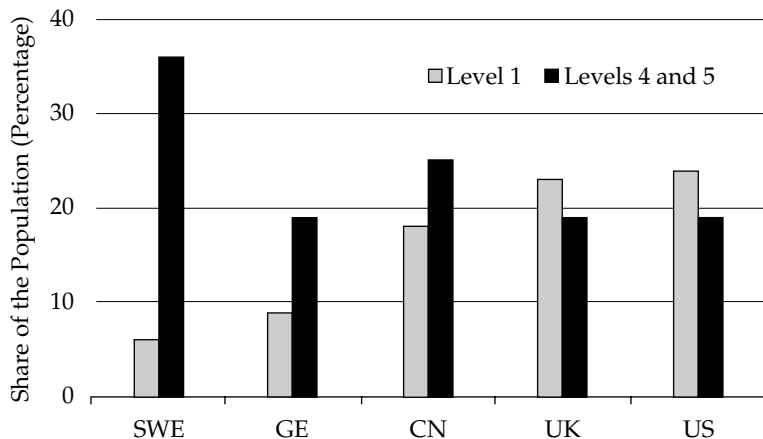
Note: Average transfers (cash and near-cash) minus taxes to working-age households with pretax-pretransfer incomes below the poverty line.

Figure 6.10 Real Income Levels in Five Countries, 2000



Source: Author's compilation; see appendix.

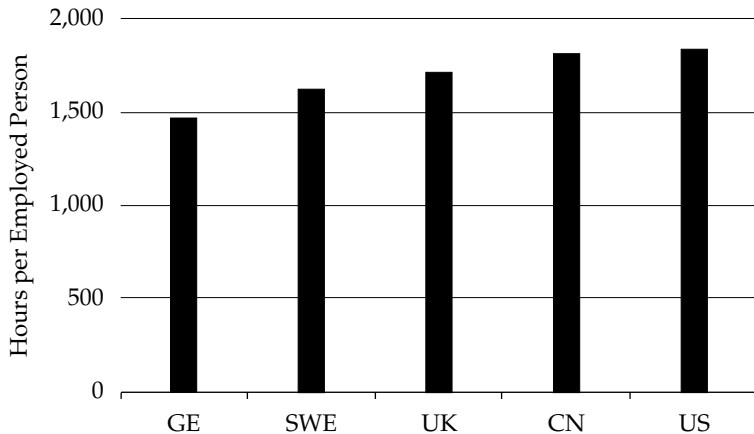
Figure 6.11 Functional Literacy Among Adults in Five Countries, Mid-1990s



Source: Based on the OECD's 1994–1995 International Adult Literacy Survey (OECD 1998a, 54).

Note: Level 1 is the lowest possible score (indicating functional illiteracy); level 5 is the highest.

Figure 6.12 Annual Hours Worked in Five Countries, 2000



Source: Author's compilation; see appendix.

Table 6.1 Indicators of Welfare State Size and Generosity in Five Countries, Mid-1970s to 2000

	Sweden	Germany	United Kingdom	Canada	United States
Overall					
Esping-Andersen decommodification ^a					
1980	39	28	23	22	14
Government transfers as percentage of GDP ^b					
1965 to 1975	11	13	9	8	7
1990 to 2000	21	18	14	13	13
Tax rate on a typical worker ^c					
1965 to 1975	57	45	43	40	38
1990 to 1995	78	52	47	50	45
Working-age population					
Government cash expenditures on the working-age population as percentage of GDP ^d					
1980	7	4	5	5	3
1990 to 1999	9	6	6	6	3
Unemployment benefit replacement rate ^e					
1965 to 1975	42	42	39	49	27
1990 to 1998	90	38	27	57	28
Unemployment benefit eligibility duration ^f					
1965 to 1975	.00	.57	.59	.31	.17
1990 to 1995	.04	.61	.70	.22	.18

Source: Author's compilation; see appendix.

^a1980 is the only year for which these data are available. Source: Esping-Andersen (1990, 52).

^bSource: My calculations from data in OECD (various years [b], table 6.3).

^cSum of the average income, payroll, and consumption tax rates for a typical worker. 1995 is the most recent year for which data are available. Source: Nickell et al. (2001, 32).

^dSum of cash family benefits and benefits for unemployment, disability, occupational injury and disease, sickness, and "other contingencies" (mainly low income) as a share of GDP. 1980 is the earliest year for which these data are available. Source: My calculations from data in OECD (2001c).

^eGross replacement rate (share of previous earnings) for a worker with earnings at the thirty-third percentile, in the first year after losing the job. Source: OECD (n.d., a).

^fDuration of eligibility for unemployment compensation (index). 1995 is the most recent year for which data are available. Source: Nickell et al. (2001, 27).

Table 6.2 Sources of Income for Four Segments of the Pretax-Pretransfer Poor in Five Countries, 2000

	Market Income as a Percentage of the Poverty Line			
	0 to 25 Percent	26 to 50 Percent	51 to 75 Percent	76 to 100 Percent
Sweden 2000				
Share of all persons	10%	4%	5%	8%
Income				
Market income	\$853	\$4,824	\$8,184	\$11,273
Government transfer income	10,312	8,535	6,355	6,085
Other income	148	393	520	422
Taxes	-2,000	-3,176	-3,620	-4,615
Posttax-posttransfer income	9,313	10,576	11,439	13,165
Germany 2000				
Share of all persons	7%	2%	3%	5%
Income				
Market income	\$838	\$4,807	\$8,017	\$11,157
Government transfer income	7,349	5,338	4,432	4,011
Other income	973	744	295	549
Taxes	-277	-830	-1,650	-2,355
Posttax-posttransfer income	8,883	10,059	11,094	13,362
United Kingdom 1999				
Share of all persons	16%	4%	4%	5%
Income				
Market income	\$582	\$4,769	\$7,933	\$11,217
Government transfer income	8,641	5,207	3,988	2,779
Other income	135	630	255	333
Taxes	-208	-838	-1,569	-2,601
Posttax-posttransfer income	9,150	9,768	10,607	11,728
Canada 1998				
Share of all persons	8%	4%	4%	5%
Income				
Market income	\$786	\$4,484	\$8,019	\$11,154
Government transfer income	6,789	4,960	4,301	3,976
Other income	144	625	614	468

(Table continues on p. 117.)

Table 6.2 *Continued*

	Market Income as a Percentage of the Poverty Line			
	0 to 25 Percent	26 to 50 Percent	51 to 75 Percent	76 to 100 Percent
Taxes	-126	-344	-782	-1,372
Posttax-posttransfer income	7,593	9,725	12,152	14,226
United States 2000				
Share of all persons	5%	3%	4%	5%
Income				
Market income	\$938	\$4,956	\$8,042	\$11,182
Government transfer income	4,898	3,675	2,747	1,914
Other income	485	503	452	372
Taxes	-60	-417	-744	-1,171
Posttax-posttransfer income	6,261	8,717	10,497	12,297

Source: Author's calculations from LIS data; see appendix.

Note: All income figures are averages, in 2000 U.S. dollars per equivalent person. "Other income" includes child support and alimony, interpersonal transfers, and income from unidentified sources.

Appendix

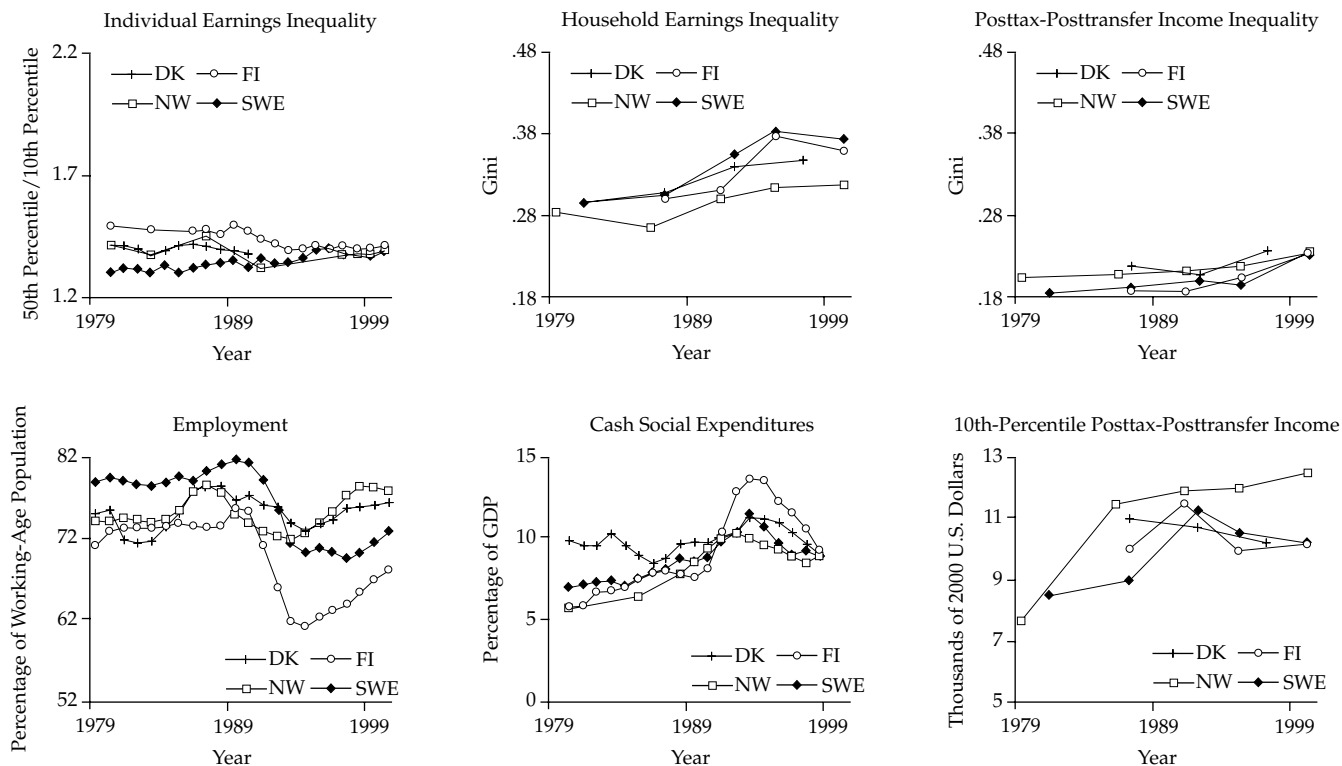
Table 6A.1 Absolute Poverty Rate and Poverty Gap Data in Five Countries, Selected Years

	Poverty Rate	Poverty Gap	Rate Multiplied by Gap
Sweden 1975			
Pretax-pretransfer	34.6%	.355	12.3
Posttax-posttransfer	49.7	.234	11.6
Sweden 2000			
Pretax-pretransfer	26.2	.545	14.3
Posttax-posttransfer	21.6	.237	5.1
Germany 1973			
Pretax-pretransfer	22.4	.288	6.5
Posttax-posttransfer	35.6	.227	8.1
Germany 2000			
Pretax-pretransfer	16.4	.566	9.3
Posttax-posttransfer	16.9	.251	4.2
West German regions 2000			
Pretax-pretransfer	13.5	.568	7.7
Posttax-posttransfer	15.1	.260	3.9
United Kingdom 1974			
Pretax-pretransfer	39.6	.345	13.7
Posttax-posttransfer	47.3	.265	12.5
United Kingdom 1999			
Pretax-pretransfer	28.3	.687	19.4
Posttax-posttransfer	26.7	.298	8.0
Canada 1975			
Pretax-pretransfer	28.8	.458	13.2
Posttax-posttransfer	29.2	.335	9.5
Canada 1998			
Pretax-pretransfer	21.6	.567	12.2
Posttax-posttransfer	16.3	.313	5.1
United States 1974			
Pretax-pretransfer	22.7	.512	11.6
Posttax-posttransfer	24.6	.364	9.0
United States 2000			
Pretax-pretransfer	18.1	.506	9.2
Posttax-posttransfer	16.8	.344	5.8

Source: Author's compilation; see appendix.

Notes: Poverty line is \$12,763 per equivalent person, in 2000 U.S. dollars. Working-age households only. Poverty rate is the percentage of persons in households with incomes below the poverty line. Poverty gap is the poverty line minus the average income among households with poverty-level incomes, divided by the poverty line.

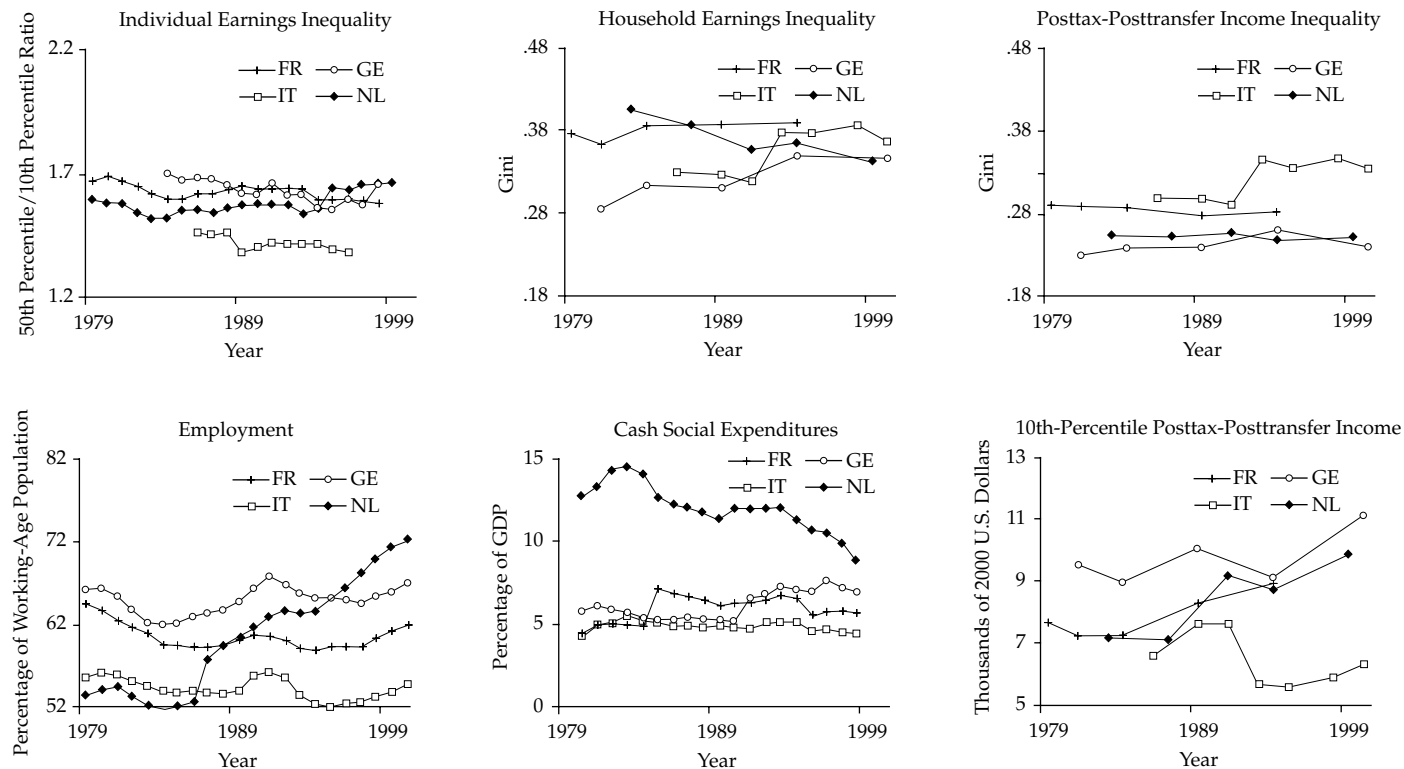
Figure 7.1 Developments in the Nordic Countries, 1979 to 2000



Source: Author's compilation; see appendix.

Notes: Individual earnings inequality data refer to those employed full-time year-round. Data for household earnings inequality, posttax-post-transfer household income inequality, and 10th-percentile household income levels refer to working-age households. Employment refers to the share of the working-age population that is employed. Cash social expenditure data refer to government benefits aimed mainly at the working-aged. 10th-percentile income levels are converted to U.S. dollars using purchasing power parities and adjusted for inflation using the CPI-U-RS. For variable descriptions and data sources, see the appendix.

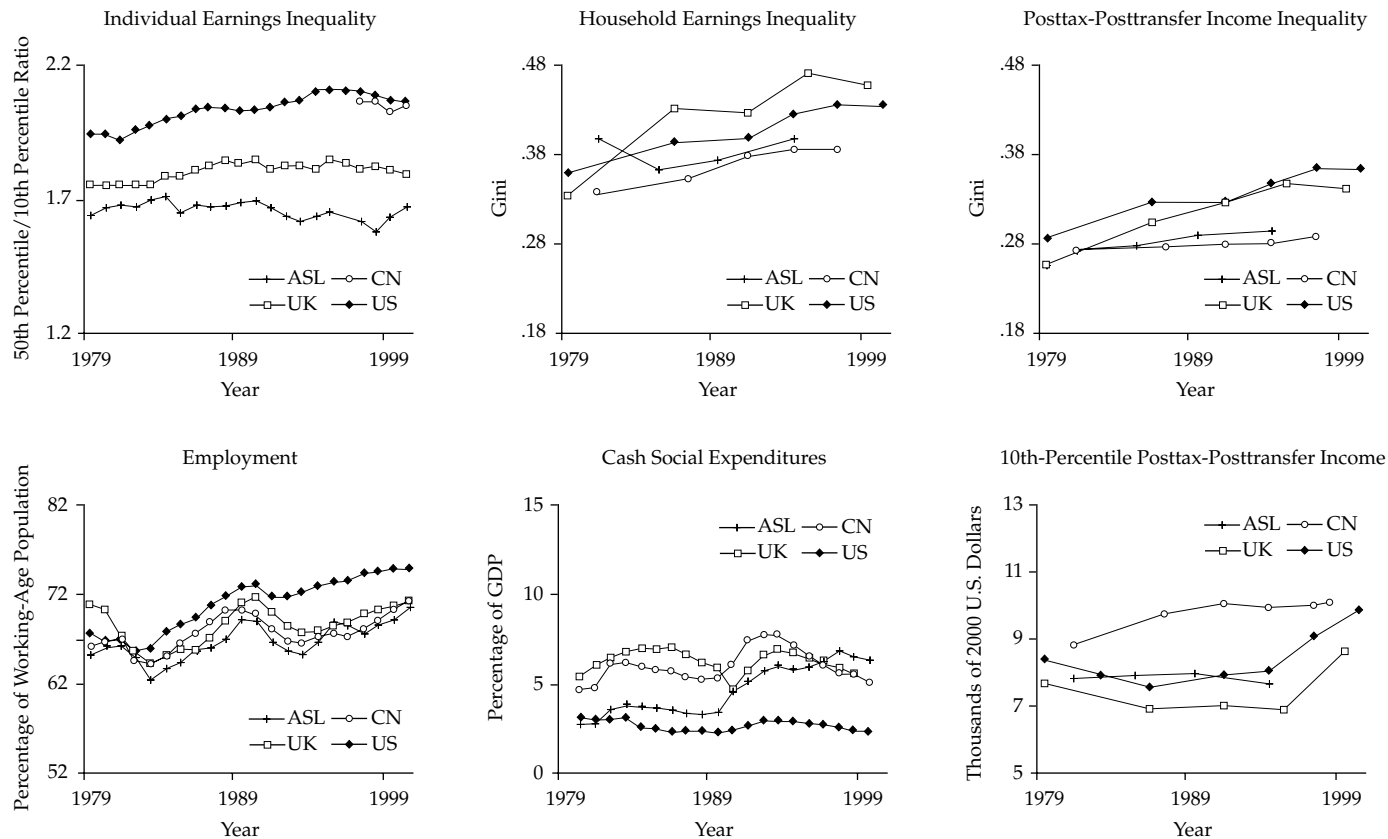
Figure 7.2 Developments in the Continental Countries, 1979 to 2000



Source: Author's compilation; see appendix.

Note: See note to figure 7.1.

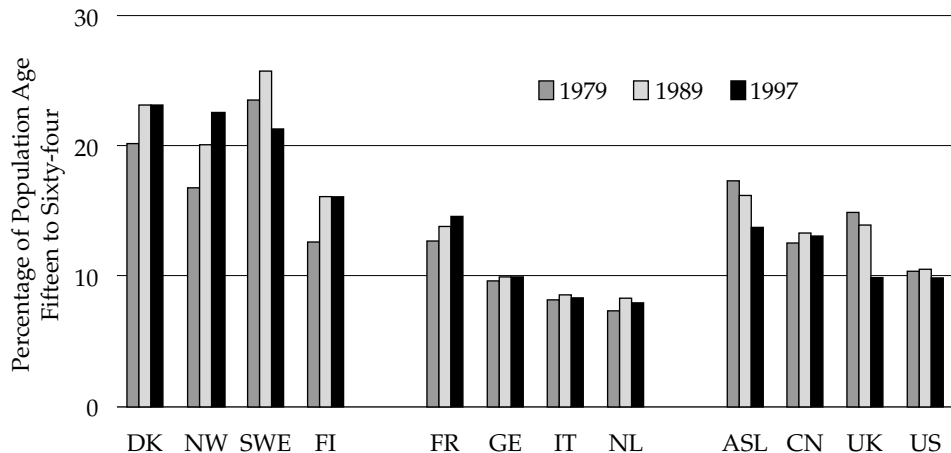
Figure 7.3 Developments in the Anglo Countries, 1979 to 2000



Source: Author's compilation; see appendix.

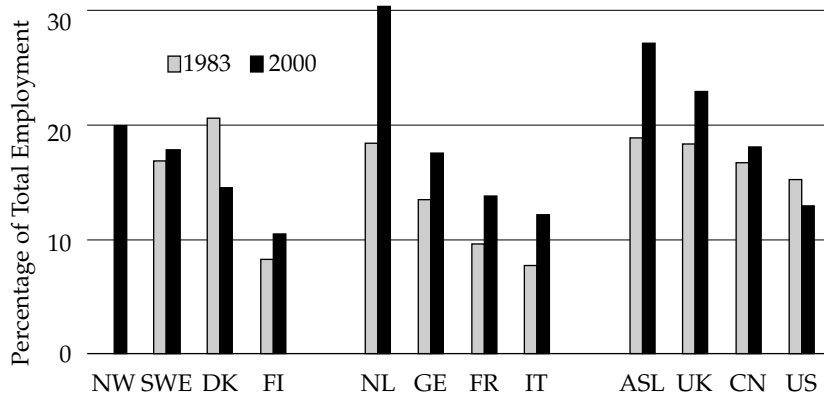
Note: See note to figure 7.1.

Figure 7.4 Public Employment in Twelve Countries, 1979, 1989, and 1997



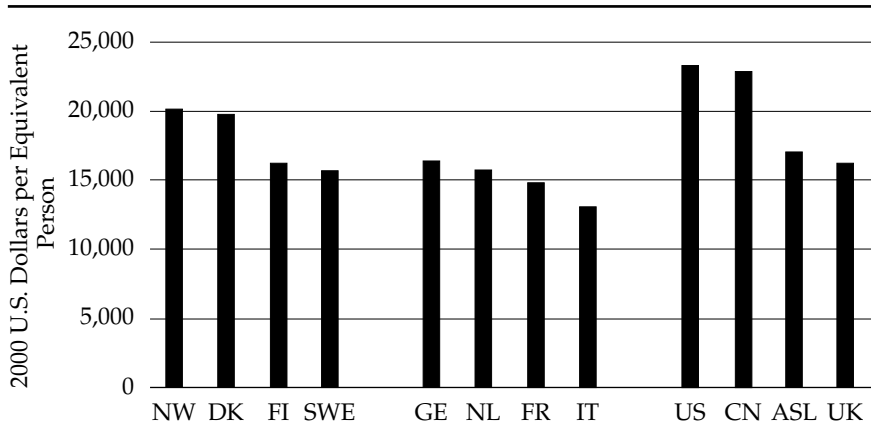
Source: Author's compilation; see appendix.

Figure 7.5 Part-Time Employment in Twelve Countries, 1983 and 2000



Source: Author's compilation; see appendix.

Figure 7.6 Median Household Income in Twelve Countries, Mid-1990s



Source: Author's compilation; see appendix.

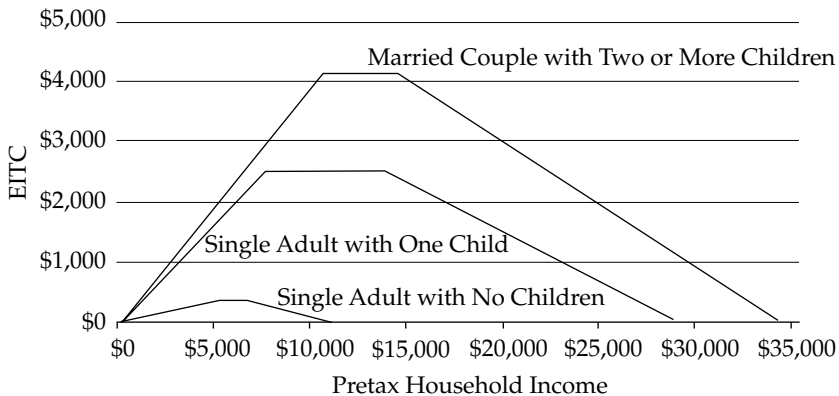
Table 7.1 Attitudes Toward Redistribution and Taxes in Sweden, 1992 and 1999

		1992	1999
“It is the responsibility of the government to reduce the differences in income between people with high incomes and those with low incomes.”	Strongly agree	17%	24%
	Agree	36	36
	Neither	18	22
	Disagree	19	13
	Strongly disagree	10	6
“People with high incomes should pay a [. . .] share of their income in taxes than those with lower incomes.”	Much larger	14	16
	Larger	62	60
	The same	23	22
	Smaller	1	1
	Much smaller	0	0
Number of respondents		749	1,100

Source: ISSP (1992, 1999).

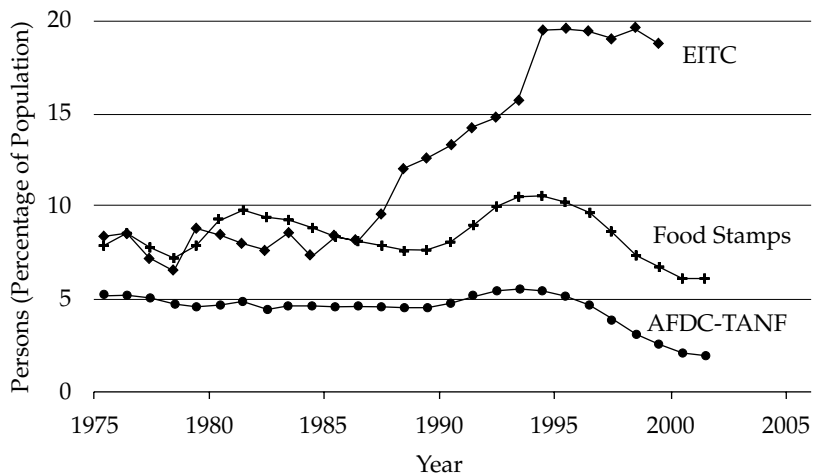
Notes: Because of rounding, numbers do not always sum to 100. “Neither” = neither agree nor disagree.

Figure 8.1 U.S. Earned Income Tax Credit, 2002



Source: CBPP (2002).

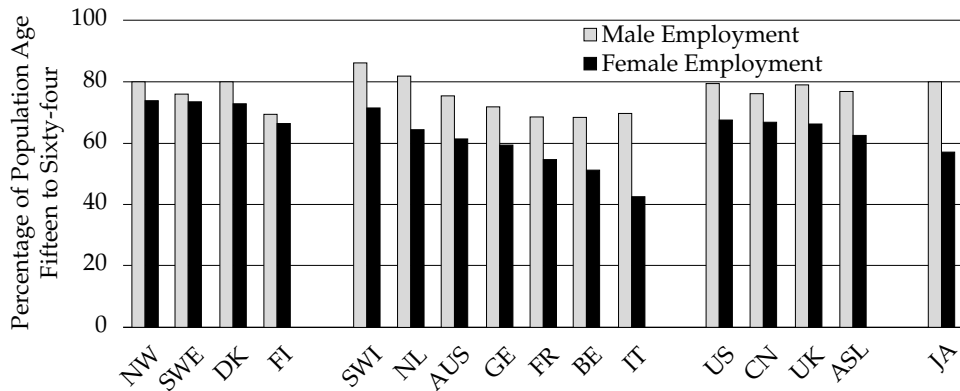
Figure 8.2 U.S. Social-Welfare Program Recipients, 1975 to 2002



Sources: EITC—CBPP (2002); food stamps—U.S. Department of Agriculture (2003); AFDC-TANF—U.S. Department of Health and Human Services (n.d.).

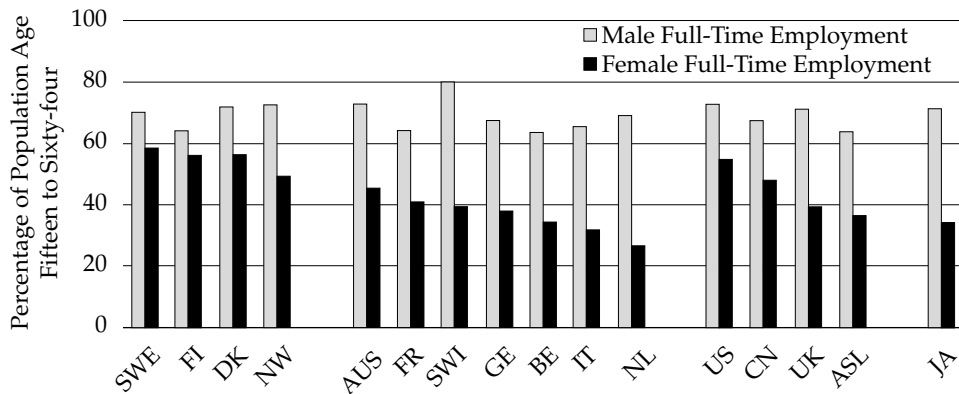
Note: EITC figures are estimates (tax units multiplied by average household size).

Figure 8.3 Male and Female Employment in Sixteen Countries, 2002



Source: Author's compilation; see appendix.

Figure 8.4 Male and Female Full-Time Employment in Sixteen Countries, 2002



Source: Author's compilation; see appendix.