

Cross-Country Income Mobility Comparisons Under Panel Attrition: The Relevance Of Weighting Schemes

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The main objective of this paper is to analyse the effect of attrition on the European Community Household Panel (ECHP) on different measures of income mobility, as well as to study the consequences of different weighting schemes used to correct the potential bias introduced by attrition. Our analysis is based on the eight waves of the ECHP for five countries. As attrition behaviour shows important differences among countries, it seems relevant to use several national ECHP subsamples to study the phenomenon. The countries selected are France, Germany, Italy, Spain and the United Kingdom. The comparative framework allows to see the differential impact of attrition and weighting schemes on income mobility, as well as the degree in which this problem can condition the results of the comparative analysis.

Overall, we find that ECHP sample attrition show some certain non-randomness, but only on some individual characteristics and countries. The estimation of longitudinal weights, based on different probability models, corroborate the existence of not totally random attrition. The results obtained from the selected model are quite different from the weights provided by Eurostat. This fact corroborates the doubts about Eurostat weights already express by some authors, and alerts about the sensitiveness of the results to the weighting procedure. The estimations of income mobility show a high sensitivity to the weighting scheme used. Even though the effects of attrition are rather mild on aggregate mobility indicators, significant bias were found for certain population groups. In the light of our results, the estimation of longitudinal weights, based on the inverse selection probability obtained from probit models using relevant socioeconomic characteristics of individuals and households in the sample, can help to correct the problem.