

Title: *Self-Employment and the Income Distribution: Have Globalization and European Integration caused Convergence?*

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Our previous survey of the effect of self-employment on the income distribution (“All the World’s Entrepreneurs,” LIS Working Paper #163) used datasets from “Wave III” of the Luxembourg Income Study (around 1990). We discovered that, in spite of the well-known defects of survey data on self-employment income, the impacts of self-employment on the household income distribution of the advanced countries in the Luxembourg Income Study display some surprising similarities. First, between 10% and 15% of the households in most countries report some self-employment income. Second, the proportion of households that combine self-employment income with wage & salary income is almost always larger than the proportion that has self-employment income alone. Third, households relying on self-employment income as a primary income source are concentrated in the bottom and top quartiles of the disposable income distribution. And fourth, households that combine self-employment with wage & salary income are disproportionately found at the top end of the income distribution.

Among the research questions in this paper are:

1. whether similar patterns still hold in datasets approximately ten years subsequent to the previous ones (LIS “Wave V”), and whether the regional patterns have changed;
2. whether intra-EU differences in the importance of self-employment income have converged during the period of the Single Market; and
3. whether differences between the EU and non-EU countries have converged or diverged during a period of rapid globalization.

It is also possible to examine how integration with higher-income neighbors has affected the relative role of self-employment income in Hungary, Poland and Mexico, and we are able to add new LIS data from Greece and Spain, as well.