

Data Files:

1. fes19782013.dta is the STATA data file created by Barra Roantree (barra_r@ifs.rog.uk). It synthesizes the FES/EFS/LCFS data with the TAXBEN simulated out-of-work income variables.
2. fesdata.dta is generated in Construction.do, with initial data processing from fes19782013.dta. It is comparable with wagedata.dta(BGIM, 2007).
3. drs_fesdata.dta is generated in Construction.do. It contains variables and suitable sample for DRS model.
4. drs_fesdata.csv is the delimited excel file.
5. uk_index.dta contains UK monthly retail price index from 1978-2013. It is imported from series-270917.xls and used in Construction.do to merge with FES/EFS/LCFS data.
6. series-270917.xls is the series of UK monthly retail price index from 1978-2013, that is downloaded from <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/cdko/mm23>. This is no longer an official statistic: for more on this, see <https://www.ifs.org.uk/publications/7513>.

STATA Do Files:

1. Construction.do processes data from fes19782013.dta and creates fesdata.dta, drs_fesdata.dta and drs_fesdata.csv.

Some Key Variables:

1. Code Book.xlsx contains information that traces variables in wagedata.dta to variables in FES/EFS/LCFS survey data.
2. The key TAXBEN computed variables in fes19782013.dta are outofworkdispinc, curdis, tucurdis, and tucurdis0.
 - a. **outofworkdispinc** is the disposable (after tax and benefit) income an individual would get if they did not work, as computed by TAXBEN. This is missing for those who have zero current earnings or self-employment income.
 - b. **curdis** is the actual disposable income for an individual, including all forms of income after taxes and benefits, not just earnings from main job. **curdis** can be negative because of things like losses from self-employment.
 - c. **tucurdis** is actual disposable income at family level, and is derived by summing **curdis** across **datayear hhref tuno**. This should be the main measure of disposable income as most state benefits are assessed at family level so it doesn't make much sense to look at **curdis** for a couple.
 - d. **tucurdis0** is what disposable income at family level would be if an individual did not work. It should be identical to **tucurdis** if the individual does not actually work (i.e. if **outofworkdispinc** is missing).
2. To construct the measure of out-of-work income described by Blundell, Reed and Stoker(2003) on p.1121, deduct spouse's employment earnings (**sp_earn** + **sp_csub**) from **tubeninc0** for married men in drs_fesdata.dta.

3. To construct **quarter** variable:

week	quarter
1-13	1
14-26	2
27-39	3
40-52	4

See e.g. week coding.pdf for an example coding frame for week variable in 1982.

4. To construct **month** variable:

week	month
1-5	1
6-9	2
10-13	3
14-17	4
18-22	5
23-26	6
27-31	7
32-35	8
36-39	9
40-43	10
44-47	11
48-52	12

5. More on **tucurdis0** in fes19782013.dta:

tucurdis = sum of curdis within tax unit

- a. For married/cohabiting couple:

If both work, tucurdis0 = outofworkdispinc + spouse's curdis

If neither work, tucurdis0 = tucurdis

If one of them works,

- i. for working spouse: tucurdis0 = outofworkdispinc + spouse's curdis

- ii. for non-working spouse: tucurdis0 = tucurdis

- b. For singles:

If working, tucurdis0 = outofworkdispinc

If not working, tucurdis0 = tucurdis = curdis