The Interplay between Women's Earnings and Household Income: A Cross-National Analysis of High- and Middle-Income Countries

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Three overarching questions

- What share of the "household income package" is contributed by women household members (including both earnings and transfers)? Is cross-national variation in women's shares shaped more by variation in employment rates or by variation in earnings levels?

- Do women's earnings (and transfers) increase or mitigate inter-HH income inequality?

- To what extent do women's earnings (and transfers) enable their HHs to escape income poverty and/or to attain middle-class income levels?

Data and methods

- Data source: Luxembourg Income Study (LIS) Database, a cross-national database containing repeated cross-sections of microdata – available at 3-5 year intervals – from approximately 50 high- and middle-income countries.

- Datasets used. Ten datasets centered on 2010 (wave VIII). Five Latin American countries (Brazil, Chile, Colombia, Mexico, Peru) and five Anglophone countries (Australia, Canada, Ireland, the United Kingdom and the United States).

LIS' original data sources

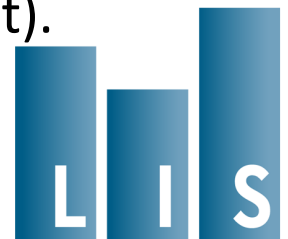| Country	Year	Survey
Brazil	2011	National Household Sample Survey (PNAD)
Chile	2009	National Socio-Economic Characterization Survey (CASEN)
Colombia	2010	Great Integrated Household Survey (GEIH)
Mexico	2010	Household Income and Expenditure Survey (ENIGH)
Peru	2010	National Household Survey (ENAHO)
Australia	2010	Survey of Income and Housing (SIH) and Household Expenditure Survey (HES)
Canada	2010	Survey of Labour and Income Dynamics (SLID)
Ireland	2010	Survey on Income and Living Conditions (SILC)
UK	2010	Family Resources Survey (FRS)
US	2010	Current Population Survey (CPS) - Annual Social and Economic Supplement (ASEC)

Data and Methods (cont.)

- Selected households. Within-country samples limited to households headed by heterosexual married or cohabiting couples, with both "**heads**" aged 25-59 (inclusive). These households may *also* contain other persons of any age.

- Income variables. We include – for each of the two HH heads – individual-level earnings from wages and self-employment, and transfers that can be allocated to them as individuals. We then "fill out" household income by adding earnings contributed by other household members, and, for the HH as a whole, all capital income, and all transfers that cannot be assigned to the two heads. (We net out direct taxes paid by the HH to arrive at DHI).

LIS

Data and Methods (cont.)

- Labor market variables. We report (and compare) the frequency of earnings > 0 (during earnings reference period, typically a year, sometimes a period of months) *and* categorical employment rates (usually the week before the interview).

Categorical employment rates based on LIS variable: "current labor force status" (CLFS). Coded as "yes" for persons who "carried out any employment (any type or any extent), even if just one occasional hour of paid work or irregular unpaid family work, and even if absent from work." This definition follows as closely as possible the ILO definition of "currently employed". (Note: Unpaid family work does not refer to domestic labor; it refers to uncompensated work – e.g., in a family business or in farming – that supports production for the market).

Data and Methods (cont.)

- <u>Adjusting for HH size and weighting</u>. All income values are adjusted for household size, using the standard "square root equivalence" scale. All results are weighted at the person level.

- <u>Main measures used.</u>

Inequality: Gini index (0-1), also the mean log deviation

Poverty: DHI income < 40%, 50%, 60% of median HH DHI

Middle class: DHI within 75-125%, 50-150%, 50-200% of median HH DHI

*Today, will report results only for 50% (poverty) and 50-150% (middle).
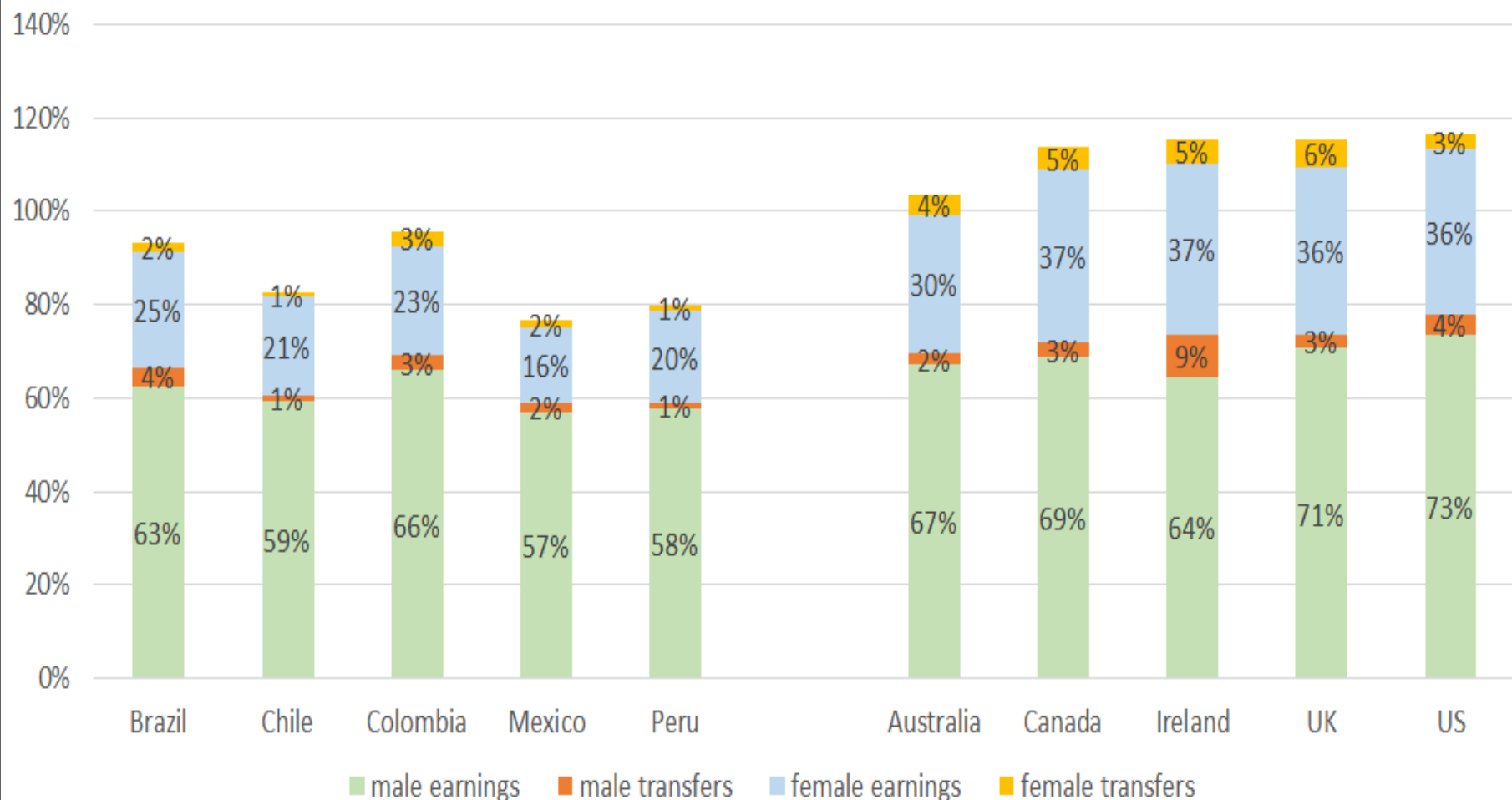
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Results

- Household Income Packages
- Labor Market Outcomes
- Inequality
- Poverty (at 50%)
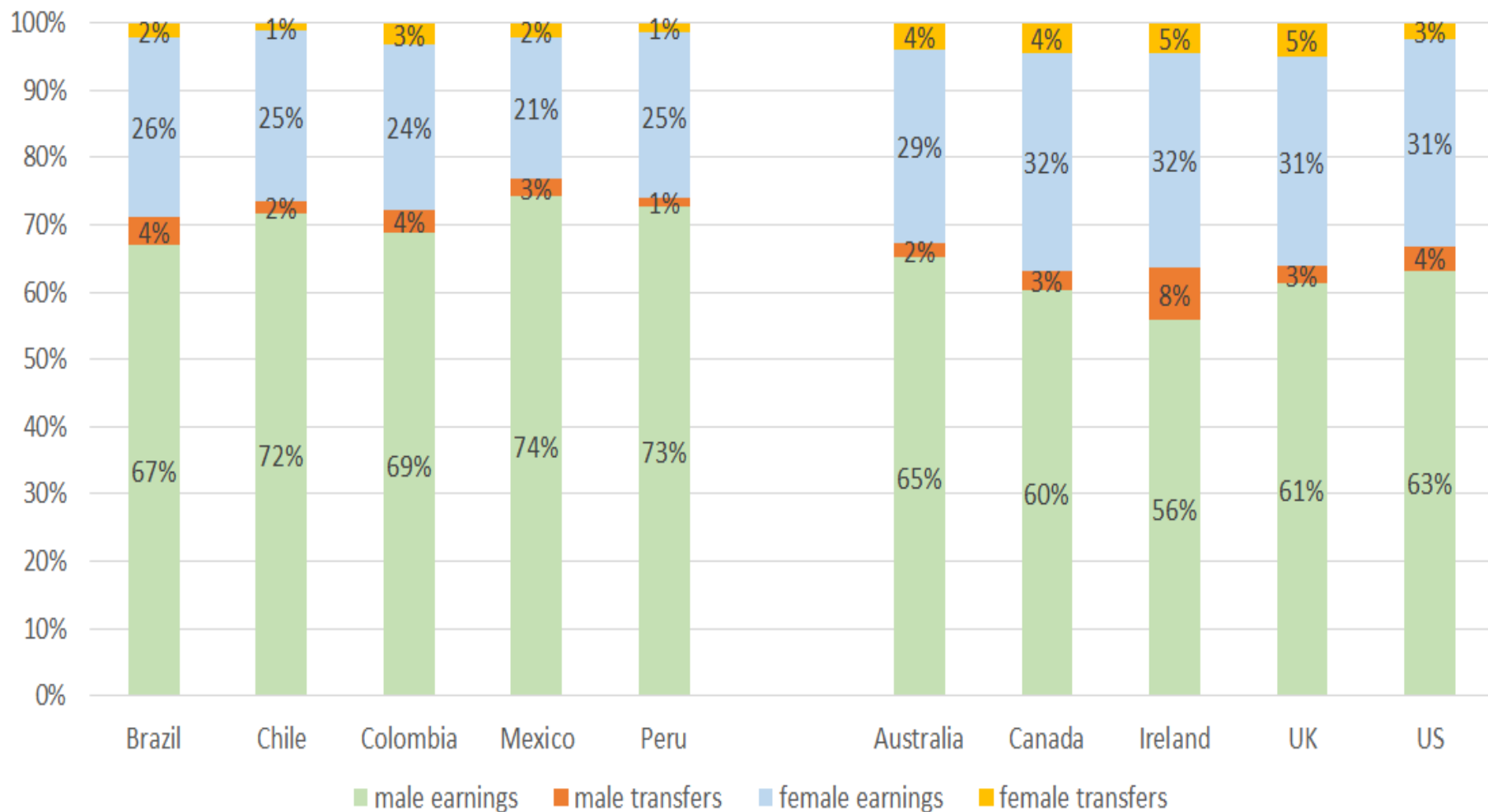- Middle Class Attainment (at 50-150%)

Household Income Packages – 1

FIG 1A
Male and Female Heads' Contributions to Disposable Household Income:
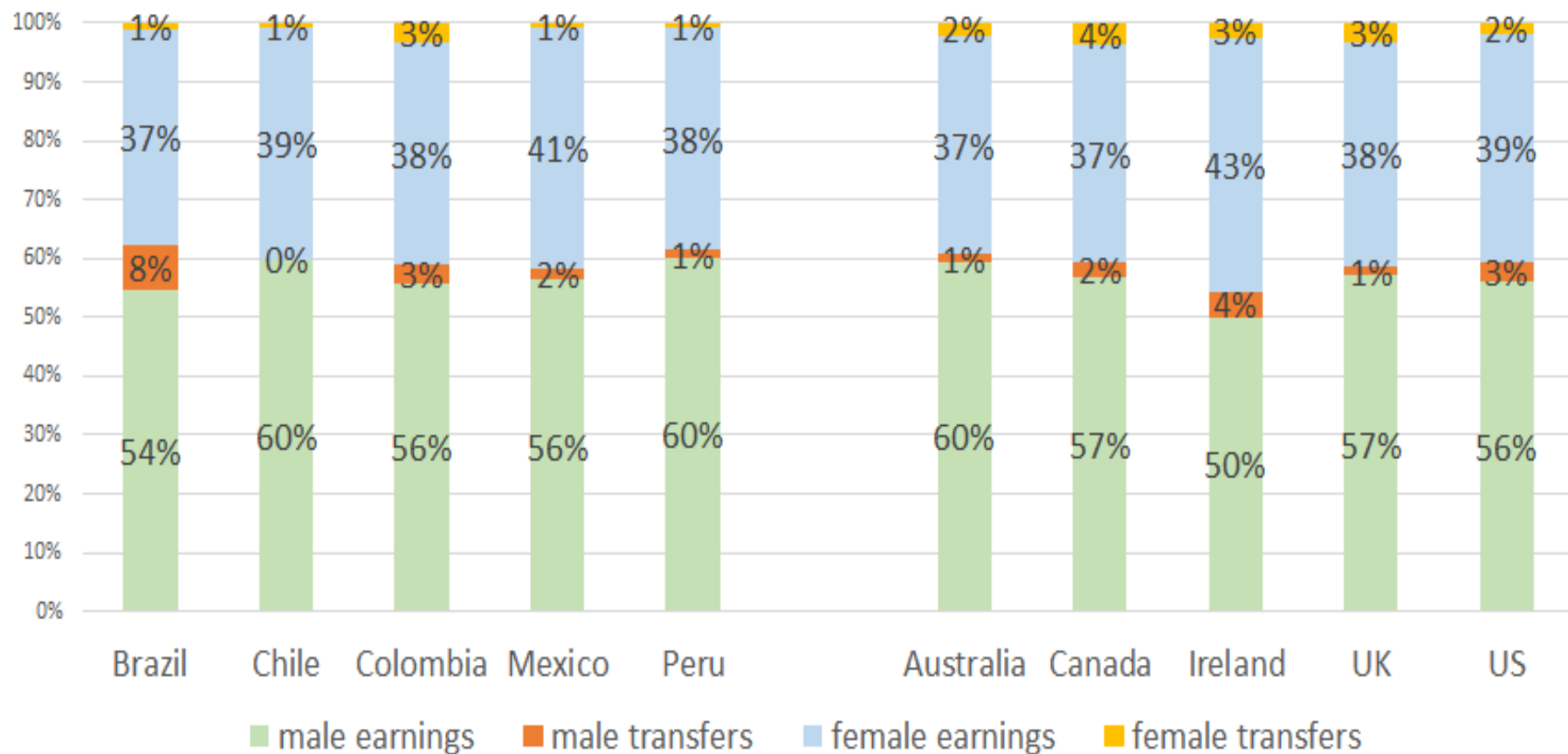Male Earnings and Transfers, Female Earnings and Transfers

Household Income Packages - 2

FIG 1B
Male and Female Heads' Contributions to Total of
Male Earnings + Male Transfers + Female Earnings + Female Transfers

	Brazil	Chile	Colombia	Mexico	Peru	Australia	Canada	Ireland	UK	US
female transfers	2%	1%	3%	2%	1%	4%	4%	5%	5%	3%
female earnings	26%	25%	24%	21%	25%	29%	32%	32%	31%	31%
male transfers	4%	2%	4%	3%	1%	2%	3%	8%	3%	4%
male earnings	67%	72%	69%	74%	73%	65%	60%	56%	61%	63%

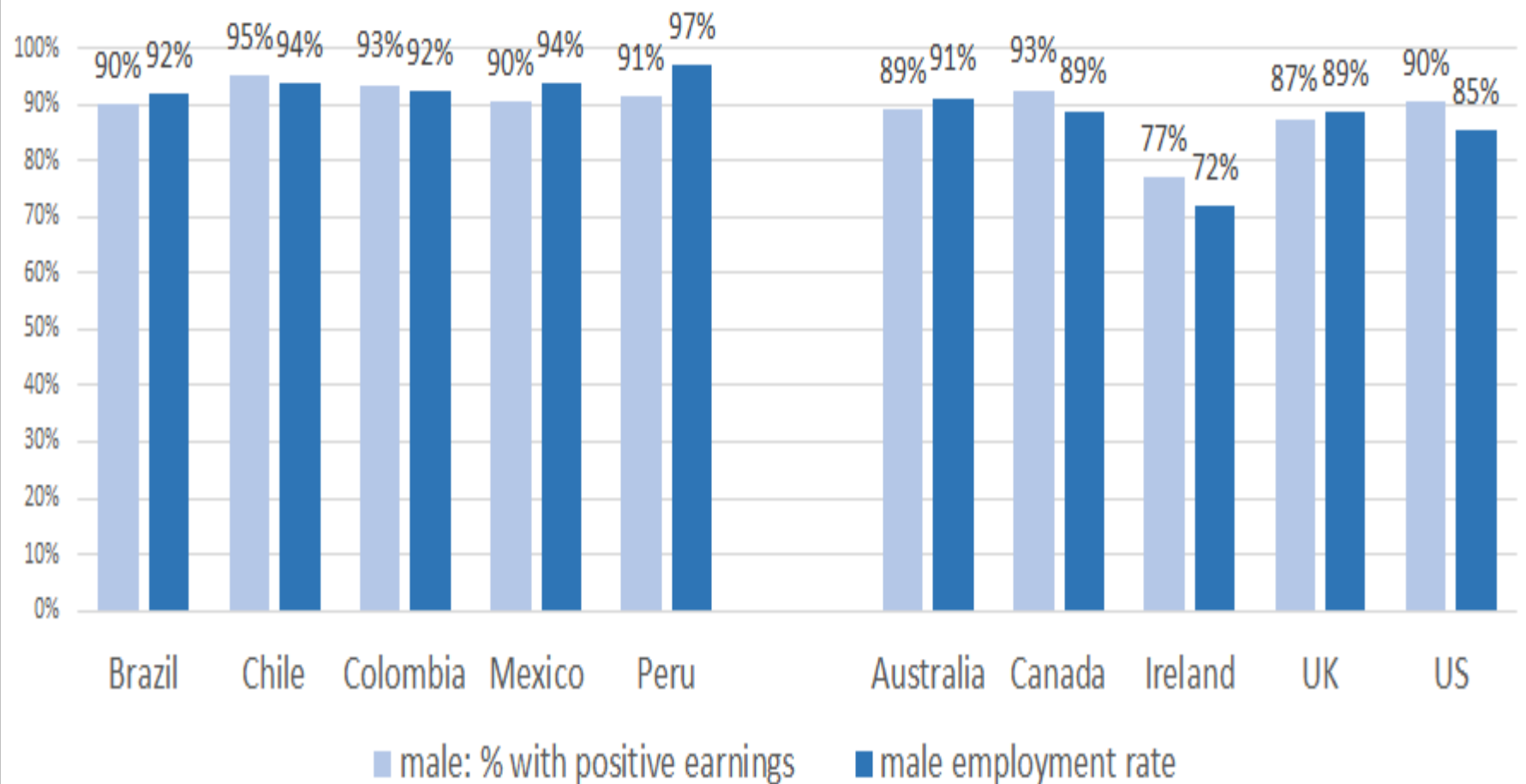Legend: male earnings, male transfers, female earnings, female transfers

Household Income Packages – 3

FIG 1C
Male and Female Heads' Contributions to Total of
Male Earnings + Male Transfers + Female Earnings + Female Transfers
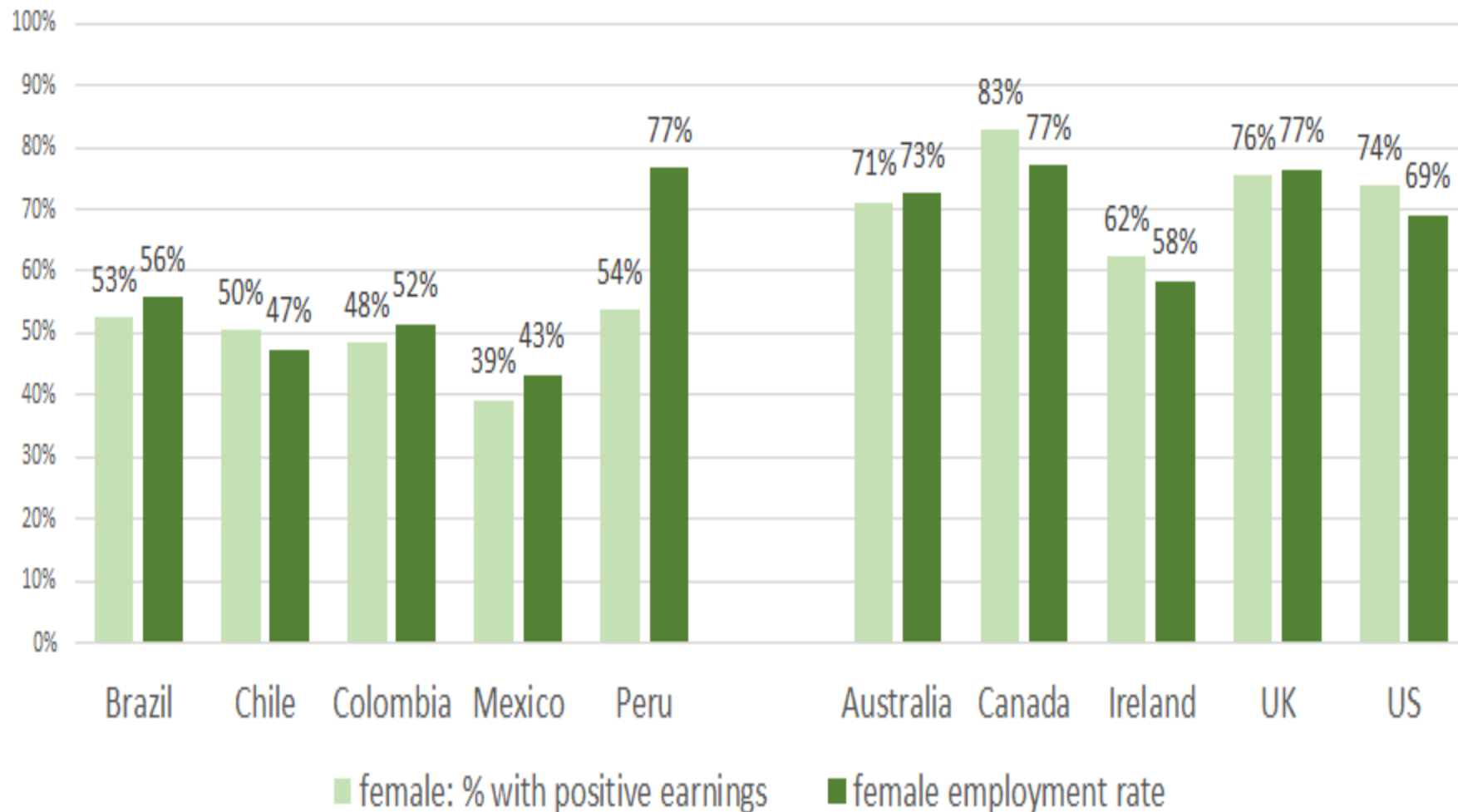*Restricted to Households In Which Female Heads' Earnings > 0*

Labor Market Outcomes – 1

FIG 2A
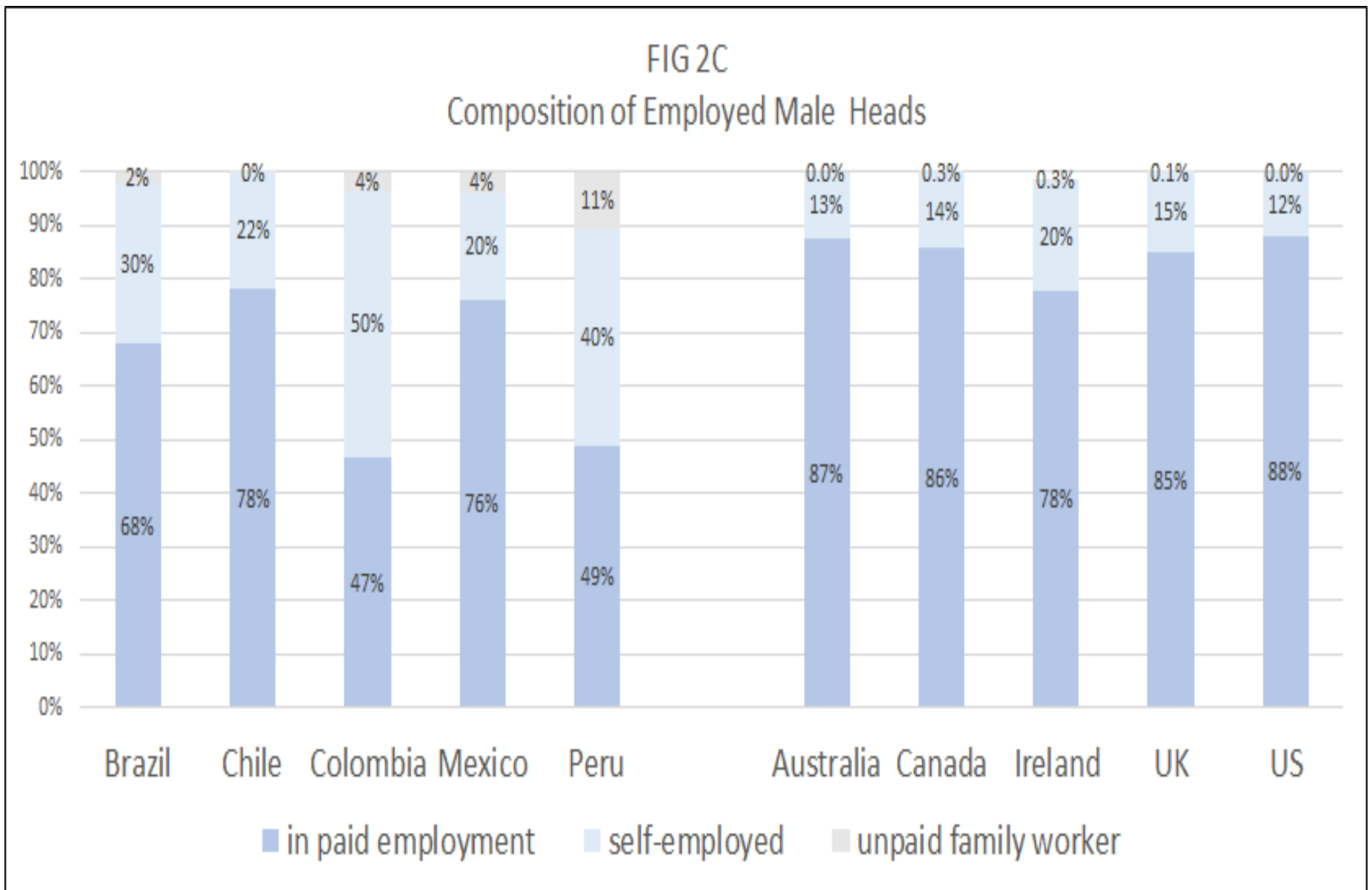Male Heads - Percent with Positive Earnings, and Employment Rates

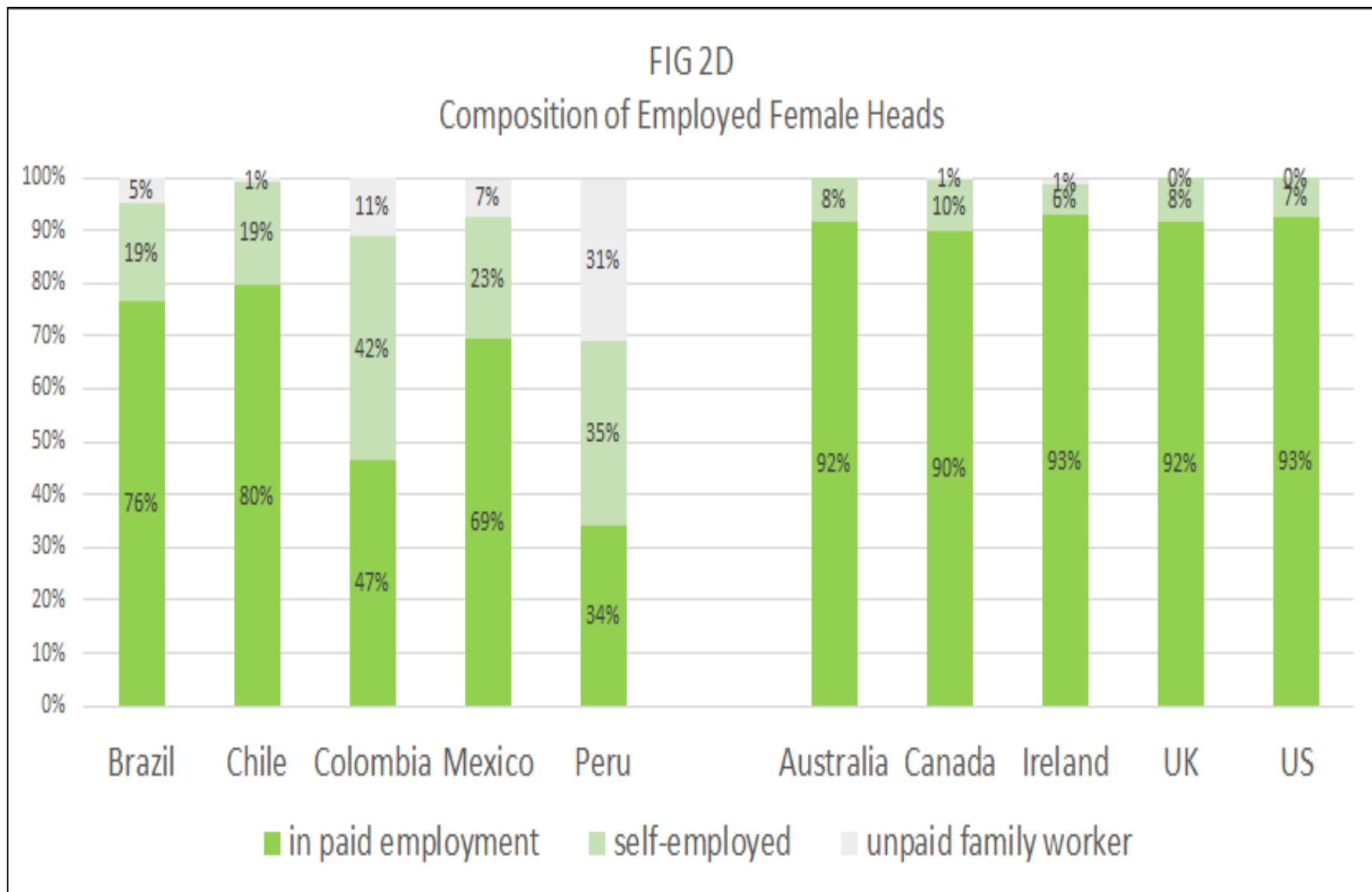male: % with positive earnings ■ male employment rate

Labor Market Outcomes – 2

FIG 2B
Female Heads - Percent with Positive Earnings, and Employment Rates

Legend: female: % with positive earnings; female employment rate

Brazil: 53%, 56%
Chile: 50%, 47%
Colombia: 48%, 52%
Mexico: 39%, 43%
Peru: 54%, 77%
Australia: 71%, 73%
Canada: 83%, 77%
Ireland: 62%, 58%
UK: 76%, 77%
US: 74%, 69%

Labor Market Outcomes – 3

FIG 2C
Composition of Employed Male Heads

Labor Market Outcomes – 4

FIG 2D
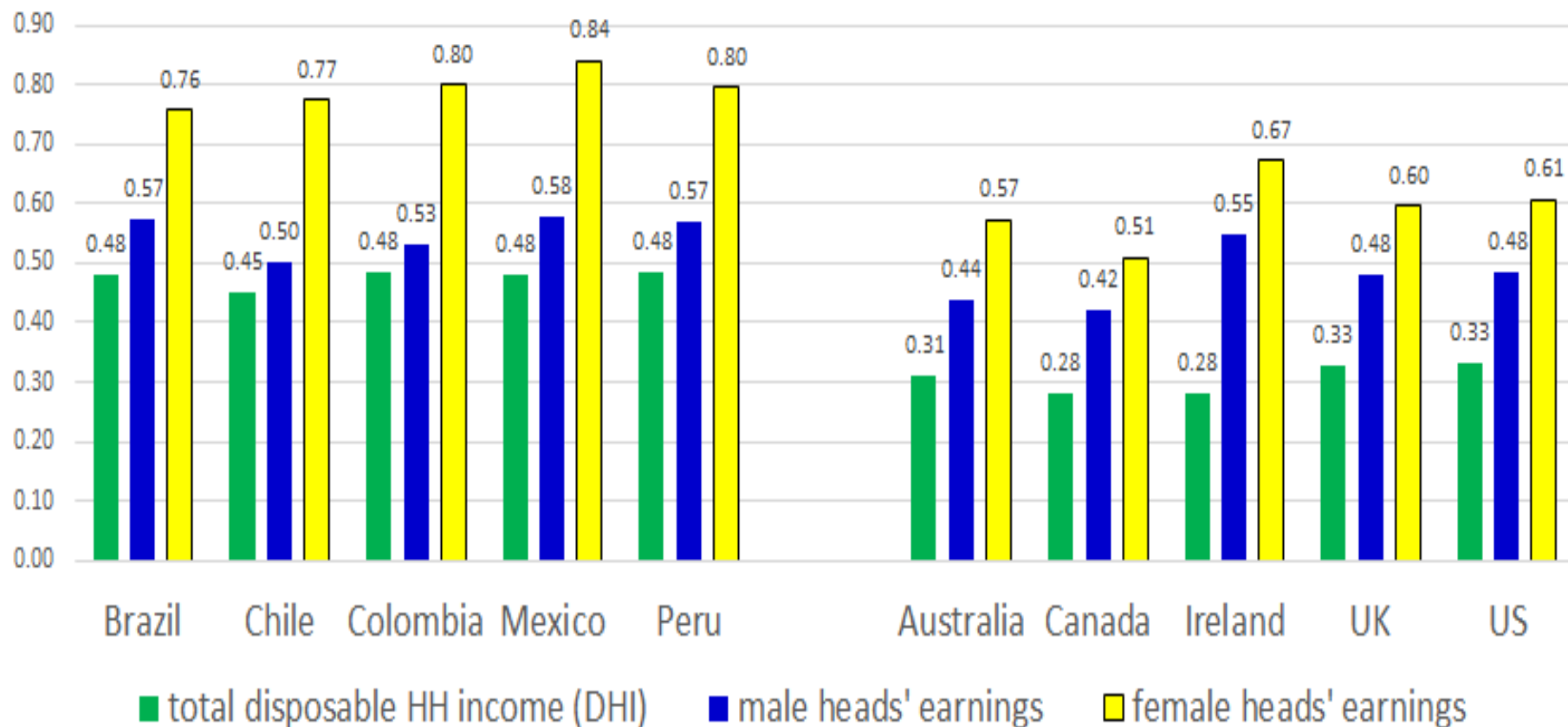Composition of Employed Female Heads

Inequality – Men vs Women – 1

FIG 3A
Inequality (Ginis)
DHI, Male Heads' Earnings, Female Heads' Earnings
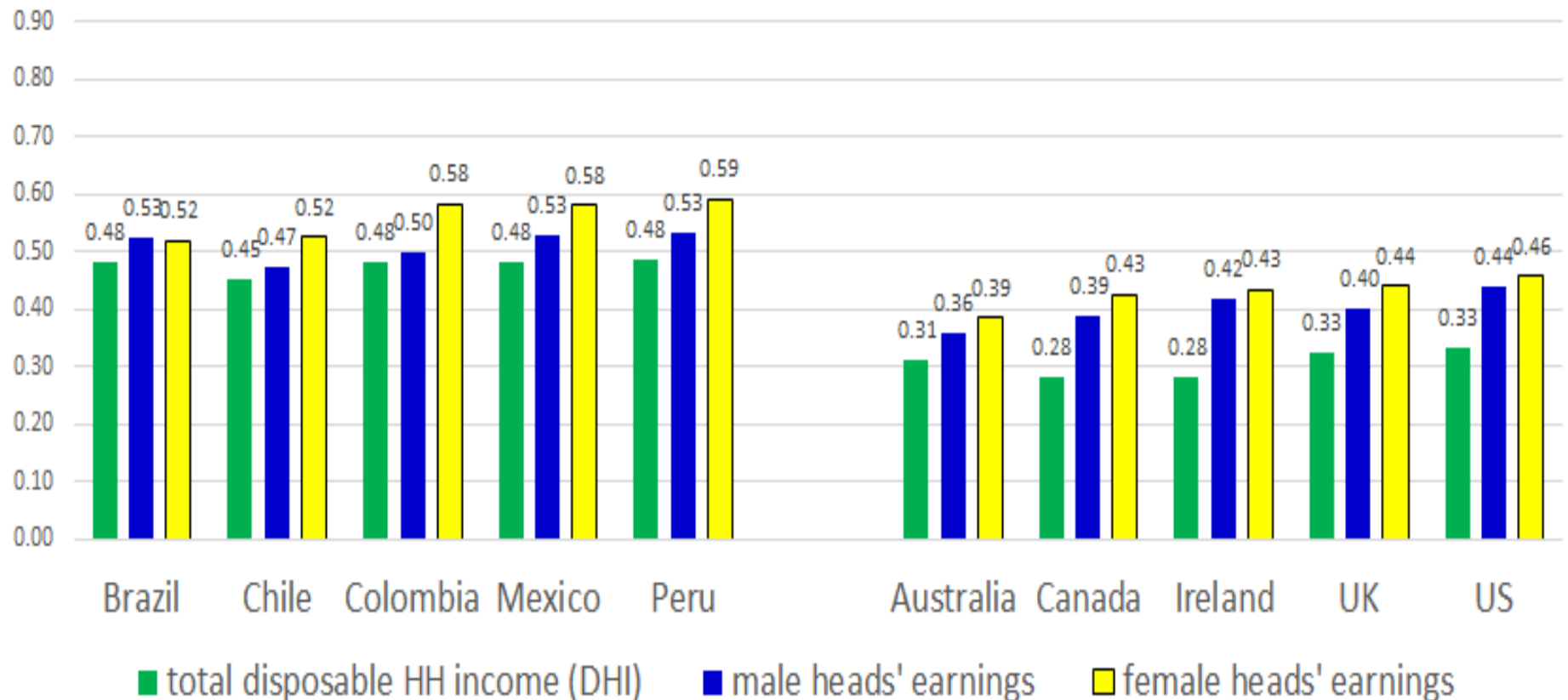(Heads with Zero Earnings Included)
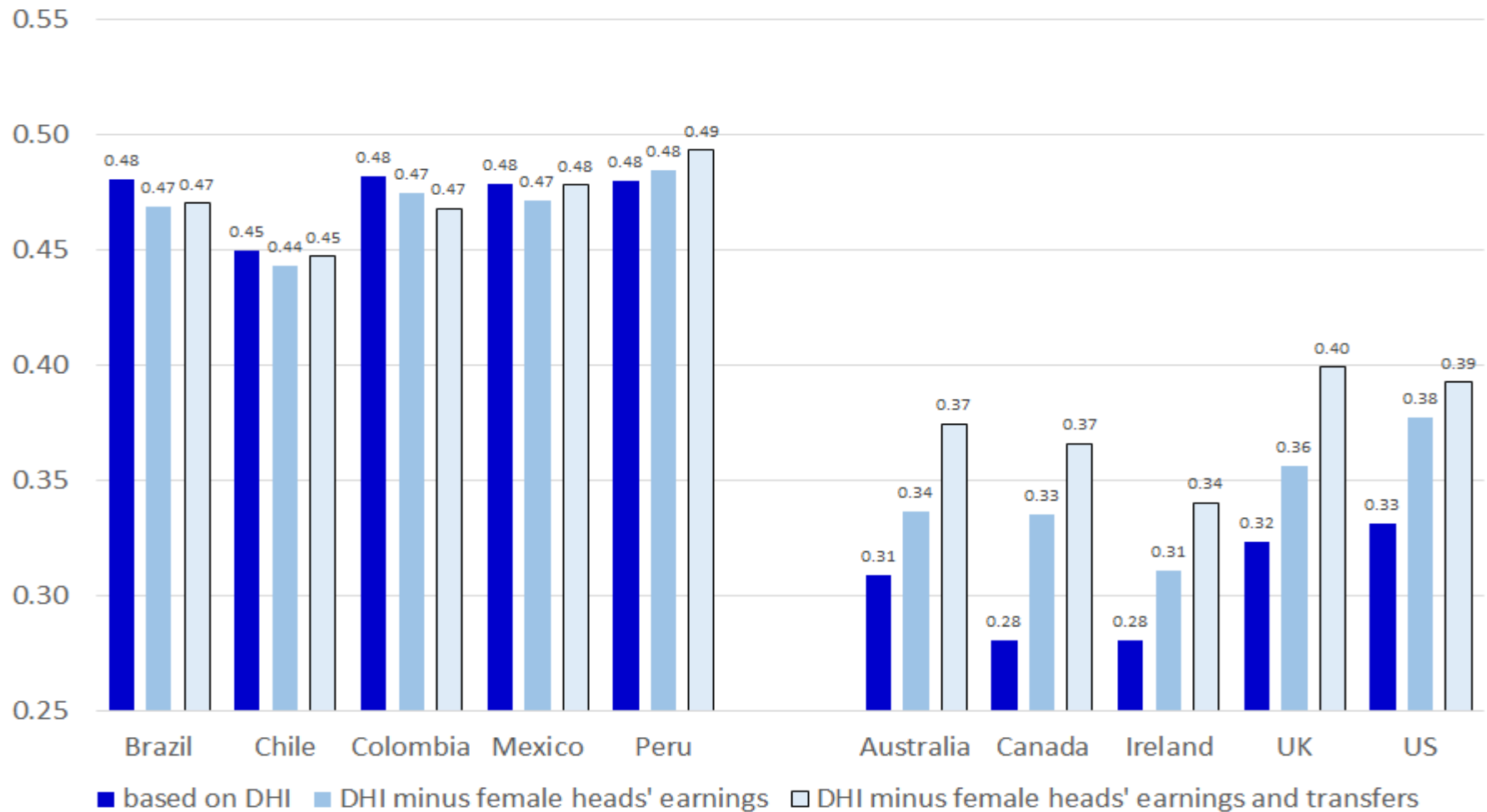
Inequality – Men vs Women – 2

FIG 3B
Inequality (Ginis)
DHI, Male Heads' Earnings, Female Heads' Earnings
(Heads with Zero Earnings Excluded)
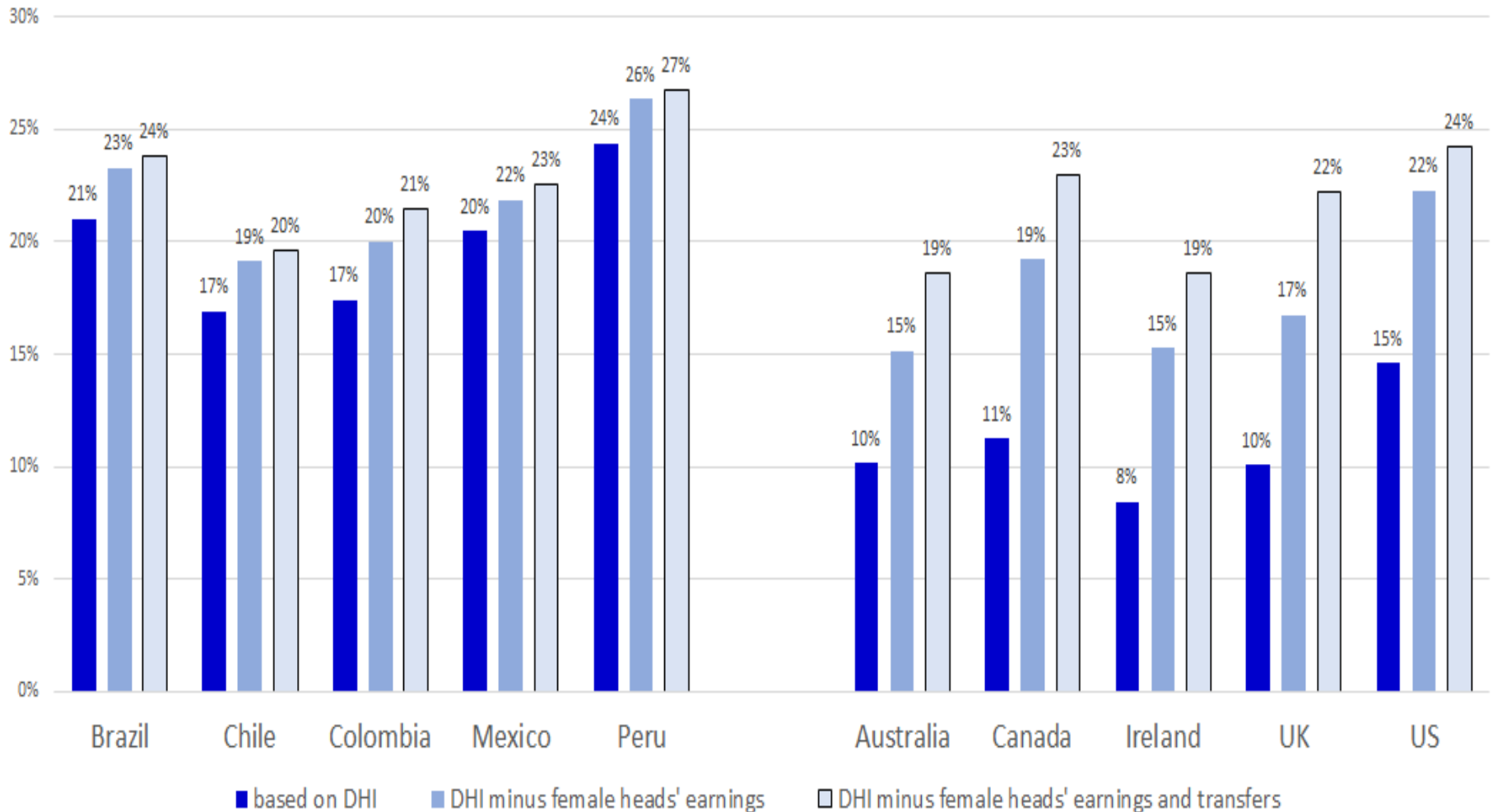
Inequality Across HHs

FIG 3C
Inequality (Ginis)
Based on DHI, DHI minus Female Heads' Earnings,
DHI minus Female Heads' Earnings and Transfers

Poverty

FIG 4
Poverty Rates at 50% of Country Median:
Based on DHI, DHI minus Female Heads' Earnings, DHI minus Female Heads' Earnings and Transfers

Legend: ■ based on DHI ■ DHI minus female heads' earnings □ DHI minus female heads' earnings and transfers

Country	based on DHI	DHI minus female heads' earnings	DHI minus female heads' earnings and transfers
Brazil	21%	23%	24%
Chile	17%	19%	20%
Colombia	17%	20%	21%
Mexico	20%	22%	23%
Peru	24%	26%	27%
Australia	10%	15%	19%
Canada	11%	19%	23%
Ireland	8%	15%	19%
UK	10%	17%	22%
US	15%	22%	24%

The "Middle Class"

FIG 5
Percent of Individuals in the "Middle Class" (50-150% of Country Median):
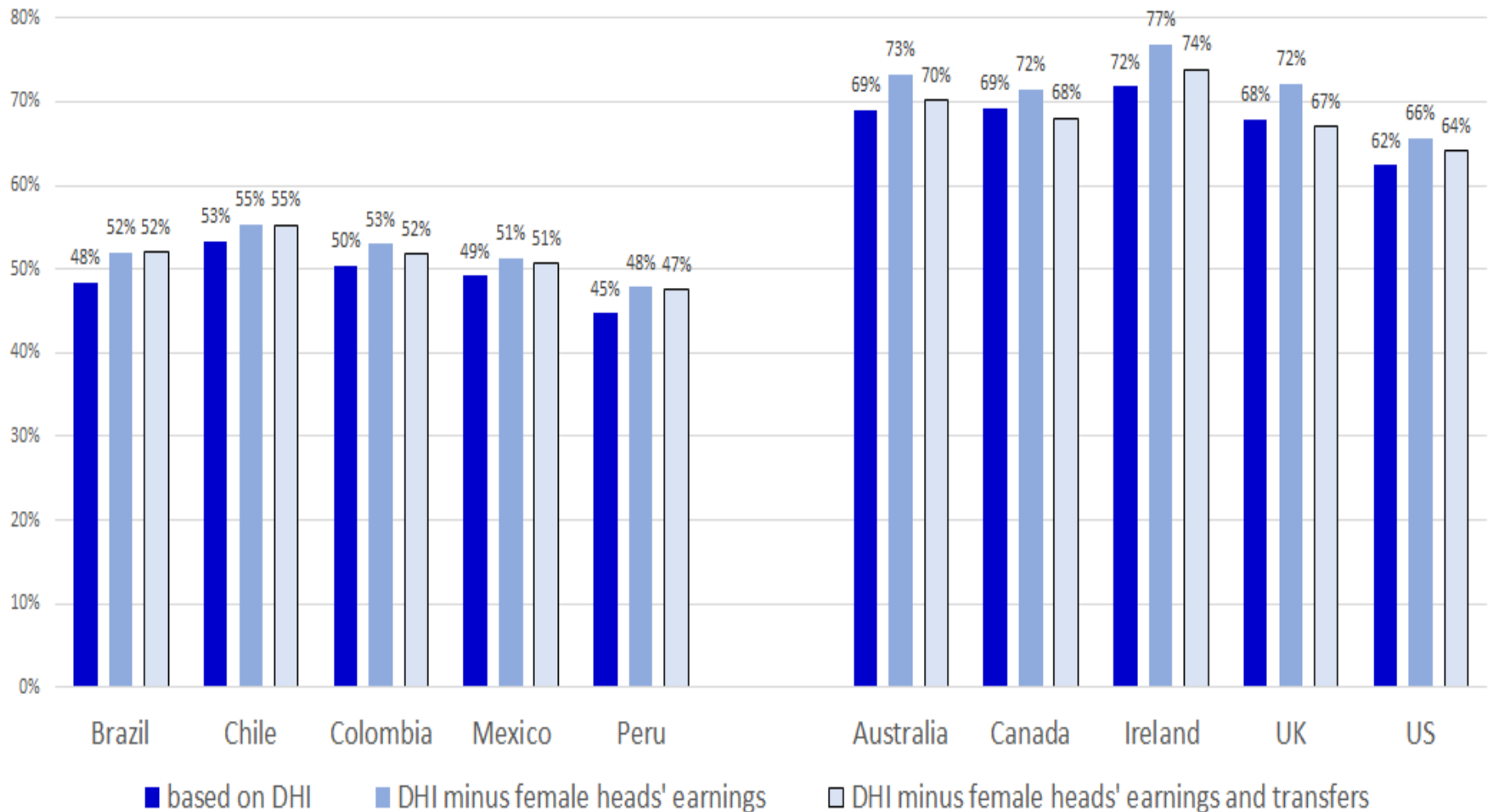Based on DHI, DHI minus Female Heads' Earnings, DHI minus Female Heads' Earnings and Transfers

Brazil: 48%, 52%, 52%
Chile: 53%, 55%, 55%
Colombia: 50%, 53%, 52%
Mexico: 49%, 51%, 51%
Peru: 45%, 48%, 47%
Australia: 69%, 73%, 70%
Canada: 69%, 72%, 68%
Ireland: 72%, 77%, 74%
UK: 68%, 72%, 67%
US: 62%, 66%, 64%

■ based on DHI   ■ DHI minus female heads' earnings   □ DHI minus female heads' earnings and transfers

Overall conclusions – re: women's earnings in the two country clusters

In these Anglophone countries, women's earnings – although significantly < those of their male partners' – constitute a substantial share of the HH income package. Women's earnings constitute:

  30-37% of DHI

  29-32% of heads' combined earnings

  37-43% of heads' earnings, where women have earnings > zero

In these Latin American countries, women's earnings constitute a smaller share, *until we condition on positive earnings.* Women's earnings constitute

  16-25% of DHI

  21-26% of heads' combined earnings

  37-41% of heads' earnings, where women have earnings > zero

Overall conclusions – re: women's earnings in the two country clusters

In these Anglophone countries, women's employment rates and earnings are less than their male partners', reported at:

Employment	58% (Ireland) to 77% (Canada, UK)
Positive earnings	62% (Ireland) to 83% (Canada)
% in paid employment	90% (Canada) to 93% (US)

And in the Latin American countries, they are substantially less:

Employment	43% (Mexico) to 77% (Peru)
Positive earnings	39% (Mexico) to 54% (Peru)
% in paid employment	34% (Peru) to 80% (Chile)

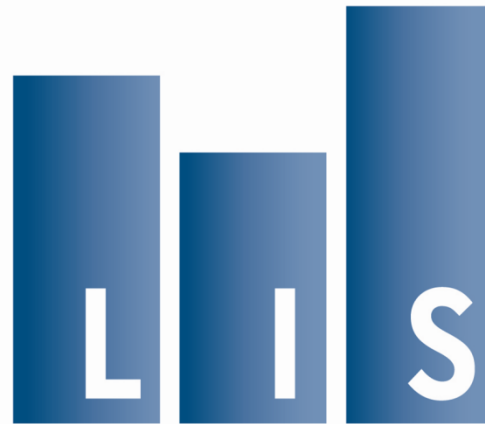# Overall conclusions – re: women's earnings in the two country clusters

In these Anglophone countries, women's earnings affect:

Inter-HH inequality	women's earnings are equalizing (3-5p)
Poverty	women's earnings reduce by 5-8 pp
Middle class size	women's earnings *reduce* by 4-5 pp
	1-2 HH's "out" (up) for every one "in"

(paradoxically, disequalizing at this point in the distribution)

In these Latin American countries, women's earnings affect:

Inter-HH inequality	women's earnings have little to no effect
Poverty	women's earnings reduce by 2-3 pp
Middle class size	women's earnings *reduce* by 2-4 pp
	2-3 HH's "out" (up) for every one "in"

(disequalizing at this point in the distribution)

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Thank You

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