

The Partner-Pay Gap: An Examination of Within Couple Earnings Inequalities and its Variation by Income Group.

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What is the paper about?

We offer an examination of the partner-pay gap, over time, in three country cases: Germany, East and West, and the UK.

SOEP 1992-2014, BHPS 1992-2008 and UKHLS 2009-2014.

Aim: look at trends in the partner-pay gap at the **mean** and **by income group**, and examine the predictors of her economic position within households.

Why is the partner-pay gap of interest?

There is a tendency to conflate dual-earning with equal-earning in the literature, which we believe masks problematic and causal inequalities within households.

What are our expectations concerning the partner-pay gap?

Stalled gender revolution (England, 2010; Charles, 2011); gender gap in economic outcomes: wages, working-time, occupational worth etc.

Why? **Gender norms**, and lack of change in the personal realm.

Why? **Economic Realities**.

Household Specialisation is utility maximising, until women's wages are similar to men's, households are incentivised to specialise.

Dual-earning and caring is only possible under idealised employment conditions: when both partners are employed in secure employment with flexibility and low to mid-working-hours.

What do we already know?

Research on couples' earnings shows that **women tend to earn considerably less than their male partners** (Bianci et al., 1999; Estevez-Abe, 2008; Dotti-Sani, 2015).

Wives earnings are predictive of her labour force exit (Shafer, 2011). US data.

What do we already know?

Partner income inequalities within relationships can ***imped her progression*** to high profile occupational positions (Bröckel et al., 2015). DE data.

Inequalities within relationships (including the partner-pay gap) can ***increase women's transitions from full-time to part-time employment*** (Dieckhoff et al., 2016). DE and UK data.

What do we already know? – Class differences

Schwartz (2010): Among dual-earning US couples, high earning husbands wives' wages increased most rapidly.

Wealthy people are best placed to secure promotion, occupational mobility.

BUT, also found a negative relationship between husbands' earnings and likelihood that wife works

Marital homogamy: opposite effects of “income” versus “opportunity” effects

What do we already know? – Class differences

Integration-segregation paradox.

Public sector integrates women to paid employment but suppresses their upwards occupational mobility. Good for WC women.

Temporary employment/Self-employment, mean different things for different socio-economic groups. Good and bad atypical employment.

Comparative Context, Issues of Central salience

- **National Gender Cultures-** East Germany still imbued with greater culture of working-motherhood.
- **Employment and Unemployment Protection-** Protective EPL and generous welfare states encourage specialisation, with households 'safe' if they base their economic security on the wage of one worker.
- **Unions and collective bargaining-** Unions reinforce EPL, encouraging specialisation. Unions also compress wages, allowing lower skilled households to rely on one workers wage.
- **Taxation Policies-** joint versus individual taxation. Joint can de-incentivise hholds to earn two high wage packets. Her lower wages can bring down his tax bracket.
- **Childcare-** availability of good quality affordable childcare.

Comparative Context: Institutional Changes

Substantial increase in childcare provision over time.

Labour market deregulation (esp. in Germany).

Macro-economic shocks in the UK, leading to declining wages.

Some Expectations

Women continue to contribute less to household income than men

Partner pay gap most pronounced in Western Germany, least pronounced Eastern Germany, UK intermediate position

Important differences by income class (opportunity costs *versus* economic needs).

A general trend of a less pronounced partner-gap over time (deregulation & increased childcare).

Data and sample selections

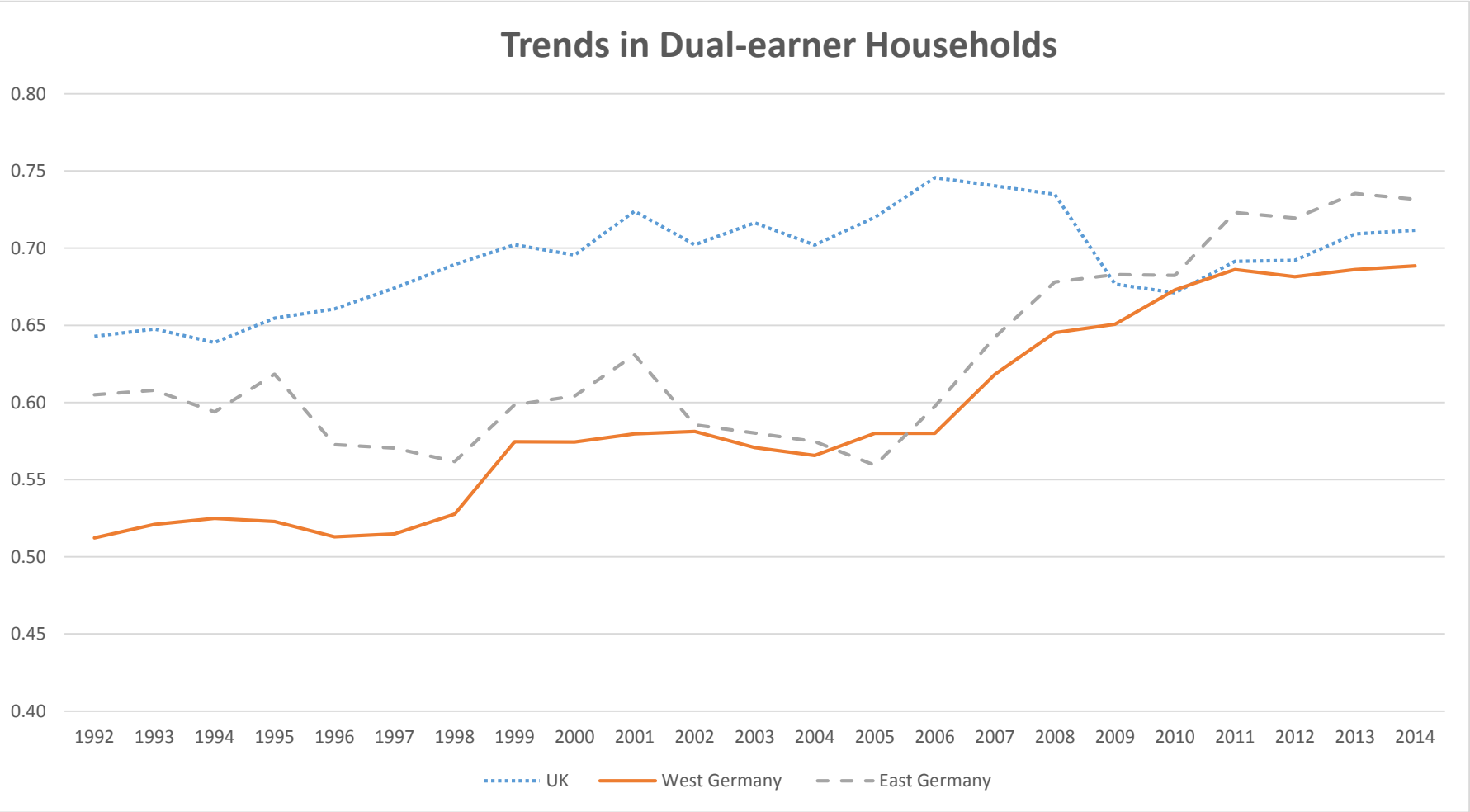
Data: SOEP 1992-2014, BHPS 1992-2008 and UKHLS 2009-2014.

We look at working women in dual-earning households.

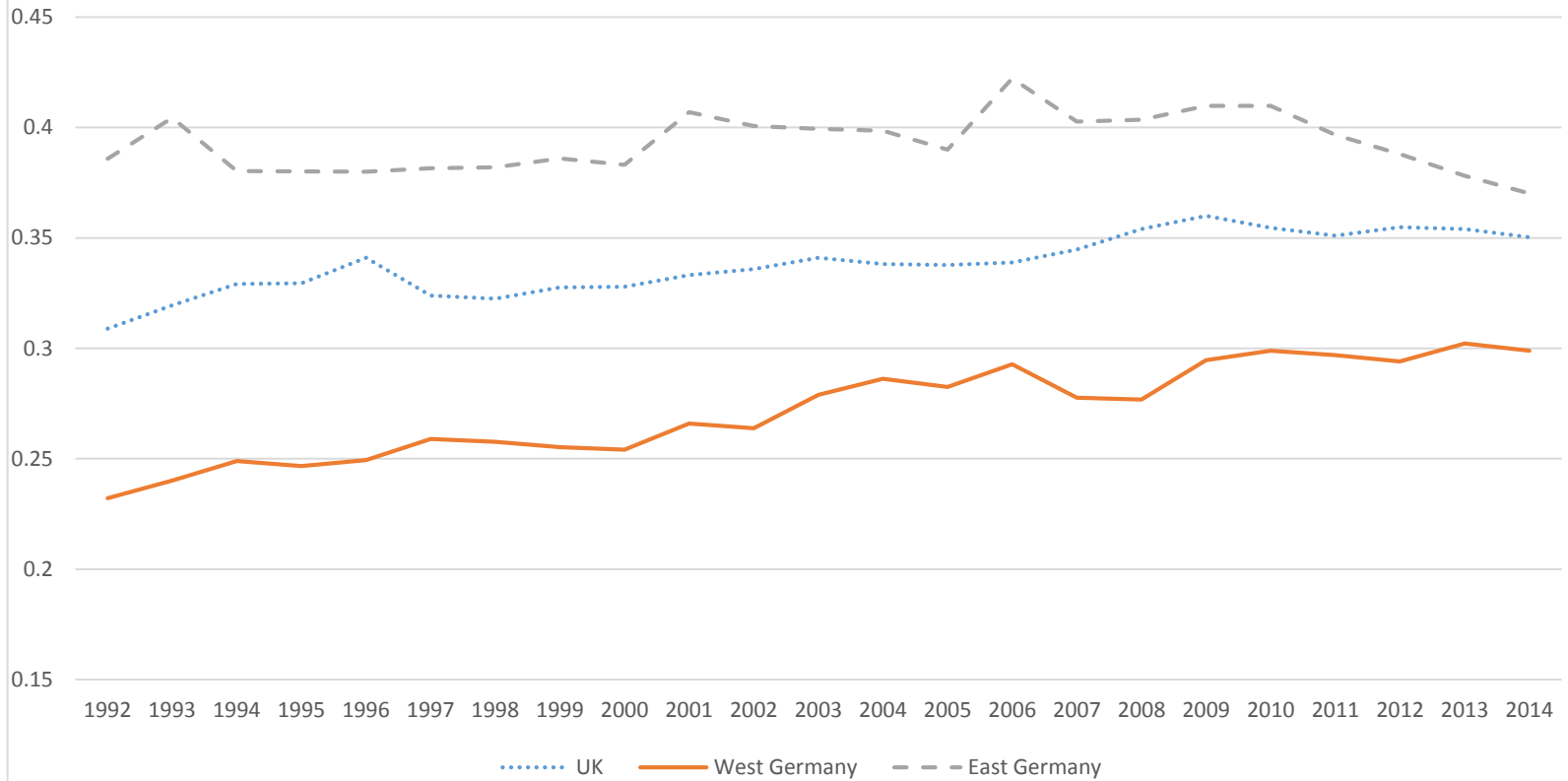
Selections: women with partner 25-54 years old, with full information on labour force status and key covariates.

$$\text{income share} = \frac{\text{her labour income}}{\text{total (couple) labour income}} \times 100$$

Trends in Dual-earner Households

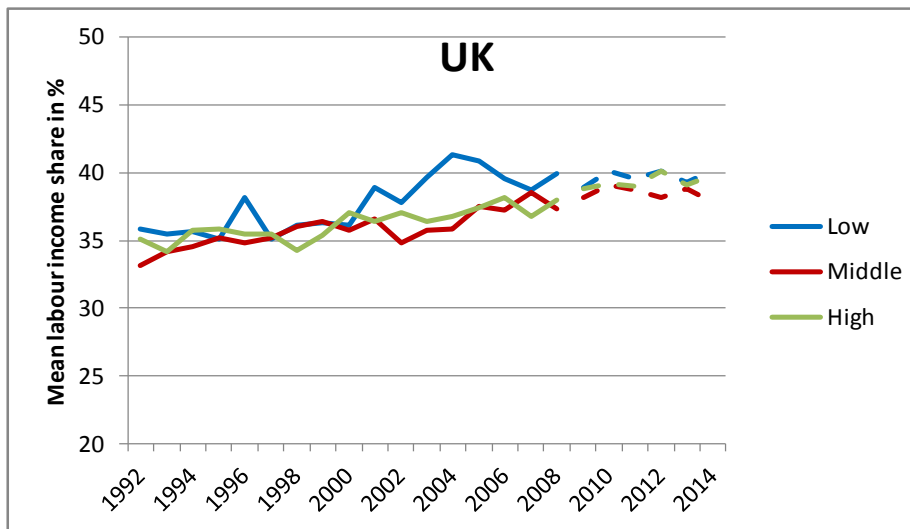
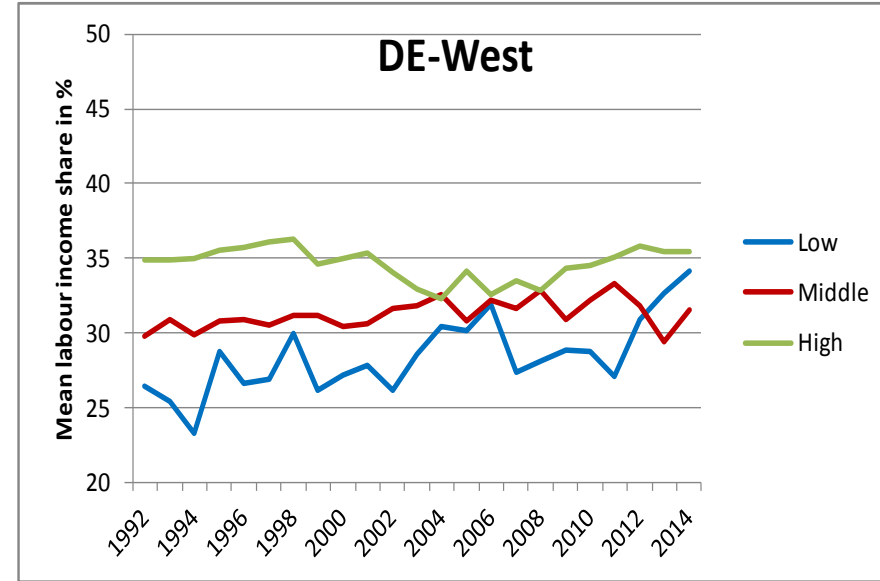
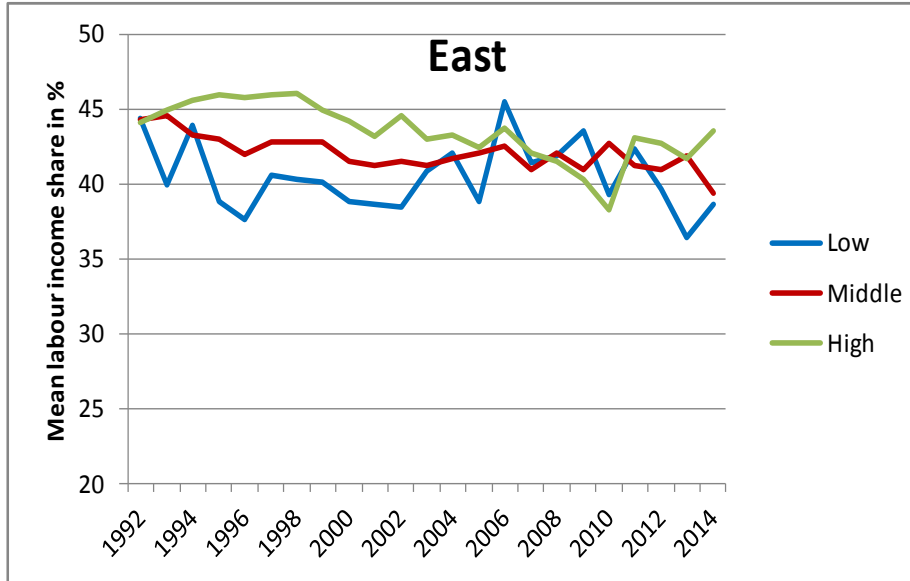


Trends in Partner Pay Gap



Results

Trends in Partner Pay Gap by Income Group (Terciles)



Dual-earning households are not equal-earning households.

Models

We model **labour income share** to depend on

→ Model 1:

time periods

age (level and compared to partner)

children present in different age groups

education (level and compared to partner)

→ Model 2: (Model 1) + *job characteristics*

part-time ≤ 30 hours (woman and man)

(log of) total household income

temporary employment (woman and man)

self employment (woman and man)

public sector employment (woman and man)

Models

Using **pooled cross sectional data** for dual earner couples

1. OLS (Heckman) with robust standard errors

accounting for person clusters

2. FE (Heckman) regression

Separate estimates for **three country cases** (DE-East, DE-West, UK):

1. at the mean , pooling all observations
2. by terciles for working, middle and upper class/income level households

Time Periods

At the mean

	Base model					
	DE-EAST		DE-WEST		UK	
Period 1997-2000	-0.219		-1.421	***	0.721	†
Period 2001-2004	-0.779		-2.756	***	2.301	***
Period 2005-2009	-1.993	**	-2.836	***	2.462	***
Period 2010-2014	-2.274	**	-2.291	***	2.820	***



Negative trend DE



Positive trend UK

†p<.10 *p<.05 **p<.01, ***p<.001. Robust standard errors accounting for person clusters. Model controlling for: age, marital status, education level, differences in educational within couple, children in home.

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Negative trend DE



Positive trend UK

Once controlling for job characteristics and income DE insig.

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Time periods

Base model

DE-East	Working-class	Middle -class	Upper-class
Period 1997-2000	-0.130	-0.232	-0.053
Period 2001-2004	0.718	-1.428	-1.566
Period 2005-2009	0.647	-2.154 †	-4.309 ***
Period 2010-2014	0.735	-2.776 *	-4.719 ***
DE-West			
Period 1997-2000	-2.370 **	-1.332 *	-0.263
Period 2001-2004	-2.274 **	-2.738 ***	-2.591 **
Period 2005-2009	-1.617 †	-3.061 ***	-2.925 **
Period 2010-2014	-1.467	-2.496 **	-1.876 *
UK			
Period 1997-2000	0.306	0.787	0.796
Period 2001-2004	3.345 ***	1.583 *	1.424 *
Period 2005-2009	2.711 **	2.076 **	1.749 *
Period 2010-2014	3.205 **	2.328 **	1.903 *

- Biggest declines amongst higher earners in DE-East. ***No opportunity effect.***
- Biggest increases amongst UK working-class. ***Income effect.***

Time periods

Full model

DE-East	Working-class	Middle -class	Upper-class
Period 1997-2000			+ **
Period 2001-2004			
Period 2005-2009			
Period 2010-2014			
DE-West			
Period 1997-2000			
Period 2001-2004			
Period 2005-2009			
Period 2010-2014			
UK			
Period 1997-2000	2.068 **		2.081 ***
Period 2001-2004	5.536 ***	1.776 **	3.528 ***
Period 2005-2009	6.36 ***	2.568 ***	5.073 ***
Period 2010-2014	6.945 ***	2.104 *	6.076 ***

- Controlling for: **Sector, Contract type, and Employee status** accounts for all of the negative time trend in DE.

Public Sector

Full Model

Germany East	Mean	
Woman public sector	6.499	***
Man public sector	2.354	***
Germany West		
Woman public sector	4.167	***
Man public sector		
UK		
Woman public sector		
Man public sector	1.02	†

Her public sector employment incr. her contributions (DE).
His public sector employment incr. her contributions (East DE, UK).

Public Sector

Full Model + income group differences

Germany East	Mean		WC		MC		UC	
Woman public sector	6.499	***	7.872	***	8.508	***	3.378	**
Man public sector	2.354	***						
Germany West								
Woman public sector	4.167	***	5.711	***	5.155	***	1.178	**
Man public sector								
UK								
Woman public sector			-1.556	†				
Man public sector	1.02	†						

Her public sector employment incr. her contributions (DE), biggest effect WC/MC.

Public Sector

Full Model + income group differences

Germany East	Mean		WC		MC		UC	
Woman public sector	6.499	***	7.872	***	8.508	***	3.378	**
Man public sector	2.354	***	5.695	***	3.479	***		
Germany West								
Woman public sector	4.167	***	5.711	***	5.155	***	1.178	**
Man public sector			1.726	**	1.328	**	-2.607	***
UK								
Woman public sector			-1.556	†				
Man public sector	1.02	†					2.267	**

Her public sector employment incr. her contributions (DE). Biggest effect WC/MC.

His public sector employment incr. her contributions (East DE, UK).

UK public sector no longer provides better wages/working conditions than the private sector.

Summary and Conclusions

While female labour participation has increased...

on average **her economic contributions are still MUCH lower** than his **lowest** among **lowest third of dual earning** households in DE.

Trends

In DE negative trend, which turns insignificant once job characteristics are controlled for.

Yet, strong increase in her contributions in the UK, across the board, but biggest leap amongst the working-class.

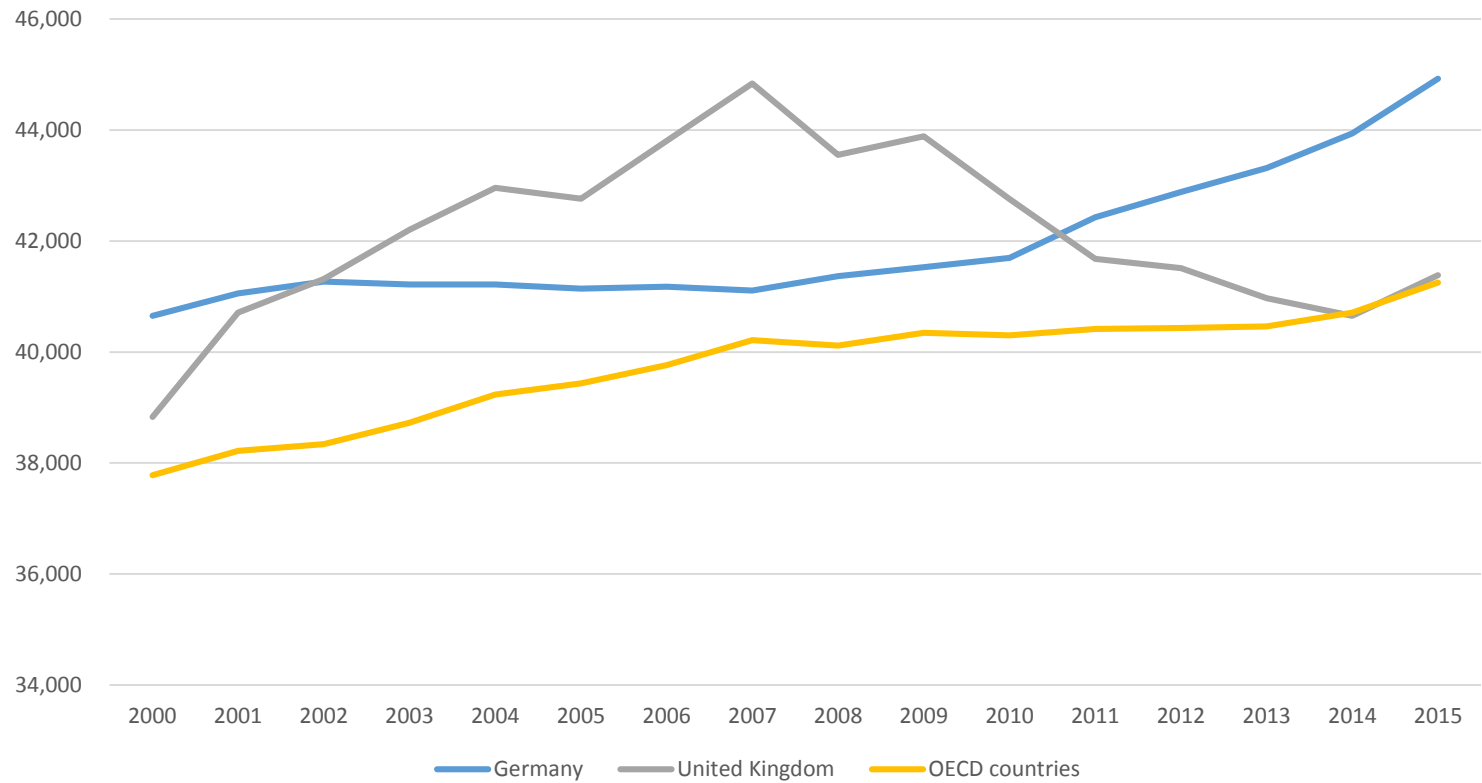
Summary and Conclusions

Her public sector employment incr. her contributions (DE), biggest effect WC/MC.

UK public sector no longer provides better wages/working conditions than the private sector.

Contradictory effect of poor economic conditions increasing the need for her contributions, whilst good working conditions, his economic security, allows her to decrease her contributions.

Average Annual Wage: in 2015 Constant Prices at 2015 US Dollars, PPP



Self-Employment

Full Model + income group differences

Germany East	Mean		WC		MC		UC	
Woman self employed	-0.997		-8.937	***	1.623		6.941	**
Man self employed	0.629		7.518	***	1.201		-6.03	***
Germany West								
Woman self employed	-1.046		-8.605	***	-4.237	***	3.649	**
Man self employed	-1.234	†	8.015	***	-0.877		-5.805	***
UK								
Woman self employed	-11.833	***	-19.564	***	-10.672	***	-0.878	
Man self employed	11.801	***	18.477	***	8.906	***	2.985	**

**For WC women, self-employment decreases her contributions.
For MC women, his self-employment increases her contributions.**