Examining the gender wealth gap within and across households

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Abstract

Welfare-oriented analyses of economic outcome measures such as income and wealth in general rest on the assumption of pooling and equal sharing of resources by all members of the very same household, i.e., all individuals exert similar control over “household resources”. Meanwhile, it has been demonstrated that household and individual welfare are not the same though examining the distribution of the ownership of income and wealth within the household context is almost always hampered by the lack of individual level data. The inability to distinguish between asset ownership within the household constrains many studies to focus on differences among family structures (Kossoudji & Sedo 2006). Yamokoski & Keister (2006), for example, compare married couples with single men and single women further distinguishing between divorced and parents. Schmidt and Sevak (2006) compare married couples with single households and control for the presence of children.

This paper challenges the implicit assumption of internal redistribution by considering alternative definitions of the aggregation unit and controlling its effect on distribution and inequality analysis (including the decomposition of inequality). We use the unique opportunity of having access to individual level wealth data and examine the existence of the gender wealth gap throughout the wealth distribution. We use a semiparametric decomposition approach devised by DiNardo, Fortin and Lemieux (1996) to document the source of wealth disparities existing among the sexes. To assess the sensitivity of our results we compare these methods to the Oaxaca-Blinder and Juhn-Murphy-Pierce decompositions. While our focus is on differentials existing within the household, we also document differences existing among other family types and by marital status (married, cohabiting, never married, widowed and divorced). Preliminary analyses provide evidence for a significant gender wealth gap in Germany of approximately 50,000 euro between married men and women.

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