



Accounting for gender differences in the distributional effects of tax and benefit policy changes

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Introduction

- Indicators of income distribution calculated assuming income pooling and equal sharing (Canberra Group, 2011)
- Bias in assessing income inequality between men and women (Bisdee et al. 2013, Himmelweit et al. 2013, Ponthieux and Meurs 2015)
- Differential impact of policies on men and women (Sutherland 1997, Bennett 2013)
- **Research question:** How gender disparities can be taken into account when analysing the distributional effects of policy changes?

Methodology

- 1) We modify the decomposition by Bargain and Cailan (2010)
- 2) We compare the effects of policy changes on men and women in couples by redefining all incomes at the individual level

Income sharing scenarios:

Baseline: Equal income sharing

- s1:** Minimum income (MI) sharing with a bias towards the primary earner (person with the highest earnings within the assessment unit)
- s2:** MI sharing with a bias towards the secondary earner (the partner of the primary earner or the person with the second highest earnings)
- s3:** MI sharing with an equal distribution of common income

Types of households: one/two earner couples with/without children

Coverage: BE, CZ, FR, ES, RO, FI (different degrees of defamilialisation)

Period: 2008-2014 (baseline for income indexation is 2014)

Data: EU-SILC for 2012 (income reference period 2011)

Tools: EUROMOD Policy Effects Tool

Outcome indicators: mean disposable income & at-risk-of-poverty rates

Main Results

Men: income under minimum sharing (s1-s3) \geq income under equal sharing (baseline)

Women: income in (s1-s3) $<$ income in baseline

→ FI and BE have the lowest gender gap due to high degree of defamilialisation

- The highest impact of minimum sharing assumptions for households with children (especially in one-earner couples)
- Difference between minimum sharing scenarios (s1-s3) is small
 - difference in incomes of men and women largely generated by the gender gap in employment, earnings, and other market incomes
- Benefits compensate for the gender gap in market income only to a small extent
- Effect of policy changes 2008-2014 largely the same for men and women
- Exceptions:

BE: small gain for women (relative to men) in one-earner couples largely due to increases in non-means-tested benefits

CZ: large (17-19%) decline for women in one-earner couples (men's incomes are unchanged) largely due to cuts in non-means-tested benefits for men due to reductions in non-means-tested benefits

ES: women in one-earner couples with children – larger income drop than for men due to reductions in non-means-tested benefits

RO: women with children (especially in one-earner couples) have benefited from policy changes (relative to men) due to increases in non-means-tested benefits

FI: slightly higher growth for women in one earner couples due to increases in means-tested benefits
 → Policy changes have similar effects on men and women; however cuts in benefits affected women more, especially in one-earner couples

Fig 2: Policy effects, 2008-2014

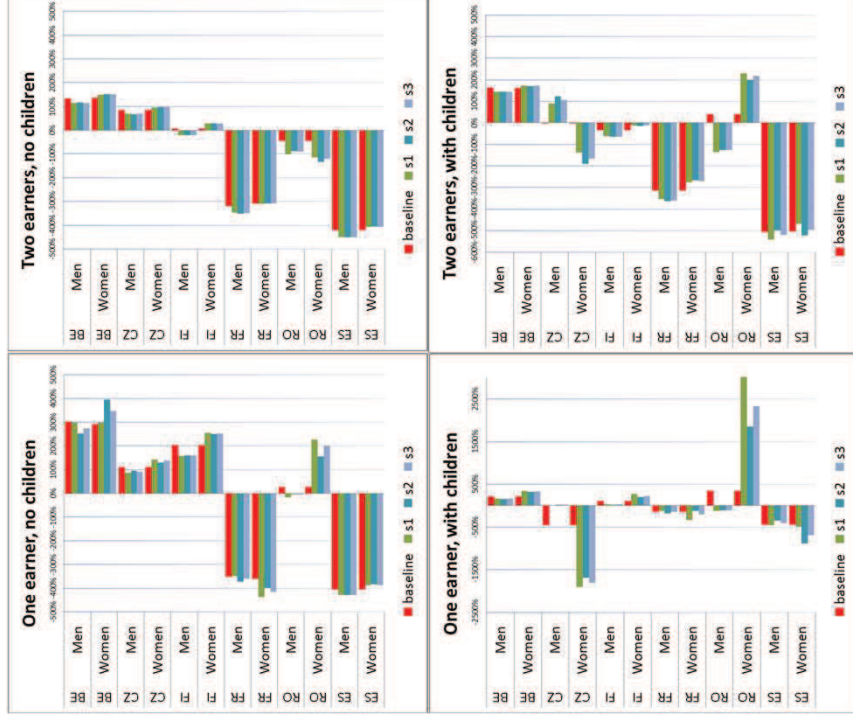
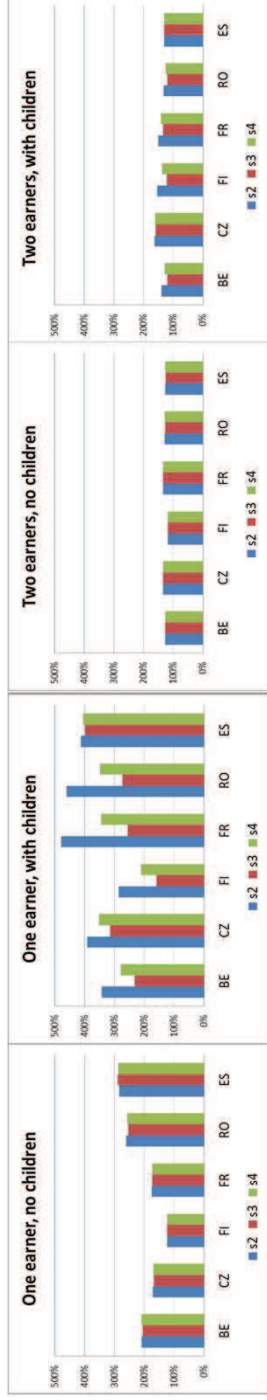


Fig 1: Ratio of disposable income of men and women, 2014



Link to the paper:

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