The Effects of Policies of Different Welfare Regimes on Intra-Household Inequalities (new title)

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What motivated us

- Family and employment policies under scrutiny throughout OECD countries

- Main debates about tension between growth, efficiency and sustainability vs. social assistance and equity

- Policy objectives often ignore the family or are limited in the way they anticipate and account for their impact on the well-being of its members

- Our aim is to analyse the implications of policy for the *entitlement* men and women have to their *joint* household resources (adult couple households only)

  - The household is thought of as a place where there is a tension in the way common resources should be split; we look at how policy can impact on this split, and ultimately, on the extent to which it satisfies individual needs and expectations

Interaction between policy and well-being of household members

- Want to know which *policy relevant factors* might affect the distribution of well-being of household members:
  - directly
  - through influencing other factors that may affect that distribution, e.g time use of men and women
- Compare household outcomes across different welfare regimes:
  - UK and Australia vs Germany
    - Major discrepancies at national level, but policy results strongly from a socio-economic context which is not transferrable
  - Regional data within each country (still working on it)
    - East vs West Germany (policy set at national level, unresponsive to some institutional structures from the East)
      - Allow us to see what happens when policy is set irrespective of socio-economic context
    - Finer (meaningful) regional data in all 3 countries
      - to find a level of disaggregation where institutions are similar across regions but policy outcomes differ (not enough variation most of the time)
  - After vs before an unanticipated policy change (still working on it, and data span too short for the after period for most changes)

Our approach

- We use panel data sets (BHPS, HILDA and GSOEP) from each country and follow couples over time and through their lifecycle
- We look at how members of a household respond to a question about satisfaction with household income (SWHI): "How satisfied are you with your household's income", answers on a scale 1-10
- Given that it is the same household income for both members in the couple, differences in their answers reflect differences in the extent to which they are happy with the split of the resources
  - Differences in personality, caring about each other, social comparisons discussed
  - We propose a way of accounting for the fact that most variables which determine access to resources are endogenous and dependent on SWHI
- Policy outcomes obtained from national statistics offices or extrapolated from the panel data sets if necessary

How can SWHI reflect differences in access to resources only?

- The main types of confounding factors we try to account for are:
1. Individual personality traits (e.g. agreeableness)
   - Some evidence that these do not change much over time: fixed effects estimation
2. Aspiration and expectations
   - Assessment is relative to expectations and social comparisons captured by e.g. a reference group
   - Including regional policy outcomes
     - e.g. local unemployment rates, childcare measures of availability, costs or use
   - Including a proxy for reference group (e.g Essex score in the UK)
   - can (in UK mostly) include a measure of individual financial expectations
3. Endogenous choices and care for partners
   - Choices made by reference to a more general measure of well-being not just financial
   - Account for own and partner's "Satisfaction with life in general"
   - Can also try to account for shocks e.g. question asking about unanticipated costs (in UK)
4. In order to compare results from the different countries, we kept a very homogenous set of regressors in all and left out any additional factor which could in principle remove further biases from our estimates

Our base model

- The individual factors in which we are interested are :
  - how the man and woman spend their time:
    - labour market status
    - hours of housework
- The household factors in which we are interested are:
  - number and age of children
  - proportion of household income coming from earnings
  - proportion of any earnings brought in by women: in five categories (since effects are clearly non-linear)
- The environmental factors
  - As variables directly linked to policy objectives
  - As social comparison
  - As outside options
- The gendered effects of all of the above by including the partner's variables in the model
- Model run separately for men and for women

Different policy regimes

- Australia and UK follow similar trends:
  - mostly targeted and joint means-tested social assistance
  - relatively low formal childcare provision or subsidies (childcare costs, when available, are however much more affordable in Australia, 9% vs 20% in the UK, when considering average childcare costs for a children who is 5 years old or younger)
  - Short maternity leave (in Australia, still not universal)
  - relatively low tax incidence

- Germany:
  - now moved to a parental leave which is earnings-dependent, better paid and shorter (now 12 months plus 2 if dad takes it), keeping the 3 year long job protection
  - Still resorts to universal benefits (universal child benefit or child tax exemption)
  - Joint taxation (income splitting)
  - has a high tax incidence

- In East Germany:
  - availability and affordability of childcare is larger than in West Germany, which reflects the higher female employment rates that characterise this region under the socialist regime
  - Women are more likely to compare to men, more likely to divorce, are more likely to contribute more to the household because of high employment rates: also much more likely to be a lone mother than in West Germany
  - Job protection is still important in the East, even though the public sector shrank substantially

Data

- All panel data sets (BHPS, GSOEP and HILDA) run until 2007, and common period between them is 2002-2007.
- Regional unemployment rates obtained from Nomis, Office for National Statistics (1999-2007 UK), Eurostat (1999-2007 Germany) and Australian Bureau of Statistics (1997-2007)
- Childcare:
  - Germany has regional both childcare use and availability from Federal Statistic office (costs on the way), but never both at the same time: used predicted values to make a longer sample of childcare variables
  - Australia has childcare use available the whole period
  - UK has childcare use from Day Care Centre. (data sets also ask about availability and cost though not used yet)

	regional unemployment rates						childcare use					
	Australia		UK		Germany		Australia		UK		Germany	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
log equiv real hh income	0.366***	0.344***	0.253***	0.312***	0.427***	0.395***	0.371***	0.350***			0.427***	0.395***
share of earnings on hh income	0.206*	0.428***	-0.113	0.324	0.472***	0.159*	0.208*	0.431***			0.467***	0.155*
female share of earnings < 25%	0.123*	0.089	0.112	-0.005	0.025	-0.030	0.124**	0.090			0.025	-0.031
female share of earnings 25%-40%	-0.016	0.059	0.190**	0.043	0.008	-0.025	-0.017	0.057			0.009	-0.026
female share of earnings 60%-75%	0.092	0.253**	0.329***	0.037	0.002	-0.012	0.093	0.253**			0.001	-0.014
female share of earnings > 75%	0.133	0.131	0.287**	0.438***	0.048	-0.071	0.135	0.133			0.046	-0.074
no earnings at all	-0.044	0.241**	0.252	0.518*	0.005	-0.287**	-0.041	0.244**			0.001	-0.291***
own part time	-0.427***	-0.126**	-0.577***	-0.239***	-0.398***	-0.288***	-0.431***	-0.127**			-0.396***	-0.287***
own inactivity	-0.528***	-0.266***	-0.419**	-0.351***	-0.406***	-0.444***	-0.526***	-0.266***			-0.405***	-0.442***
own unemployment	-0.743***	-0.708***	-1.396***	-0.516***	-0.803***	-0.693***	-0.746***	-0.709***			-0.802***	-0.689***
own disability	-0.069	-0.172**	-0.972***	-0.875***	-0.162**	-0.275***	-0.069	-0.173**			-0.162**	-0.273***
partner's part time	0.031	-0.400***	-0.046	-0.248*	-0.190***	-0.247***	0.031	-0.404***			-0.190***	-0.246***
partner's inactivity	0.084	-0.395***	-0.067	-0.494**	-0.359***	-0.304***	0.084	-0.392***			-0.360***	-0.302***
partner's unemployment	-0.116	-0.339***	-0.261	-1.518***	-0.414***	-0.569***	-0.117	-0.345***			-0.413***	-0.568***
partner's disability	-0.022	-0.058	0.073	-1.206***	-0.214**	-0.143*	-0.022	-0.057			-0.214**	-0.144*
children 0-4	-0.092**	-0.147***	-0.054	-0.098*	0.039	0.037	-0.089**	-0.143***			0.038	0.036
children 5-11	-0.033	-0.064	0.036	-0.014	0.079**	0.100***	-0.031	-0.061			0.079**	0.099***
children +12	-0.024	0.042	-0.033	-0.013	0.012	-0.036	-0.023	0.043			0.014	-0.035
own weekly hours of housework	-0.004	0.002	-0.019	-0.009	-0.009**	-0.007**	-0.004	0.002			-0.009**	-0.007**
own weekly hours of housework sq	-0.000	-0.000	0.000	0.000	0.000	0.000	-0.000	-0.000			0.000	0.000
partner's weekly hours of housework	0.002	-0.002	-0.003	-0.022*	-0.001	-0.008*	0.002	-0.002			-0.001	-0.008*
partner's weekly hours of housework sq	0.000	0.000	0.000	0.001*	-0.000	0.000*	0.000	-0.000			-0.000	0.000*
environmental factor	-0.047	-0.065**	-0.097*	-0.142**	-0.006	0.002	-0.007	0.000			-0.502	-0.903**
own general satisfaction	0.430***	0.440***	0.507***	0.457***	0.395***	0.341***	0.431***	0.440***			0.395***	0.341***
partner's general satisfaction	0.112***	0.110***	0.077***	0.147***	0.137***	0.178***	0.112***	0.111***			0.137***	0.178***

	regional unemployment rates							childcare use					
	Germany		West Germany		East Germany			Germany		West Germany		East Germany	
	Male	Female	Male	Female	Male	Female		Male	Female	Male	Female	Male	Female
log equiv real hh income	0.427***	0.395***	0.420***	0.385***	0.490***	0.438***		0.427***	0.395***	0.420***	0.385***	0.489***	0.434***
share of earnings on hh income	0.472***	0.159*	0.599***	0.266**	0.047	-0.129		0.467***	0.155*	0.597***	0.263**	0.039	-0.133
female share of earnings < 25%	0.025	-0.030	0.058	0.033	-0.112	-0.189**		0.025	-0.031	0.058	0.033	-0.113	-0.191**
female share of earnings 25%-40%	0.008	-0.025	-0.000	-0.003	0.020	-0.043		0.009	-0.026	0.000	-0.003	0.022	-0.044
female share of earnings 60%-75%	0.002	-0.012	-0.158**	0.099	0.181*	-0.169*		0.001	-0.014	-0.159**	0.097	0.180*	-0.168*
female share of earnings > 75%	0.048	-0.071	0.074	-0.002	-0.013	-0.218**		0.046	-0.074	0.073	-0.006	-0.016	-0.219**
no earnings at all	0.005	-0.287**	0.201	-0.079	-0.407**	-0.690***		0.001	-0.291***	0.199	-0.084	-0.412**	-0.696***
own part time	-0.398***	-0.288***	-0.408***	-0.280***	-0.382**	-0.258***		-0.396***	-0.287***	-0.408***	-0.277***	-0.379**	-0.258***
own inactivity	-0.406***	-0.444***	-0.370***	-0.419***	-0.522***	-0.494***		-0.405***	-0.442***	-0.369***	-0.416***	-0.522***	-0.492***
own unemployment	-0.803***	-0.693***	-0.887***	-0.623***	-0.683***	-0.801***		-0.802***	-0.689***	-0.886***	-0.621***	-0.684***	-0.797***
own disability	-0.162**	-0.275***	-0.152*	-0.292***	-0.169	-0.212		-0.162**	-0.273***	-0.152*	-0.290***	-0.168	-0.200
partner's part time	-0.190***	-0.247***	-0.152***	-0.258***	-0.252***	-0.257*		-0.190***	-0.246***	-0.151***	-0.258***	-0.252***	-0.256*
partner's inactivity	-0.359***	-0.304***	-0.289***	-0.375***	-0.577***	-0.145		-0.360***	-0.302***	-0.288***	-0.372***	-0.582***	-0.142
partner's unemployment	-0.414***	-0.569***	-0.346***	-0.663***	-0.539***	-0.418***		-0.413***	-0.568***	-0.345***	-0.660***	-0.541***	-0.416***
partner's disability	-0.214**	-0.143*	-0.283***	-0.161*	0.005	-0.080		-0.214**	-0.144*	-0.282***	-0.161*	0.008	-0.084
children 0-4	0.039	0.037	0.075*	0.023	-0.084	0.084		0.038	0.036	0.074*	0.022	-0.082	0.086
children 5-11	0.079**	0.100***	0.105***	0.094***	-0.041	0.109		0.079**	0.099***	0.105***	0.094***	-0.040	0.109
children +12	0.012	-0.036	0.021	-0.042	0.008	-0.025		0.014	-0.035	0.020	-0.042	0.007	-0.030
own weekly hours of housework	-0.009**	-0.007**	-0.009**	-0.007**	-0.002	-0.005		-0.009**	-0.007**	-0.010**	-0.007**	-0.002	-0.006
own weekly hours of housework sq	0.000	0.000	0.000*	0.000	-0.000	0.000		0.000	0.000	0.000*	0.000	-0.000	0.000
partner's weekly hours of housework	-0.001	-0.008*	-0.003	-0.006	0.009	-0.010		-0.001	-0.008*	-0.003	-0.006	0.009	-0.010
partner's weekly hours of housework sq	-0.000	0.000*	0.000	0.000*	-0.000	0.000		-0.000	0.000*	0.000	0.000*	-0.000	0.000
environmental factor	-0.006	0.002	0.011	0.023	-0.005	0.002		-0.502	-0.903**	-1.005	-2.873	-0.524	-1.255
own general satisfaction	0.395***	0.341***	0.396***	0.343***	0.392***	0.334***		0.395***	0.341***	0.396***	0.343***	0.393***	0.332***
partner's general satisfaction	0.137***	0.178***	0.138***	0.183***	0.126***	0.166***		0.137***	0.178***	0.138***	0.183***	0.125***	0.167***

Policy implications

- Our approach shows that the link between empowering measures and access to resources not straightforward when looking at people within the context of their homes:
  - In the UK, men like unequal earnings shares, irrespective of who holds it
  - In Germany, no one seems bothered about the earnings distribution but children (if not too young) make men and women better off – different money management systems across countries?
  - However, this is driven by West Germany only. In East Germany, distribution of earnings matters a lot for women and children do not alter satisfaction with household income. Men seem to have a preference for women earning more.
  - Women dislike not having their partner in full-time employment, while in Germany both men and women dislike it
- Effectiveness of policies need to account for this diversity of responses across countries, regions (and time) :
  - Unemployment rate, when significant, makes individuals worse off – uncertainty, how that affects intrahousehold decision making?
  - Childcare use affects women's well-being negatively for Germany as a whole, but not significant at the regional level
- Baseline model needs to be extended for clearer interpretations of these results, but shows the importance of context in determining well-being and policy responses