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Female Earnings and the Level and Distribution of Household Income in Developed Countries

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Luxembourg Income Study Working Paper Series

Working Paper No. 84

Female Earnings and the Level and Distribution of
Household Income in Developed Countries

Maria Cancian and Robert Schoeni

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Preliminary Draft

**FEMALE EARNINGS AND THE LEVEL AND DISTRIBUTION OF
HOUSEHOLD INCOME IN DEVELOPED COUNTRIES**

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I Introduction

During the 1980s in the United States, married women's labor force participation continued its upward trend, increasing from 62 percent in 1978 to 72 percent in 1988. Partly as a consequence of increased involvement of wives in the labor force, wives' earnings have been the most important source of growth in household income among married couples, accounting for about half of the increase during this period (Cancian, Danziger and Gottschalk, 1992). During the same time, the gap in income between rich and poor families widened (Cancian, Danziger, and Gottschalk, 1992). Several recent studies have analyzed the role that the trend in women's labor force involvement has had in determining the level and change in the gap between rich and poor (Juhn and Murphy, 1991; Ryscavage, 1992; Cancian, Danziger, and Gottschalk, 1992). These studies' conclusions accord with Treas' synthesis of earlier studies in which she finds that, "All agree that American working wives make the distribution of income among husband-wife families more nearly equal than it might otherwise be (1987, p. 264)." The objective of this paper is to analyze wives' labor force participation, wives' earnings, and the distribution of household income in other developed countries during the 1980s. Using the Luxembourg Income Study (LIS), we are able to make comparisons across 11 countries, and, for four countries, across time. Although some previous studies have made international comparisons (Bloom and Blackburn, 1990; Gronau, 1982; Schirm, 1988), they have not analyzed more than three or four countries, and some have not analyzed the 1980s (Gronau, 1982; Schirm, 1988).

We find that the wives in the countries analyzed in this study participate in the labor force at very different rates, from a low of 37 percent in the Netherlands in 1987 to a high of 92 percent in Sweden in 1987. Furthermore, the contribution that wives make to total family income varies greatly, from 13 percent to 35 percent. In addition, the correlation in spouses' earnings and the relative dispersion of husbands' and wives' earnings are quite different across the countries analyzed. However, even though these countries differ on these dimensions, in all countries wives' earnings mitigate inequality in total family income. The reduction, utilizing the squared coefficient of variation as our measure of inequality, ranges from 11 percent in Israel in 1979 and the Netherlands in 1987 to 33 percent in Sweden in 1987.

We begin by briefly discussing the measure of inequality that we utilize. Then, after discussing the data, we document the similarities and differences in wives' and husbands' labor force participation and earnings across 11 developed countries and, when the data permits, across time. We then investigate the role of wives' earnings in determining the level and distribution of household income in each of the 11 countries. The final section summarizes the findings.

II. Determinants of the Effect of Female Earnings on the Distribution of Household Earnings

We use the squared coefficient of variation, the ratio of the variance to the squared mean, as our measure of inequality.¹ Consider the squared coefficient of variation of total family income (Y) when there are only two income components: earnings of the husband (h) and earnings of the wife (w):

$$CV_Y^2 = (\mu_h/\mu_Y)^2 CV_h^2 + (\mu_w/\mu_Y)^2 CV_w^2 + 2CV_h CV_w (\mu_h/\mu_Y)(\mu_w/\mu_Y) \rho_{hw} \quad (1)$$

where μ_i is the mean of income source i , ρ_{hw} is the correlation between husbands' and wives' earnings, and CV_i^2 is the squared coefficient of variation of income source i . We are interested in the change in inequality when wives' earnings are included as a source of income, i.e. $(CV_Y^2 - CV_h^2)/CV_h^2$. The key components of this change are the share of total income attributable to wives' earnings relative to husbands', the correlation of spouses' earnings, and the dispersion of wives' and husbands' earnings. Furthermore, as is evident in (1), the greater the correlation in spouses' earnings the greater the inequality in total household income regardless of all other parameters. These components are analyzed empirically for each country.

Previous studies have measured the impact of wives' earnings on inequality by comparing inequality of total family income with and without wives' earnings (Danziger, 1980; Betson and van der Gaag, 1984), as is done below. One limitation of this method is that it assumes that income from other sources does not respond to changes in the income source under investigation, in this case, that husbands'

¹Previous studies of the impact of wives' earnings in the U.S. show relatively consistent results with a variety of summary measures of income distribution. For example, see Ryscavage, 1992.

earnings are not responsive to changes in wives' labor force participation or earnings.

III. The Data

In April of 1983, the Luxembourg Income Study (LIS) was established to "...gather in one central location, the Center for Population, Poverty and Policy Studies (C.E.P.S.) in Walferdange, Luxembourg, sophisticated microdata sets which contain comprehensive measures of income and economic well-being for a set of modern industrialized welfare states" (Smeeding *et. al*, 1988, p.3). We take advantage of these data in analyzing 11 countries. Moreover, for Australia, France, Sweden, and the United States, data from two points in time are available. This allows us to investigate the changes that have occurred in these countries during the early to mid-1980s. Table 1 contains the original source for each data set. Details of the data are given in Smeeding *et. al* (1988).

Table 1. Source of Each Data Set Analyzed

Country, Year	Original Data Set	Size*
Australia 1981-82	Income and Housing Survey	15,985
Australia 1985-86	Income and Housing Survey	7,560
Canada 1987	Survey of Consumer Finances	10,999
France 1979	Survey of Indiv Income Tax Returns	11,044
France 1984	Income Survey of Taxes	12,693
Germany 1984	German Panel Survey	5,174
Israel 1979	Family Expenditures Survey	2,271
Netherlands 1987	Survey of Income and Program Users	12,693
Norway 1979	Norwegian Tax Files	10,414
Sweden 1981	Swedish Income Distribution Survey	9,625
Sweden 1987	Swedish Income Distribution Survey	9,421
Switzerland 1982	Income and Wealth Survey	7,036
United Kingdom 1979	Family Expenditure Survey	6,777
United States 1979	March Current Population Survey	15,225
United States 1986	March Current Population Survey	11,614

*Data set size refers to the unweighted LIS sample size.

Gross annual wage and salary income is the earnings variable analyzed for each country. This variable is available for the head and spouse of each household. Because consistent measures of hours of market work are not available across countries, we do not analyze the intensity of labor market attachment. In

addition, those reporting positive earnings during the year are considered to be participants in the labor force. The analyses are restricted to married couples in which the husband is 25-55 years of age in order to minimize the potential confounding effects of retirement and school attendance.

IV. Relationship Between Wives' Participation and Husbands' Earnings

The participation rates for husbands range from 75 percent to 93 percent, except in Switzerland where 99 percent of the husbands have positive earnings (Table 2). Husbands' participation rates declined between 1979 and 1986 in the U.S., a result which is consistent with other studies. In contrast, husbands' participation rates rose slightly during the early 1980s in Australia and Sweden.

There is much greater variance in wives' participation rates across countries. In 1987, just 36 percent of the wives in the Netherlands participated while 92 percent of Swedish wives did so. If we look at the eight countries for which we have data between 1979 and 1982, three (France, Israel and Switzerland) had participation rates in the mid forties, three (Canada, the UK and the US) had rates in the mid fifties or low sixties, while Norway and Sweden had higher rates, 71 and 86 percent, respectively. Furthermore, we find a pattern of increasing labor force participation for married women in all those countries for which we have two observations. In Australia, France, Sweden and the U.S., married women's participation rates increased by at least one percentage point per year over the period analyzed.

As discussed in Section II, the association between husbands' and wives' labor market outcomes is important in understanding the effects of wives' earnings on the inequality of total family income. The more highly (positively) correlated spouses' earnings, the greater the inequality, *ceteris paribus*. Table 2 reports wives' participation rates by husband's income quintile, and some important patterns are evident.

Although the simple correlation in earnings is positive in most cases (See Tables 3 and 4), the relationship between wives' participation and husbands' earnings is not linear. In most all countries, participation is lowest for those wives whose

Table 2. Labor Force Participation Rates of Wives and Husbands for Each Country

Country, Year	Husband	Wife	Wives' Participation Rates by Husbands' Earnings Quintile				
			1st*	2nd	3rd	4th	5th
Australia 1981-82	74.8	48.4	30.3	53.3	57.4	54.9	52.5
Australia 1985-86	80.6	57.5	36.5	61.7	63.6	63.4	62.2
Canada 1987	87.5	71.2	66.2	75.2	71.6	74.2	68.9
France 1979	83.5	46.7	24.4	50.5	58.8	55.6	44.2
France 1984	83.7	54.9	32.5	58.2	61.2	67.7	54.7
Germany 1984	84.7	49.0	49.0	51.6	55.8	47.2	41.2
Israel 1979	78.0	46.0	31.7	40.3	50.9	48.9	59.1
Netherlands 1987	84.2	36.1	32.9	39.6	33.6	38.1	35.9
Norway 1979	89.7	70.9	53.4	74.7	76.7	78.4	71.2
Sweden 1981	91.3	85.8	73.3	84.8	90.1	92.0	88.9
Sweden 1987	93.3	91.7	82.4	93.1	93.4	94.5	95.0
Switzerland 1982	99.0	44.6	44.6	56.9	47.5	47.1	32.6
United Kingdom 1979	87.6	59.8	51.2	65.6	65.4	62.5	54.7
United States 1979	88.5	61.5	55.2	68.0	67.0	63.2	53.8
United States 1986	86.2	68.7	63.2	73.6	73.1	71.9	61.7

*1st is the lowest quintile.

husbands are the highest and lowest earners.² The figures below (Figures 1 and 2) depict these relationships. For example, in the U.K. in 1979, 51 percent of wives married to the lowest earning husbands participated, while 65 percent of the wives married to husbands in the middle quintile worked. But then for wives with still higher earning husbands, the participation rate is lower, with 55 percent of the wives who are married to the highest earnings husbands working. In the U.S. in 1986, of those wives whose husbands' earnings ranked in the lowest quintile, 63 percent worked. Similarly, for those with the highest earning husbands, 62 percent had positive earnings. At the same time, the participation rate for wives with husbands who ranked in the middle three quintiles is 10 points higher. This pattern is consistent with findings by Cancian, Danziger, and Gottschalk (1992a).

The tendency for women with high earning husbands to work less in the US has been cited as an explanation for the low correlation of spouses' earnings, which in

²Results for the lowest quintile should be interpreted with care, as this category is dominated by zero-earners. As can be seen from the participation rates for husbands in Table 2, in most countries the majority of husbands who are in the lowest quintile have no earnings. The exceptions are Switzerland and, to a lesser extent, Sweden which have relatively high participation rates.

turn contributes to the equalizing impact of wives' earnings. This may reflect an income effect on wives' labor-leisure decision, with greater family income, derived primarily from a high-earning husband, purchasing greater leisure for the wife.

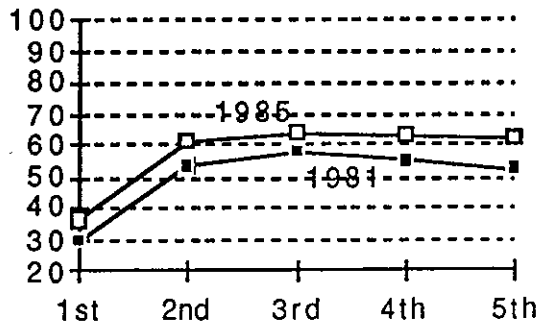
Similar to the experience of couples in the US and the UK, most countries exhibit some version of an inverted-U relationship between wives' participation and husbands' earnings, although the strength of the relationship varies. Some have argued that this relationship may disappear over time as women married to higher earning men enter the labor force. The evidence from the US (which is consistent with findings by Cancian, Danziger and Gottschalk (1992)) is consistent with this claim. While an inverted-U relationship continues to exist in 1986, the strength of the relationship diminished somewhat between 1979 and 1986. In Australia, France and Sweden there is also some evidence that the relationship weakened. We calculate the percent change over time in wives' labor force participation by husbands' earnings quintile in these four countries and graph them in Figure 2. We find that women married to high earning men entered the labor force more quickly than women whose husbands had earnings in the middle quintiles. In the U.S., 15 percent more wives married to the highest earning men worked in 1986 than in 1979, while 9 percent more wives married to men in the middle earnings quintile worked, resulting in a difference in growth rates of 6 points. Similar results are found for Sweden, France, and Australia, where the differences in growth rates are 3, 19, and 8 points, respectively. Along with wives with high earning husbands, wives of the lowest earning men increased their participation relatively quickly as well.

The correlation in husbands and wives' earnings is positive but small in all countries except Switzerland, the Netherlands, and Germany, where it is -.100, -.063, and -.052, respectively (Tables 3 and 4). In France, Sweden and the United States the correlation increased in the early to mid-1980s. In the U.S. the increase was from .03 in 1979 to .11 in 1986. In France the correlation was .11 in 1979 and .16 in 1984, and during the first five years of the 1980s in Sweden the correlation increased from .19 to .23.

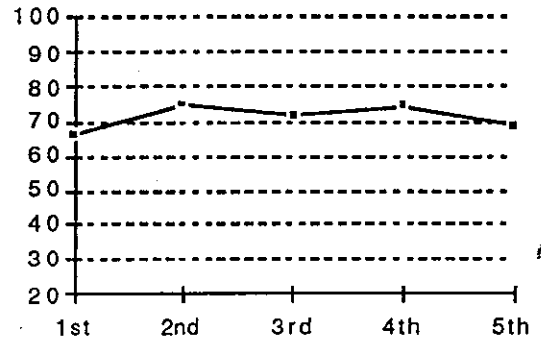
In panel B of Tables 3 and 4 we report the correlation of spouses' earnings among couples with a working wife. In the U.S., restricting the sample in this way increases the correlation coefficient to .175 in 1986. This result is consistent with

Figure 1. Relationship Between Wives' Labor Force Participation and Husbands' Earnings Quintile.

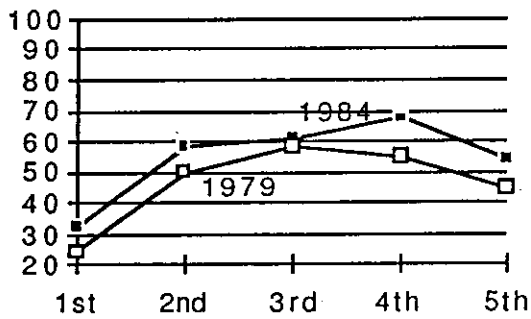
Australia 1981, 1985



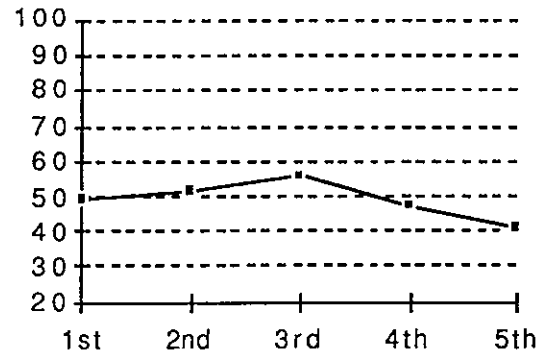
Canada 1987



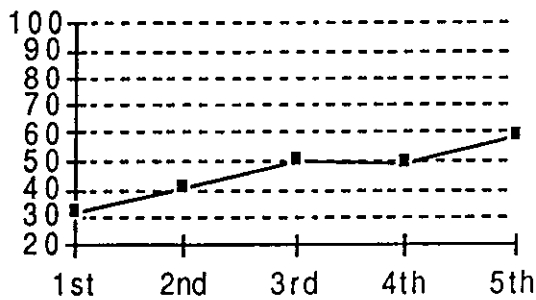
France 1979, 1984



Germany 1984



Israel 1979



Netherlands 1987

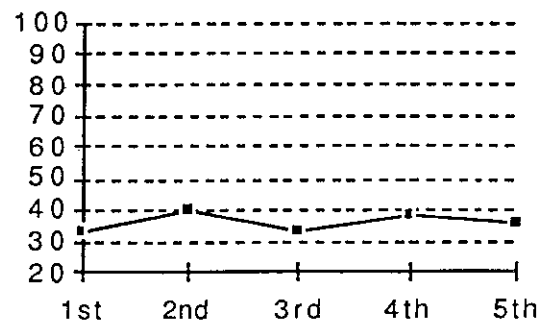


Figure 1 (Continued). Relationship Between Wives' Labor Force Participation and Husbands' Earnings Quintile.

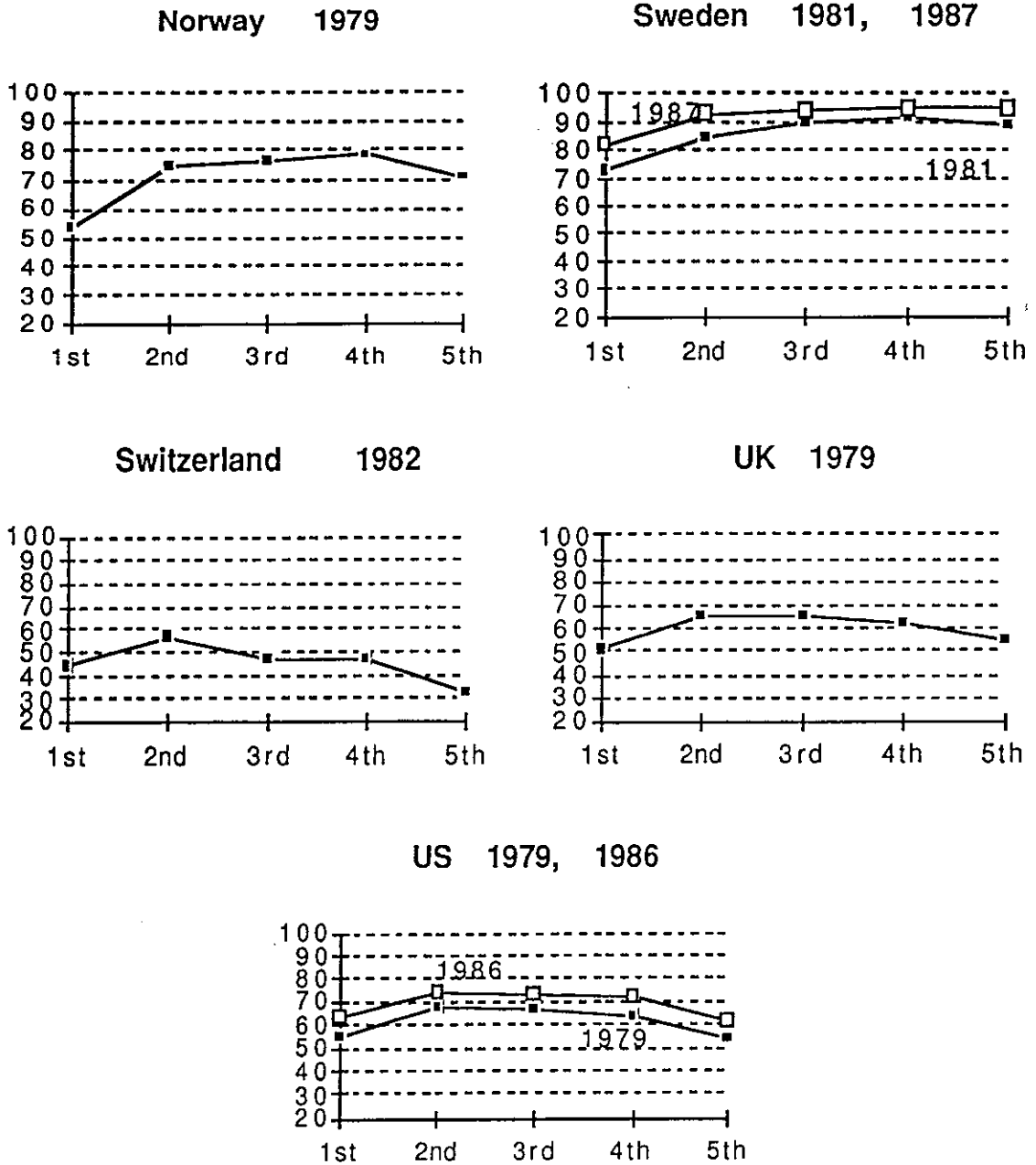
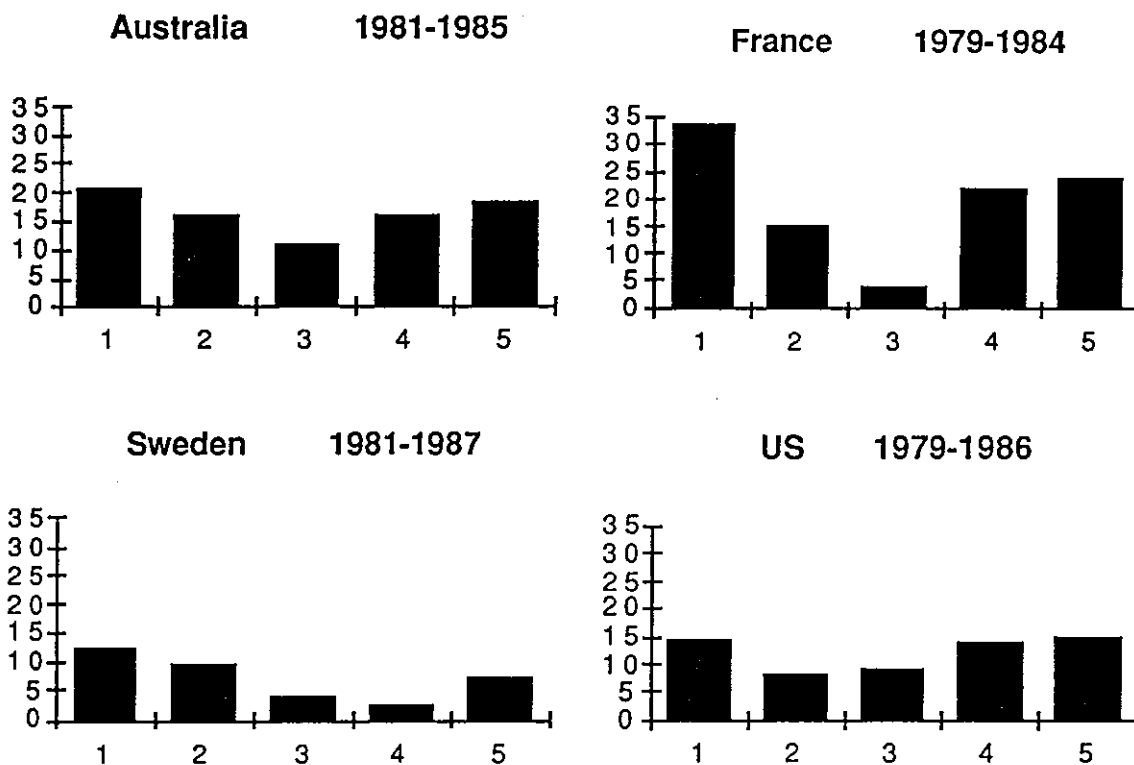


Figure 2. Percent Change Over Time in Wives' Labor Force Participation by Husbands' Earnings Quintile



previous analyses which have suggested that the low correlation of spouses' earnings in the U.S. is the result of labor force participation patterns (Lehrer and Nerlove, 1984). For most countries, the correlation of spouses' earnings is greater among couples in which the wife works (See Panel B). However, in Australia, Israel, and Sweden, the correlation of spouses' earnings actually falls when we restrict the sample to these couples. In each of these countries wives' labor force participation rates are low for women married to low earning men, but otherwise relatively invariant with respect to husbands' income. Thus the correlation may fall due to the exclusion of non-working women married to non-working or low earning men.

V. Relative Magnitude and Variability of Wives' and Husbands' Earnings

In addition to the correlation in wives' earnings and participation and husbands' earnings, the relative size and dispersion of spouses' earnings are also influential in determining the effects of wives' earnings on inequality. Tables 3 and 4 report the mean and CV^2 of husbands' earnings, wives' earnings and total earnings. We see that for all married couples (Panel A), wives' earnings generally account for 20 to 30 percent of total earnings. The exceptions are Switzerland, where only 13 percent of total earnings are attributable to wives' earnings, and Sweden, where wives' earnings account for 33-35 percent.

Focusing on those countries for which we have data over time, we see that wives' earnings grew more rapidly than husbands' in every country. Thus, wives' earnings accounted for 32 percent of earnings growth in Australia, 34 percent in France, 37 percent in the U.S. and 38 percent in Sweden.³ Wives' earnings have become an increasingly important source of income.

Panel B of Tables 3 and 4 report the means and distributions for married couples with working wives. Restricting the sample to these couples increases the typical contribution of wives' earnings to between 30 and 40 percent of total family earnings. The exception is Switzerland, where even among couples with working wives, only 26 percent of family earnings is attributable to wives' earnings. If we look only at countries for which we have data over time, we see that growth in wives' earnings accounted for 37 to 44 percent of the growth in family earnings among couples with working wives.

For every country and each time period, when we consider all couples, wives' earnings are more widely dispersed than husbands' earnings as measured by CV^2 . In fact, the CV^2 of wives' earnings is generally 2-4 times greater than the CV^2 of husbands' earnings. In Sweden, where the labor force participation rate of married women is exceptionally high, the CV^2 for husbands and for wives are not much different, with husbands at .397 and wives at .440 in 1987. In contrast, in Switzerland, where wives' participation rate is exceptionally low, the CV^2 of wives' earnings is more than six times that of husbands', which suggests that much of the difference in the distributions is derived from the existence of non-

³We measure the contribution of wives as the ratio of the change in wives' earnings to the change in the total of wives' and husbands' earnings.

Table 3. Level and Distribution of Husbands' and Wives' Earnings for Various Countries

Panel A--All Married Couples

	Aust 1981	Aust 1985	Can 1987	France 1979	France 1984	W.Ger 1984	Israel 1979
Wives' Participation	48%	57%	71%	47%	55%	49%	46%
Mean Earnings:							
Husbands	13435	19560	27996	48590	79314	37546	20973
Wives	4065	6904	11014	14888	31027	10244	5581
Total	17500	26464	39011	63478	110341	47790	26554
Wives' share of total	23%	26%	28%	23%	28%	21%	21%
Correlation in spouses' earnings	0.144	0.113	0.092	0.107	0.159	-0.052	0.203
CV ² of Earnings:							
Husbands	0.576	0.589	0.551	0.815	0.795	0.420	0.671
Wives	2.063	1.618	1.204	2.105	1.531	1.956	2.160
Total	0.507	0.474	0.410	0.703	0.603	0.334	0.595
Change due to wives	-12%	-20%	-26%	-23%	-24%	-21%	-11%

Panel B--Married Couples with Working Wives

	Aust 1981	Aust 1985	Can 1987	France 1979	France 1984	W.Ger 1984	Israel 1979
Mean Earnings:							
Husbands	15016	21193	27921	50537	83821	35905	24052
Wives	8392	12010	15462	31864	56532	20925	12133
Total	23408	33204	43384	82402	140354	56830	36185
Wives' share of total	36%	36%	36%	39%	40%	37%	34%
Correlation in spouses' earnings	0.081	0.056	0.149	0.230	0.255	-0.008	0.179
CV ² of Earnings:							
Husbands	0.381	0.368	0.484	0.454	0.501	0.372	0.498
Wives	0.484	0.505	0.570	0.451	0.389	0.447	0.453
Total	0.235	0.227	0.309	0.287	0.296	0.208	0.309
Change due to wives	-38%	-38%	-36%	-37%	-41%	-44%	-38%

Earnings are expressed in the current value of each country's own currency.

Table 4. Level and Distribution of Husbands' and Wives' Earnings for Various Countries

Panel A--All Married Couples

	Neth 1987	Norway 1979	Sweden 1981	Sweden 1987	Switz 1982	UK 1979	US 1979	US 1986
Wives' Participation	36%	71%	86%	93%	45%	60%	61%	69%
Mean Earnings:								
Husbands	43121	78058	79315	129352	56851	5178	16763	24452
Wives	9235	26026	39027	70072	8096	1322	4434	8919
Total	52357	104085	118343	199424	64947	6499	21197	33371
Wives' share of total	17%	25%	33%	35%	13%	20%	21%	27%
Correlation in spouses' earnings	-0.063	0.140	0.186	0.226	-0.100	0.053	0.028	0.077
CV ² of Earnings:								
Husbands	0.428	0.451	0.377	0.397	0.413	0.390	0.443	0.642
Wives	2.938	1.213	0.590	0.440	2.629	1.571	1.634	1.431
Total	0.383	0.368	0.272	0.265	0.334	0.326	0.357	0.476
Change due to wives	-11%	-18%	-28%	-33%	-19%	-16%	-20%	-26%

Panel B--Married Couples with Working Wives

	Neth 1987	Norway 1979	Sweden 1981	Sweden 1987	Switz 1982	UK 1979	US 1979	US 1986
Mean Earnings:								
Husbands	43444	81066	82108	132528	52880	5203	16410	23708
Wives	25606	36709	45471	76787	18157	2208	7213	12992
Total	69050	117775	127579	209315	71019	7411	23622	36700
Wives' share of total	37%	31%	36%	37%	26%	30%	30%	35%
Correlation in spouses' earnings	0.020	0.153	0.148	0.204	-0.091	0.086	0.095	0.175
CV ² of Earnings:								
Husbands	0.350	0.295	0.319	0.355	0.269	0.330	0.375	0.570
Wives	0.420	0.569	0.365	0.314	0.619	0.539	0.619	0.669
Total	0.195	0.222	0.202	0.216	0.175	0.226	0.258	0.371
Change due to wives	-44%	-25%	-37%	-39%	-35%	-32%	-31%	-35%

Earnings are expressed in the current value of each country's own currency.

participants. If we restrict the sample to couples with working wives (Panel B of Tables 3 and 4), the CV^2 of wives' earnings falls considerably, by over one-half in the US, Norway, Switzerland, the UK, Australia, Canada, France, Germany, and Israel. Nevertheless, the CV^2 of wives' earnings remains higher than that of husbands' except in Sweden in 1987 and in France.

Although wives' earnings are more widely dispersed than husbands', their impact on the distribution of total earnings also depends on the correlation and relative magnitudes of spouses' earnings. We have examined each of these factors individually, now we turn to the total effect of wives' earnings on inequality.

VI. Effect of Wives' Earnings on Inequality

The bottom rows of Panels A and B in Tables 3 and 4 report the percent change in the CV^2 when wives' earnings is included as a source of income, i.e. $(CV_y - CV_h)/CV_h$. In every country and every time period the effect is to reduce inequality. For all couples, wives' earnings reduce the CV^2 of total earnings by 18 to 26 percent in most cases. Sweden is an exception as wives' earnings has a larger impact (28 percent in 1981 and 33 percent in 1987). Wives' have a more modest equalizing impact in Australia in 1981 (12 percent), in Israel (11 percent), and in the UK (16 percent).

The reduction in inequality is even greater among those couples with working wives, where the CV^2 generally falls by 30 to 40 percent when wives' earnings are included. In all the countries for which there is data at two points, the mitigating effect of wives' earnings has increased over time, which is consistent with findings by Betson and van der Gaag (1984) for the U.S. Moreover, even for those couples with working wives, the mitigating effect of wives' earnings became greater over time.

Recall that we found that the correlation in spouses' earnings increased over time in each of the four countries (Australia, France, Sweden, and the U.S.) analyzed (Tables 3 and 4). Even so, the effect of wives' earnings continues to have a mitigating effect on the distribution of family income, and the mitigating effect has actually become greater over time. To further examine the potential importance of the correlation in spouses' earnings, we calculate the correlation that would have

to exist, given all other parameters, in order for wives' earnings to leave the distribution of family income unchanged. The results are given in Table 5. The correlation would have to rise substantially for wives' earnings not to alter inequality. For the US in 1986, the correlation would have to be .52, which is 6.7 times the actual value of .08. Moreover, the increase in the actual correlation for the US was only .06 (from .02 to .08) between 1979 and 1986, suggesting that an

Table 5. Simulated Correlation Coefficients: Correlation of Spouses' Earnings Such that Wives' Earnings Have No Impact on the Income Distribution

	Aust 1981	Aus 1985	Can 1987	France 1979	France 1984	W.Ger 1984	Israel 1979	Neth 1987
<i>All couples:</i>								
Actual phw	.144	.113	.092	.107	.159	-.052	.203	-.063
Simulated phw	.322	.417	.519	.526	.590	.232	.393	.142
Simulated/actual	2.2	3.7	5.6	4.9	3.7	na	1.9	na
<i>With working wives:</i>								
Actual phw	.081	.056	.149	.230	.255	-.008	.179	.020
Simulated phw	.820	.763	.876	1.00	1.00	.859	1.00	.859
Simulated/actual	10.1	13.6	5.9	4.4	3.9	na	5.6	42.9
	Norway 1979	Sweden 1981	Sweden 1987	Switz 1982	UK 1979	US 1979	US 1986	
<i>All couples</i>								
Actual phw	.140	.186	.226	-.100	.053	.028	.077	
Simulated phw	.438	.688	.922	.245	.306	.336	.519	
Simulated/actual	3.1	3.7	4.1	na	5.8	12.2	6.7	
<i>With working wives:</i>								
Actual phw	.153	.148	.204	-.091	.086	.095	.175	
Simulated phw	.568	.898	1.00	.512	.678	.666	.879	
Simulated/actual	3.7	6.1	4.9	na	7.9	7.0	5.0	

"na" indicates that the actual correlation is a different sign than the simulated correlation.

unprecedented change in behavior would have to occur in order to drive the correlation to .52. For the remaining countries, the correlation would have to

increase by at least two fold (Israel in 1979) and by as much as twelve fold (US 1979). These results suggest that increases in the correlation of spouses' earnings of the magnitude experienced in the early to mid-1980s are most likely not going to reverse the mitigating effect that wives' earnings has had on family income inequality.

VII. Summary of Findings

The wives in the countries analyzed in this study participate in the labor force at very different rates, from a low of 45 percent in Switzerland in 1982 to a high of 86 percent in Sweden in 1981. The contribution that wives make to total family income also varies, from 13 percent to 35 percent. Even though these countries differ on these dimensions, in all countries wives' earnings mitigate inequality in total family income. This can be traced, in part, to the tendency for women married to high earning men to work less.

However, in the countries we are able to analyze over time, the wives married to high earning husbands were the ones more likely to move into the labor force during the 1980s. If this trend continues, the correlation in spouses' earnings can be expected to increase, which, by itself, would cause wives' earnings to be less equalizing. During the early to mid 1980s, however, the effect of an increasing correlation in spouses' earnings did not dominate. As a result, the mitigating effect of wives' earnings actually increased slightly in the U.S., Australia, France, and Sweden. Moreover, the correlation of spouses' earnings would have to rise substantially for wives' earnings to become disequalizing. In particular, if all other parameters remained the same, the correlation of spouses' earnings would have to double, and in many cases increase more than five fold, before wives' earnings would cease to be equalizing.

In conclusion, our results highlight some interesting similarities and differences among 11 developed countries, and they point to a number of issues which deserve further analyses. Specifically, we will be interested in tracking the correlation of spouses' earnings into the early and mid-1990s to determine whether it continues its upward trend. And if it does, we will want to determine whether the mitigating effect of wives' earnings eventually begins to weaken.

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