

Gender, Class and the Crisis

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Aims

- With the ‘rediscover’ of income and wealth inequality, the concept of *social class* is increasingly regaining the scene. **But most analyses still ignore *gender*.**
- We analyze the distributional impact of the European crisis in terms of class and gender.
- We consider men-headed and women-headed households, distinguishing between capital and labour incomes.
 - A full account of gender dynamics would require an analysis at the level of individuals (Botti, Corsi and D’Ippoliti, 2016), but data limitations constrain us to only look at households.

Impact of the crisis

- The economic literature has widely recognised a causal link between **crises** and **poverty**, while mixed results are found concerning the link between **crises** and **inequality**.
- *He-cession* and *she-cession* (Bettio et al. 2012).
- Economists typically focus on personal income distribution looking at the distribution of **individual** or **household incomes**. We study also the functional income distribution, by using EUSILC micro data.

Households' budget composition by source of income

Labour income

Sum for all adult household members of gross employee cash or near cash income

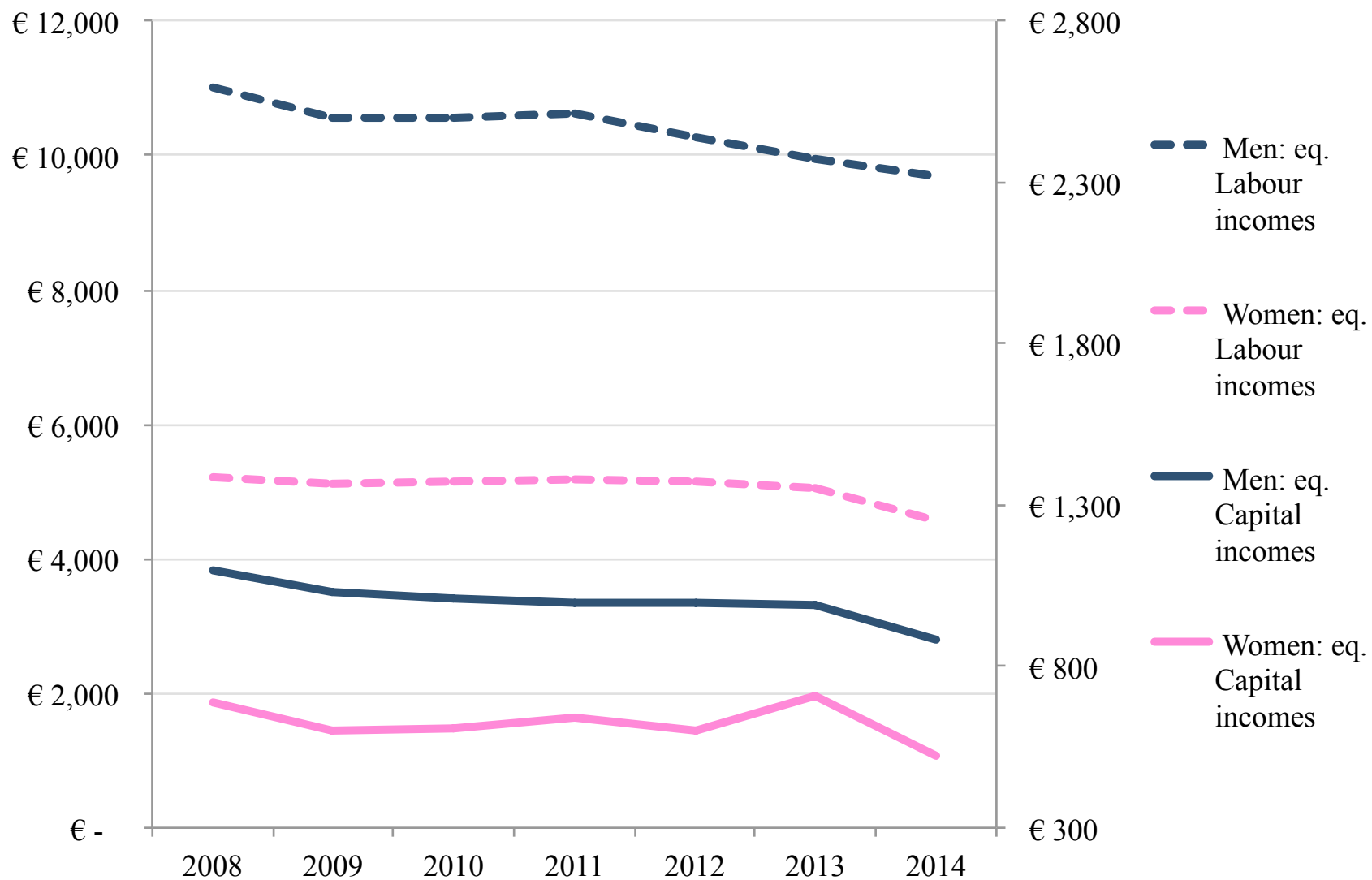
Capital income

Sum for all adult household members of interests received, dividends, profit from capital investments in unincorporated business, income from rental of a property or land, imputed rent, and pensions received by individual private plans

Public transfers

Sum of all individual and household payments received for: family/children related allowances, housing allowances, unemployment benefits, old-age benefits, survivor' benefits, sickness benefits, disability benefits, and social exclusion benefits not elsewhere classified

Equivalent household incomes during the crisis



Multivariate analysis

- Ideally we would use a longitudinal dataset, but:
 - The same household is only observed for up to four years
 - Germany does not provide longitudinal data
- We use repeated cross-sections. For each kind of income, we estimate:

$$Y_{i,j,t} = \alpha + \beta X_{i,j,t} + \gamma_t + \delta_j + \varepsilon_{i,j,t}$$

- $Y_{i,j,t}$ is household's i equivalent income in time t and country j
- γ_t is a time fixed effect
- δ_j is a country fixed effect
- $X_{i,j,t}$ is a set of household i 's characteristics in time t and country j

Variables considered

- We estimate an extended Mincer equation, in which we consider household-level variables:
 - education,
 - age (linear and quadratic) of the head of the HH,
 - sex of the head of the HH,
 - occupation of the head of the HH,
 - number of children in the HH;
- and two macroeconomic variables:
 - the yearly average interest rate on 10-years public bonds, in p.p.;
 - the public sector primary surplus, in € thousands per inhabitant.

Estimation method

- As shown by Bertrand, Duflo and Mullainathan (2004), if standard errors are correlated within countries and years, estimates that control for clustering at the intersection country-year level may be biased
- We estimate **two-way cluster-robust s.e.** with a generalization of the Huber-White sandwich estimator proposed by Cameron, Gelbach, and Miller (2006, 2011), Miglioretti and Heagerty (2006), and Thompson (2006, 2011). The estimated cluster-robust coefficients variance matrix is given by:

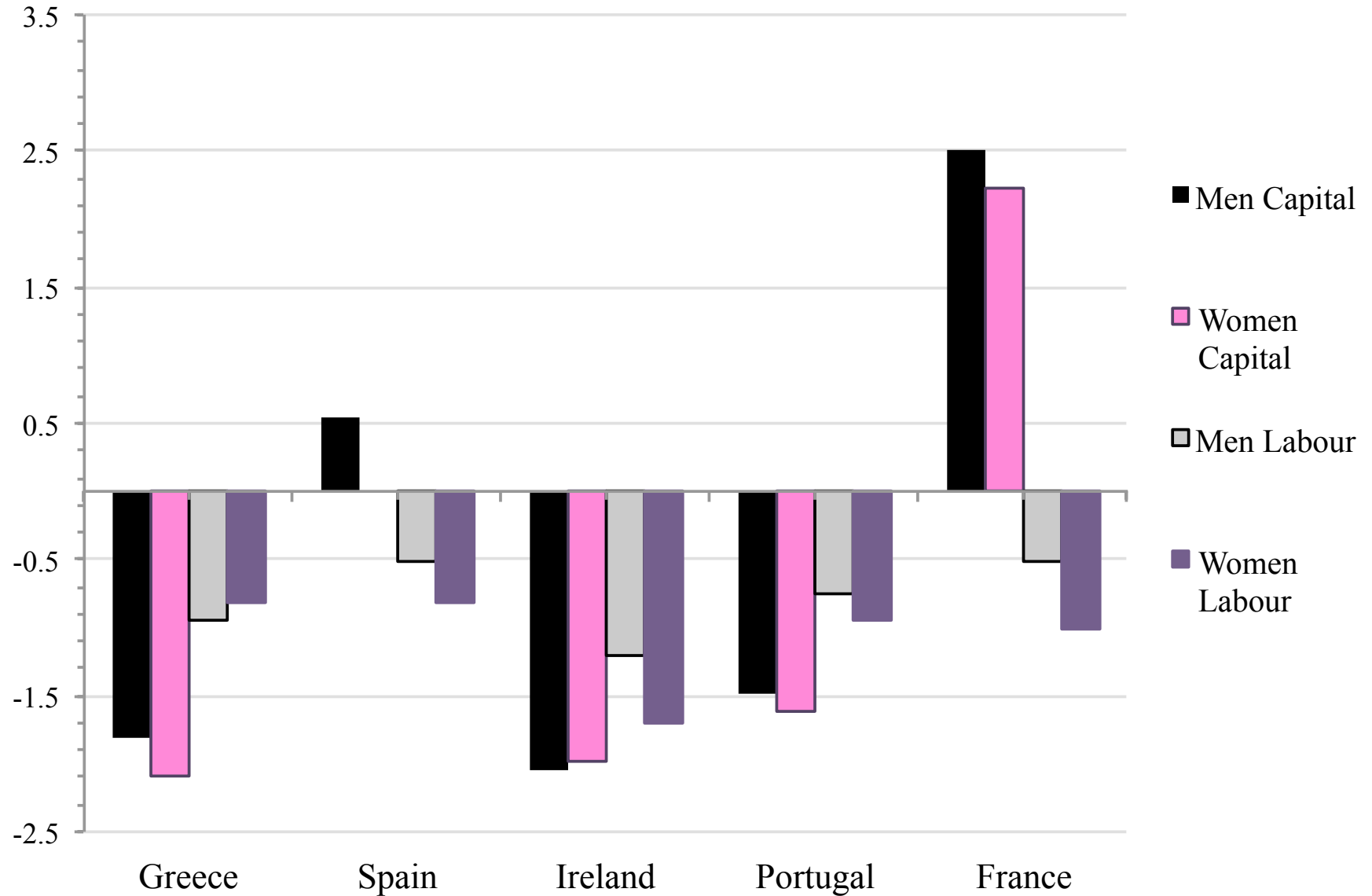
$$\hat{V}_{2way}(\hat{\beta}) = \hat{V}_1(\hat{\beta}) + \hat{V}_2(\hat{\beta}) - \hat{V}_{1\cap 2}(\hat{\beta})$$

- where V_1 , V_2 and $V_{1\wedge 2}$ are respectively the one-way robust variance matrices obtained by clustering in the first dimension, second dimension, and intersection of the two

Household-level variables

	(1) Pooled Y	(2) Men Y	(3) Women Y	(4) Pooled K	(5) Men K	(6) Women K	(7) Pooled L	(8) Men L	(9) Women L
Upper secondary edu	0.0989*** [0.0154]	0.0786*** [0.0155]	0.134*** [0.0152]	0.324*** [0.0670]	0.262*** [0.0666]	0.453*** [0.0718]	0.381*** [0.0804]	0.359*** [0.0774]	0.462*** [0.0871]
Third level education	0.270*** [0.0224]	0.252*** [0.0222]	0.301*** [0.0266]	0.707*** [0.130]	0.635*** [0.124]	0.851*** [0.140]	1.035*** [0.0778]	1.128*** [0.0784]	0.937*** [0.0990]
Age	0.0153*** [0.00401]	0.0195*** [0.00376]	0.0105** [0.00485]	0.0620*** [0.00911]	0.0697*** [0.0111]	0.0498*** [0.00871]	0.108*** [0.0308]	0.0615* [0.0352]	0.185*** [0.0244]
Age squared	-0.0122*** [0.00339]	-0.0158*** [0.00309]	-0.00814* [0.00436]	-0.0291*** [0.00601]	-0.0363*** [0.00707]	-0.0177** [0.00706]	-0.250*** [0.0322]	-0.206*** [0.0358]	-0.327*** [0.0259]
Constant	8.734*** [0.0290]	8.915*** [0.0254]	9.137*** [0.0442]	0.900*** [0.0919]	0.787*** [0.0939]	1.501*** [0.166]	3.910*** [0.155]	3.002*** [0.0777]	5.194*** [0.128]
Observations	236,628	150,448	86,180	236,628	150,448	86,180	236,628	150,448	86,180
R-squared	0.603	0.680	0.488	0.379	0.393	0.355	0.591	0.600	0.552

Italy and the Club Med



Contextual variables

	(1) Pooled Y	(2) Men Y	(3) Women Y	(4) Pooled K	(5) Men K	(6) Women K	(7) Pooled L	(8) Men L	(9) Women L
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES
Country FE	YES	YES	YES	YES	YES	YES	YES	YES	YES
Primary surplus	-0.00741*** [0.00230]	-0.00774*** [0.00209]	-0.00686** [0.00307]	0.00956 [0.00595]	0.00827 [0.00627]	0.0104* [0.00622]	-0.0211** [0.00903]	-0.0229*** [0.00773]	-0.0171 [0.0132]
Interest rate	-0.00902*** [0.00139]	-0.00568** [0.00236]	-0.0146*** [0.00218]	-0.0175*** [0.00347]	-0.0198*** [0.00486]	-0.0120*** [0.00318]	-0.0163* [0.00932]	-0.0135* [0.00813]	-0.0236* [0.0122]
Constant	8.734*** [0.0290]	8.915*** [0.0254]	9.137*** [0.0442]	0.900*** [0.0919]	0.787*** [0.0939]	1.501*** [0.166]	3.910*** [0.155]	3.002*** [0.0777]	5.194*** [0.128]
Observations	236628	150448	86180	236628	150448	86180	236628	150448	86180
R-squared	0.603	0.68	0.488	0.379	0.393	0.355	0.591	0.6	0.552

Some reflections

- Crucial differences in the impact of the crisis on capital and labour incomes (determinants of policy reaction?)
- Gender blind fiscal consolidation in all countries.
- Gender equality perspective deprioritized within the EU policy process
 - as is evident in the lack of a stipulation for sex-disaggregated data in the targets selected for the “Europe 2020” strategy.

Thank You

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