

Humanities and Social Sciences

Employment of Wives and Income Disparity among Households

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Background of Research

One of the issues regarding income disparity is the effect the employment of women has on the disparity in income levels among different households. It is thought that as the number of double-income households increases and the working wives begin to earn a similar level of income to men, the income disparity between a single-income household and double-income household will expand.

In connection with this assumption, however, a number of factors need to be kept in mind. First, the income disparity can widen if full-time employment of wives increases in households with high-income husbands, but if full-time employment of wives increases in households with low-income husbands, the income disparity among households will shrink. Secondly, in Japan many female workers after graduating from schools earn the same level of salary to males, but about 70% quit working in connection with childbirth, and upon re-employment, many of them take up a part-time job that gives them annual income of about one million yen. In consideration of the effect of wife's income, it is necessary to maintain the standpoint from labor supply throughout the life-cycle of a woman. Thirdly, with regard to part-time employment, due to the tax system or social welfare system the income of wives often ranges between 1 and 1.3 million yen regardless of the income level of husbands, allowing slight variations, and therefore, it cannot be flatly stated that it is widening the income disparity among households.

Achievements of Research

Abe and Oishi (2007) carried out an analytic study on the effect of changes in wife's employment throughout her life-cycle on the income disparity between husband and wife from a cohort analytic standpoint using the results of "Income Redistribution Survey" taken by Ministry of Health, Labour and Welfare. The results indicate that unlike the

United States a cohort effect was not recognized in the income disparity between husband and wife for households of 2 persons or more. In other words, the expansion of income disparity in young generations seems to be caused mainly by the widening income gap among single-person households and the income differences between 2-member-or-more households and single-person households. The analysis also revealed that employment of wives can slightly reduce the income disparity between husband and wife.

Abe and Oishi (2009) carried out a factor decomposition analysis on the effect of wife's employment on the earned income disparity between husband and wife based on "National Survey of Family Income and Expenditure" by Ministry of Internal Affairs and Communications. The results made it clear that the inequality level declined from 1999 to 2004 because more wives came to be employed, reducing the number of housewives with no earned income, and the income of such working wives was kept at a low level of less than 1.3 million yen.

Prospect of Research

In promoting the reforms in the tax and social welfare systems, it will be necessary to keep in mind that these systems not only have an effect of controlling the full-time employment among women but also exert complicated influences on the income disparity among households.