The gender wealth gap in Europe: A comparative study using model averaging methodology

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Motivation

- The wealth inequality has increased in many countries (Piketty 2013)
  - The inequality of wealth is much higher for individuals than for households (D'Alessio 2018)
  - The independence of family members and individualisation of a family has increased in the last decades (Sonnenberg 2008, Burgoyne et al 2007)
  - $\rightarrow$ the contribution of within-household inequality to overall inequality has been and will likely be increasing
- Little is known about resource allocation within the household
  - Abundant evidence on gender wage gap (e.g. Bertrand 2011)
  - Not sure to what extent wage gap feeds into wealth gap (gendered differences in wealth accumulation functions)
  - Lack of individual-level wealth data, only few studies using registry data of a single country (Sierminska et al. 2010, Bonnet et al. 2018, D'Alessio 2018, Meriküll et al. 2020)
  - Comparative evidence on gender wealth gap of single-member households (Schneebaum et al. 2018, Ravazzini and Chesters 2018)

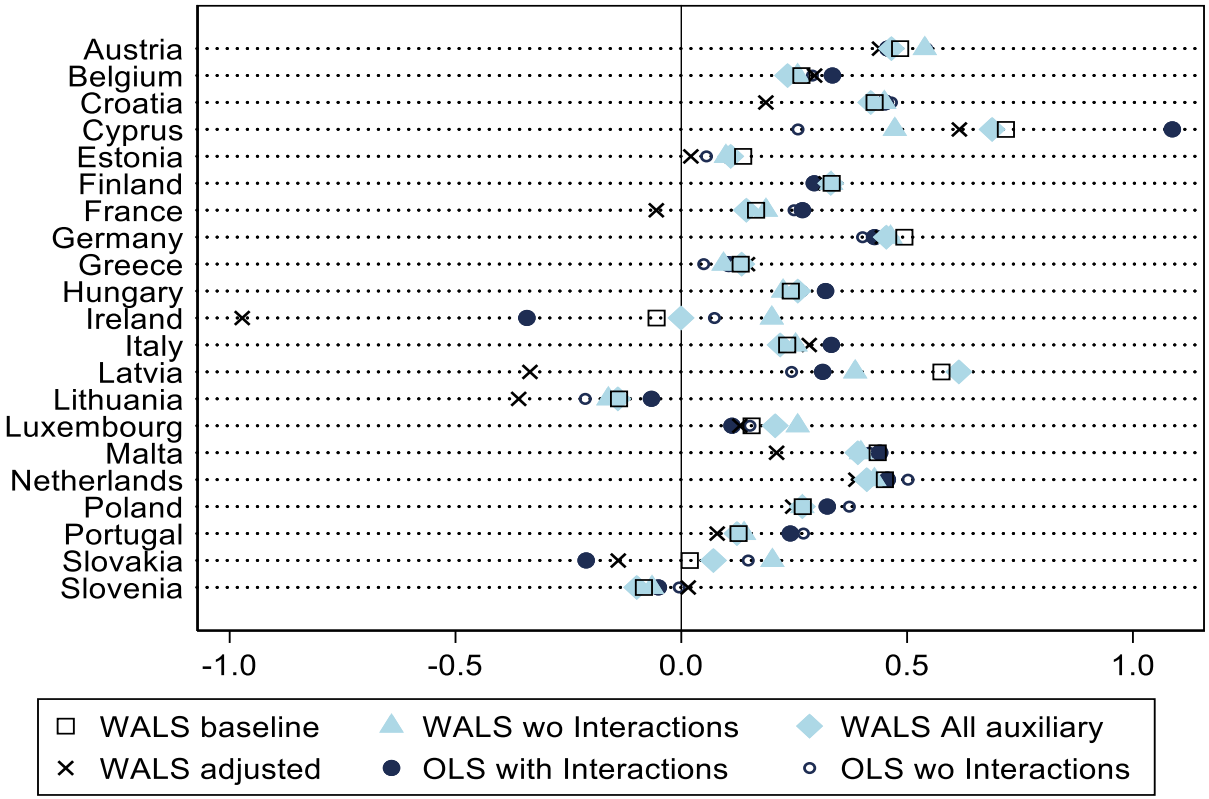
Aim and contribution

- The aim of this paper is to estimate the gender wealth gap in 21 European countries using imputation techniques
  - Our study is the first to estimate gender wealth gaps for a wide range of countries using *whole population* data
  - Household Finance and Consumption Survey (HFCS) 2017 data
  - Apply model averaging to impute individual-level wealth data for multi-person households
- $\rightarrow$ We find that it is misleading to draw inferences about the gender wealth gap from:
  - single-person households alone
  - from gender wage gap
- $\rightarrow$ There are vivid differences across EU countries in gender wealth gap

Methodology

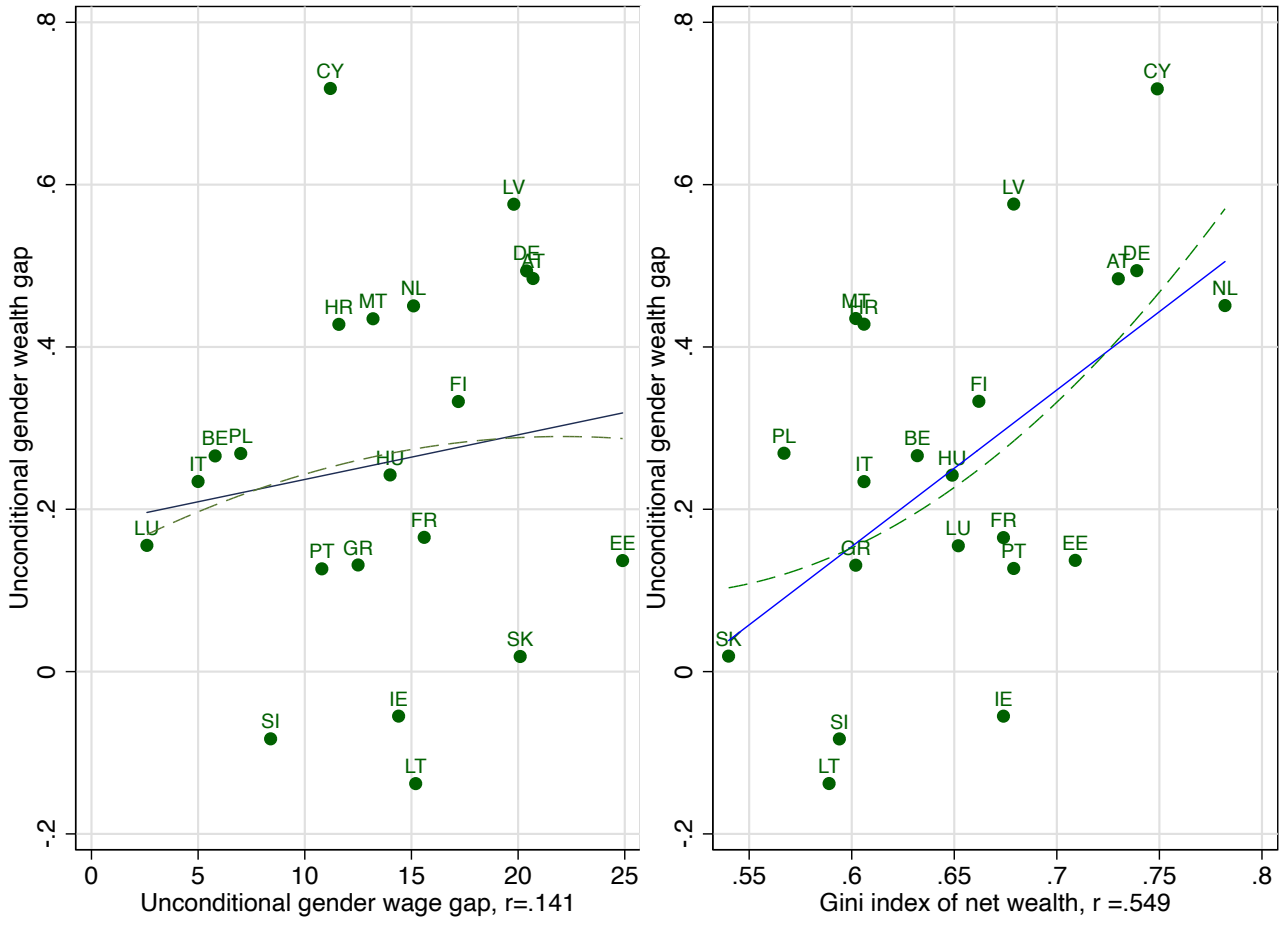
- 21 countries: AT, BE, HR, CY, EE, FI, FR, DE, GR, HU, IE, IT, LV, LT, LU, MT, NL, PL, PT, SK, SI
- Use single-member households to estimate gendered wealth functions, apply model averaging to take into account model uncertainty (Bayesian estimator WALS by Magnus et al 2010)
  - Dependent variable: net wealth in th eur
  - Focus explanatory variables: income and its squared term, age groups, education level
  - Auxiliary explanatory variables: labour market status, labour market experience in years and its squared term, country of birth, interaction of age groups and education level, interaction of age groups and income and income squared, interaction of age groups and entrepreneur status (k=16, 256 models)
- Predict individual-level wealth for members of multi-member households

Results, mean wealth gap ((men-women)/men)



- WALS predictions provide more stable estimates than OLS
- Gender wealth gaps are mostly in favour of men, 13-72%, unlike in studies on single-member households *alone*
- Gender wealth gaps enlarge at the top of the wealth distribution
- Gaps are larger in Western European countries and smaller in CEE

What explains cross-country differences?



- Mean gender gap in wealth does not correspond to the gap in wages
- Gender wealth gap is related to wealth inequality $\rightarrow$ individual-level wealth inequality is even higher in high inequality countries