Inequality and the Marriage Gap

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WIFO Research Seminar with Nawid Siassi from the TU Vienna

Nawid Siassi of the Vienna University of Technology spoke at the WIFO Research Seminar on 28 January 2020 about inequality and the "Marriage Gap". WIFO economist Walter Hyll contributed the commentary.

Marriage is one of the most important determinants of economic prosperity, yet most existing theories of inequality ignore the role of the family. Siassi's paper documents that the distributions of earnings and wealth are highly concentrated, even when disaggregated into single and married households. At the same time, there is a large marriage gap: married people earn on average 26 percent more income, and they hold 35 percent more net worth.

To account for these facts, he developed a general equilibrium model where females and males face uninsurable income risk and make decisions on consumption-savings, labour supply and marriage formation. In a calibrated version of the model, Siassi shows that selection into marriage based on productive characteristics, an effective tax bonus for married couples, and stronger bequest motives for households with descendants are key to accounting for the marriage gap in earnings and wealth. A policy experiment of moving from joint tax filing for married couples to separate filing yields output gains and more marital sorting.

Further information about Nawid Siassi can be found here.

The paper can be read here.

Please find the slides of the presentation here.