

Intra-household sharing of resources
A tentative “modified” equivalised income

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Abstract

The standard approach to economic well being measurement assumes that all incomes are pooled within the household and that all the household members benefit from the same level of economic well being. However, the thematic Module on “Intra-household allocation of resources” of EU-SILC 2010 provides evidence that significant shares of individuals living in multi-person households keep at least some of their income separate. This paper is aimed at comparing measures of gender economic inequality under alternative assumptions about the extent of income pooling within the household. Using the information provided by the 2010 Module, a “modified” equivalised income is computed and compared with the standard measure. The analysis is limited to men and women living in one-couple households. While departing from an assumption of perfect equality within households necessarily results in increased levels of various indicators of inequality, the magnitude of the increase is an illustration of the need for alternative approaches.