Abstract for Decancq Koen

Title: Long-term trends in US family earnings inequality: Disentangling impacts of earnings correlation, joint labor supply and assortative mating

Abstract: We study the increasing household earnings inequality in the US between 1978 and 2008. We propose a statistical model for the joint distribution of earnings of both partners to unravel the effect of changing demographic variables such as race and education from the (joint) labor supply decision of both partners and their earnings conditional on demographics. In particular, we disentangle the impact of changes in the marginal distributions of each of the partners separately from the assortativeness between both partners. The model is estimated using data from the Current Population Survey (CPS) under some parametric assumptions. A counterfactual analysis of this model shows that the assortativeness accounts for less than 5% of the change in inequality. On the contrary, the main contributors to the change in inequality are the increasing male and female earnings inequality and the increase in female labor supply.