

TABLE 9—DECONSTRUCTING THE INCREASE IN HOUSEHOLD INCOME INEQUALITY

	1960 (1)	Experiments				2005 (6)
		(2)	(3)	(4)	(5)	
Decisions held fixed		Edu., Marr. LFP	Edu., Marr.	Edu., LFP	Edu.	
Gini	0.307	0.330	0.330	0.341	0.351	0.366
Change in Gini	0.000	0.023	0.023	0.034	0.044	0.059
Cumulative change	0.0%	39.0%	39.0%	57.6%	74.6%	100.0%

Notes: The Gini in the benchmark model increases between the 1960 and 2005 steady states. The table breaks this shift down into a series of steps. The table starts with the 1960 benchmark economy in column 1. Column 2 shows what would happen if only wages were allowed to change between 1960 and 2005; i.e., the education, marriage and divorce, and married female labor-force participation decisions are all held fixed at the 1960 levels. Column 3 allows only married female labor-force participation decisions to adjust to 2005 wages and prices. A similar experiment for the marriage and divorce decisions is undertaken in column 4, where all other decisions are held fixed at 1960 levels. Column 5 allows both participation and marriage decisions to change; i.e., only education decisions are held fixed. Column 6 shows the move to the 2005 benchmark economy; hence, now education is free to move in addition to the other decisions.