

The impact of the second earner's income on income inequality in Taiwan, 1980-2006

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Abstract

This study links the changes of household structure to analyze the second-earner's financial contribution to household income and its impact on the income distribution of households with at least two earners in Taiwan during 1980-2006. The empirical analysis of this study is based on the annual household income survey conducted by the Directorate-General of Budget, Accounting and Statistics (DGBAS). Findings of this study can be summarized as following: First, two-earner households have become a dominant contributory factor to overall household income inequality, while multi-earner households showed a decreasing contribution to total household income inequality. Secondly, there was a rising contribution of the second earner's income to household economy, relative to the contribution of the first earner's income. Besides, the income gap between the first and the second earners in multi-earner households was smaller than those in two-earner households. Thirdly, the first earner's income has widened household income inequality, while the second earner's income had equalizing effect on household income distribution among households with at least two earners during 1980-2006.

Keywords: income inequality, the second earner, household structure