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Abstract:

**Equivalence scales and the cost of children:
The case of household splits in Denmark, France, Germany and the United
Kingdom**

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The family household is the basic unit in social life and social policy planning for non aged couples. Couples households, however, are not static constructs. They may add children; they may separate over time. Especially in cases of household splits involving children the question arises as to how to measure the changes in economic well being. The EU equivalence scale is used to compare households of different sizes and this scale makes assumptions about the needs of adults and children as well as the possible economies of scale. When the goal is to make cross-national comparisons of income changes over time the decisions about the equivalence scale can be even more critical. This paper will examine our previous results concerning the situation of post-separation women and men by varying the equivalence scale used; varying the economy of scale factor; varying the cost of a child; varying the assumptions of allocating the cost of a child between households after separation. Our main finding is that the rank order of countries in terms of men being better off than women after separation does not change even if variations of equivalence scales are used. Denmark emerges as the country where women with children do better post separation by each variation used. For our country comparisons we use the comparable and longitudinal data from Consortium of Household panels for European socio-economic Research (CHER). The data for Germany (SOEP) and UK (BHPS) in CHER are derived from the respective national panel studies and the data from Denmark and France come from the European Community Household Panel (ECHP).

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