Redistributive Impacts of Government and Private Household Activities

**Trends in Equivalized Household Incomes and Earnings, Germany 1985 – 2007**

- **Real Incomes** –
  - Moderate increases at the top
  - Modest changes in the middle
  - Shrinking welfare levels at the bottom

- **Low Incomes & Risk of Poverty** –
  - Rising poverty rates at all levels
  - Overproportional increases in East-G.
  - Breakpoint? Decreasing poverty rates after 2006?

- **Income Inequality** –
  - Increases in Household Net Income Ineq.
  - Driven by sharp increases in inequality of household market incomes since 1990s
  - Modest increases in ineq. of individual incomes

- **Proportional Income Categories (PICs)**

**Income Redistribution by Private Households Activities**

- **Trends in income relations for couples** –
  - Redistributive impact of private households decreased
  - Female/male-earnings ratio has increased ...
  - But earnings inequality of couples remain high
  - Increasing share of couples with high and low earnings from both partners
  - Female main breadwinner model has appeared as an additional type of earnings arrangement

- **Proportional Income Categories (PICs)** – a simple tool to create continuous income categories

**Thresholds for Proportional Income Categories (PICs):**

\[ \text{PIC}_{z,p} = y^* \cdot p^z \]

with \( z \) parameter for starting value (Median);

\( p = \text{percentage increase}; e \in Z \) \([-3 ; 4]\)


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