

# Rising inequality slows as more women in lower-income groups join the labor force, analysis finds

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Behind the relatively stable income inequality in the Netherlands, big changes have been happening. Income inequality has increased over the

past 40 years, but less sharply because women in lower income groups have begun working more.

In contrast, men's income has increased very little over the past 40 years. This is the conclusion of Egbert Jongen and Heike Vethaak from Leiden University in a study they conducted on behalf of the FNV.

## **Men's income more unequal, women's more equal**

Income inequality increased by 12% between 1981 and 2021, with 5% of this increase occurring in the past decade. "This increase is lower than in Anglo-Saxon countries, for example," says Jongen. "But if you break down the figures into higher and lower income groups, you see that behind this average there are substantial differences."

Inequality between men's incomes has increased considerably, whereas inequality between women's incomes has decreased considerably. The latter is largely because women in lower-income groups have started working more. Also worth noting is that the disposable income of the top 1% increased most, thanks in part to tax relief in the past 10 years.

"If women in the lower-income groups had not started working so much more, there would have been a much greater increase in [inequality](#) in the Netherlands," says Jongen. At the lower end of the income distribution, the researchers also noted that unemployment and illness were more frequent reasons for not working. This is also where the number of people with permanent employment contracts has declined the most.

"These results are an important message for the parties in the coalition talks: [low-income earners](#) have faced increasingly precarious contracts, stagnant or even declining wages and more illness, forcing them to make very different choices," says Kitty Jong from the Federation of Dutch Trade Unions (FNV). "If there is one thing this study shows, it is that

there is no more for further pressure on people's livelihoods; there is no more give."

## **Increase in material wealth mainly due to more women working**

The analysis showed that the average household disposable income increased by 1.1% per year between 1981 and 2021. This was mainly because women's income increased: This increased by 3.4% per year whereas for men it was only 0.3%. The increase in women's income is mainly due to their higher labor force participation: over the past 40 years, the proportion of working women has increased by 2% per year, and in addition, working women have been working 0.8% more hours per week in the past two decades.

"So people's [disposable income](#) has increased mainly because women have started working more," says researcher Heike Vethaak. "The consequence, however, is that there is less time available for informal care, for example."

Jongen and Vethaak also saw that changes in [family structure](#) differ greatly between lower and higher income groups. "The increase in the percentage of single people and single parents and the decrease in the number of children is concentrated in the lowest income groups. The family structure has remained much more similar in the highest income groups," says Jongen. Follow-up research should reveal the extent to which income and the number of adults and/or children affect each other.

Jongen and Vethaak analyzed for the period 1981–2021 the distribution of the standardized disposable household income of people in the Netherlands between the ages of 25 and 60 and the underlying factors

affecting it, such as household structure and differences in the income and labor force participation of men and [women](#). The [report](#), "Still waters run deep – An analysis of [income](#) distribution and its determinants over the past 40 years," was published on 18 January (in Dutch).

Provided by Leiden University

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