

Educational Assortative Mating in Turkey: Implications for Household Income Inequality**Değer Eryar (İzmir University of Economics)****Hasan Tekgüç (Kadir Has University)**

This paper investigates the association between educational assortative mating and household income inequality in Turkey between 2003 and 2019. Income inequality is expected to be higher in countries where the individuals choose their partners according to the same level of educational attainment both at the top and at the bottom of the income distribution (homogamy). Recent empirical studies mostly from advanced economies show relatively minor impact of homogamy on income inequality. One possible factor accounting for the lack of a strong effect in advanced economies seems to be the high levels of female education and employment rates throughout the study periods. In contrast to developed countries, Turkey has experienced a significant rise in educational attainment of women as well as in their wage employment rate over the last two decades. Additionally, the share of singles with tertiary education and above average incomes have also increased in the same period. Moreover, theorized relationship between educational assortative mating and household income inequality is concerned with gross (before tax, after transfers) income inequality while in practice most of the empirical studies use disposable (after tax and transfers) income due to data limitations. We analyze micro data from 2003, 2007, 2011, 2015, and 2019 Household Budget Surveys with variance decomposition and counterfactual approaches. We also estimate gross household income in addition to disposable income to examine whether the association between educational assortative mating and household income inequality are similar for both income types. We find that Theil index declined roughly by one-third (0.39 to 0.25) between 2003 and 2019. In the same period share of couples both with less than high school education declined from 62 percent to 40 percent while share of households with at least one adult with tertiary education increased by 13 percent. As a result, we estimate that the decline in inequality would have been 10 percent more if 2003 assortative mating patterns were hold in 2019. Choice of income type further impacts estimates by two percent. These estimates are significantly larger average estimates (one percent) for Europe.

Key Words: Income Inequality; Assortative Mating; Female Employment; Turkey; Tax Policy

JEL:

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I24 Education and Inequality

J12 Marriage • Marital Dissolution • Family Structure • Domestic Abuse

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