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## One source of rising inequality: Power couples

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By Editorial Staff    *Thu, May 8, 2014*

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Everyone knows that when two doctors marry, or two lawyers marry, or when a doctor and a lawyer marry, they can afford to hire a live-in nanny to shepherd and chauffeur the kids while they work 12 hour days.

Researchers have documented an increase in "positive assortative matching," which is a fancy way of saying that "likes marry likes." And some believe that the rise of professional couples with two high-powered salaries has helped fuel the wealth-concentration that pundits so often write about and debate over.

The paper, "Marry Your Like: Assortative Matching and Inequality," was written by a cosmopolitan quartet of economists: Jeremy Greenwood of Penn, Cezar Santos of the University of Mannheim, Georgi Kocharkov of the University of Konstanz, and Nezhil Guner of Barcelona-based MOVE (Markets, Organizations and Votes in Economics). It has just been published by the National Bureau of Economic Research.

Here are hypothetical cases used by the authors to illustrate the evolution of the link between marriage choices and financial status over the past half-century:

"In 1960 if a woman with a less-than-high-school education (HS) married a similarly educated man their household income would be 77% of mean household income. If that same woman married a man with a college education (C) then household income would be 124% of the mean.

"Alternatively, in 2005 if a woman with post-college education (C+) marries a man with a less-than-high-school education their income would be 92% of mean household income. This rises to 219% if her husband also has a post-college education. So, at some level, sorting matters for household income."

To the extent that those examples reflect the new norms, then a husband's education is still the primary determinant of a couple's future income, but women are evidently bringing more to the household balance sheet than they used to. If so, it's an idea that rings true.

Before the 1970s, positive assortative matching—call it PAM—was less common simply because women weren't as much like men, in terms of education or earning power. Women weren't attending law, medical or dental schools in today's large numbers, and they hadn't yet achieved an equal (or almost equal: the pay differential and "glass ceiling" persist) presence in professional or managerial ranks.

Just as importantly, women aren't quitting work when they get married and have children, as they used to. In the last 30 or 40 years, the "working mother" phenomenon became the norm. (*Working Mother* magazine, still going strong, was founded in 1979.) "For positive assortative matching to have an impact on income inequality married females must work. Married females worked more in 2005 than 1960," the

researchers wrote.

The paper doesn't explore PAM's implications for retirement, but they're easy to see. Income and wealth patterns that exist during the working years must certainly persist into retirement, since higher-income workers are more likely to be working in companies with generous retirement plans, more likely to save and likelier to have high Social Security benefits. A power-couple in their early 60s today who delay Social Security until age 70 can expect to receive as much as \$6,000 per month, or \$72,000 a year, when benefits begin, and regular cost-of-living increases from then on.

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